

Prescription Drugs and Mass Media Advertising, 2000



NIHCM
FOUNDATION

1225 19th Street, NW
Suite 710
Washington, DC 20036
TEL 202.296.4426
FAX 202.296.4319
WEB www.nihcm.org

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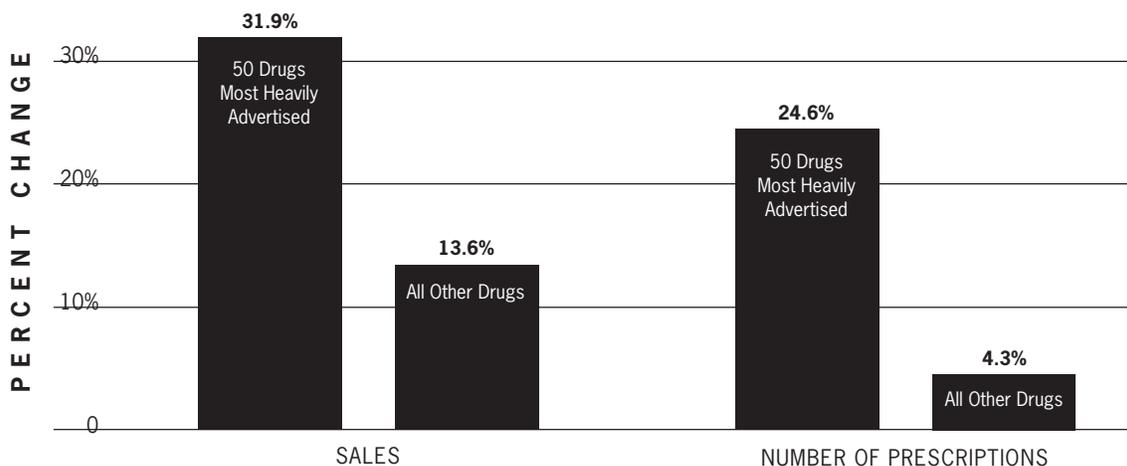
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Summary of Key Findings

- A relatively small number of prescription drugs that were advertised to the public in 2000 contributed significantly to the increase in pharmaceutical spending in the U.S. from 1999 to 2000.
- Increases in the sales of the 50 drugs most heavily advertised to consumers in 2000 were responsible for almost half (47.8%) of the \$20.8 billion increase in retail spending on prescription drugs from 1999 to 2000. Increases in the sales of all other prescription drugs (numbering about 9,850 in the retail market) accounted for 52.2% of the one-year rise in retail pharmaceutical spending. (See Figures 2 and 5)
- Retail sales of the 50 most heavily advertised drugs rose an aggregate 32% from 1999 to 2000, compared to 13.6% for all other drugs combined. (See Figures 1 and 5)
- The number of prescriptions for the 50 most heavily advertised drugs rose 24.6% from 1999 to 2000, compared to an increase of 4.3% for all other drugs combined. (See Figures 1 and 5)
- The top 50 most heavily advertised drugs had combined sales of \$41.3 billion in 2000, 31.3% of retail prescription drug sales (of \$131.9 billion) in 2000. (See Figure 5)
- Spending on mass media (also called “direct-to-consumer” or DTC) advertising of prescription drugs rose 35% from 1999 to 2000 — from \$1.8 billion to \$2.5 billion. DTC ad spending has more than doubled since 1997. (See Figure 8)
- TV ads accounted for the largest portion (57%) of the costs of mass media prescription drug advertising. Spending on TV ads increased to \$1.4 billion in 2000 from \$1.1 billion in 1999, an increase of 27.3%. (See Figure 3)
- A few leading pharmaceutical companies sharply increased their DTC ad spending in 2000. For example, Merck spent 117.7% more on DTC ads in 2000 than in 1999. Likewise, Pfizer’s DTC spending almost doubled, from \$126 million to \$250 million. (See Figure 6)
- The anti-arthritis drug Vioxx was the most heavily advertised drug to consumers in 2000. Its maker, Merck, spent \$160.8 million promoting the drug in the mass media. Retail sales of Vioxx (approved in 1999) quadrupled from \$329.5 million in 1999 to \$1.5 billion in 2000. (See Figure 5)
- Spending on DTC ads for prescription drugs accounted for a relatively small share (15.7%) of all promotional spending on prescription drugs in 2000. However, if the retail value of drug “samples” (which doctors get free from companies) is subtracted from total pharmaceutical promotional spending in 2000, DTC ads would account for almost 32% of drug promotional spending in that year. (See Figure 3)

