Advertising to the End Consumers by Pharmaceutical Companies: Blessing or Curse?

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Abstract

The last several years have seen an increase in the number of direct to consumer advertisements by pharmaceutical companies. Direct to Consumer advertisements (DTC) means targeting the end consumer through advertisements on television, radio, in newspapers, magazines, and the Internet. The qualitative study presents data and supports the need for a future quantitative study to ask physicians and consumers their opinions on whether pharmaceutical companies should be allowed to advertise directly to the end consumer. This article reviews the literature on this controversial topic, supporting the need to explore the research questions in greater detail. A review of the literature suggests there is financial motivation on the part of the pharmaceutical companies to increase their sales by advertising directly to the end consumer as opposed to performing an educational service to the consumer.

Key Words: Advertising; Pharmaceutical, Ethical Issues, Corporate Responsibility, Marketing Directly To Consumer

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1. Introduction

Direct to Consumer Advertising (DTC) continues to create controversy in the marketing community. It raises many issues including the underlying reasons pharmaceutical companies are spending the time and money to reach the end consumer. Traditionally, the marketing efforts were made toward the physicians who were responsible for prescribing the products for their patients. This trend still continues with additional efforts targeted toward the end consumer.
An extensive review of the literature, shows the issue of Direct to Consumer advertising (DTC) by pharmaceutical companies is constantly in the forefront of today’s marketing discussions. This topic has important implications from a business, health care, and societal point of view. Although freedom of choice is important to consumers, advertising directed toward some impressionable target markets can raise ethical issues about the intent of corporations that spend millions of dollars to get their messages out through an influential media. The article discusses the new marketing strategy used by pharmaceutical companies; advertising direct to the end consumer and the ethical questions it often raises. The question is raised about taking the decision away from those who are qualified medically, and giving it to the patient.

The discussion will focus on an extensive review of the literature from recent academic journals. Several conclusions will be made based on information derived from the literature review. Suggestions will be presented for a future study which will provide additional data to support the past research.

2. Literature Review

This section discusses the literature that has been written about this topic over the last several years. There is a gap noted in the literature from 2010 forward. The sections discuss the following topics: (1) historical perspective on pharmaceutical drug marketing (2) current spending taking place by the pharmaceutical industry for Direct to Consumer advertising (3) criticisms of Direct to Consumer advertising (4) benefits of Direct to Consumer advertising (5) consumer attitudes on the subject

2.1 Historical Perspective on Pharmaceutical Marketing

In the 1980s, it was common for pharmaceutical companies to concentrate their marketing efforts toward doctors (Grow, 2005). Prescription drugs were seldom promoted direct to end consumers (Chandra & Miller, 2005). In 1997, the Federal Drug Administration eased controls on direct to consumer advertising (Chandra & Miller, 2005). For television advertisements, a voice-over was allowed to give a brief summary of the risks associated with the medication (Chandra & Miller, 2005). Matear and Dacin (2010) spoke of the relationship between the way society’s acts upon contemporary issues and the advertising which is done by companies to promote products which help to solve these issues. A shift from a “push” strategy of sales to a “pull” strategy has been noted in the literature. The push process starts from the manufacturer and goes to the intermediaries for distribution to final customers. In the past, the drug companies have used their sales representatives to promote their new medications to the doctors who in turn would prescribe the new drugs to their patients (Gorstin, 2012). A pull strategy is used when the manufacturer creates demand by advertising direct to the end consumer (Kotler and Keller, 2007). In this case, the doctor acts as the intermediary and the television and radio ads create the demand among the end user. Chandra and Miller (2005) also confirmed the use of the pull strategy by pharmaceutical companies today as a way to help to build the brand name among the consumers. Pharmaceutical companies are now also advertising direct to consumers online (Spain, Siegel, & Ramsey, 2000).
2.2 Direct to Consumer Advertising: Historical Spending Perspective

Pharmaceutical companies have spent large amounts of money each year to reach the end consumer directly through advertising. Dollar figures for these large advertising expenditures have backed the claim. Sherer (2002) stated that advertisers spent $2.8 billion on direct to consumer advertising (DTC), which represented a 12% increase over the previous year spending for 2001. The National Institute for Health Care Management reported that in 2000, the industry spent $2.5 billion on DTC advertisement with spending from 1998-2000, doubling (Chockley, 2001). In 2008, DTC advertising was at 4.2 billion dollars, down from 5 billion dollars the year before (Macias, Stavchansky, Baek, and Hyun, 2010).

