

Ad Campaign Bolsters Sales For P&G Brand

A new ad campaign for old standby Pepto-Bismol is getting credit for helping the brand maintain market share in the face of growing private label competition. The new "Coverage" broadcast ads, created by Publicis Worldwide, show an assortment of consumers calling a Pepto-Bismol hotline to ask whether their stomach problems are "covered" by Pepto-Bismol.



Procter & Gamble brand manager Nathan Fox told Ad Age, "We wanted a more emotional approach. Something that said using Pepto is almost like a good insurance policy." According to the report, the "Coverage" campaign is the highest-scoring campaign in copy testing since P&G acquired the brand in 1981. The new campaign follows the 5-year-old "Singing the Praises" ads, which featured the jingle: "Heartburn, nausea, indigestion, upset stomach, diarrhea." Since the launch of "Coverage," Pepto-Bismol has gained 2.5 and 0.7 market-share points for the tablet and liquid formulations, respectively. And these gains have been achieved despite Pepto-Bismol's price point that is about 60% more than private label brands.

Unsocial Behavior

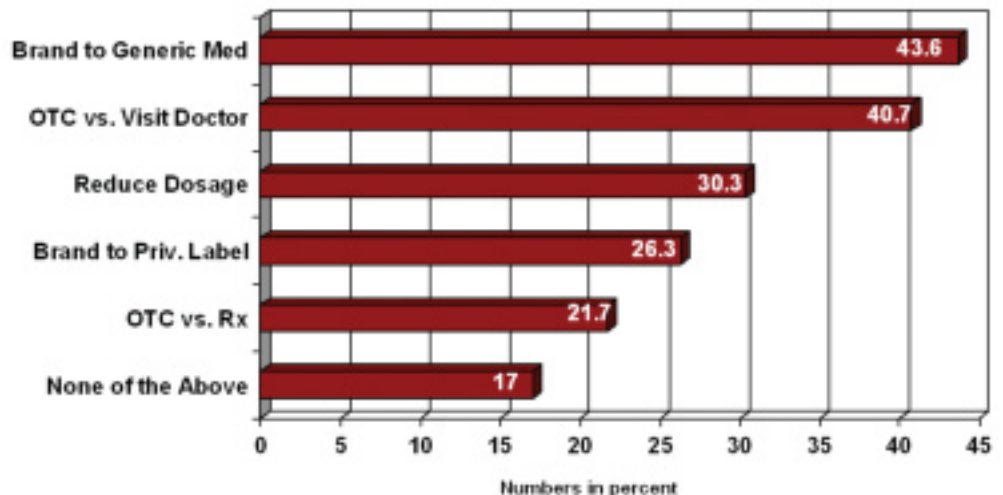
A recent Knowledge Networks survey found that many people view social media as "social" rather than "commercial." Indeed, fewer than 5 percent of social-media users in the 13-54 age group go to social sites regularly for help with purchase decisions, the firm reported. For a few categories, including OTCs and Rx drugs, the results are quite dismaying: only 1 percent of respondents said they turned to social media for purchase advice in the OTC and Rx category.

Given this view of the role of social media, it should not be a surprise to find that only 16% of the social-media users surveyed said they are more inclined to buy brands that advertise on social sites. At the same time, respondents did not indicate hostility toward the ads: 63% said the presence of ads is "a fair price to pay" for using social sites. The survey also asked the social media users what motivates them to participate with social sites, and the top reason cited (by 54% of respondents) was "staying connected." In addition, 34% of the respondents noted that they use the sites and features more often now than they were using them one year ago. Only 18% said they were using social media sites less often than they did a year ago.



Penny-Pinched Shoppers are Switching Treatment Options

OTCs and generics are quickly gaining ground as a result of their relative cost effectiveness, according to IRI.



Source: IRI Attitudinal Research Conducted July 2009

P&G Move Raises Questions About Compensation



In a move that will certainly be watched closely by advertising agencies, Procter & Gamble is moving to end the practice of “billable hours” for brands that account for more than 40% of its sales. A new payment format, according to Bloomberg News, will compensate some agencies “on performance, sales and market share,” rather than the more common standard of billable hours.

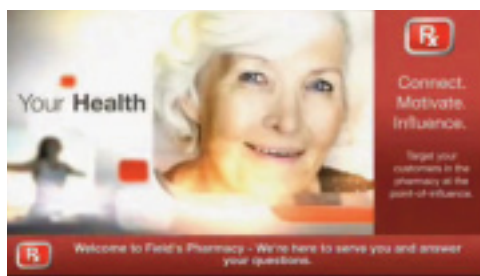
While P&G did not comment on the report, *OTC Perspectives* asked executives on both the agency and client side about P&G’s reported move. One noted that agencies deserve and need to make a “fair and reasonable profit” and that the new payment format makes this difficult. “For agencies that are part of publicly traded holding companies, there has to be a return that makes shareholders want to continue holding shares,” he said. “Therefore, profit margins before tax need to be in the 15% to 20% range, so after tax they are in the 5% to 10% range, or a number that is worth risking [investing] capital.”

Another agency executive, however, said he is not against the idea. “It puts more risk on the agency,” he said. However, he noted it’s often better to get paid for the work, the idea or the program rather than by the billable hours. “The concept of billable hours assumes agencies sell time, and, in fact, we sell ideas and programs that drive sales,” he said.

On the client side, a leading marketer said both his company and its agencies “agree that billable hours are not a great system for fair rewards to either party. It encourages agencies to “overstaff and look for more and more avenues to engage in work that may not produce good ROI,” he noted. His company is considering a move similar to the P&G idea.

Cardinal Launches In-Store Program

Cardinal Health, a healthcare solution provider working with pharmacies and other point-of-care venues, has launched an in-store digital signage program, called Pharmacy Health Network. Shown on flat-panel LCD screens in more than 5,000 independent and franchised pharmacies, the program enables manufacturers and other healthcare-related companies to run ads and educational content for consumers waiting for prescriptions. Customized brochure racks with take-away items such as collateral, coupons, business reply cards and samples, also will be available.



The Pharmacy Health Network is free to retailers and also features professionally

produced health and wellness segments from the NBC Digital Health Network, promotions for in-store specials, health screenings and other local information. This program allows “manufacturers and other potential advertisers get the opportunity to reach millions of potential customers right at the point-of-purchase – at their local pharmacy,” said Cardinal’s Jeff Foreman, vice president of strategic purchasing.

Drugstore Coupons Moving Online



Pharmacy giant Rite Aid is now offering an online savings program through its Web site, riteaid.com, where customers can receive online coupons for products after they watch an informational video. The program, called Rite Aid Video Values, was created by AdPerk, a strategic video marketing agency, and provides coupons that can be printed and used in store. Rite Aid Video Values as of late summer featured videos and coupons from Procter & Gamble, Kimberly-Clark, L’Oreal, Johnson & Johnson, and Wyeth, as well as brands such as Olay, Aveeno and Alavert. A Rite Aid spokeswoman said that ROI numbers are not yet available, but response to the program has been positive. “As soon as the site went live – two full days before either company made an official announcement – savings bloggers found the site and were blogging and tweeting like crazy. So we had a lot of positive buzz even before the official launch. We’ve seen a lot of very positive blogs about it, which is our best measure of success at this time.”