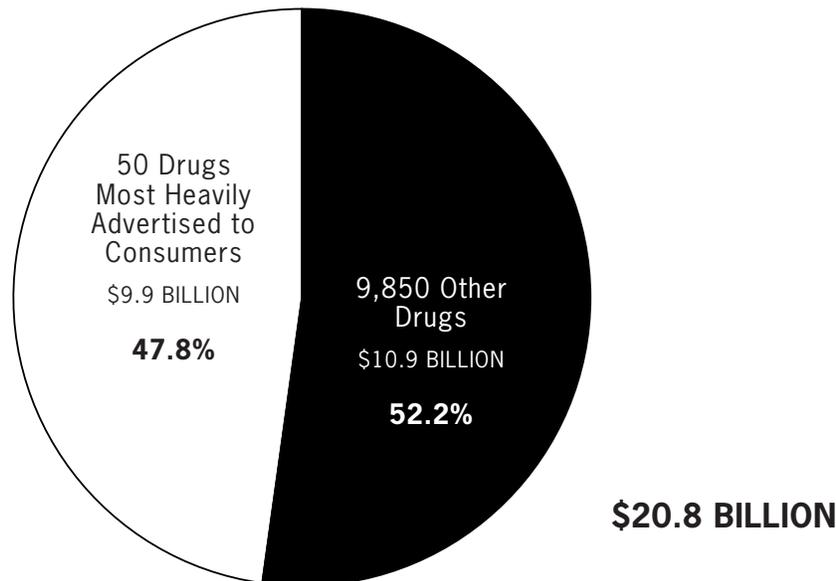
FIGURE 1

Change in Sales and Number of Prescriptions, 1999–2000



SOURCE: American Institutes for Research analysis of Competitive Media Reporting data cited in June 2001 Med Ad News and Scott-Levin Year 2000 Prescription Audit data.

FIGURE 2

Increase in Retail Prescription Drug Sales, 1999–2000

SOURCE: American Institutes for Research analysis of Competitive Media Reporting data cited in June 2001 Med Ad News and Scott-Levin Year 2000 Prescription Audit data.

Introduction

The Food and Drug Administration (FDA) in 1997 relaxed its rules on mass media advertising for prescription drugs. The action made it easier for pharmaceutical companies to promote their products in 30-second or 60-second TV ads without giving detailed medical information on the indications, potential side effects, or proper use.

Since then, spending on mass media advertising for prescription drugs has risen steadily and sharply — from \$1.1 billion in 1997 to \$2.5 billion in 2000. (See Figure 8)

The growth in mass media drug ads has coincided with a rapid rise in spending on prescription drugs in the U.S. Such spending has increased between 13% and 20% each year since 1995 and is now the fastest growing health care expense.¹

A link between direct-to-consumer (DTC) advertising and escalating drug spending has been suggested. This purported link, along with concern that DTC ads don't contain adequate information on the potential side effects of prescription drugs, has generated growing public policy interest in prescription drug advertising. Among the questions being asked:

- Are DTC ads inducing consumers to press their doctors for specific drugs?
- Are doctors complying with such requests?
- Are the ads driving consumers to desire expensive new brand name drugs when less expensive drugs might be better in some cases?
- Are the ads leading to the inappropriate clinical use of some drugs?
- Do DTC ads contain sufficient information on the potential side effects of drugs?
- How much of the recent rise in drug spending can be attributed to DTC advertising?

Unfortunately, available data and research do not permit clear-cut answers to these questions at this point.² There are, in fact, many other forces at work affecting which drugs get prescribed and prescription drug spending. Among the most important:

- The number of drugs being approved has grown in recent years; many of these new drugs are indicated for chronic