2.3 Criticism of Direct to Consumer Advertising

Critics claim that direct to consumer advertisements stimulate demand for new expensive medications with higher profit margins (Chandra & Miller, 2005) If these ads are encouraging millions of unnecessary prescriptions to be written by doctors, this may cause a significant rise in health care costs (Chockley, 2001). Mercola (2002) agreed and stated that DTC interferes with the doctor patient relationship and raises medical costs by doctors experimenting with new expensive medications at the request of patients who come in to their offices. Some argue the medical community must lobby in Congress for funding to review the issues associated with DTC (Wilkes, Bell, & Kravitz, 2000). Chockley said the purpose of direct to consumer ads is not intended to benefit the public health of Americans (Chockley, 2001). Grow (2005) spoke of another criticism of DTC in that it often does not meet the criteria imposed by the FDA. Issues raised are whether the ads are false and misleading and if the information provided in them is balanced for risks and benefits of the medication (Lee, 2001). The viewing public watches the ads on television and sees actors portraying happy consumers, often not really understanding the value of the new drug (Adams, 2005). Moynihan and Cassels (2005), took the argument even further stating that besides selling consumers the new drugs, pharmaceutical companies are also selling them the disease associated with the drug.

2.4 Benefits of Direct to Consumer Advertising

When consumers view the advertisements on television, they go to their doctors and discuss their health concerns (Sherer, 2002). When ads first appeared for Viagra, millions of men went to their doctor for a prescription. While prescriptions were given for Viagra, many thousands of cases of diabetes and high blood pressure were also discovered (Sherer, 2002). Therefore, many critics believe the ads are positively benefitting the general health care of consumers. Proponents believe that direct to consumer advertisements serve educational purposes (Wilkes, Bell, & Kravitz, 2000).

2.5 Consumer Attitudes About Direct to Consumer Advertisements

Studies have been conducted that measure consumer awareness of DTC. Frank, et al. spoke about the increase in the public’s awareness in DTC growing 39% in 1993 to 91% in 2002 (Frank, Berndt, Donahue, Epstein, & Rosenthal,
February, 2002). This is the result of the increase in media spending. Bell, Wilkes and Kravitz confirmed this increase in consumer awareness in their 1999 survey. Consumers were aware of four of the ten drugs questioned in the survey (Bell, Wilkes, & Kravitz, 1999). Later studies in 2003 by Weissman and Blumenthal, addressed consumer recall on direct to consumer advertisements. When surveyed, 86% of the public recalled seeing or hearing the direct to consumer advertisements (Weissman et al. 2003). Also, 35% said the advertisements were influential in discussing a medication when visiting their doctor. Accordingly, 89% of surveyed doctors said that patients asked for an advertised prescription drug and 88% of those patients had the illness the drug would be useful in treating (Aikin, Swasy, Braman, 2004). Many studies done in the years 1995 through 2005 suggested some consumers value the information they obtain from DTC advertising (Huh, et, 2004, Sing &Smith, 2005; Williams & Hensel, 1995 as cited in Mater & Dacin (2010).

3. Development of the Hypothesis

The following problems are defined for this discussion. Should pharmaceutical companies be allowed to advertise their products direct to the end consumer in the mass media? Are there negative aspects of direct to consumer advertising that need to be considered when marketing pharmaceuticals? If direct to the consumer advertising is permitted for the pharmaceutical industry, and there are negative aspects to be considered, should the government have a stronger role in controlling the content of the message?

From these research questions the following hypothesis was developed:

Ho1: There is a relationship between direct to consumer advertising by pharmaceutical companies and an increase in sales of products being marketed.

H1: There is no relationship between direct to consumer advertising by pharmaceutical companies and an increase in sales of products being marketed.

