As prescription drug manufacturers increasingly target consumers through integrated marketing communications strategies, questions of ethics inevitably arise. Anne Gibson explores the role pharmaceutical companies' direct-to-consumer IMC campaigns play in this highly regulated industry.

Confronted with a changing marketplace, pharmaceutical companies are embracing and leveraging marketing and branding strategies. Traditionally, the public views major pharmaceutical companies as strong research and development institutions. Today, these companies also boast robust marketing arms with practices that rival traditional marketing efforts of consumer goods companies such as Nike, Coca-Cola and Nestle.

A variety of factors have led to a rise in direct-to-consumer prescription drug campaigns. One major factor is the aging of America. By 2010, 50 million Americans are expected to be over the age of 60. Between 1998 and 2010, the market for 54- to 64-year-olds will increase by 59 percent, making the baby boomers the pharmaceutical companies' largest growing market. Comprising the industry's most profitable and reliable market are those aged 55 and over, a group that accounts for 58 percent of all healthcare spending. An average person over the age of 65 fills 14 to 17 prescriptions per year (Business and Industry, 2002) compared to a middle-aged individual's annual consumption of five prescriptions.

Although the target market is growing, pharmaceutical companies are facing increasing competitive pressures, most notably mergers and patent expirations. Recent mergers and acquisitions, such as the $60 billion acquisition of Pharmacia by Pfizer, are consolidating the competitive landscape. Adding to the pressure are the blockbuster drugs with established brand names that are near to or have met their patent expiration dates. Large pharmaceutical companies could lose up to $40 billion in revenues from patent expirations over the next five years (Investors Chronicle, 2002). Upon expiration, the drug companies face cannibalization of their most popular and profitable brand names as other companies introduce generics. Generic drug manufacturers realize revenues at the expense of the pharmaceutical companies' research and development investments.

Also changing the pharmaceutical landscape are the advances in biotechnology and consumers' increasing accessibility to information about medications and treatments. Biotechnology has revolutionized the industry as it increases the number of potential new drugs. The recent mapping of the human genome and the increased accessibility to technology that utilizes DNA potentially augment drug innovation targets (illness or disease treatments) from 500 to 10,000 (Barents Group LLC, 1999), leading to an abundance of new biotechnology ventures and firms. Pharmaceutical companies, under the pressure of patent expirations and decreasing revenues, increasingly enter into drug licensing agreements with biotechnology companies. Under these agreements, the big pharmaceutical companies have evolved into the marketing arms for the new drugs of the biotech firms.

Consumers in today's marketplace are informed customers, even in healthcare. As more and more consumers seek information regarding their health and wellness, a consumerism movement in the pharmaceutical industry has evolved. Consumers are able to play a more active role in their treatment decision-making with information readily available through the Internet, dedicated health publications and television shows.

As a result of these factors, the pharmaceutical industry is undergoing a tremendous transformation. It is now commonplace for pharmaceutical companies to directly market prescription medicines to and communicate with consumers.
TRADITIONAL PRESCRIPTION DRUG MARKETING

Historically, major pharmaceutical companies marketed their drug offerings to patient gatekeepers — physicians and healthcare professionals — since the Food, Drug and Alcohol Administration (FDA) prohibited advertising prescription drugs to consumers. Companies used sales representatives to "detail" doctors by educating them and promoting prescription drugs. Busy doctors relied on the major pharmaceutical companies to inform them of the new available treatments supplemented by industry journal reviews and articles, educational seminars and event sponsorships. The companies also provided drug samples to the gatekeepers to indirectly gain exposure to and trial by patients. Through physician-pharmaceutical representative relationships, drug companies attempted to increase patient use and sales. These promotional tactics were (and still are) performed behind the scenes, not blatantly visible to patients.

THE INTRODUCTION OF DIRECT-TO-CONSUMER PRESCRIPTION DRUG MARKETING

In 1985, the FDA legalized the marketing of prescription drugs to consumers with the mandate that advertisements could not make false or misleading claims and all side effects must be listed in detail with the product's benefits (Barents Group LLC, 1999). Although this groundbreaking ruling opened the door for consumer marketing, the requirements proved cumbersome for the drug companies to adhere to since the advertisements would require excessive medical jargon. Direct-to-consumer advertising of prescription drugs became more prominent in 1997 when the FDA issued less stringent guidelines. Pharmaceutical companies were able to make their advertisements more media-friendly and hold consumers' attention. Although the FDA still prohibited misrepresentation or false claims, it required only a brief summary of the major side effects needed to counterbalance the drug's benefits in place of the previous mandate for detailed information in all advertising. The 1997 ruling also dictated that direct-to-consumer advertising state that health professionals can provide more information and use an additional medium (a company's toll-free phone number or web site address) for consumers to obtain detailed information and a drug's product labeling (Barents Group LLC, 1999). In spite of these FDA requirements, pharmaceutical advertisements began to have the same commercial feel as consumer products' advertisements.