PRESCRIPTION DRUGS AND MASS MEDIA ADVERTISING: 1999-2000

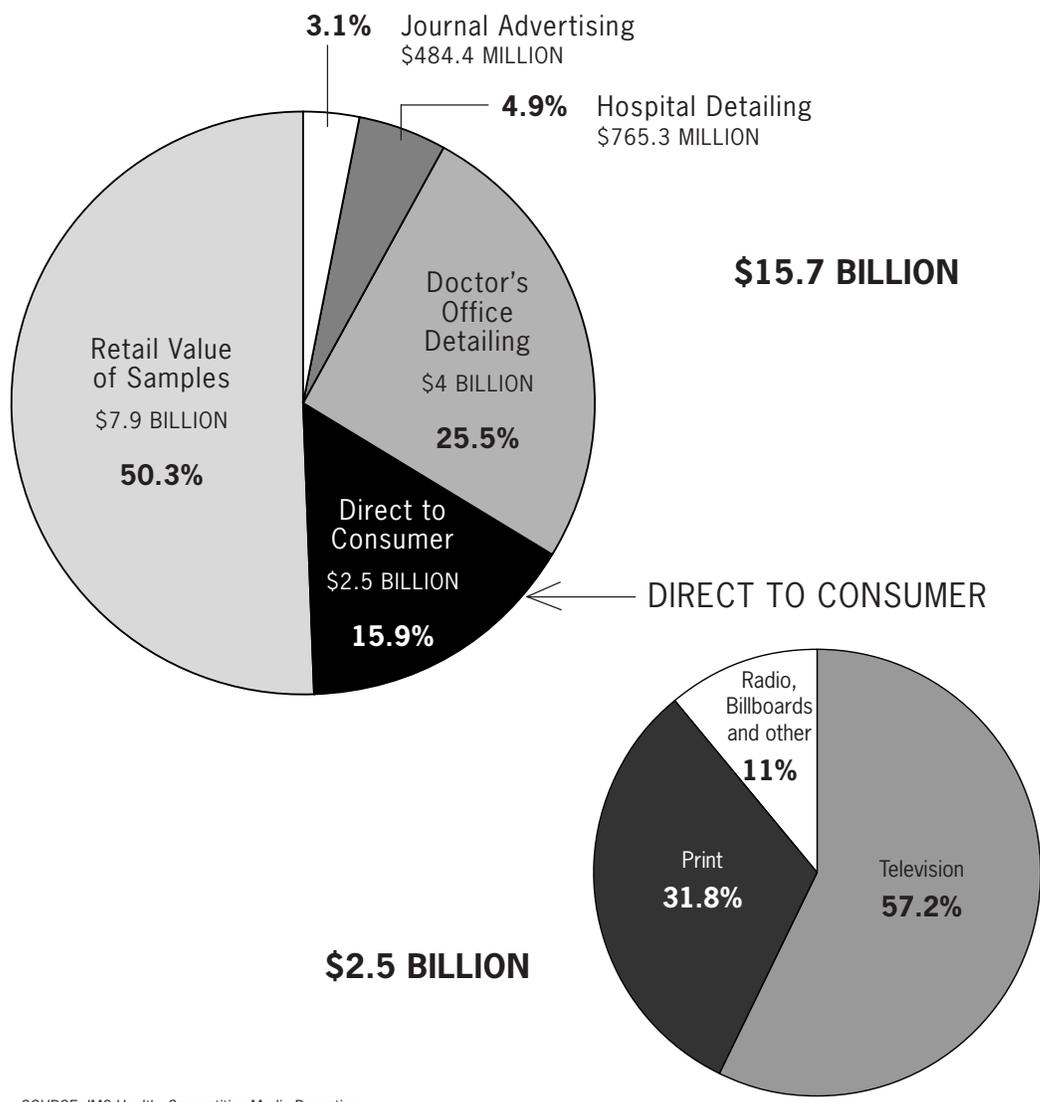
conditions such as asthma, heart disease, depression, arthritis and diabetes, and are thus taken over extended periods. This increases drug utilization.

- The incidence and prevalence of many of these conditions has increased in recent years, in part because the population is aging but also, in some cases, because it is less healthy.
- Doctors are diagnosing — and treating — many chronic illnesses at a higher rate than in the past.

• Doctors are using a wider array of drugs more often. In 1999 doctors prescribed 146 drugs for every 100 office visits, up from 109 drugs per 100 office visits in 1985. Patients got at least one prescription and/or a free drug sample at 66% of office visits in 1999, and doctors were more likely than in the past to prescribe more than one drug per patient.³

• Health insurance companies cover more of the costs for prescription drugs than they did a decade ago —

FIGURE 3
Promotional Spending on Prescription Drugs, 2000



SOURCE: IMS Health, Competitive Media Reporting.

sharply lowering the financial barrier to patients for the purchase of drugs.

- Many newer drugs are significantly more expensive than the drugs they supplant — causing overall expenditures to rise as doctors prescribe more of the expensive new drugs and fewer older drugs.
- Many drug companies extend the “franchise” of their important blockbuster drugs by securing patent protection for new formulations. This strategy can add to overall pharmaceutical costs by stalling generic competition.

DTC advertising is also but one avenue of drug marketing and promotion. And DTC advertising typically occurs simultaneously with drug promotion campaigns aimed at physicians. That makes it difficult to tease out the independent effect of DTC advertising.

In 2000, pharmaceutical companies spent \$15.7 billion promoting prescription drugs, up from \$13.9 billion in 1999, a 13% increase. (See Figure 3) Most of that money was spent promoting drugs to doctors and giving away free drug samples. Companies in 2000 spent \$4 billion on one-to-one promotion by some 83,000 drug “reps” or “detailers” making hundreds of thousands of visits to doctors’ offices. That was up from a \$3.6 billion expenditure on such visits in 1999 and \$2.5 billion in 1996. Drug companies spent another \$765 million promoting their products to doctors and staff in hospitals. In both their offices and at hospitals or clinics, doctors dispensed an estimated \$7.9 billion worth of free samples to patients in 2000, up from \$7.2 billion worth in 1999 and \$4.9 billion in 1996. (The figure is the retail value of the drugs; that is the estimated revenue they would generate if sold at a pharmacy.)⁴

The growth in “detailing” and “sampling” has thus grown rapidly in recent years. This powerful form of promotion sets up a chain reaction. Doctors are grateful to drug companies for the thousands of dollars worth of free drugs they can then give away to patients. They are induced to use the samples and write prescriptions for the drug for several reasons. First, it’s there; they have it right on hand. Second, they know patients are more likely to take a free sample of a drug and then fill a prescription for a sampled drug. Third, giving out free samples endears them to patients. Free samples are very popular with patients, who view both the doctor and the drug favorably because it was free. The patient benefits clinically if the drug is appropriate and works, making them more likely to want to continue taking it.