Ho2: There are observable negative aspects of direct to consumer advertising of pharmaceuticals to consumers.

H2: There are no observable negative aspects of direct to consumer advertising of pharmaceuticals to consumers.

4. Discussion

Extensive reviews of the literature supports the hypothesis that there is a relationship between direct to consumer advertising by pharmaceutical companies and an increase in sales of products being marketed. The pharmaceutical industry has launched a new offensive to target their products directly to the end consumer. The current literature supports the tremendous increase in spending by the industry over the last 15 years for Direct to Consumer advertising. This increase in spending has a direct impact on sales of the pharmaceuticals. Additionally the shift to a
pull strategy encourages the consumer to ask the doctor to prescribe the new medication. “The increased efforts toward consumer-oriented promotion are a signal that pharmaceutical companies have shifted their marketing strategy in response to changes in the healthcare market” (Chandra & Miller, 2005, p. 33). There is steady movement today for pharmaceutical companies to advertise their products direct to the end consumer, aided by the reduction of regulations on advertising from the FDA. These new guidelines made it easier for the pharmaceutical companies to reach the end consumer. The advertising standard was changed allowing companies to only list side effects with a brief summary. With print ads for example, that would include providing an 800-telephone number to call for more product information. The ease on the FDA controls caused many companies to jump into action with an aggressive marketing effort. Many companies spent billions of dollars in the late 1990s promoting these prescription drugs on television. The first products promoted direct to consumers were prescription medications for antidepressants. An American population was ready for this product to be promoted to consumers.

There is a relationship between direct to consumer advertising by pharmaceutical companies and an increase in sales of products being marketed.

A common criticism of advertising is that it promotes products to consumers and makes them buy goods and services they do not need or want (Lane, King, & Russell, 2005). Each day consumers are flooded with advertisements, which they see on television, hear on radio, read in magazines or newspapers, and view on the Internet. The products advertised include every variety of goods and services that one could imagine. Beginning marketing students are asked the first day of class how they would define marketing. Without a doubt, one skeptical student always suggests that marketing is advertising, and this is the clever discipline in business that makes consumers buy products they really do not need or want. This student always becomes a challenge for the semester, requiring weekly proof that advertisers are really not all bad. It is important to note that generally marketers have no secret agenda and their products and services do satisfy the needs of some consumers. One of advertising’s goals is to plant the seed in consumer’s minds so when the time comes to buy a product, the brand is remembered (Lane, King, & Russell, 2005). Sometimes the reality of the student’s concern needs to be addressed; drug companies may in reality often be planting seeds in the minds of impressionable segments of American consumers suggesting that they purchase these products. Regardless of the intent of the pharmaceutical companies, the obvious shift in advertising dollars should be viewed critically. In an article that appeared in Advertising Age Magazine, Direct to Consumer advertising was identified as one of the 10 hot advertising topics to watch for in 2006 (Wood, 2006). It continues today to be the source of much debate in the marketing community. Wood (2006) stated that advertising spending for direct to consumer pharmaceutical advertising has soared over the past several years.

Other publications also supported this rapid increase in advertising spending to consumers. In 1994, Direct to Consumer Advertising according to a study done by Kaiser Family Foundation went from $266 million to $2.5 billion in 2000 (Sherer, 2002). The study was titled “Trends in Direct to Consumer Advertising of Prescription Drugs” It also pointed out that in 1994, television advertising comprised 13% of DTC advertising, while in 2000, it accounted for
over 60 percent. Direct to Consumer Advertising, accounted for a small quantity of products spending most of the advertising dollars. However, 20 products accounted for roughly 59% of the total industry spending (Sherer, 2002). It is important to remember that this study took place in 2000. The figures are significantly higher today as shown by the number of Direct to Consumer Advertisements seen on television and in magazines. Over time, direct to consumer advertising has increased significantly as shown when watching television, reading the newspaper or magazines (Wilkes, Bell, & Kravitz, 2000). These ads are targeted to appeal to a mass American market. Chockley (2001) testified in front of the Subcommittee on Consumer Affairs, Foreign Commerce and Tourism of the Senate Committee on Commerce, Science and Transportation in July, 2001. She agreed that 50 of the most heavily advertised prescription drugs had the largest increase in sales compared to the previous year (32%), while the other drugs not advertised only had a 14% increase in sales (Chockley, 2001). Chockley cited the example of the antiulcer drug Prilosec that had sales of 3.6 billion dollars in 1999. In 2000, the advertising spending for the product increased to $107.7 million and the sales increased to $4.1 billion dollars (Chockley, 2001). Similarly, Schering-Plough spent $186 million in 1998 promoting Claratin, and saw company profits increase (Wilkes, Bell, & Kravitz, 2000). These figures suggested there is a strong relationship between advertising dollars spent and increases in consumer sales of these products. It should be noted that not all pharmaceutical companies have supported a direct to consumer advertising strategy.

