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Diabetes Epidemic May Fuel Drug Boom

New drugs, treatments looming as disease claims more victims. **BY JIM EDWARDS**

Health advocates see a menace as the population gets older and fatter, but some marketers are eyeing a multibillion-dollar opportunity related to the growing diabetes epidemic.

As they introduce new technologies, some companies are doubling and tripling their ad spends to address a growing need. From 1980 to 2004, the number of Americans with diagnosed diabetes doubled to 14.7 million, according to the Centers for Disease Control in Atlanta.

Though some skeptics say the link between obesity and diabetes hasn't been proved, in the past few years in particular, new diabetes cases have spiked as Americans' waistlines have grown.

New diagnoses rose 54% between 1997 and 2004, the last year for which figures are available. (That was also the first year that drug companies were allowed to adver-

tise on TV, urging consumers to "go see your doctor.") The Journal of the American Medical Association estimates the total population of diagnosed and undiagnosed diabetes sufferers as 29 million adults.

Meanwhile, the market for pharmaceutical products alone is currently about \$10-12 billion, according to Brian Cooley, senior marketing director at Eli Lilly & Co. for a diabetes drug called Byetta.

"By 2020 it could be—unfortunately, you've got this epidemic of Type 2 diabetes and obesity—it could grow to \$50 billion-plus," Cooley said.

Type 2 refers to the more common type of diabetes that affects adults and—initially treated with diet and exercise—is usually diagnosed when people hit their mid-40s. Type 1 is known as "juvenile onset diabetes."

As the condition worsens, drugs seek to ease symptoms of the chronic disease, which gives its sufferers



Like mLife, but different: Abbott upped FreeStyle ad spend.

severe sensitivity to blood sugar levels. If the level is too high, it will eventually cause blindness, heart disease, renal

Kraft, Nestle, Smuckers Making Disease a Priority

Pharmaceutical Companies are at the forefront in the battle against diabetes, but food and beverage companies are now tackling the marketing potential as well.

The fact that a number of celebrities with diabetes have shared their situation in TV and print ads—including Halle Berry, B.B. King, Patti LaBelle and Mary Tyler Moore—has, according to Nadia Al-Samarrie, publisher of *Diabetes Health*, helped the disease come out of the closet.

"No one wanted to talk about having diabetes back [in 1990], particularly at the workplace where they feared discrimination," said Al-Samarrie, whose Fairfax, Calif.-based bimonthly magazine launched 16 years ago. "Now, there's an awareness, folks are getting educated and there's a big shift happening as food companies start to identify it as a viable food market with huge potential to grow loyal brand customers."

Diabetics, a report released in September by market research group Mintel, Chicago, said the diabetic category "is an underserved food market...but there is room for growth." The report cited packaged dinner mixes, frozen dinners and sugar-free or low-carb item.

For 14 years, the bulk of advertisers in *Diabetes Health*

(circ. 175,000) were pharmaceutical companies, said Al-Samarrie. But two years ago major food brands began to advertise, including Kraft (sugar-free SKUs of Cool Whip, Jell-O, Kool-Aid, Fruit₂0), J.M. Smuckers (fruit spreads/jams), Nestle (Nestle Crunch Sugar-Free, Lean Cuisine, Pria bars) and Slim-Fast (shakes/bars). Food ads have gone up more than 90% in the last two years, she said.

"Marketers are starting to focus on stressing taste and health/wellness benefits of their products in diabetes/weight management contexts," said Kantha Shelke, principal at health/wellness marketing firm Corvus Blue, Chicago. Kraft, for example, will have its most extensive ad buy in *Diabetes Health* in November: A four-page product-specific spread, via Draft FCB, New York, will advertise for the first time Fruit₂0 flavored water. The headline reads "Still searching for a reason to get excited about water?" Near a picture of a raspberry-flavored SKU copy offers "Diabetic & Delightful...Raspberry Fruit₂0 is a delicious naturally fruit-flavored water with no sugar and no calories...You can find it all...at Kraftdiabetic.com."

—Sonia Reyes

failure and even the amputation of toes, feet and legs.

