

Marketing Scholars' Roles in the Policy Arena: An Opportunity for Discourse on Direct-to-Consumer Advertising

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A Brief Background

Direct-to-consumer (DTC) advertising of prescription drugs is clearly among the most significant marketing phenomena of the past decade in the United States. It is important partly because of the large amounts of money involved and its prominence in the popular media and surely because it potentially affects the length and quality of the lives of millions of people.

Moreover, DTC advertising is a phenomenon that owes its existence to public policy choices in the United States and in New Zealand, and not anywhere else in the world (and in this sense, it represents an important natural experiment). In the United States, a series of regulatory actions during the 1980s and 1990s increasingly loosened restraints on the provision of information to consumers regarding ethical drugs, and advertising in this area occurred at lower levels of spending (for an informative regulatory history, see Pines 1999). In 1997, the Food and Drug Administration (FDA) issued a draft guide for firms that, in effect, allowed television advertising, and after addressing many enforcement actions to clarify the nature of such commercials, it issued final guides in 1999. At this point, the rate of spending on DTC advertising began to soar, to the extent that it is now the third largest advertising spending category, behind only automobiles and fast foods. Furthermore, as of early 2005, the attention on this topic has heightened, as unforeseen and previously undisclosed health risks have begun to surface with popular drugs such as Vioxx, Bextra, and, possibly, the entire class of Cox-2 inhibitors.

The Basic Issue

What insights do academic marketers have to offer on this major policy issue? For example, what is known (or, in general, thought) about questions such as the following:

- Has DTC advertising led to lower or higher price levels?
- Has DTC advertising led to enhanced or decreased competition?
- What is the relationship of DTC advertising to other elements of the marketing mix? and

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- Overall, has DTC advertising been worthwhile? Is its conduct and regulation optimal? Is marketing scholarship forming or directing any policy on this topic?

A Caveat

We are not arguing that the issue of DTC advertising has been ignored by marketing academics; indeed, we salute the efforts represented in recent issues of *Journal of Public Policy & Marketing*, as well as in a special section of *International Journal of Advertising* in 2004. In addition, we well recognize that there are many legitimate issues involved on DTC drug advertising, and it is not our purpose here to weigh the merits of various opinions, whether based on general experience, consumer psychology, economic theory, or empirical studies of patient or doctor behavior.

Our Thesis and Initiative

Our Thesis

In brief, we believe that the field of academic marketing should have been engaging in *considerably more discourse on this topic* over the past several years, so that the broad college of marketing academia would have been considering this issue in a more comprehensive and structured manner. Our underlying belief is that such discourse in the field would provide a basis for marketing academics to serve in a more prominent and visible role in any future debates pertaining to the type and quantity of marketing communications permitted (or required) for ethical drugs in the United States, as well as in other countries as appropriate.

Our Initiative: A Dedicated Web Site for DTC Advertising Discourse

With the purpose of facilitating an ongoing dialogue about DTC advertising, we have commissioned a dedicated Web "message board" for this purpose at the University of Virginia (<http://wb.darden.virginia.edu/~DTC>). As a first step, we have conducted a DTC expert survey and have made the complete results available on this site, including the full text of respondents' comments, and the database available for download by interested academics. We provide a summary of the survey and findings subsequently.

The Initial Step: A Survey of Marketing Experts

We believed it would be useful to begin a field discourse by formalizing our curiosity about the DTC advertising phe-

nomenon—that is, what do marketing scholars know and believe about it? As a first step, we conducted a small-scale Web survey of “experts” with regard to their attitudes toward the practice of DTC advertising.

Sample and Method

We selected a sample of marketing and advertising academics, economists, and other scholars who had published articles that dealt with advertising, pricing, and/or DTC advertising of prescription drugs. We also asked respondents to provide names and e-mail addresses of other people they knew who either had published research or were pursuing research related to our survey. As a result of this snowballing technique to develop names, the resulting sample extends somewhat beyond the marketing academic community.

Potential respondents were sent an e-mail with a short statement about the purpose of the survey, were assured that the survey was being conducted for academic purposes only, and were asked to devote approximately 15 minutes to complete a Web-based survey. Respondents accessed the survey through a URL (unique to the respondent) that was embedded in the e-mail. By separate e-mail, potential respondents were sent a \$10 Amazon.com gift certificate for considering our request to complete the survey. Three separate rounds of e-mails were conducted. The second round was for additional names that were provided in the first round. The third round was a reminder for those whose responses we had not received. A total of 88 invitations to complete the survey were e-mailed, and 65 responses were received. The survey items covered various dimensions of DTC advertising effects, current FDA policy assessments, self-confidence in the ratings provided, and an open-ended section in which the respondent could add any further thoughts if desired. We report the scales and tabulations by item in the following section. In addition, we report a few illustrative quotes from the open-ended sections to provide further insight into specific issues. (Respondents were willing to offer comments that covered a range of topics, including methodological comments and suggestions.) As we mentioned previously, the full survey results, including all comments, are available on the dedicated Web site.