Additional reviews of the literature suggest that the second hypothesis may also be justified, in that there are observable negative aspects of direct to consumer advertising of pharmaceuticals to consumers. Most importantly, it should be noted that medical choices should be left to trained professionals who have the expertise in this subject. After years of medical training, the doctors are well educated on the medical properties and benefits of the new drugs. They have gained the medical knowledge necessary to prescribe the correct drugs. The average end consumer does not have the medical knowledge to make an intelligent decision. This becomes the basis for an important argument against DTC advertising; planting the seeds of possible diseases and probable medical solutions in the minds of impressionable consumers is dangerous. For example, consider the targeting of consumers who are unfamiliar with the medical facts of depression, as an illustration to support this view. Consumers may “invent” the symptoms of depression and request the medication without a true medical need. In this case, the pharmaceutical companies have sold the symptoms of the illness to the public who then ask for the medication on the next visit to the doctor. And, while it appears that a great deal of the information is presented concerning the side effects of the drug, the average consumers may not even understand most of the warnings given about the product or the implications of the possible side effects. Another example is the targeted sales of high cholesterol medication, which may allow the consumer to recognize that there is a pharmaceutical solution to high cholesterol that does not involve proper diet and exercise. In either case, it can be argued that the advertising is driven purely by profit without regard to the wellbeing of the consumer. Both of these scenarios illustrate a consumer manipulated in to utilizing an unnecessary medication. From a marketing point of view, this is deceptive. Hence, the recommendation that perhaps a stronger control from the Federal Drug Administration is needed to correct the problem. Medical decisions should be left to trained
professionals who have the skill and expertise to prescribe drugs that can save lives. Freedom of choice is important for consumers; however, the choice needs to be left to a qualified medical professional and advertising may need to be regulated so as to limit the influence of “selling the symptoms” to the consuming public.

There are observable negative aspects of direct to consumer advertising of pharmaceuticals to consumers.

The purpose of the advertisements is to help the pharmaceutical companies sell more prescriptions. However, Chockley (2001) also added that more research is needed to get a stronger sense about the role that direct to consumer ads are playing in this process. She conferred with others saying that if these ads are causing consumers to visit their doctors and they are getting health care they would otherwise not get, the ads are useful (Chockley, 2001). Lee (2001) stated the ads are often slanted in favor of the medications and do not present the side effects of the medicines. It would seem that each advertisement must be thoroughly studied for content before they are aired or published. If this is the case, a complete analysis must be performed on each advertisement. Further, they cited a recent advertisement for PMDD (Premenstrual Dysphoric Disorder) shown on television, which educated consumers on this unfamiliar medical condition. The advertisements suggest that no longer are typical premenstrual mood swings common for young women, but now they are suggesting that she may have some psychotic condition. Caplan reported that this condition has been made up and there is little scientific evidence to support this illness (Moynihan & Cassels, 2005). These types of advertisements are dangerous and can promote fear in a vulnerable population. Moynihan and Cassals spoke in their book, Selling Sickness: How the World’s Biggest Pharmaceutical Companies Are Turning Us All Into Patients, about how the pharmaceutical industry has changed the way Americans think about illness. Each year, pharmaceutical companies convert larger groups into customers (Smith, 2005). This represents the most offensive marketing practices. A company should not promote medical illness and then sell a product to help cure the illness. Barbara Minzes a researcher at the University of British Columbia, studied drug companies and their advertisements over several years. She confers that many ads promote the medical conditions instead of the drugs (Moynihan & Cassels, 2005). She sees this as dangerous practice from the perspective of taking a pill to deal with life’s daily problems. What was once viewed as normal event for a woman each month during her menstrual cycle is now viewed as an event which an illness. Martin supported a similar belief saying that our population has become over medicated as a society and that we have a pill for every ailment (Martin, 2001).