Byetta, a pen-sized injection system Lilly and Amylin Pharmaceuticals launched last year, suppresses appetite, prevents food from leaving the stomach quickly and regulates the pancreas and the liver.

The drug automatically switches itself off when it's not needed, and kicks in when it is, so dose-timing is less of an issue. Best of all, patients on Byetta tend to lose weight—marketing nirvana. In its first full quarter, Byetta earned \$18 million in revenue, a Lilly rep said. By the third quarter of this year, Byetta had grown to \$126.4 million—a more than 700% increase.

Byetta's not alone. Several companies have launched new branded drugs to treat diabetes: Novo Nordisk introduced Levemir in 2005, Pfizer launched Exubera this year and Merck received Food and Drug Administration approval for Januvia on Oct. 18, to name a few. Big ad spending hasn't really started on those drugs yet. In fact, total ad spending on major diabetes products was only \$132 million in 2005, up from \$81.3 million in 2003, per Nielsen Monitor-Plus. That number will almost certainly rise as diabetes drugs like Exubera, Levemir, Byetta and Januvia launch direct-to-consumer advertising (companies generally wait six months to a year before they roll out consumer campaigns for new products).

Even so, companies are already upping their spends. GlaxoSmithKline increased its outlay for Avandia from \$15 million in 2004 to \$32 million in 2005. In the third quarter of 2006, GSK reported sales up 11% to \$717 million globally.

It's not only drugs that are benefiting from a rise in diabetes. Because the disease requires constant monitoring, marketers are plowing money into blood-glucose metering devices, such as LifeScan's OneTouch Ultra. In 2001, the Johnson & Johnson unit spent \$5 million advertising the brand. Last year's budget: \$51 million.

J&J's bet paid off. In the third quarter of 2006, J&J's worldwide revenue from such devices rose 7.1% to \$4.9 billion "due to the success of the OneTouch Ultra," vp of investor relations Louise Mehrotra told investors in an Oct. 17 conference call.

Likewise, in 2001, Abbott pushed its FreeStyle blood glucose monitoring system with only \$3 million in ads. By 2005, the spend jumped to \$24 million, per Nielsen Monitor-Plus. As was the case with J&J, the company's position paid off. In third quarter 2006, Abbott's global revenues from diabetes care increased 5% to \$283 million.

The opportunities go beyond those products as well. Some other marketers are now targeting "co-morbidities" of the disease. Colgate, for instance, advertises on the CNBC show dLife—a program about living with diabetes—because diabetics suffer disproportionately from gum disease and Colgate Total is approved by the American Dental Assn. to fight gingivitis, according to Howard Steinberg, the CEO of dLife. Diabetics also have special needs in footcare, skincare and, of course, food.

"There's an awful lot going on right now that physicians are very excited about," said Melissa Grigorieff, vp-marketing at FibroGen, a biotech company in San Francisco. Before September, Grigorieff was senior director-worldwide marketing of diabetes and obesity products at Pfizer. "Now there are multiple kinds of insulins, long-acting and short-acting, inhaleable insulin, and a multitude of other oral agents."

It's not all easy money, however. Pfizer's Exubera—which the company regarded as a major launch for 2006—stumbled out of the gate following its FDA approval in January.

A consumer launch was expected this fall, but the company said in a conference call with investors recently that "an expanded rollout" of Exubera is now set for January.

Most observers reckon the product's delay was triggered by worries over Exubera's major side effect: potential lung damage from the inhaled insulin powder. Reps from Pfizer did not return a call for comment.

dLife



Howard Steinberg, CEO of dLife, says brands like Colgate are now targeting ads at diabetics.

AD SPEND FOR A SELECTION OF DIABETES BRANDS

BRAND	COMPANY	2003	2005/2006*
One Touch Ultra	J&J/Lifescan	\$30	\$51
Avandia	GSK	\$25	\$32
FreeStyle	Abbott	\$9	\$24
Accu-Chek	Roche	\$16	\$16
Lantus	Sanofi-Aventis	NA	\$4.5
Actos	Takeda	\$1.3	\$4.5
TOTALS:		\$81.3	\$132

Spending in millions of dollars

*Number shown is from the year with greater spending.

Source: Nielsen Monitor-Plus