The pharmaceutical industry also uses other means to market their products — means not counted in the above data. Most notably, they hold thousands of “educational” meetings each year. Doctors are invited to attend such meetings to listen to lectures about specific drugs and their

Drug Ad Spending in Context

Pharmaceutical companies spent \$2.5 billion in 2000 on mass media ads for prescription drugs. What part of overall advertising spending is that? A small portion. U.S. companies spent \$101.6 billion advertising consumer products in the “mainstream” U.S. mass media in 2000. That includes internet ad spending of \$2.9 billion. Thus, DTC prescription drugs ads represent 2.5% of overall mass media ad spending.⁸

Even so, the most heavily advertised prescription drugs — those with ad spending of around \$60 million and up each — were in 2000 among the consumer products with the largest ad spending budgets.⁹ For example:

- PepsiCo spent \$125 million advertising its premier product, Pepsi — less than the top promoted drug Vioxx with DTC ad spending of \$160 million.
- Vioxx also beat out Budweiser beer, with an ad spending of \$146 million in 2000, and was close to the most heavily advertised car — GM’s Saturn — with ad spending of \$169 million in 2000.
- Ad spending for Vioxx exactly matched Dell Computer Company’s ad expenditure of \$160 million for its top brands of computer-s.
- Each of the top seven most heavily advertised drugs (See Figure 4) beat out Nike’s ad budget of \$78.2 million for its top shoes.
- Each of the top 15 individual drugs had ad spending that exceeded Campbell’s \$58 million expenditure for its soups.

use. Some of these are short one to two hour sessions at which a buffet lunch or carry out dinner may be served. (These are often called “dine and dash” events). Other events are more elaborate half-day or day-long seminars at premier hotels for which doctors can qualify for continuing medical education (CME) credits. More creative venues — such as wine tastings, celebrity autograph signings, dinner theater shows and even Halloween hayrides — are also used.⁵

Drug companies hosted an estimated 314,000 such educational events in 2000 at a cost of \$1.9 billion, up from 280,000 in 1999 at a cost of \$1.68 billion and 70,000 events (at unknown cost) in 1993.⁶

Pharmaceutical companies have also begun to commit more resources to promoting prescription drugs to consumers via the internet. Most companies now sponsor

dedicated web sites for their largest selling drugs. For example, information about the new heartburn drug Nexium, successor to Prilosec, can be found at both www.acidcontrol.com and www.purplepill.com. Both are sponsored by AstraZeneca, which makes both Nexium and Prilosec. And Pfizer sponsors the popular Lipitor.com site.

No one yet tracks how much the industry is spending on such sites, many of which have been created as a direct result of the FDA's regulations on DTC ads. The regulations require companies airing broadcast ads to give consumers an 800 number or web site where they can get further detailed information on the drug. The sites can end up being promotional because DTC ads spawn traffic to them. That in turn makes the site among the most visited — if not the most visited — on a particular disease or drug. Search engines then list the sites as among the most visited when people type in a drug's brand name. Importantly, the FDA does regulate the information on these sites but they do not have the means to police the sites on a regular basis.

Putting DTC ads in context then, they accounted for just 16% of total prescription drug promotion in 2000 — \$2.5 billion of \$15.7 billion (again, not counting educational meetings). (See Figure 3) It is worth noting that DTC ads would have accounted for 31.8% of total drug promotion if the retail value of free samples were subtracted out. In 1998 and 1999, DTC ad spending accounted for 22% and 27%, respectively, of total promotional spending without the retail value of samples included.⁷

Consumers are highly aware of prescription drugs ads. Recent surveys by the FDA and *Prevention* magazine show that and also reveal that consumers are potently influenced by the ads. A 1999 FDA telephone survey of 1,081 consumers found, for example, that three-quarters remembered seeing a prescription drug ad in the previous three months, most on TV. About 25% who had seen an ad said they had asked a doctor about a condition or illness referred to in an ad; 13% asked for a specific drug and about half got it.¹⁰

A similar telephone survey of 1,222 people in June 2000, commissioned by *Prevention* magazine, found that 91% had seen or heard a prescription drug ad. Thirty-two percent of consumers who saw an ad talked with their doctor about an advertised medicine and 26% of that group (in other words, 8.3% of all 1,222 respondents) asked for a specific medicine. Of those who asked for a prescription for a drug they had seen advertised, 71% got it. Ten percent got a prescription for another drug and 19% did not get a prescription.¹¹

That means of the 1,222 consumers surveyed, 72 (6%) ended up with a prescription drug at least in part because they saw an advertisement for it.

