Drug Policy 101: Pharmaceutical Marketing Tactics

This brief describes the types of marketing tactics that pharmaceutical companies use and the adverse impacts those tactics can have on patients, clinicians, and the health care system.

Pharmaceutical marketing aims to shape both patient and clinician perceptions about a drug’s benefit. However, prescription drugs are not typical consumer products. Patients rely heavily on conversations with and advice from clinicians to make decisions, including when faced with choices about whether and which drugs are appropriate treatment options. In addition, patients often do not know the true cost of a prescription drug as it is often subsidized by insurance. Likewise, clinicians may be unaware of and not financially affected by the drug’s underlying cost. Therefore, they might not take into account considerable disparities in price between different, but comparably effective, options for patients. As a result, both patients and clinicians are often insulated from the direct financial impact of selecting a higher-priced product. Due to these dynamics, pharmaceutical marketing can significantly impact patient and clinician decisions that then greatly affect outcomes, in addition to draining government and health care system resources.

Marketing tactics can drive overprescribing through higher doses and longer courses of treatment than are necessary, as well as overuse of newer, higher-priced drugs instead of existing, lower-cost therapies that are just as effective. There has been an uptick in pharmaceutical marketing, which is concerning. In 2016, pharmaceutical companies spent $20.3 billion – up from $15.6 billion in 1997 – marketing to health care professionals and $6 billion – up from $1.3 billion in 1997 – marketing directly to consumers. In fact, 9 of the 10 largest pharmaceutical companies spent more on sales, overhead, and marketing their products than on research in 2013.

Marketing to patients

Direct-to-consumer advertising

One common way pharmaceutical companies promote their products to patients is direct-to-consumer (known as DTC) advertising through television commercials, online ads, print magazines, and social media. The United States is one of only 2 countries that allows DTC broadcast advertising for pharmaceuticals. Since the Food and Drug Administration relaxed requirements for pharmaceutical broadcast advertisements in 1997, consumer drug advertising spending has grown substantially. In 2016, the pharmaceutical industry spent $6 billion on 4.6 million DTC ads, including 663,000 television commercials.
DTC advertisements create an array of public health and fiscal concerns, including over-prescribing; increased demand for clinically inappropriate, expensive versions of medications; and higher drug spending that may not produce better health outcomes. Consumers exposed to drug advertisements often ask clinicians to obtain an advertised product. For example, one survey found that 1 in 8 adults were prescribed a specific drug after seeing it in an advertisement and asking their physician about it. The Government Accountability Office found that between 18% and 44% of consumers who had seen DTC advertising reported discussing the condition or drug advertised with their physician. Of those who spoke with their physician, about one-quarter reported requesting a prescription for the drug advertised and generally more than half of those patients received the requested prescription.

Often, drugs featured in these advertisements are more expensive versions of other brand or generic alternatives that are just as effective and less costly to the patient. For example, pharmaceutical companies have spent hundreds of millions of dollars a year promoting newer and more expensive blood thinners on television, even though less-advertised alternatives are much less expensive, often just as effective, and may carry fewer risks for patients.

Discount cards and coupons

Pharmaceutical companies market to patients using discount cards and coupons to incentivize uptake for higher-priced drugs, thereby working around clinician and payer preferences for higher-value drugs. This tactic, which can provide short-term out-of-pocket cost savings to patients, ultimately inflates pricing and increases use of higher-priced drugs, even when lower-priced therapeutically equivalent drugs — including generics and biosimilars — are available. According to some estimates, almost half of all drugs that are eligible for coupons and discount cards have a lower-cost generic competitor. Another study found that coupons and discount cards increase prescriptions filled with brand-name formulations by more than 60%. Discount cards and coupons also provide pharmaceutical companies with patient-specific contact information that can be used to encourage patients to stick with branded drugs even as lower-priced generics or other competitor drugs enter the market.

Coupons and discount cards are profitable marketing strategies for pharmaceutical companies. One study found that coupons for only 23 drugs increased domestic drug spending by between $700 million and $2.7 billion from 2007 to 2010. By pushing patients toward higher-priced options, pharmaceutical companies can also work around evidence-based treatment recommendations and formularies to increase drug spend across the health care system. While coupons may reduce immediate costs to individual patients, they contribute to rising health care costs through increased premiums for consumers overall.

Funding patient advocacy organizations

Patient advocacy groups are growing in influence and can mobilize large numbers of people around a particular disease, disability, or condition. While some of this growth is a natural consequence of the internet enabling patients to locate and communicate with one another at low cost, pharmaceutical companies have seized the opportunity to leverage patient voices in support of their business objectives. One project found...
that just 14 pharmaceutical companies gave at least $116 million to patient groups in a single year – more than those same companies spent on lobbying activities. This spending raises concerns about the influence drug makers gain by accessing indirect, less regulated channels for marketing drugs.

Patient advocacy groups can reach vast numbers of highly targeted patients and their family members through various forms of communication, making them invaluable audiences and spokespeople for pharmaceutical companies wanting to shape perceptions of particular drugs. While companies must disclose money spent on lobbying and payments to doctors, they are not required to disclose payments to patient advocacy groups.\(^{12}\)

Financial ties to drug makers potentially create a conflict of interest for patient advocacy groups, which may affect their organizational positions and ultimately how patients view certain drugs.\(^ {13}\)

**Marketing to clinicians**

**Pharmaceutical detailing**

Pharmaceutical detailing is marketing conducted by drug manufacturers that directly targets clinicians and pharmacists. Detailing is commonly conducted by sales representatives who meet with clinicians to communicate the benefits and uses of their company’s drug products and plays a central role in the promotion of pharmaceutical products. In 2016 alone, the pharmaceutical industry spent $5.6 billion on sales visits to clinicians.\(^ {14}\) Detailing can be useful and educational in some contexts, but it is often intended to increase pharmaceutical company revenue by maximizing drug sales or steering clinicians toward higher-priced drugs that might not be the best value for the patient. This makes it difficult for doctors to find the unbiased information they need to make informed decisions.

