

The logo for PhRMA, featuring the word "PhRMA" in a serif font. The "Ph" is in a smaller, italicized font, and "RMA" is in a larger, bold serif font.

PhRMA

The title text is centered on a brown rectangular background. The text is in a white, sans-serif font. The background also features several large, semi-transparent, light brown circles of varying sizes.

THE FACTS ABOUT
PHARMACEUTICAL
MARKETING &
PROMOTION

INTRODUCTION

Activities conducted as part of pharmaceutical marketing and promotion are an important component of educating and informing consumers and health care professionals about new treatments. Direct-to-consumer (DTC) advertisements aim to inform patients of important treatment options, while pharmaceutical sales representatives work to get accurate, up-to-date information on medicines to health care professionals.

These efforts have also been the subject of debate, with some questioning their value. This booklet offers facts about pharmaceutical marketing and promotion. We believe these facts are important to consider as the value of marketing and promotion are debated.

Since our last publication on marketing and promotion,¹ the pharmaceutical industry has worked to improve the dissemination of information about medical advances and to address concerns. One important change was the unanimous approval by PhRMA's Board of Directors of *Guiding Principles on Direct to Consumer Advertisements About Prescription Medicines*. These voluntary Principles express the commitment of PhRMA members to deliver DTC communications that are a valuable contribution to public health.

In addition, in 2008 PhRMA adopted a newly revised *Code on Interactions with Health Care Professionals*. The strengthened code reflects a commitment to maintaining the highest ethical standards in all marketing practices and to promote the best patient care possible.

This publication shows the role of marketing and promotion in speeding the dissemination of valuable improvements in medical care. It also highlights the important role that marketing plays in getting patients to discuss a range of health issues with their physicians, resulting in patients receiving needed treatment.

We hope that the information contained in this booklet will enhance dialogue surrounding pharmaceutical marketing and promotion by providing a perspective that often is not heard. We look forward to further exploration of how best to get patients into needed treatment, and how to more rapidly and appropriately disseminate valuable medical technology.

¹Pharmaceutical Research and Manufacturers of America, "Tough Questions - Straight Answers Pharmaceutical Marketing & Promotion," (Washington, DC: PhRMA, Fall 2004) http://www.phrma.org/files/Tough_Questions.pdf.

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Pharmaceutical sales representatives provide doctors with important information about new treatment options that is factored into prescribing, but studies find that many other factors, including insurers' policies, affect prescribing decisions, often with greater impact. In fact, about 2 out of 3 medicines prescribed in the U.S. are generic—much higher than in nearly all other developed countries.

INFORMATION TO HEALTH CARE PROVIDERS 5

Government regulates the marketing of pharmaceuticals, and companies strive to provide reliable, valuable information. Delivering this information is key to making physicians aware of the latest advances.

SAMPLES 6

Samples provide many benefits to patients, allowing them to begin treatment sooner and helping them find the right medicine.

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PhRMA's member companies are committed to following the highest ethical standards and all legal requirements in their interactions with health care professionals. In 2008, they adopted a newly revised code that, among other things, redefines the narrow category of educational items company representatives can give to health care professionals.

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Many physicians and patients report that DTC advertising enhances their communication.

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Studies report significant underdiagnosis and undertreatment of serious conditions that affect millions of Americans. While

these conditions, such as diabetes and cardiovascular disease, can often be treated effectively, left untreated they generate poor health outcomes and high health costs for avoidable hospitalizations. Pharmaceutical marketing and promotion help address this problem by raising awareness of disease symptoms and treatments, and prompting patients to visit their doctor.

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DTC advertising creates awareness of diseases and treatment options, helps get patients into needed treatment, and empowers patients with information.

DTC & PRESCRIBING PATTERNS 13

A majority of physicians report not feeling pressure to prescribe requested medications. In fact, many physicians recommend lifestyle changes and other treatments when patients request a specific medicine.

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Pharmaceutical marketing is closely regulated by the U.S. Food and Drug Administration (FDA) to help assure that promotional materials are accurate, fairly balanced, and limited to information that has been approved by the FDA. Many pharmaceutical companies have also adopted voluntary pharmaceutical industry guidelines that lay out standards for interactions with health care providers and appropriate DTC marketing.

KEY FACTS

The facts below are a preview of the full content contained within this brochure. For more information on each Key Fact, go to the corresponding page number listed.

