

Prescription Drugs and Mass Media Advertising



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Medicines advertised directly to the public were responsible for the bulk of the increase in spending on prescription drugs between 1998 and 1999 — and the trend continues in 2000.

The number of mass media ads for prescription drugs has exploded in recent years. They are quite literally everywhere, but most noticeably on television.

Pharmaceutical companies spent \$1.8 billion on mass media (also called direct-to-consumer or DTC) advertising in 1999, up 38.5 percent from the \$1.3 billion spent in 1998 and 33 times the \$55 million spent on mass media ads in 1991. Television ads accounted for the bulk — \$1.1 billion — of the expenditure, up 70 percent from 1998.¹

Spending on mass media advertising for prescription drugs continued to accelerate in the first four months of 2000 — reaching \$946 million for the period, 58 percent more than the \$597 million spent during the first four months of 1999. At that pace, DTC spending will break \$2 billion in 2000.

Six new medicines first sold in 1999 are driving the latest burst in DTC spending. They are Vioxx, Celebrex, Xenical, Tamiflu, Paxil, and Flovent. The makers of the six new drugs spent a combined \$210 million promoting them to consumers between January and April 2000.²

Mass media advertising is still a minor, if rapidly growing, component of total prescription drug promotional spending. In 1999, DTC advertising accounted for 27 percent of the \$6.6 billion pharmaceutical companies spent directly promoting their products to doctors and consumers. Mass media advertising was 22 percent of all direct promotion expenses in 1998, and 10 percent in 1995. In addition, pharmaceutical companies provided \$7.2 billion worth of free samples to doctors' office in 1999, up from \$6.6 billion in 1998. Such samples are considered a promotional expense.³

The Food and Drug Administration (FDA) sparked the recent rapid growth in the mass media marketing of prescription drugs when, in 1997, it clarified rules pertaining to such ads. The action made it easier for companies to launch TV, print, and radio ad campaigns.

The advent of the mass media advertising of prescription drugs has coincided with a sharp rise in the number of prescriptions being written and overall spending on prescription drugs. Prescription drug spending is today the fastest growing health care expense.

Retail pharmacies dispensed about 2.6 billion prescriptions in 1998, up from 2.1 billion in 1994. The number of prescriptions dispensed per person rose from 8 to almost 10 in the same period. Estimated retail spending on prescription drugs stood at \$78.9

Key Findings

- Prescription drugs advertised directly to consumers are now the largest and fastest selling medicines. They contributed significantly to the 19% increase in pharmaceutical spending in 1999.
- Just 25 top-selling medicines promoted directly to consumers accounted for 40.7% — or \$7.2 billion — of the overall \$17.7 billion increase in retail drug spending in 1999.
- The same 25 top-selling drugs had an aggregate one-year sales growth in 1999 of 43.2%. The growth in sales for all other drugs was 13.3%.
- Doctors wrote 34.2% more prescriptions in 1999 than in 1998 for the 25 DTC-promoted drugs that contributed most to overall drug spending. Doctors wrote only 5.1% more prescriptions for all other prescription drugs.
- The top 25 most heavily advertised drugs in 1999 accounted for 77% of all mass media advertising dollars for prescription drugs.

DTC advertising in 1999 accounted for 27% of the \$6.6 billion drug companies spent directly promoting their products to doctors and consumers.

billion in 1997. It rose to \$93.4 billion in 1998, an 18.4 percent increase. It jumped again to \$111.1 billion in 1999, a 19 percent increase over 1998. Expenditures per person rose from an average \$330 in 1998 to \$387 in 1999, up 17 percent.⁴

Recent studies project that prescription drug spending will increase on the order of 12 to 18 percent

per year through 2004.⁵ If that comes to pass, Americans will spend an estimated \$218 to \$254 billion on prescription drugs in 2005 and drug spending will represent as much as 14 percent of all health care spending, up from around 10 percent in 2000.

The primary driver of this trend is the increase in the number of prescriptions being written, and the shift to newer, more expensive drugs.⁶

Numerous observers have raised concerns about whether mass media ads are inappropriately inducing demand for some new prescription medicines. They worry that people are beginning to ask their doctors for newer and costlier medicines when less expensive drugs may work just as well in many cases. There is also mounting concern that (a) mass media ads transform medicines into just another consumer product and (b) put pressure on drug makers to build "brand" name products that may have misplaced consumer allegiance.

Proponents of DTC advertising argue that the ads have added enormously to the information consumers are getting about prevalent health conditions and diseases. They say the ads make people aware of potential treatment options and facilitate dialogue between doctors and patients about diseases and conditions that are widely undertreated in the U.S. (such as early heart disease, diabetes, depression and high blood pressure).