Such telephone surveys suggest that DTC ads are having an impact. But telephone surveys are limited. They rely on

consumer recall. And in this case, involving detailed questions about prescription drugs, it is possible that some respondents were confused about which drugs they were actually prescribed. Most experts agree that no scientifically rigorous studies have yet quantified the magnitude of the impact of DTC advertising on consumer behavior, physician prescribing patterns, or public health. Likewise, no detailed studies have yet proven a direct cause and effect link between DTC ads and rising pharmaceutical costs.¹²

Several recent analyses strongly suggest such a link, however. One, from the National Center for Health Statistics and Centers for Disease Control and Prevention, looked in detail at data on physician office visits through 1999. The study found that the drugs most heavily prescribed by doctors between 1997 and 1999 were those most heavily advertised. Specifically, the analysis found that 80% of drugs approved over the last several years that were heavily marketed to consumers were in the top 20% of drugs physicians prescribed. In contrast, only 10% of new drugs that were not heavily advertised were in the top 20% of medicines prescribed.¹³ The analysis we present below is similar.

Methodology

This study uses data on DTC ad spending and prescription drug retail sales in 1999 and 2000 to address the following two questions: Are sales of the drugs being most heavily advertised to the public contributing disproportionately to the rise in pharmaceutical spending? And are the drugs being most heavily advertised experiencing a faster rate of increase in their use and sales than other drugs?

Data on DTC advertising comes from two sources: (1) Competitive Media Reporting (CMR), a New York-based company that collects information on mass media advertising expenditures for numerous consumer goods and services, and (2) IMS Health, a pharmaceutical market research company based in Westport, CT. IMS Health includes in its compilation of DTC ad spending the amount spent on all forms of such ads — including those that may not mention a drug by name. In contrast, the CMR data we use only includes spending for ads that mention a drug by name. (See sidebar — “What Are the Rules?” — on page 14) These data were reported in the June 2001 issue of the trade publication *Med Ad News*.¹⁴

We cite both data sets and note the difference where appropriate. Importantly, the data we present on DTC ad spending in Figures 4 and 5 are from CMR as presented in *Med Ad News*. As such, these data exclude spending on ads that do not mention drugs by name. In addition, Figures 4 and 5 list only the top 50 most heavily advertised drugs,

which accounted for 95% of all DTC spending in 2000. We focus on these drugs. Both CMR and *Med Ad News* present a total list of 103 drugs that were advertised to consumers in 2000. Below the top 50, DTC ad spending drops off sharply.

Our data on prescription drug spending come from Scott Levin, a pharmaceutical market research firm based in Newtown, PA. Its annual Source Prescription Audit projects, through a sampling methodology involving close to 40,000 stores, all outpatient prescriptions dispensed by retail pharmacy outlets in the U.S. Such outlets include chain and independent drug stores, food and discount stores, and mass merchandisers. Importantly, these data do not include sales of prescription drugs by mail order or through nursing homes, hospitals or other health facilities.

Findings

Prescription drugs that were heavily advertised to the public in 2000 accounted for a significant portion of the one-year increase in pharmaceutical spending from 1999 to 2000.

Increases in the sales of the 50 drugs most heavily advertised to consumers in 2000 were responsible for 47.8% (\$9.9 billion) of the \$20.8 billion increase in retail spending on prescription drugs from 1999 to 2000. Increases in the sales of all other drugs (numbering about 9,850 in the retail market) accounted for 52% of the one-year rise in retail pharmaceutical spending. (See Figure 5)

The 50 most heavily advertised drugs had total retail sales in 2000 of \$41.3 billion, 31.3% of the \$131.9 billion in total retail sales that year. The aggregate increase in sales of these 50 drugs from 1999 to 2000 was 31.9%. By comparison, the increase in the sales of all other drugs combined was 13.6%. Retail sales of all drugs combined increased 18.8% from 1999 to 2000.¹⁵ (See Figure 5)

Thus, sales of the most heavily advertised drugs increased at 2.3 times the rate of all other drugs.

Much of the sales increase for heavily advertised drugs came from a jump in the number of prescriptions. For the 50 most heavily advertised drugs, the number of prescriptions increased 24.6%. The number of prescriptions for all other drugs rose just 4.3%. Prescriptions for all drugs combined were up 7.5% in 2000, to 2.9 billion from 2.7 billion. (See Figure 5)

Thus, the number of prescriptions for the 50 most heavily advertised drugs grew at a rate six times that for other drugs.