Advertising paved the way for other consumer-targeted promotional tools such as event and sport sponsorships, celebrity spokespeople and mailing campaigns. With the ability to now use a complete marketing arsenal, the pharmaceutical industry has embraced integrated marketing. The integrated marketing communications (IMC) approach helps pharmaceutical companies maintain contact with its consumers throughout the many touch points these consumers have with a company and its brands.

LEVERAGING INTEGRATED MARKETING

Viagra, a Pfizer patented product, was one of the first drugs to use direct-to-consumer advertising in its marketing mix. Pfizer launched a massive advertising and public relations campaign aimed at educating the public and branding Viagra. The drug became a pop-culture fixture as everyone from radio hosts to comedians leveraged it for material. Viagra and its popular Bob Dole television and radio commercials became common discussion around the company water cooler. Internationally, Viagra features Pelé, the Brazilian soccer phenomenon, in its advertising and public relations campaigns.

Other pharmaceutical companies have also hired celebrities to promote its products, such as Dorothy Hamill for Merck's osteoarthritis drug, Vioxx. A public relations approach utilizes celebrities through the television talk show circuit. Amgen hired New York Yankees Manager Joe Torre to discuss his battle with prostate cancer. Although Torre did
not discuss a drug directly. Amgen hoped that his story would create dialogue between patients and physicians, ultimately increasing the use of its own revolutionary prostate cancer treatment. Pharmaceutical companies use this public relations tactic to increase awareness of unfamiliar medical conditions (Wall Street Journal, April 22). Today, it is not uncommon to turn on "Entertainment Tonight" and see a celebrity speaking about a medical condition.

As the use of celebrity campaigns became increasingly common, too did music, athletic and event sponsorships by pharmaceutical drug companies for a particular brand. Typically, the sponsorships are closely aligned with a celebrity: Viagra is an active sponsor of a heavily male watched sport, N A S C A R and has its logo painted on a racing car (For more information on marketing Viagra, please see the article "N A S C A R Sponsorships: Putting Your Company in the Driver's Seat" in this issue).

Interactive and new media supplement traditional marketing tactics. AstraZeneca is leveraging futuristic marketing trends as it utilizes new technology for a campaign promoting Zomig, a migraine treatment. The company is pairing up its broadcast commercials with interactive television, through which interested individuals can request information and be connected to the brand's web site. Viral email campaigns are increasing in popularity and depend on grassroots efforts of consumers to communicate the existence, benefits and results of a new prescription drug product. Finally, online games and drawings offer a consumers to communicate the existence, benefits and results of a new technology and be connected to the brand's web site. Viral email campaigns are increasing in popularity and depend on grassroots efforts of consumers to communicate the existence, benefits and results of a new prescription drug product. Finally, online games and drawings offer a opportunity to collect information on interested individuals, which is used to develop a marketing database. (Please see the Schering-Plough case study on page 28 on the integrated marketing communications campaign for the company's new brand, Clarinex.)

**The Proof is in the Numbers**

Major pharmaceutical companies have increased their direct-to-consumer ad expenditures, most dramatically after the 1997 FDA ruling. In 1991, the industry spent $55 million. In 1998, that number increased to $1.3 billion and to $2.5 billion in 2000 (Barents Group LLC, 1999). More recently, these companies have allocated 30 percent of their overall budgets to advertising, outspending all other costs. In 2000, Pfizer spent $160 million on direct-to-consumer advertising for Vioxx, which is more than Pepsi ($125 million) and Budweiser ($146 million) spent in the same period. In fact, the "seven most heavily advertised drugs beat out Nike's ad budget of $78.2 million for its top shoes" (American Marketing Association, 2002) during 2000.

In 2001, pharmaceutical companies spent $175.2 billion on drug promotions. A closer look at three of the largest pharmaceutical companies in the following chart displays their most recent marketing expenditure increases.

<table>
<thead>
<tr>
<th>Changes in Major Pharmaceuticals' Consumer Marketing Expenditures</th>
<th>1999</th>
<th>2000</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merck &amp; Co.</td>
<td>$152.4</td>
<td>$332</td>
<td>117.7%</td>
</tr>
<tr>
<td>Bristol Meyers Squibb Co.</td>
<td>$44.4</td>
<td>$140.6</td>
<td>146.2%</td>
</tr>
<tr>
<td>Pfizer Inc.</td>
<td>$126</td>
<td>$250</td>
<td>98.4%</td>
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</tbody>
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Barents Group LLC, 1999

showed that 69 percent of patients who inquired about utilizing a drug by name ultimately received a prescription for it (O'Connell, 2002). The industry embraced a strategy similar to that of any consumer good: brand the product so it is asked for by name or easily recalled and leverage the brand to create a competitive advantage. AstraZeneca has successfully branded its acid pump inhibitor drug, Nexium, as the "purple pill" through its frequent airing of catchy commercials, its dedicated web site named purplepill.com and its print advertisements, all of which focus on the physical attributes of the product. Using IMC, in which advertising, public relations, direct marketing and other tools are utilized, the drug companies have been able to convey clear and consistent messages to consumers and doctors about each drug.