A cause-and-effect relationship between DTC ads and the rise in drug prescriptions and pharmaceutical spending has not been firmly established. But many observers infer

FIGURE 1 *1999 Direct-to-Consumer Spending by Brand*

Rank	Brand Name	Therapeutic Category	Promotional expenditure in 1999 (\$million)	Share of DTC Spending	Cumulative Share of DTC Spending
1	Claritin	Oral Antihistamine	136.8	9%	9%
2	Prilosec	Antilulcerant	79.4	5%	14%
3	Xenical	Anti-obesity	76.2	5%	18%
4	Propecia	Male pattern baldness	71.1	4%	23%
5	Zyrtec	Oral antihistamine	57.1	4%	26%
6	Lipitor	Cholesterol reducer	55.5	3%	30%
7	Zyban	Smoking cessation	53.9	3%	33%
8	Flonase	Respiratory steroids (inhaled)	53.5	3%	37%
9	Viagra	Sexual function disorder	53.0	3%	40%
10	Nasonex	Respiratory steroids (inhaled)	52.3	3%	43%
11	Ortho tri-cyclen	Oral contraceptives	50.1	3%	46%
12	Meridia	Anti-obesity	43.5	3%	49%
13	Glucophage	Oral diabetes	43.1	3%	52%
14	Allegra	Oral antihistamine	42.8	3%	55%
15	Valtrex	Antiviral	40.9	3%	57%
16	Detrol	Bladder control	39.6	2%	60%
17	Zocor	Cholesterol reducer	35.0	2%	62%
18	Prempro	Menopause	34.7	2%	64%
19	Zomig	Anti-migraine	34.4	2%	66%
20	Flovent	Respiratory steroids (inhaled)	31.7	2%	68%
21	Paxil	Antidepressant	31.5	2%	70%
22	Celebrex	Antiarthritic	27.6	2%	72%
23	Singulair	Asthma control	25.4	2%	74%
24	Aricept	Anti-alzheimer	25.2	2%	75%
25	Accolate	Asthma control	25.0	2%	77%
26	Nolvadex	Breast cancer	23.7	1%	78%
27	Patanol	Allergic conjunctivitis	23.0	1%	80%
28	Nicotrol inhaler	Smoking cessation	19.7	1%	81%
29	Relenza	Antivirals	19.3	1%	82%
30	Lymerix	Lyme disease vaccine	18.3	1%	83%
31	Imitrex	Anti-migraine	18.0	1%	84%
32	CombiPatch	Menopause	17.8	1%	85%
33	Vioxx	Antiarthritic	17.1	1%	87%
34	Ditropan XL	Fungicide	15.8	1%	88%
35	Denavir	Antiviral	15.5	1%	89%
36	Procrit	Anti-anemia	15.2	1%	89%
37	Renova	Wrinkle control	13.4	1%	90%
38	Diflucan	Antifungal	12.1	1%	91%
39	Enbrel	Antiarthritic	10.4	1%	92%
40	Flomax	Benign prostate disease	10.1	1%	92%
41	Nasacort AQ	Respiratory steroids (inhaled)	9.6	1%	93%
42	Synvisc	Antiarthritic	9.0	1%	94%
43	Differin	Acne treatment	8.7	1%	94%
44	Lamisil	Fungicide	8.1	1%	95%
45	Rezulin	Oral diabetes	7.7	<1%	95%
46	Premarin	Menopause	7.6	<1%	95%
47	Cenestin	Menopause	6.9	<1%	95%
48	Humulin	Diabetes (non-oral)	6.9	<1%	95%
49	Depo-Provera	Pregnancy prevention	6.2	<1%	95%
50	Avandia	Oral diabetes	5.9	<1%	95%
	Rest of Market		50.3	3%	5%
	Total		1,590.2		100%

SOURCE: American Institutes for Research analysis of Competitive Media Reporting data as presented in June, 2000 *Med Ad News*

it and the circumstantial evidence is strong.⁷ Recent surveys, in particular, show that DTC prescription drug ads have indeed caught consumers' attention and sparked many people to ask their doctors about and for the drugs they see advertised.

In a 1999 survey of 1,200 people by *Prevention* magazine and the American Pharmaceutical Association, 31 percent of respondents said they had talked with their doctor about a prescription drug they had seen advertised. Of those 372 people, 104 (8.7 percent of all respondents) asked their doctor for a drug they saw advertised and 87 said their doctor complied and wrote them a prescription for it.⁸

A survey by the FDA of 1,081 consumers found similar results. Three-quarters had seen an ad for a prescription drug in the three previous months — most on TV. About 25 percent who had seen an ad said they asked a doctor (for the first time) about a condition or illness; 13 percent asked for a specific drug and half got it; 32 percent got a different drug. Some 85 percent of respondents said ads helped them become aware of new drugs.⁹