These findings are consistent with those from a previous NIHCM Foundation study, released in May 2001. That study found that the number of prescriptions for the top 50 best selling drugs in 2000 rose 18.6% from 1999 to 2000. The number of prescriptions for all other drugs rose just 3.4%.¹⁶

Predictably, there is substantial overlap between the two lists — the top 50 most heavily advertised drugs and the top 50 best selling drugs for 2000. Twenty-two of the top 50 most heavily advertised drugs in 2000 were also on the list of the 50 best selling-drugs that year. Among the most notable drugs on both lists are Prilosec, Lipitor, Prevacid, Vioxx, Paxil, Prozac, Claritin, Zocor, Pravachol, Celebrex, and Viagra.

Prilosec was the best selling drug in 2000, with retail sales in the US market of \$4.1 billion, up 13% from \$3.6 billion in sales in 1999. Prilosec was the second most widely promoted drug to consumers. Its maker AstraZeneca spent \$107.5 million advertising Prilosec, which is used to treat ulcers and heartburn. (See Figure 4)

The cholesterol-lowering drug Lipitor was the second best selling drug in 2000. Lipitor sales reached \$3.7 billion, up 39% from 1999. Lipitor was the 15th most heavily advertised drug to consumers. Its maker, Pfizer, spent \$58.2 million on DTC ads. Lipitor was also the second largest contributor to the one-year rise in retail pharmaceutical spending, accounting for 5% of the \$20.8 billion growth in sales from 1999 to 2000.

Zocor, Lipitor's rival in the cholesterol-lowering market, also experienced a sales jump in 2000 — of 22.2%. It was the 10th largest contributor to the one-year growth in sales and the 5th largest selling drug. It was also the 5th most heavily promoted to consumers, with a DTC expenditure of \$91.2 million. Likewise, Pravachol was the 15th largest selling drug and ranked 35th on the list of drugs contributing most to the one-year increase in spending. Bristol-Myers Squibb spent \$62 million promoting the drug to consumers in 2000.

The increase in the sales of Vioxx from 1999 to 2000 accounted for 5.7% of the one-year increase in drug spending, more than any other single prescription drug. It was the 13th best selling drug in 2000, with retail sales of \$1.5 billion, up 360%. Vioxx, used to treat arthritis, was also the most heavily DTC advertised drug in 2000. Its maker, Merck, spent \$160.8 million promoting the drug to consumers.

Celebrex, Vioxx's main competitor among arthritis drugs, was the fourth largest contributor to prescription drug sales growth in 2000 and the sixth largest selling drug that year. It was the 7th most widely promoted drug to consumers. Its maker, Pfizer, spent \$78.3 million on DTC ads.

Paxil and Prozac compete against each other in the antidepressant market. Paxil was the 8th largest selling drug in 2000. Its sales were up 25%. That made it the 13th largest contributor to the overall spending growth in 2000. Prozac was the 4th largest selling drug in the retail market but its sales were up only 5%. That relegated it to 49th place as a contributor to spending growth. The difference in the two drugs sales growth was perhaps related to their DTC promotion. Paxil's maker, GlaxoSmithKline, spent \$91.8

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FIGURE 4
2000 Direct-to-Consumer Spending
(Drugs Ranked in Terms of Year 2000 DTC Spending)