Eli Lilly, a major pharmaceutical company also engaged in a controversial marketing strategy with a new prescription drug. Applying questionable marketing practices in 1999, they changed the color of Prozac, turning the prescription drug lavender and renaming it Sarafem (Moynihan & Cassels, 2005). This occurred before the patent on Prozac was expiring, which meant that Lilly would be losing millions of dollars. Lilly decided to market this prescription treat PMDD, the premenstrual disorder affecting young women. Marketing and medicine in this case collided with marketing eventually winning the battle. With all the negatives associated with direct to consumer advertising, there are some who support the view that advertisements direct to consumers have raised the health consciousness of Americans. As a result, consumers are generally more aware of their health. The pharmaceutical industry supported
the benefits of direct to consumer advertising. In testimony from Paul Anthony, Chief Medical Officer, PHRMA, (Pharmaceutical Research and Manufacturers of America), he stressed the purpose of Direct to Consumer advertising as an education tool for the consumer (Anthony, 2005). Anthony suggested reviewing the types of pharmaceuticals being advertised to consumers. For example, advertising on television for allergy medications is potentially less harmless than advertising for prescriptions lowering cholesterol. Consumers can easily understand the benefits of using an allergy relief pill. As a result, on their next visit to their doctor they may seek a prescription for the product. Most consumers could easily identify the symptoms of allergies. This is normally not a life threatening illness. However, most consumers would have a difficult time identifying the symptoms associated with high cholesterol, which may be life threatening. Many critics believe that these types of choices should not be left to the end consumer. Consumers cannot serve as their own physicians. Perhaps, if pharmaceutical companies have the goal of promoting good health to consumers, their ads should be more generic in nature. For example, ads from pharmaceutical companies may be generic, promoting good health for everyone. A sample theme may be “Visit your Doctor at Least Once a Year for a Complete Checkup.” No specific mention of any medication needs to be given. The doctor believes the physician should be responsible for deciding which medication would be best for a patient. Doctors believed the advertisements led to better discussions with patients, however they also felt that most time was spent correction misconceptions about the medications.

5. Conclusion

Several studies have been done over the last few years that examine consumer attitudes about the educational value gained from direct to consumer advertising. In 2000, a study was done examining advertisements from 18 magazines for direct to consumer pharmaceuticals for the period 1989-1999. It found that most of the ads only contained a small amount of information on the product (Bell, Wilkes, & Kravitz, 1999). In 2004, Kaphingst and DeJong, studied television advertising for DTCs and found the ads gave 30% fewer benefits per second than risk facts per second on the products (Kaphingst & Dejong, 2004). Respondents were also given a true false test of understanding of these ads. They scored an average of 59% on the test (Kaphingst & Dejong, 2004). It is important to note there was less chance of getting the risks answers correct, than for other questions. Kaiser Family Foundation suggested that direct to consumer advertising did not cause consumers to retain the important information, such as side effects of the medications that they had seen in the advertisements as noted in a study conducted in 2001 (Viale, 2003). The FDA also conducted telephone surveys in 1999 and 2002 to examine the affect of Direct to Consumer advertising. The later survey showed the DTC advertisements were less useful in influencing their interaction with their doctors and healthcare decision-making (Chandra & Miller, 2005). The survey sample size in this case was only 960 respondents and the validity of the findings could be suspect. Chandra and Miller also pointed out that these studies are questionable because they did not contain a control group (Chandra & Miller, 2005).