This research brief presents and analyzes data on DTC prescription drug advertising in 1999 and 2000 as well as data on the nationwide retail sales of selected prescription drugs that were most heavily promoted to consumers in 1998, 1999 and 2000.¹⁰

Findings

Mass media advertising of prescription medicines continues to be heavily concentrated among a relatively few drugs — about 50. And sales of these drugs contributed powerfully to the steep increase in prescription drug spending in 1999. (Figure 1)

The 25 drugs that contributed most to the increase in retail sales of pharmaceuticals in 1999 accounted for 40.7 percent of the overall \$17.7 billion rise in spending. Most of these drugs were heavily advertised to the public and experienced a sharp growth in sales — an aggregate 43 percent in a single year. In contrast, the growth in sales for all other prescription drugs from 1998 to 1999 was 13.3 percent. For all drugs combined, spending rose 19 percent. (Figures 2 and 3)

The strong growth in revenues and spending for heavily promoted drugs was driven largely by the rise in the volume of prescriptions. Pharmacies dispensed 34.2 percent more prescriptions in 1999 than in 1998 for the 25 drugs that contributed most to the rise in spending in 1999. In comparison, pharmacies dispensed just 5.1 percent more prescriptions for all other medicines in 1999.

The average price of a prescription was up 10 percent overall in 1999 — twice the increase for other medical products. That increase is due partly to the rise in the prices of individual drugs but more substantially to the continued shift to more expensive drugs overall.¹¹

A number of new drugs burst on the scene in 1999. Several were heavily promoted to consumers and contributed significantly to the growth in overall spending. Six new drugs (Celebrex, Vioxx, Enbrel, Xenical, Sustiva, and Avandia) were among the top 25 driving the rise in spending. They had combined sales of \$2.24 billion in 1999, almost 13 percent of the overall increase in spending.

The allergy drugs

For the second year in a row, the anti-allergy drug Claritin topped the list of drugs promoted most widely to consumers. Schering-Plough spent \$137 million advertising various forms of Claritin to consumers in 1999. Claritin sales rose 21 percent, to \$2.6 billion. That rise came on top of a leap in Claritin sales from \$900 million in 1996 to \$2.1 billion in 1998. The company spent \$185 million advertising the drug in 1998.

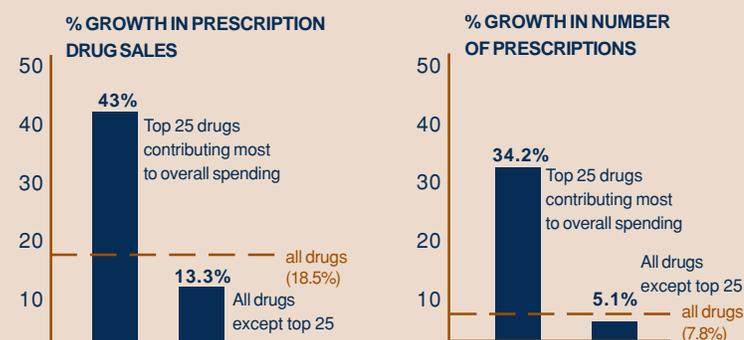
Competition for the “eyeballs” and dollars of allergy sufferers was particularly intense in 1999. Claritin competitors Zyrtec (Pfizer) and Allegra (Aventis) were promoted to consumers at a cost of \$57 million and \$42.8 million, respectively, in 1999. Both drugs joined Claritin in seeing sales surge — 31.5 percent for Zyrtec and 50 percent for Allegra. (Figure 3)

Combined, the one-year increase in sales for all three anti-allergy drugs accounted for 4.4 percent of the overall increase in drug spending in 1999. Sales of the three combined were \$3.7 billion.

The ad campaigns for allergy drugs appear to have significantly boosted visits to doctors for allergy symptoms in recent years. One recent study found that visits to doctors for allergy symptoms were relatively

About 10% of people who see prescription drug ads ask their doctor for a specific drug.

FIGURE 2
Top Selling DTC Promoted Drugs Contribute Most to Growth in Prescription Drug Use and Sales — 1999



SOURCE: American Institutes for Research analysis of Scott Levin Prescription Audit Data; Competitive Media Reporting

stable from 1990 to 1998 — at about 13 to 14 million visits per year. In 1999, they shot up to 18 million.¹²

Schering-Plough appears to be scaling back DTC ads for Claritin in 2000. The company spent \$34 million promoting the drug between January and April of this year, 38 percent less than during the same period 1999.¹³ Claritin is likely to drop from the top DTC spending spot in 2000. The company may be scaling back its promotion of the blockbuster drug as it prepares to launch a new version of Claritin next year, pending FDA approval. Schering-Plough's patent on its current version of Claritin runs until December 2002.