**The Fine Line of Pharmaceutical Marketing**

The industry's direct-to-consumer marketing expenditures have led to increased regulatory scrutiny of its consumer-targeted marketing approach in conjunction with other factors, including the ever-increasing costs to consumers, insurers and companies for prescription drugs and the aging population. Large corporations that insure their employees, including Ford and General Motors, state and federal legislators, health insurance companies, and lobbying organizations such as the American Association for Retired Persons (AARP), closely monitor the industry and its companies.

Pharmaceutical companies face a unique environment in the marketing of prescription drugs. Like any other company, they seek to establish distinctive brand identities that own a certain part of consumers' mind share. However, these companies also provide an essential service through their products: the improvement of a person's health and well being. Since pharmaceutical companies are in the business of healing and improving the quality of life, the standards for marketing these products are higher than that of consumer goods. At large, the public views the receipt of correct medications not as a choice, but as a fundamental necessity. Some organizations and lawmakers view drug marketing as the exploitation of a critical and complex product by appealing to consumers' emotions. No matter
what one believes, it is crucial for the pharmaceutical companies to comprehend the environment they are operating in and practice ethical and responsible marketing.

Ethical marketing involves conducting one’s branding and promotional campaigns in a manner perceived as moral by the public. Before a company embarks on a campaign, it must question if a patient’s privacy, confidentiality or security — universal consumer concerns for healthcare marketing — are potentially jeopardized. If any doubt exists, the company should discard those marketing tactics. In the cases where patients and consumers can opt into mailing lists or share their medical history, the drug companies should give participants guidelines detailing what the information will be utilized for, security precautions and what happens to the information if one chooses to opt out. The pharmaceutical companies must not only abide by the current regulatory standards, but also meet the public’s demand for high standards. Each company must act as its own watchdog and act cautiously.

**With the ability to now use a complete marketing arsenal, the pharmaceutical industry has embraced integrated marketing.**

Pharmaceutical companies take on too much risk when they act as consumer product good companies. Eli Lilly & Co. is under investigation for a Florida-based direct mail campaign in which free samples of Prozac Weekly were sent to previous Prozac users and consumers of other antidepressant medicines. Irate consumers, shocked that the company knew about their medical history, have filed invasion-of-privacy suits against Lilly. Medications are not simply a consumption product; when misused or abused, they can potentially cause serious harm. Eli Lilly & Co. placed its own reputation and the public at risk if it sent unsolicited free drug samples. The medications could have reached an unintended individual or have been consumed by a child believing it was candy. The industry must prioritize public health and individuals right to privacy over brand building.

The negative publicity and public outrage over Eli Lilly & Co’s actions make it a moot point whether the company will be found guilty under Florida’s Deceptive and Unfair Trade Practices statute (Wall Street Journal, July 8, 2002) since repairing the company’s reputation could be more costly than its potential fines. For most businesses, the court of public opinion decides its fate. Its perception and whether or not consumers will continue to buy the company’s products. For pharmaceutical companies, public opinion significantly influences the amount of pressure placed on lawmakers to regulate an industry. Before it conducted the Prozac Weekly marketing campaign, Eli Lilly & Co. should have asked itself the following questions:

- Was this a participant opt-in campaign (i.e. did consumers approve the use of their personal information)?
- Will consumers feel as if the company breached their security and trust?
- Is there an unacceptable risk that this letter and consequently the drugs will get into the wrong hands, possibly causing harm to the intended or unintended recipient?
- Does this marketing tactic align with and enhance the company’s reputation and brand promise?
- Will the court of public opinion support this marketing campaign?

A negative answer to any of these questions raises ethical questions. Eli Lilly & Co. would have answered negatively to at least one of these questions, thus it should not have run the campaign.

This is not to say that the building of brand equity does not have a place. It does. Umbrella corporate marketing can support an organization’s overall mission and company promise. When the correct message is conveyed, it adds credibility and trust to a company’s individual products. Product-specific pharmaceutical marketing can continue to tout a drug’s effectiveness and benefits, ensure a brand name is creating “buzz” in the marketplace and validate it with the public. There is a place for truthful consumer advertising and education.

A major objective of direct-to-consumer prescription marketing is to encourage patients to be educated about their treatment options and to open the dialogue between patients and physicians. In fact, the industry should be a strong promoter of patient-physician discussions. Pharmaceutical companies should also support the notion that the end treatment decision lies with a doctor and is made solely with a patient’s well being in mind.