Advertising is the most visible part of the marketing process and it is only to be expected that it would be under the most extensive scrutiny from the public (Lane, King, & Russell, 2005). When one sees the extensive amount of
pharmaceutical advertisements that appear on television alone each day, it becomes necessary to question the true intent of the advertisements being run by the drug companies. Consumers have the right to question and challenge the intent of the pharmaceutical companies. In a recent poll done by Harris Interactive, pharmaceutical companies were ranked in the bottom five industries as doing a good job (Thomaselli, 2006).

It may be that consumers may have negative opinions about pharmaceutical companies because of the many advertisements they may see on television for new prescription drugs. It may be overwhelming to the average consumer. When most consumers think of advertisements, they believe the purpose is to sell more products to consumers. The purpose of advertisements in their minds may well be to persuade, rather than inform (Lane, King, & Russell, 2005). This idea represents American capitalism at its best. When beer companies advertise on television, their intent is not to promote the welfare of consumers but rather to sell product to the consumer. The beer company advertisements have pitched that consumers drink responsibly, however, this has been done because groups such as Mothers Against Drunk Driving, have pressured them in this direction (Beirne, 1993).

The Advertising Council, the group that produces public service announcements to promote issues including social responsibility and health has done some advertisements including awareness for colon cancer (Lane, King, & Russell, 2005). These advertisements have created awareness by telling people and as a result have saved lives. If the intent of the pharmaceutical companies is to promote their health, there efforts could be put into generic public service advertisements. Organizations such as the American Heart Association advertise on television to promote healthily lifestyles. Their advertisements are informative and serve a different purpose than the advertisements being produced by the pharmaceutical companies. This is an important distinction. Perhaps, consumers associate negativity with the pharmaceutical advertisements. When they go to their pharmacy and fill a prescription, they see the high cost of medication. They may see pharmaceutical companies making a profit at the expense of the poor unfortunate consumer.

The field of medicine needs to be carefully separated, as was done since the beginning of time, from traditional business and commerce (Barbera, 2012).

It would not be appropriate to present this research without recognizing that DTC does have some positive aspects, and proponents. Some consumers do view the Direct to Consumer advertisements as positive. They believe that if human lives are saved because of consumers going to the doctor after seeing the advertisements, the purpose has been served. The pharmaceutical companies claim that education for the consumers is a goal of the advertisements.

More important, pharmaceutical companies should have the right to advertise their products as guaranteed under the First Amendment of the Constitution. (First Amendment website, 2006). If we are to let the government decide which products can be advertised in the media, then over time, we could experience an entire process whereby every product currently sold on television could be subject to review. This would deny corporations their freedoms to advertise and sell their products. Also, an entire agency would need to be set up to review each product. For example, if a company were to advertise time-shares on television, an agency would be responsible for reviewing the advertisement before it was aired. The process would be strenuous and cost the American taxpayers in the form of higher prices. Further,
HMO’s have put limits on benefits paid for some prescription drugs. Pharmaceutical companies must be allowed to find new ways to get direct to the end consumer (Hunt, 1998).

It should be obvious that drug companies need to examine their position on Direct to Consumer Advertising. If the pharmaceutical industry were truly concerned with the health and well being of America, a national socialized medicine program would be in place today. The pharmaceutical industry would have been the driving force, lobbying for this to occur. A true concern for the health of the American citizens would also include reasonable costs for prescription drugs. This does not appear to be the motivation of the pharmaceutical industry when advertising to the end consumer. It is foolish for anyone to believe the industry has the best interest of a healthy society at heart when the companies develop their marketing strategies. Drug companies are in business to make money, not in the business of promoting health. If the true intent is to promote the good health of Americans, perhaps the pharmaceutical industry should follow the lead of the Advertising Council. Their advertisements should be generic to promote the well-being of American health.

6. Limitations and Further Research:

This research illustrates a serious problem that may need further investigation. Without question, some of the data included in this research was from sources written several years ago. More studies may need to be conducted to investigate a possible shift in consumer’s opinions on this subject. Additionally, many of the current articles were taken from trade publications that may express a biased viewpoint on the subject. Perhaps, more academic research needs to be done to confirm these points.
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