As Figure 3 shows, other heavily advertised drugs

also had significant — and sometimes dramatic — increases in sales in 1999.

The cholesterol busters

The cholesterol drug Lipitor saw sales jump almost 56 percent in 1999 — to \$2.6 billion. The volume of prescriptions was up almost 50 percent. Warner-Lambert/Pfizer spent \$55.4 million advertising Lipitor to consumers in 1999, up from \$7.8 million in 1998. Lipitor entered the market in March 1997.

The increase in sales of Lipitor alone accounted for 5.5 percent of the total increase in prescription drug spending in 1999. The drug now has a 41 percent

FIGURE 3

Prescription Drugs that Contributed Most to the Increase in Pharmaceutical Spending, 1998–1999

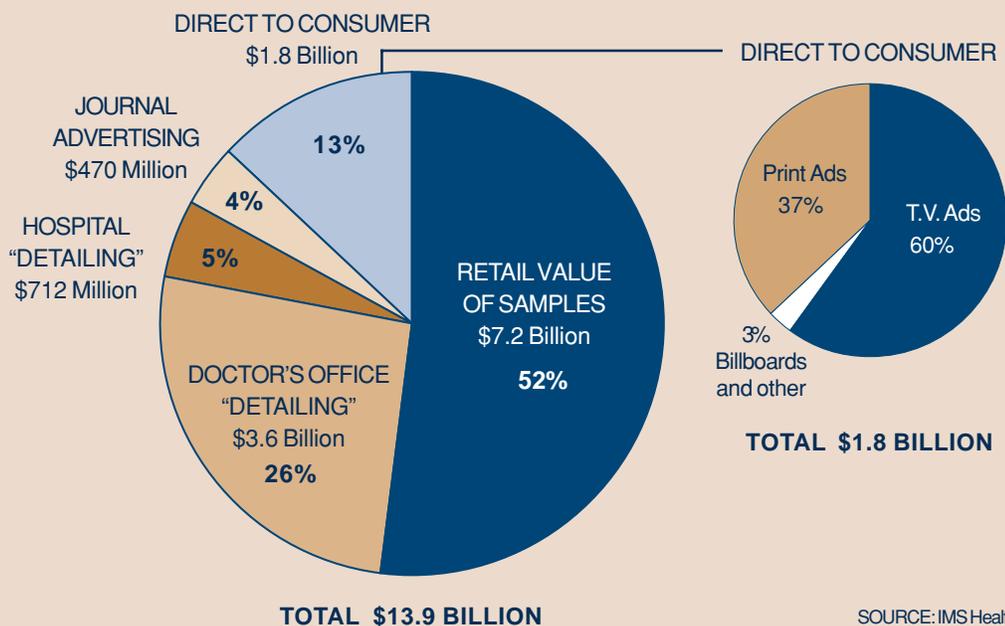
(Drugs are Ranked by their Contribution to Change in Retail Spending)

Name	Therapeutic Category	1999 Sale (\$millions)	1999 DTC* Spending (\$millions)	Change in Sales: 1998-1999	Contribution to Total change in Drug Spending: 1998-1999	Cumulative Contribution to Total Change in Drug Spending: 1998-1999	Change in Utilization: 1998-1999
Celebrex	Antiarthritic	1,276.0	27.6	N/A	7.4%	7.4%	N/A
Lipitor	Cholesterol reducer	2,659.9	55.5	55.7%	5.5%	12.8%	49.5%
Prilosec	Antiulcerant	3,649.4	79.4	23.9%	4.1%	16.9%	16.9%
Claritin (all forms)	Oral antihistimine/cold remedies	2,591.1	137.1	21.1%	2.6%	19.5%	14.2%
Glucophage	Oral diabetes	1,157.8	43.1	48.7%	2.2%	21.7%	30.6%
Vioxx	Antiarthritic	329.5	17.1	N/A	1.9%	23.6%	N/A
Enbrel	Antiarthritic	271.3	10.4	N/A	1.6%	25.1%	N/A
Singulair	Asthma control	360.0	25.4	212.9%	1.4%	26.6%	200.1%
Zocor	Cholesterol reducer	1,806.8	35.0	15.3%	1.4%	27.9%	7.5%
Paxil	Antidepressant	1,452.3	31.5	15.8%	1.1%	29.1%	10.4%
Allegra	Oral antihistimine	523.9	42.8	50.0%	1.0%	30.1%	34.8%
Detrol	Bladder control	237.2	39.6	240.4%	1.0%	31.0%	209.3%
Ortho tri-cyclen	Oral contraceptives	431.5	50.1	58.2%	0.9%	32.0%	46.4%
Flovent	Respiratory steroids	388.0	31.7	61.2%	0.8%	32.8%	55.3%
Xenical	Antiobesity	144.7	76.2	N/A	0.8%	33.6%	N/A
Nasonex	Respiratory steroids	264.0	52.3	116.1%	0.8%	34.5%	108.2%
Fosamax	Bone density	552.1	1.2	32.5%	0.8%	35.2%	24.8%
Flonase	Respiratory steroids	489.5	53.5	37.9%	0.8%	36.0%	27.7%
Zyrtec	Oral Antihistimine	551.5	57.1	31.5%	0.8%	36.8%	25.6%
Ambien	Non-barbituates sedatives	639.3	0.2	24.1%	0.7%	37.5%	15.5%
Prempro	Menopause	605.5	34.7	25.7%	0.7%	38.2%	17.5%
Sustiva	HIV antiviral	119.0	0.7	N/A	0.7%	38.9%	N/A
Combivir	HIV antiviral	357.6	2.0	46.5%	0.7%	39.5%	38.0%
Avandia	Oral diabetes	102.7	5.9	NA	0.6%	40.1%	N/A
Prozac	Antidepressant	2,446.6	0.2	4.3%	0.6%	40.7%	-1.1%
Total: 25 Drugs		23,407.3	910.3	43.2%	40.7%	40.7%	34.2%
Rest of Market		87,698.2	679.9	13.3%	59.3%	100.0%	5.1%
Total Market		111,105.5	1,590.2	18.5%	100.0%	100.0%	7.8%