**Free samples**

Another way pharmaceutical companies market to clinicians is through distribution of free samples, which are drug or biological products meant for patient use but not intended to be sold. In 2016, the pharmaceutical industry gave out $13.5 billion in free samples.\(^ {16}\)

Despite their wide distribution to clinicians – and subsequently to patients – samples are exempt from reporting requirements under the Physician Sunshine Act, which requires manufacturers to report any payments or other transfers of value made to licensed physicians or teaching hospitals. Distribution of free samples is very common; therefore, excluding them from this reporting requirement creates an incomplete picture of how industry marketing tactics are used to influence prescribing.\(^ {17}\) In fact, researchers have demonstrated that clinicians are more likely to prescribe medications given as samples even when that medication would not otherwise be their first choice.\(^ {18}\)

---

**Example: Purdue Pharma**

Purdue Pharma – the manufacturer of OxyContin – focused its sales campaign on in-person visits to clinicians where sales representatives allegedly encouraged prescribing OxyContin for longer courses and at higher doses despite knowing the serious risks of addiction and even death. Purdue Pharma marketing materials allegedly misrepresented scientific evidence to suggest to clinicians that longer courses and higher doses were beneficial to certain patients. Purdue Pharma’s OxyContin marketing practices are the subject of ongoing litigation.\(^ {15}\)
Free samples may seem like a way to reduce costs for patients, but research shows they raise costs for patients in the long term. More specifically, patients who are given samples ultimately have higher prescription costs than those who do not receive samples because patients will often remain on the higher-priced drug they were initially sampled rather than switching to a lower-cost, potentially higher-value alternative.\textsuperscript{19} Free samples are often distributed for more expensive products, brand name drugs with generic alternatives, and drugs with questionable effectiveness.\textsuperscript{20} And additionally, though manufacturers may argue that samples help patients facing financial hardship access medications, the reality is low-income or uninsured patients are far less likely to receive samples than wealthy or insured patients.\textsuperscript{21}

Free samples also present safety and quality concerns, as samples are not always stored properly, or they expire, because pharmacists – who are typically responsible for overseeing those issues – are generally bypassed in the distribution process.

**Promotional materials and events**

In addition to in-person meetings, pharmaceutical companies will often distribute unsolicited promotional materials to clinicians, such as brochures, to highlight the benefits of their drug and positively describe the results of studies, which are often funded by the same company. Analysts have also documented examples of industry-funded ghostwritten articles in medical literature that include marketing messages for a certain product.\textsuperscript{22} Despite the FDA’s efforts to regulate false and misleading communication about drugs, the overwhelming amount of content and channels available to pharmaceutical companies makes enforcement challenging. For these reasons, many promotional activities to clinicians fail to present a complete and objective picture of a drug’s safety and effectiveness.

Manufacturers also fund informational events and presentations for medical professionals that promote disease awareness. And while such events may not directly promote specific products, they might shape perceptions of a disease, including its prevalence, severity, and appropriateness of pharmacological intervention, thus increasing prescriptions down the road. In 2016, pharmaceutical companies spent almost $59 million for disease awareness education.\textsuperscript{23}

**Funding to clinicians and academic institutions**

Pharmaceutical companies spent nearly $979 million for direct physician and teaching hospital payments related to specific drugs in 2016, offering gifts, consulting and speaker fees, meals, and other material items.\textsuperscript{24} It is not uncommon for companies to host promotional events and invite industry-paid clinicians to discuss the use and benefits of particular drugs. Data over a recent 5-year period show that drug and medical device companies paid more than 2,500 physicians at least half a million dollars each – and 700 physicians received at least $1 million.\textsuperscript{25} Researchers have evaluated the impact of these practices on prescribing patterns, and studies have found that clinicians who received food, gifts, or consulting fees were twice as likely to prescribe the brand name drug instead of the lower-cost generic.\textsuperscript{26}

Studies have found that clinicians who received food, gifts, or consulting fees were twice as likely to prescribe the brand name drug instead of the lower-cost generic.

Pharmaceutical companies also attempt to influence academic medical centers, universities and curricula, and continuing education activities to sway clinicians downstream. Medical students are increasingly exposed to pharmaceutical marketing, receiving such items as industry-sponsored meals, gifts, and
A systematic review of literature on this topic found that almost 90% of all clinical students received some sort of educational materials from the pharmaceutical industry. Continuing medical education programs also receive industry funding. Researchers found that 72% of CME activities from the top 500 accredited CME providers in 2014 were sponsored by industry. Industry-funded clinicians, teaching hospitals, medical schools, and continuing education activities may contain promotional messaging, thus raising concerns about potential conflicts of interest.

**A path forward**

Pharmaceutical marketing can have a significant impact on prescribing decisions, leading to real consequences for patient health and rising drug costs.

Unbiased sources of information about pharmaceuticals should be more readily available to the medical community to help counter potentially misleading or even harmful marketing efforts.

Furthermore, policymakers and the public would benefit from more transparency in marketing tactics to foster understanding about how these practices might be inappropriately influencing prescribing, increasing drug prices and spending, and impacting patient outcomes.

**References**

4. See note 1
11. See note 10

* The term “Industry” in this case refers to pharmaceutical, biologics and medical device manufacturers.
Drug Policy 101: Pharmaceutical Marketing Tactics


14. See note 1


16. See note 1


20. See note 1


23. See note 1

24. See note 1