**Conclusion**

As the pharmaceutical industry undergoes tremendous transformation, pharmaceutical and biotechnology firms are evolving their marketing tools. Customer-centric brand communications play an increased role in securing a market category for a company’s drug. Integrated marketing campaigns allow these companies to convey consistent and powerful messages to all stakeholders, especially to patients.

However, drug marketers have a responsibility to the public to act in an ethical manner. The healthcare industry is simply different from other consumer good businesses. As direct-to-consumer marketing becomes more prominent for healthcare products, pharmaceutical-related companies need to embrace and address consumers’ universal healthcare concerns. By taking this approach, the pharmaceutical companies realize a win-win situation as legislators, regulatory agen-
cies and lobbyists support those companies that put consumers first. In today’s climate, responsible customer-centric actions resonate loudly.

REFERENCES


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CASE STUDY:  
THE ROLE OF DIRECT-TO-CONSUMER INTEGRATED MARKETING IN SCHERING-PLOUGH’S LAUNCH OF CLARINEX

Schering-Plough Corporation's patent for its blockbuster allergy medicine, Claritin, is expected to expire in December 2002. Generating $3.2 billion globally and accounting for approximately one-third of Schering-Plough's 2001 sales, Claritin is a crucial product for Schering-Plough Corporation (Otto, 2002). As the blockbuster allergy medicine's patent is expected to expire in December 2002, the company has shifted its hopes of future profitable sales to Claritin's offspring, Clarinex. Clarinex is a modified version of Claritin as it contains a more potent version of its most active ingredient. The FDA approved Clarinex for prescription drug sale and patent on December 21, 2001.

At stake for the pharmaceutical company is a 50 percent to 75 percent loss in revenue in the first year alone of Claritin's patent expiration due to the introduction of comparable generic remedies. To hold onto its revenues, Schering-Plough hopes to switch its current Claritin users to Clarinex. Yet, Clarinex has come under scrutiny by physicians who do not recognize a clinical difference between the two remedies. The drug manufacturer has turned to consumer marketing to achieve its goal: “to make Claritin the premier over-the-counter (OTC) allergy medication while making Clarinex the leading prescription brand” (Allison, 2002).

The company is leveraging a large investment in the established brand name (note the similarities between Claritin and Clarinex names), making it almost foolproof for a patient to forget the name of the new drug. Clarinex can claim that it is a treatment for indoor as well as outdoor allergies. Thus, the company is able to tout the drug as a “new and improved” version of its trustworthy and popular Claritin, which was advertised as an outdoor allergy medicine.

The company removed all Claritin ads so only Clarinex is marketed. In March 2002, Schering-Plough began running Clarinex television advertisements to inform consumers that the new drug can relieve "any allergy, anywhere, any time." Print ads and billboards soon followed. Clarinex is a major sponsor of Major League Baseball; advertisements featuring New York Mets’ catcher Mike Piazza frequently air on nationally broadcasted MLB games and the brand logo is prominently displayed on the All-Star Game player selection ballots and ballpark walls. It is estimated that Schering-Plough will spend $60 million on Clarinex DTCA.

Schering-Plough leverages the Clarinex web site to create a marketing database. The web site offers a free week supply (with physician's prescription) coupon for the product. To receive this coupon, patients must complete a personal profile, which includes one’s contact information and personal allergy information. Users are encouraged to return to the web site after using the medicine to complete a survey regarding its efficacy; again, information is collected on each visitor. In return, participants are given a free 10-day supply of Clarinex (with prescription).

Schering-Plough utilizes the collected user data to present physicians with its findings on the drug. Its intent is to re-emphasize the drug’s efficacy and present patients' positive perspective. Though the company is directly targeting consumers, it also recognizes the importance of doctors in Clarinex’s success. ImpactRx, a pharmaceutical promotion research organization, reports “90 percent of doctors decide to embrace or discard a new medicine within the first six months of the drugs release” (Sacramento Bee, 2002). These doctors are a crucial touch point with consumers. Clarinex replaced the distribution of Claritin samples. The price of Claritin, approximately 17 percent less than Claritin’s price, should please both consumers and physicians.

It is too early to state the results of Schering-Plough’s integrated marketing efforts for Clarinex. The company has publicly stated that it is happy with the results to date for new users and Claritin switchers. Claritin, the replaced drug in this campaign, was one of the first drugs to leverage direct-to-consumer marketing. Its success was profound. Schering-Plough spent $110 million to market the drug each year in 1999 and 2000 (Allison, 2002). Claritin was the third largest selling prescription drug in 2000 (Rubin, 2002). As an OTC drug, the company can leverage Claritin's established brand name and loyalty while generic drug manufacturers will have to compete at a similar shelf price (Investors Chronicle, 2002).