Summary Survey Results

Consumption and Competition

Table 1A. Opinions on Likely Effects of DTC Advertising of Prescription Drugs on ...

	Marked Decrease (%)	Slight Decrease (%)	No Real Change (%)	Slight Increase (%)	Marked Increase (%)
a. Consumption levels of prescription drugs	0	0	9	69	22
b. Competition within given categories	3	8	29	26	34

Notes: In response to the query: “To this point, allowing pharmaceutical companies to advertise directly to consumers has likely led to...” “Marked” increase and decrease were anchored at +/-20%, respectively, and “no real change” at less than +/-5%. N = 65.

“For many chronic diseases, including depression and diabetes, it is well known that many people do not know they have the disease (and especially for depression, physicians underdiagnose it). DTC advertising is therefore more likely than other marketing activities in this sector to expand category sales.”

“I do feel that the DTC has increased requests for various drugs, but the relationship between reps for the companies and the doctors seems (and that is only my opinion; it is not based on any precise experience) to be more of a driving factor than any DTC campaign.”

“My basic issue with DTC advertising is with the likelihood that [the advertisements] make consumers ask for and receive drugs that they do not need.”

Product Innovation

Table 1B. Opinions on Likely Effects of DTC Advertising of Prescription Drugs on ...

	Marked Decrease (%)	Slight Decrease (%)	No Real Change (%)	Slight Increase (%)	Marked Increase (%)
c. Willingness of pharmaceutical firms to invest in research and development	3	12	29	42	14
d. Efficacy of treatments for specific health problems	2	11	48	35	5
e. The variety of associated benefits (drug delivery forms, packaging, convenience of use, etc.)	0	3	46	40	11

Notes: In response to the query: “To this point, allowing pharmaceutical companies to advertise directly to consumers has likely led to...” “Marked” increase and decrease were anchored at +/-20%, respectively, and “no real change” at less than +/-5%. N = 65.

“[With regard to] innovation, the huge rewards of bringing forth a successfully advertised drug should have produced a substantial incentive to bring new drugs to market. There probably are [also] quality of demand questions—physicians being unduly influenced by their patients’ advertising-induced request for an Rx on a drug they saw advertised.”

“So I like the idea of really new breakthrough drugs quickly superseding less effective treatments through public/consumer/doctor awareness,... but I am suspicious that if companies had to really price compete in the [United States] rather than cost plus pricing, then their advertising budgets would not be going through the roof.”

“[T]here is a potential for DTC [advertising] to shift [research and development] priorities toward products that can be marketed successfully to large target audiences. This is a concern in terms of bridging the financial incentives for product development into line with health needs, as it leads to the opposite effect.”

Informed Consumer Decisions

Table 1C. Opinions on Likely Effects of DTC Advertising of Prescription Drugs on ...

	Marked Decrease (%)	Slight Decrease (%)	No Real Change (%)	Slight Increase (%)	Marked Increase (%)
f. Consumer information search activities	2	3	8	43	45
g. Appropriateness of drugs prescribed by physicians	15	19	39	28	0

Notes: In response to the query: “To this point, allowing pharmaceutical companies to advertise directly to consumers has likely led to...” “Marked” increase and decrease were anchored at +/-20%, respectively, and “no real change” at less than +/-5%. N = 65.

“DTC [advertising] is doing a pretty good job of informing consumers about treatment options, encouraging additional information seeking about conditions advertised medicines treat, and encouraging many to talk with their doctor. In general, comparatively few consumers (about 8%) ever ask for an Rx because they saw it advertised. Most of the consumer activity resulting from DTC [advertising] appears to be information seeking, and much of that is by caregivers and on behalf of others.”

“It is very interesting that after more than a decade of relatively heavy DTC advertising, there is no evidence that this practice leads to any increase in consumers’ objective knowledge about either treatments or diseases, better drug use, more appropriate prescribing, or better health outcomes.”

“I think the advantages are that [DTC advertising] provides one more avenue (besides doctors) for consumers to obtain pertinent information. In that regard, it is especially good for products in the early life cycle. The disadvantages are that it may lead to degeneration of serious technical health issues into nontechnical emotion-based products with advertisers producing somewhat biased information that promotes the positive aspects at the expense of negative effects (despite some regulations). On balance, the advantages equal or marginally outweigh the disadvantages, in my view.”

“Relaxing the prohibitions on DTC advertising of pharmaceuticals has been effective in steering consumers to ask for advertised pharmaceuticals; however, these advertised pharmaceuticals are not always the most effective treatment for their condition but are almost always the costliest treatment for their condition. We are all paying the price for DTC advertising of pharmaceuticals in either reduced insurance benefits, higher insurance costs, or higher taxes.”