Rank	Name	Type of Drug	DTC Spending in 2000 (\$millions)	DTC Share of Spending	Cumulative Share of DTC Spending
1	Vioxx	Antiarthritic	\$160.8	7.1%	7.1%
2	Prilosec	Antiulcerant	\$107.5	4.8%	11.9%
3	Claritin	Oral Antihistamine	\$99.7	4.4%	16.3%
4	Paxil	Antidepressant	\$91.8	4.1%	20.4%
5	Zocor	Cholesterol Reducer	\$91.2	4.0%	24.4%
6	Viagra	Sex Function Disorder	\$89.5	4.0%	28.4%
7	Celebrex	Antiarthritic	\$78.3	3.5%	31.8%
8	Flonase	Respiratory Steroids (Inhaled)	\$73.5	3.3%	35.1%
9	Allegra	Oral Antihistamine	\$67.0	3.0%	38.0%
10	Meridia	Antiobesity	\$65.0	2.9%	40.9%
11	Flovent	Respiratory Steroids	\$62.9	2.8%	43.7%
12	Pravachol	Cholesterol Reducer	\$62.0	2.7%	46.5%
13	Zyrtec	Oral Antihistamine	\$60.2	2.7%	49.1%
14	Singulair	Asthma Treatment	\$59.3	2.6%	51.7%
15	Lipitor	Cholesterol Reducer	\$58.2	2.6%	54.3%
16	Nasonex	Respiratory Steroids (Inhaled)	\$53.2	2.4%	56.7%
17	Ortho Tri-Cyclen	Oral Contraceptive	\$47.0	2.1%	58.8%
18	Valtrex	Antiviral	\$39.7	1.8%	60.5%
19	Lamisil	Antifungal	\$39.3	1.7%	62.2%
20	Prempro	Sex Hormones	\$37.9	1.7%	63.9%
21	Sonata	Non-Barbiturate Sedative	\$37.5	1.7%	65.6%
22	Imitrex	Non-narcotic Painkiller	\$37.1	1.6%	67.2%
23	Xenical	Antiobesity	\$35.5	1.6%	68.8%
24	Prevacid	Antiulcerant	\$34.4	1.5%	70.3%
25	Avandia	Oral Diabetes	\$33.9	1.5%	71.8%
26	Detrol	Bladder Control	\$33.8	1.5%	73.3%
27	Zyban	Smoking Cessation	\$30.9	1.4%	74.7%
28	Diflucan	Antifungal	\$29.9	1.3%	76.0%
29	Remicade	Crohn Disease	\$29.0	1.3%	77.3%
30	Buspar	Antianxiety	\$28.7	1.3%	78.6%
31	Tamiflu	Influenza	\$28.4	1.3%	79.8%
32	Synvisc	Antiarthritic	\$25.9	1.1%	81.0%
33	Glucophage	Oral Diabetes	\$25.8	1.1%	82.1%
34	Procrit	Anemia	\$25.5	1.1%	83.2%
35	Patanol	Allergic Conjunctivitis	\$25.1	1.1%	84.4%
36	Prozac	Antidepressant	\$23.3	1.0%	85.4%
37	Relenza	Influenza	\$22.5	1.0%	86.4%
38	Aricept	Alzheimers Disease	\$20.6	0.9%	87.3%
39	Denavir	Herpes Treatment	\$19.9	0.9%	88.2%
40	Rhinocort Aqua	Respiratory Steroids (Inhaled)	\$19.3	0.9%	89.0%
41	Propecia	Hair Treatment	\$18.0	0.8%	89.8%
42	Glucovance	Oral Diabetes	\$16.4	0.7%	90.6%
43	Sarafem	Premenstrual Syndrome	\$14.4	0.6%	91.2%
44	Claritin D	Oral Cold Preparation	\$14.2	0.6%	91.8%
45	Flomax	Benign Prostate Disease	\$12.5	0.6%	92.4%
46	Differin	Acne Treatment	\$12.1	0.5%	92.9%
47	Prevnar	Pneumococcal vaccine	\$11.2	0.5%	93.4%
48	Ambien	Non-Barbiturate Sedative	\$11.1	0.5%	93.9%
49	Ditropan XI	Bladder Control	\$11.0	0.5%	94.4%
50	Zithromax	Broad Antibiotic	\$9.8	0.4%	94.8%
	Rest of Market		\$117.1	5.2%	5.2%
	Total market		\$2,258.4	100.0%	100.0%

SOURCE: American Institutes for Research Analysis of Competitive Media Reporting data cited in June 2001 Med Ad News.

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FIGURE 5
**Sales and Utilization Change of 50 Most Heavily Promoted
 Drugs (DTC Only), 1999–2000**
 (Drugs Ranked in Terms of Year 2000 DTC Spending)