NOTES: N/A implies that drugs had no sales (or negligible sales) in 1998. *Some numbers differ slightly from Figure 1 because of database variations.

SOURCE: American Institutes for Research analysis of Scott-Levin Prescription Audit Data and Competitive Media Reporting Data as presented in June, 2000 *Med Ad News*

FIGURE 4

Total Promotional Spending on Prescription Drugs — 1999

Lipitor sales shot up 56% in 1999 after its maker spent \$55 million advertising the drug.

share of the cholesterol-lowering market. Lipitor sales continued to be strong in the first half of 2000, up a reported 40 percent from 1999.¹⁴ The company continues to advertise the drug intensively this year.

Lipitor's main competitor, Zocor, saw sales increase 15.3 percent in 1999 — to \$1.8 billion — after a DTC promotional spending of \$35 million. Sales are reportedly running 20 percent higher in 2000.¹⁵

Lipitor's other rival, Bristol Myers Squibb's Pravachol, had a modest sales increase in 1999, up 8.7 percent to slightly more than \$1 billion. The company spent less than \$100,000 on DTC ads, a stark contrast to the \$59.6 million it spent advertising Pravachol in 1998 and the \$66.5 million in 1997. The patent on Pravachol doesn't expire until 2005. But Bristol Myers may be frustrated by the drug's also-ran status, and by the effect of the patent expiration in 2001 of Merck's Mevacor, also a cholesterol-lowering drug. The expiration will allow the first generic to enter the lucrative cholesterol market next year. Bristol Myers and Merck also both petitioned the FDA last year to market low dose, over-the-counter versions of the two drugs. An expert panel recommended against the petitions in June.

As with Lipitor, the heavily promoted oral diabetes drug Glucophage experienced a sales jump of almost 49 percent in 1999 — to \$1.2 billion. Bristol Myers Squibb spent \$43 million advertising the drug to consumers in 1999. Sales of Glucophage continue their surge in 2000, up a reported 39 percent by mid-

year.¹⁶ The drug benefited from the removal of rival Rezulin from the market in March 2000 because of toxicity problems. But the patent on Glucophage expires in September, 2000 and Bristol Myers will likely soon shift its ad campaign to Glucovance, approved by the FDA in August.

The little purple pill

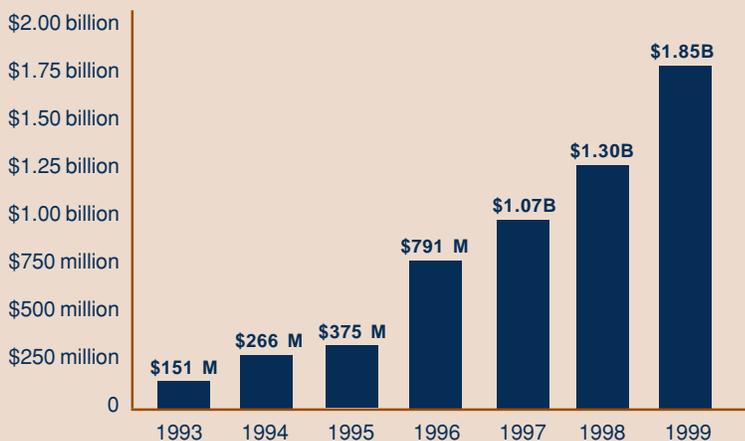
The nation's top-selling prescription drug, Prilosec, used to treat ulcers and other digestive system ailments, saw sales increase 24 percent in 1999, to \$3.6 billion. AstraZeneca, spent \$79.4 million advertising the drug in 1999, up from \$49.7 million in 1998. The company spent another \$42 million advertising Prilosec between January and April 2000.¹⁷

The Prilosec ad campaign has been the subject of much comment. It's among the first to rely so heavily on getting consumers to identify a drug (or any product for that matter) with a color — purple. The 20-milligram pills are purple. And the ads make use of the color too, as well as promoting "the little purple pill."