“I think the most important questions relate to the content of DTC. In [New Zealand], some advertisements have featured highly emotive images (the Xenical advertising, in particular),

risk and side effect information is sometimes minimal, and, in my opinion, the importance of the doctor’s role in determining the suitability of the medication is not highlighted sufficiently.”

Additional Dimensions

Table 1D. Opinions on Likely Effects of DTC Advertising of Prescription Drugs on ...

	Marked Decrease (%)	Slight Decrease (%)	No Real Change (%)	Slight Increase (%)	Marked Increase (%)
h. Social costs of a subjective nature (consumer or physician irritation, worry, etc.)	2	3	25	53	17
i. Retail prices of advertised drugs	2	8	42	38	11
j. Overall public health	3	3	39	52	3

Notes: In response to the query: “To this point, allowing pharmaceutical companies to advertise directly to consumers has likely led to...” “Marked” increase and decrease were anchored at +/-20%, respectively, and “no real change” at less than +/-5%. N = 65 for question j; N = 64 for questions h and i.

“The lack of public access to drug advertising outside [the United States and] especially Europe is a public health information disgrace, allowing governments to delay and restrict public access to approved and available treatments in the interests of saving money.”

“I left the opening question on price effects blank, realizing this is probably the most contentious but unresolved issue surrounding DTC [advertising]. I know from speaking with health economists that the transaction price data required to address this issue meaningfully are currently not available and, given the complexity of the U.S. health care system, will be extremely difficult to obtain. Relatedly, the long-run effects issues [with regard to] competition and welfare are very much open ones at this time.”

“For chronic diseases, the expected outcome is an increase in patient satisfaction, compliance, and health outcomes and, at the same time, a decrease in the total cost of treatment. I am in the early stage of planning for a field experiment to demonstrate the benefits of proactive involvement by patients in treatments of chronic diseases.”

“I’m more familiar with the [New Zealand] situation, but to the extent that the [United States and New Zealand] are similar, my view is that, on balance, DTC [advertising] is positive. However, it has some negative aspects, and the (difficult) task of legislators is to encourage the positive aspects while discouraging or even prohibiting the negative ones.”

“I’ve gravitated toward the viewpoint of patient empowerment. The medical profession has neglected the patient, especially for primary care and preventive medicine, and DTC serves as a partial remedy to that neglect. The neglect of patients is not the fault of doctors, hospital administrators, or pharma. It is perhaps a natural consequence of advances in technology but not pro-

ductivity in the medical sector. In any event, one can view DTC as informing the neglected health consumer. The dangers are real—over-medication, etc.—but that’s why we have doctors who prescribe medicine.”

“[T]he rapid expansion of this type of advertising has led to concerns about not only individual messages but [also] the joint ‘pill for every ill’ or ‘you think you’re healthy, you’ve got to be kidding’ message that comes from repeated exposure.”

Overall Assessments of DTC and Public Policy

Table 2. Overall Assessment of this Public Policy and Confidence Level in Judgments

a. All considered, allowing DTC advertising of prescription drugs, together with the marketer decisions that ensued, has likely had an effect on the overall quality of life that is ...

Signifi- cantly Negative	Negative	No Change	Positive	Signifi- cantly Positive
6.2%	13.8%	21.5%	52.3%	8.2%

b. The current FDA lack of restrictions on dollar spending for DTC prescription drugs should be ...

Definitely Left as They Are	Probably Left as They Are	Left Unchanged for Now, but Scruti- nized	Probably Tight- ened	Definitely Tight- ened
17.2%	17.2%	42.2%	10.9%	12.5%

c. The current FDA restrictions on content, topics, and media used for DTC prescription drugs should be ...

Definitely Relaxed	Probably Relaxed	Left as They Are	Probably Tight- ened	Definitely Tight- ened
6.2%	13.8%	21.5%	52.3%	8.2%

d. In general, my confidence in the ratings I’ve provided on DTC advertising here is best described as ...

None	Little	Somewhat	Good	Strong
0%	6.2%	32.3%	35.3%	28.2%

In addition, the survey included attitudinal questions for specific types of products (these results are available on the dedicated Web site as well).

Conclusion

Direct-to-consumer advertising is a complex and important area that deserves attention across the college of marketing. Our sample of knowledgeable respondents indicated a reasonably good level of confidence in their assessments. As is evident from the results displayed, the overall sentiment toward DTC advertising is positive. There is not unanimity, however, and a large number of issues meriting further study have surfaced. We are hopeful that the availability of a dedicated Web site for discourse will help academics stay abreast of developments in this area, both to share knowledge and speculations as they develop (and to better inform students as well) and to generate a basis for policy analysis and contributions should this be warranted. Please join us in the future discussion.

Author’s Note

Again, the dedicated Web message board to facilitate ongoing dialogue about DTC advertising is available at <http://wb.darden.virginia.edu/~DTC>.

Reference

Pines, Wayne L. (1999), “A History and Perspective on Direct-to-Consumer Promotion,” *Food and Drug Law Journal*, 54, 489.

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