

US Healthcare and Pharma Ad Spending Still Hampered by Compliance Laws

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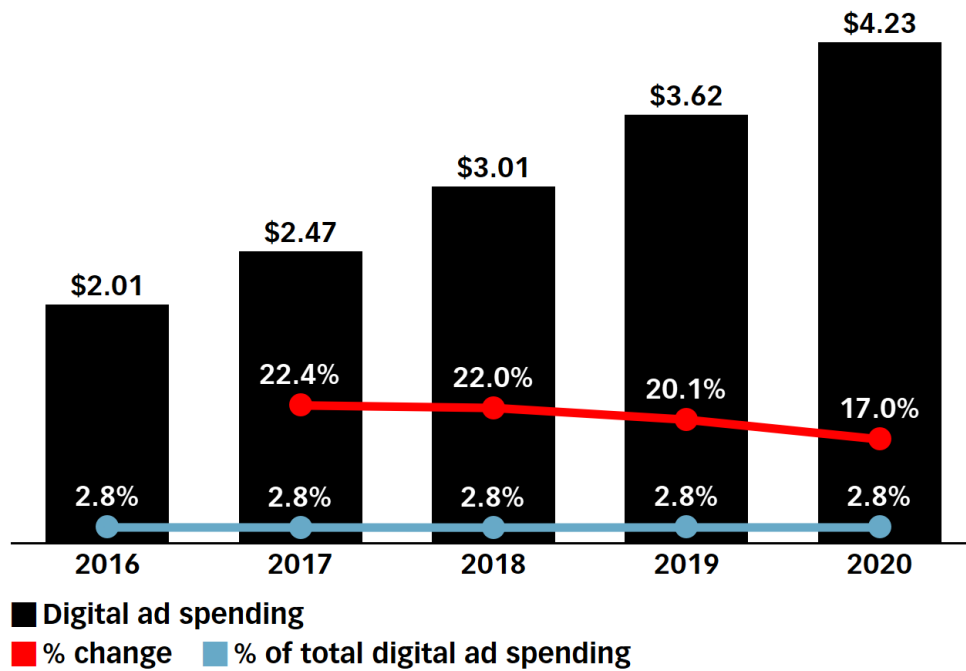
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Healthcare and pharma ad spending remains the smallest ad spending category in the US due to restrictive compliance laws that make it difficult to target audiences, but the legalization of cannabis has helped bolster spending.

US healthcare and pharma advertisers will spend \$3.62 billion on digital ads this year, a 20.1% increase from last year's \$3.01 billion. In 2020, the industry will spend \$4.23 billion. Companies in this category made up 2.8% of total digital ad spending for the last four years, and will continue to make up the same share next year as well.

Healthcare & Pharma Industry Digital Ad Spending in the US, 2016-2020

billions, % change and % of total digital ad spending



Note: includes pharmaceutical products, facilities, services, researchers, drug manufacturers and marketers, doctors, hospitals and biological products, as well as establishments providing health care services and social assistance for individuals; also includes health insurance advertising; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: eMarketer, July 2019

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“There are a lot more regulations in the [healthcare and pharma] industry,” said Ali Plonchak, managing director of digital strategy and integration at ad agency Crossmedia. She spoke with us for our [latest report on US healthcare and pharma ad spending](#), adding that there are many restrictions on “how granular you can target a user [with healthcare and pharma ads], and even within the messaging, [on] what will and will not be accepted across various inventory partners.”

The continued legalization of cannabis in US states—and many states’ legislatures taking up ballot measures to consider decriminalizing the

substance—has boosted spending in the healthcare category. Last year, US cannabis retail ad spending increased 23% to \$4.12 million, with most of it coming from out-of-home advertising, per Kantar.

US Cannabis* Retail Ad Spending, by Media, 2017 & 2018

thousands and % change

	2017	2018	% change
Out-of-home	\$2,763.5	\$3,459.6	25%
Newspapers	\$446.0	\$212.0	-53%
Digital display ad	\$58.1	\$168.4	190%
Spot TV	\$8.5	\$88.6	942%
Local magazines	\$8.0	\$86.6	987%
Local radio	\$45.0	\$62.9	40%
Mobile web	\$15.1	\$38.1	153%
National spot radio	-	\$6.1	-
Total	\$3,344.1	\$4,122.4	23%

*Note: includes clinics and dispensaries; excludes marijuana or CBD (cannabidiol) product advertising; there was no retail ad spending for mobile app, digital video or mobile web video during this period; *cannabis retailers*

Source: Kantar, April 23, 2019

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The healthcare and pharma industry is spending more ad dollars on social media, with digital video spend and social spend often overlapping.

“The biggest shift in terms of increased [ad budgets in the healthcare sector] is exploration with social,” said Richard Gagnon, head of Havas HealthMedia. “And while the pharma category won’t do deep social like some other companies might, using it as a platform for communicating approved messaging within Facebook or other [platforms] is certainly a growth area that more pharmaceutical brands are taking advantage of.”

For further breakdowns on healthcare and pharma digital ad spending by device, eMarketer PRO subscribers can read our latest report:

Report by Ross Benes Jul 25, 2019

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