Sales of Prilosec had begun to fall off by mid 2000, however, down a reported 1 percent.¹⁸ AstraZeneca continues to promote the drug heavily, but rivals have lowered prices of ulcer drugs in anticipation of a battle next year. Prilosec's patent expires in October 2001 and a generic version is waiting in the wings. AstraZeneca is hoping to roll out a successor to Prilosec, called Nexium.

Several drugs approved in 1998 and marketed for the first time in 1998 or 1999 had tremendous first year sales — some with an initially modest DTC ad expenditure. Most notable were three new drugs — Celebrex, Vioxx and Enbrel — to treat the pain of arthritis and joint or tissue inflammation.

FIGURE 5 *DTC Ad Spending 1994–99*



SOURCE: IMS Health; Competitive Media Reporting

The arthritis drug Celebrex accounted for 7.4% of the rise in prescription drug spending in 1999.

The hottest drug launch ever

Celebrex had explosive first year sales of almost \$1.3 billion, becoming the most successful prescription drug launch in history and the top-selling anti-arthritis drug. Celebrex contributed more than any other single drug (7.4 percent) to the rise in overall drug spending in 1999. G.D. Searle spent \$27.6 million advertising the drug in 1999 and \$31.4 million between January and April 2000.¹⁹

Vioxx and Enbrel also experienced first year surges, with 1999 sales of \$329.5 million and \$271.3 million, respectively. Merck spent \$17.1 million advertising Vioxx and American Home Products/Immunex spent \$10.4 million advertising Enbrel. Both drugs continue to be heavily promoted in 2000. Merck spent \$67 million advertising Vioxx between January and April 2000, the highest DTC spend of any drug in the period.²⁰ Vioxx sales were \$475 million in the first half of 2000.²¹

Xenical, used to treat obesity, also experienced strong first year sales of \$144.7 million. But Roche Laboratories spent \$76 million promoting the drug — by far the most lopsided DTC ad dollars-to-sales ratio on the top 25 list. Even so, Roche has continued to heavily promote the product in 2000, spending \$31.2 million on DTC ads between January and April 2000.²²

At the other end of the spectrum, Glaxo Wellcome saw sales of its HIV anti-viral Combivir jump 46.5 percent, to \$357.6 million. Yet, the company spent just \$2 million promoting the drug directly to

consumers. Likewise, the new HIV drug Sustiva saw first year sales of \$119 million with a DTC spend by maker DuPont of \$721,000. Both drugs were widely promoted to physicians.

The anti-depressants

The three best-selling anti-depressant drugs, Prozac, Zoloft and Paxil, experienced modest sales growth in 1999. Their makers took different approaches to marketing the drugs to consumers.

Sales of all anti-depressants were \$8.6 billion in 1999, 7.7 percent of all retail drug sales — more than any other class of prescription drug. Prozac continued as the top-selling anti-depressant, with \$2.4 billion in sales, up just 4.3 percent over 1998. Eli Lilly spent only \$151,000 promoting the drug to consumers in 1999, after spending \$41 million in 1998. Two factors may explain the drop-off. First, Prozac is a widely known drug — one of the few to have “household name recognition” status. Second, the drug’s patent expires in February 2001. Lilly is planning to then market a new “purified” form of the drug, patented until 2015. (In August, a federal court ruled against Lilly’s attempt to extend its Prozac patent until December 2003. Lilly said it will appeal the ruling.)

In contrast, SmithKline Beecham spent \$31.5 million to advertise Paxil to consumers in 1999 and is spending even more in 2000 (\$26.4 million between January and April).²³ Paxil had sales of \$1.4 billion in 1999, up 15.8 percent. Zoloft rang up sales of \$1.6 billion in 1999, up 12.4 percent. Pfizer spent less than \$100,000 advertising the drug in the mass media while it focused on physician advertising.

Three respiratory steroids, to treat asthma, were also heavily promoted to consumers in 1999. Their makers spent a combined \$137.4 million on DTC ads for Flovent, Nasonex, and Flonase. All three saw sales leap from 1998 to 1999. Market leader Flonase had 1999 sales of \$489.5 million, up 38 percent. Flovent had sales of \$388 million, up 61.2 percent. And Nasonex had sales of \$264 million, up 116 percent.