Marketing to Health Care Providers & Prescribing Patterns

- A 2008 physician survey by KRC Research found that the vast majority of physicians say their clinical knowledge (92%) and a patient's unique situation (88%) greatly influence their prescribing decisions. 35% point to patients' coverage and formulary as an important factor in prescribing, while just 11% say that pharmaceutical company representatives greatly influence them. Surveys by Boston Consulting Group and Tufts Center for the Study of Drug Development echo these findings.
- 1/3 of physicians report that they do not always discuss treatment options that are not covered by an insurer.
- Approximately 67% of all prescriptions used in the United States are generic. This is a sharp increase in recent years—49% of prescriptions in 2000 were for generics—and one of the highest generic use rates in the world.

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Information to Health Care Providers

- Nearly 90% of physicians are either very satisfied (29%) or somewhat satisfied (59%) with the information they received from company representatives, according to the KRC survey. The BCG survey yielded similar results with over 90% of physicians believing information from representatives to be either very valuable (38%) or somewhat valuable (53%).

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Samples

- The 2008 KRC physician survey found 69% of physicians believe free drug samples are

either always useful (52%) or often useful (17%). 95% of physicians surveyed agreed that samples allow patients to start immediate treatment and 84% said that samples provide them with useful first-hand experience.

- A recent Kaiser Family Foundation survey found that 75% of physicians frequently (58%) or sometimes (17%) give patients samples to assist them with their out-of-pocket costs.

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Physician / Patient Relationship

- According to an FDA survey, a vast majority (over 90%) of patients who asked about a drug reported that their physician "welcomed the question."
- The FDA survey also polled 500 physicians and found that:
 - 73% believed that DTC ads helped patients ask thoughtful questions.
 - 53% of physicians considered the number one benefit of DTC ads to be the better discussions they had with their patients about their health.
 - 91% of physicians said the patient did not try to influence the course of treatment in a way that would have been harmful.

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Underdiagnosis & Undertreatment

- American patients receive about 1/2 of recommended care, according to a landmark 2003 study by RAND Health.
- The RAND Study also found that for quality standards related to medication, patients on average failed to receive recommended care 30% of the time.

Underdiagnosis & Undertreatment Continued

- Another RAND study published in the *Annals of Internal Medicine* found that **50%** of all quality problems in the use of medicines was accounted for by underuse, compared to **3%** accounted for by overuse.
- A Harvard University/Massachusetts General Hospital and Harris Interactive Survey found that:
 - **1/4** of patients who visit their doctor after seeing a DTC ad receive a new diagnosis.
 - **46%** of physicians felt that DTC advertising increased patients' compliance with prescribed treatment.
- By treating patients according to guidelines and by eliminating the underuse of high blood pressure medicines, **89,000** lives could be saved and **420,000** hospitalizations avoided annually.

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Patient Education

- A 2007 KRC Research survey found that:
 - **1 in 4** consumers sought more information after seeing a DTC ad.
 - **4 in 5** consumers agree that advertising for prescription medicines can educate people about health conditions and treatment options.
- A *Prevention Magazine* physician survey found that **70%** of doctors feel that ads help educate patients about available treatments. **67%** felt that the advertisements helped them have better discussions with their patients.
- The FDA's 2004 survey showed that in **88%** of cases when patients ask their physicians about a medicine as a result of seeing a DTC advertisement, they have the condition that the drug treats.
- A *Prevention Magazine* patient survey found that **80%** of patients who see medicines advertised on television are aware of the risk information presented, compared to **66%** aware of the benefits.

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DTC & Prescribing Patterns

- A 2006 Government Accountability Office (GAO) report found that only **2–7%** of consumers who saw a DTC advertisement requested and ultimately received a prescription for the advertised drug.
- A 2002 study on the effect of DTC advertising on demand for pharmaceuticals revealed that DTC advertising may increase demand for a particular brand drug, but only if it has a "favorable status" on the insurer's formulary.

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DTC Advertising & Drug Prices / Spending

- According to the Federal Trade Commission, "[DTC advertising] can empower consumers to manage their own health care by providing information that will help them, with the assistance of their doctors, to make better informed decisions about their treatment options...Consumers receive these benefits from DTC advertising *with little, if any, evidence that such advertising increases prescription drug prices.*" *[Emphasis Added]*
- "The pharmaceutical industry is one of the most research-intensive industries in the United States. Pharmaceutical firms invest as much as five times more in research and development, relative to their sales, than the average U.S. manufacturing firm."
– *Congressional Budget Office, 2006*
- Total promotional spending 2006 – **\$12.0 billion**
 - DTC – **\$4.8 billion**
 - Office promotion, hospital promotion, and journal advertising – **\$7.2 billion**
- Total R&D spending 2007 – **\$58.8 billion**

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