Last but not least — Viagra. Pfizer spent \$53 million promoting the erectile dysfunction medicine to consumers in 1999. It was the ninth most heavily advertised prescription drug. Viagra also benefited from tremendous unpaid media attention in 1999. Both paid promotion and unpaid media attention propelled sales to \$617 million in 1999, the second best prescription drug launch ever (after Celebrex). Viagra sales were flat in the first half of 2000, however, a trend Pfizer aimed to break with a new ad campaign aimed at younger men.²⁴

Conclusion

Advertising works. It always has. Pharmaceutical companies have successfully promoted their products

to doctors for decades. They are now bringing that marketing savvy to the consumer marketplace. This trend is occurring at a time when pharmaceutical companies in general are shifting focus and resources to marketing from research and development.²⁵

The growth of DTC advertising is altering the way prescription drugs are perceived. The ads send a strong signal that prescription drugs are just like any consumer product — soap, cereal, cars, snack foods, etc. Also, surveys indicate that while consumers bring a healthy skepticism to the claims made in prescription drug ads, they believe the information is approved by the government. That likely raises the credibility of prescription drug advertising over ads for other products.

The primary aim of drug ads — as with all advertising — is to create name and brand recognition, a context for the use of a product and to boost sales and profits. Only secondarily do prescription drug ads aim to inform consumers about diseases or treatment options. To their credit, the ads have apparently raised awareness of many medical conditions, early evidence suggests.

The question is whether — over time — the benefits of raising consumers' awareness of specific (mostly new) prescription drugs and the conditions the medicines treat will outweigh the danger that consumers will begin to demand and use some medicines inappropriately. Studies must track this.

There is also a danger that DTC ads will add to physician-targeted promotion in a negative way. Studies overwhelmingly show that doctors strive to please their patients, and that they are open to patients' requests to try treatments.²⁶ A doctor is more likely to prescribe a new medicine if (a) it is being promoted to him and (b) his patients ask for it. Together, doctor and patient could put more faith than is warranted in some new medicines that have only marginal benefits over old ones.

Many observers worry that prescription drug ads could also help nurture the already-deep faith many Americans have in pills. Public health officials believe this reliance often undermines peoples' willingness to make the lifestyle changes necessary to prevent disease and improve health. Mass media prescription drug advertising also could further induce pharmaceutical companies to concentrate on developing blockbuster drugs for prevalent but not life-threatening conditions (such as baldness, sexual dysfunction, or memory loss) that — aided by DTC promotion — will net them the most profit in the shortest period. Such a trend could reduce research and development on breakthroughs for life-threatening diseases.

DTC advertising for prescription drugs will almost certainly expand in the near future. It will also enter cyberspace. Health care web sites are already supported in part by prescription drugs advertising — though drug companies spent less than \$1 million on

such ads in 1999. Popular general sites may also prove attractive. But more targeted promotion may also be in the works — and could be controversial. Some advertising companies are already positioning themselves to monitor visitors (doctors and consumers) to the burgeoning number of health care web sites and sell the information to pharmaceutical companies.²⁷

The benefits and potential troubling side effects of mass media prescription drug advertising are just beginning to be probed and understood.

Notes

1. IMS Health press release (April 20, 2000), www.imshealth.com. IMS includes in the \$1.8 billion figure advertising that may not mention a specific drug but which targets people with certain medical conditions. The data we analyze in the bulk of this report, from Competitive Media Reporting, is limited to drug-specific advertising. Such ads accounted for \$1.6 billion of the \$1.8 billion DTC spend in 1999.

2. Scott-Levin, *Direct-to-Consumer Advertising Audit* (August 10, 2000), www.scottlevin.com.

3. IMS Health; Competitive Media Reporting. The percentages given here subtract out the retail value (\$7.2 billion in 1999) of the sample drugs given to doctors' offices. The samples are promotional. But they do not constitute purchased media advertising. The percentages include the sales activities of pharmaceutical company "reps" or "detailers" whose job it is to promote the sales of specific drugs in face-to-face meetings with doctors and their staffs and hospital-based physicians.

4. *Factors Affecting the Growth of Prescription Drug Expenditures*, Barents Group LLC for the National Institute for Health Care Management Research and Educational Foundation (July 1999). Also: American Institutes for Research analysis of Scott-Levin Prescription Drug Audit Data for 1999 (August 2000); *Express Scripts 1999 Drug Trend Report* (June 2000); and *Prescription Drug Trends — A Chartbook* (July 2000), The Henry J. Kaiser Family Foundation.

FIGURE 6
DTC Advertising by Company — 1999

Rank	Company	Expenditure (\$ million)
1	Glaxo Wellcome Inc.	223.7
2	Schering-Plough Corp.	189.2
3	AstraZeneca LP	163.3
4	Merck & Co.	152.4
5	Pfizer Inc.*	151.1
6	Johnson & Johnson	100.8
7	Roche Laboratories Inc.	77.8
8	SmithKline Beecham	73.2
9	Aventis Pharmaceuticals Inc.	72.5
10	Warner-Lambert Co.*	63.6
11	American Home Products Corp.*	62.3
12	Pharmacia Corp.	45.8
13	Bristol-Myers Squibb Co.	44.4
14	Knoll Pharmaceutical Co.	47.5
15	G.D. Searle & Co.*	27.8

NOTE: *Includes promotional expenses contributed by joint-marketing partner.

SOURCE: Competitive Media Reporting

DTC ads for drugs are likely to soon become more commonplace on health web sites.



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5. C. D. Mullins, F. Palumbo, and B. Stuart, *The Impact of Pipeline Drugs on Pharmaceutical Spending* (April 2000). Report from the Center on Drugs and Public Policy, University of Maryland; Express Scripts, *1999 Drug Trends Report* (June 2000).
6. See Mark Merlis, *Explaining the Growth in Prescription Drug Spending: A Review of Recent Studies* (August 2000). Paper prepared for the Dept. of Health and Human Services Conference on Pharmaceutical Pricing Practices, Utilization and Costs (August 8-9, 2000).
7. See Michael S. Wilkes, Robert A. Bell, Richard L. Kravitz, "Direct-to-Consumer Drug Advertising: Trends, Impact and Implications," *Health Affairs* (March-April 2000), 110-128; Also: Lisa Foley and David Gross, *Are Consumers Well Informed About Prescription Drugs? The Impact of Printed Direct-to-Consumer Advertising* (April 2000), AARP Public Policy Institute.
8. *Year Two: A National Survey of Consumer Reactions to Direct-to-Consumer Advertising*, PREVENTION magazine and the American Pharmaceutical Association, 1999.
9. *Attitudes and Behaviors Associated with Direct-to-Consumer Promotion of Prescription Drugs*, (Spring 1999), Center for Drug Evaluation and Research, FDA. www.fda.gov/cder/ddmac/research.htm.
10. Our analysis uses data from the 1998 and 1999 Prescription Drug Audits by Scott-Levin, Inc.; from Scott Levin's Direct-to-Consumer Advertising Audit (August 10, 2000); and from Competitive Media Reporting as published in *Med Ad News*, (June 1999 and June 2000). The Scott-Levin data cover prescriptions for the top-selling 500 molecular entities in 1998 and for all prescription drugs sold at the retail level in 1999. Additional data from IMS Health.
11. Average prescription price was determined by dividing total expenditures by total number of prescriptions. Express Scripts (*1999 Drug Trends Report* — June 2000) found the average cost of a prescription up 9.6% in 1999. Researchers at the University of Wisconsin (*Prescription Drug Trends, A Chartbook*, July 2000) calculated an average annual increase in retail prescription drug prices of 6.7% between 1991-1998. The consumer price index for all medical care was up an average 4.6% from 1991-1998; for all consumer products, it was up 2.6%.
12. Scott Levin, "DTC Ads spurred patient visits in 90s," (July 2000), scottlevin.com.
13. Scott Levin, *Direct-to-Consumer Advertising Audit* (August 10, 2000).
14. Gardiner Harris, "Merck posts 16% increase in earnings; Pfizer's net falls slightly amid changes," *The Wall Street Journal* (July 25, 2000).
15. Ibid.
16. Gardiner Harris, Beth M. Mantz,, Thomas M. Burton, "Profits at Bristol Myers, American Home, Lilly rise, but challenges lie ahead," *The Wall Street Journal* (July 21, 2000).
17. Scott-Levin, *Direct-to-Consumer Advertising Audit* (August 10, 2000).
18. Stephen D. Moore, "AstraZeneca's net income soars, but sales of Prilosec are down," *The Wall Street Journal* (August 3, 2000).
19. Scott Levin, *Direct-to-Consumer Advertising Audit* (August 10, 2000).
20. Ibid.
21. Gardiner Harris, "Merck posts 16% increase in earnings; Pfizer's net falls slightly amid changes," *The Wall Street Journal* (July 25, 2000).
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25. Gardiner Harris. "Drug firms stymied in the lab, become marketing machines," *The Wall Street Journal* (July 6 2000); Melody Petersen, "What's white and black and sells medicine: *The New York Times* (August 27,2000).
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27. Kathryn Kranhold, "Database is key to agency stake in medical sites," *The Wall Street Journal* (August 24, 2000).

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The National Institute for Health Care Management Research and Educational Foundation is a non-profit organization whose mission is to promote improvement in health care access, management and quality.

About This Issue Brief

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