Name	Type of Drug	2000 Sales (\$million)	2000 DTC Spending (\$million)	Change in Sales, 1999–2000 (\$million)	Percent Change in Sales, 1999–2000	Percent Change in Utilization, 1999–2000
1	Vioxx	1,518.0	160.8	1,188.5	360.7%	331.2%
2	Prilosec	4,102.2	107.5	452.8	12.4%	5.6%
3	Claritin	2,035.4	99.7	264.2	14.9%	8.3%
4	Paxil	1,808.0	91.8	355.6	24.5%	17.2%
5	Zocor	2,207.0	91.2	400.2	22.2%	14.6%
6	Viagra	809.4	89.5	192.4	31.2%	30.2%
7	Celebrex	2,015.5	78.3	739.5	58.0%	42.4%
8	Flonase	618.7	73.5	129.2	26.4%	18.9%
9	Allegra	1,120.4	67.0	382.2	51.8%	38.8%
10	Meridia	113.2	65.0	-10.0	-8.1%	-11.3%
11	Flovent	652.7	62.9	260.9	66.6%	61.4%
12	Pravachol	1,203.5	62.0	166.3	16.0%	6.7%
13	Zyrtec	848.9	60.2	230.5	37.3%	32.3%
14	Singulair	676.5	59.3	316.5	87.9%	74.3%
15	Lipitor	3,692.7	58.2	1,032.8	38.8%	32.3%
16	Nasonex	392.0	53.2	128.0	48.5%	42.2%
17	Ortho Tri-Cyclen	617.0	47.0	185.5	43.0%	36.8%
18	Valtrex	311.1	39.7	77.7	33.3%	22.0%
19	Lamisil	498.3	39.3	32.0	6.9%	-20.9%
20	Prempro	711.8	37.9	106.3	17.6%	3.8%
21	Sonata	97.8	37.5	85.5	694.3%	597.3%
22	Imitrex	1,026.1	37.1	51.6	5.3%	-1.7%
23	Xenical	237.0	35.5	92.3	63.8%	65.1%
24	Prevacid	2,832.6	34.4	773.6	37.6%	31.0%
25	Avandia	617.6	33.9	514.9	501.5%	457.4%
26	Detrol	319.2	33.8	82.0	34.6%	24.9%
27	Zyban	126.1	30.9	-9.1	-6.7%	-14.7%
28	Diflucan	386.9	29.9	56.6	17.1%	24.8%
29	Remicade	2.7	29.0	1.5	132.6%	0.0%
30	Buspar	702.3	28.7	170.8	32.1%	16.8%
31	Tamiflu	43.5	28.4	34.8	403.0%	393.8%
32	Synvisc	23.0	25.9	2.4	11.6%	6.1%
33	Glucophage	1,630.3	25.8	472.5	40.8%	23.6%
34	Procrit	298.8	25.5	74.8	33.4%	19.2%
35	Patanol	152.2	25.1	43.8	40.5%	27.5%
36	Prozac	2,567.1	23.3	120.5	4.9%	-1.0%
37	Relenza	16.6	22.5	6.4	61.8%	61.9%
38	Aricept	384.1	20.6	66.5	20.9%	17.5%
39	Denavir	36.2	19.9	18.0	98.4%	91.2%
40	Rhinocort Aqua	73.4	19.3	73.4	N/A	N/A
41	Propecia	122.6	18.0	8.9	7.8%	0.1%
42	Glucovance	21.0	16.4	21.0	N/A	N/A
43	Sarafem	8.1	14.4	8.1	N/A	N/A
44	Claritin D	896.5	14.2	76.6	9.3%	0.4%
45	Flomax	226.8	12.5	88.8	64.3%	53.2%
46	Differin	136.0	12.1	26.6	24.3%	12.2%
47	Prevnar	0.6	11.2	0.6	N/A	N/A
48	Ambien	798.9	11.1	159.6	25.0%	18.1%
49	Ditropan XL	174.1	11.0	113.7	188.2%	153.8%
50	Zithromax	1,364.4	9.8	107.8	8.6%	5.1%
SUMMARY						
Top 50 Drugs		\$41,274.8	\$2,141	\$9,976	31.9%	24.6%
		31.3% of total	94.8% of total	47.8% of total		18.0% of all prescriptions
Rest of Market		\$90,697.0	\$117	\$10,891	13.6%	4.3%
		68.7% of total	5.2% of total	52.2% of total		
Total Market		\$131,971.8	\$2,258	\$20,866	18.8%	7.5%

SOURCE: American Institutes for Research analysis of Competitive Media Reporting data cited in June 2001 Med Ad News and Scott-Levin Year 2000 Prescription Audit data.

PRESCRIPTION DRUGS AND MASS MEDIA ADVERTISING: 1999–2000

million promoting the drug to consumers. In contrast, Eli Lilly spent only \$23.3 million promoting Prozac to consumers in the last full year the drug had patent protection.

The allergy drug Claritin continues to be one of the most heavily advertised drugs, along with its rivals Allegra and Zyrtec. Claritin's maker, Schering-Plough, spent \$99.7 million promoting all forms of the drug to consumers in 2000. It was the third most heavily advertised drug. That comes on top of expenditures on DTC ads for Claritin of \$137 million in 1999 and \$185 in 1998 — a total of \$421.7 million over three years. Retail sales of Claritin rose 15% in 2000 and 21% in 1999. The main form of Claritin (a 10 mg tablet) was the 9th best selling drug in 2000 and the 34th largest contributor to the one-year rise in sales in 2000.

Allegra was the 26th best selling drug in 2000. Its retail sales grew 52% from 1999 to 2000 — to \$1.1 billion. Aventis spent \$67 million advertising the drug to consumers in 2000, up from \$42.8 million in 1999. Likewise, Zyrtec ranked 32nd

on the list of best selling drugs in 2000, with sales up 34% to \$849 million. Pfizer spent \$60.2 million promoting the drug to consumers, up from \$57 million in 1999.

No discussion of DTC ads is complete without mention of Viagra. The first drug approved to treat erectile dysfunction, Viagra and its ads have been highly visible in the media. That was in part because some ads featured former senator and presidential candidate Bob Dole. Retail sales of Viagra rose 32% in 2000, to \$809 million. It was the 27th largest selling drug. Pfizer spent \$89.5 million advertising the drug to consumers in 2000, up from \$53 million in 1999.

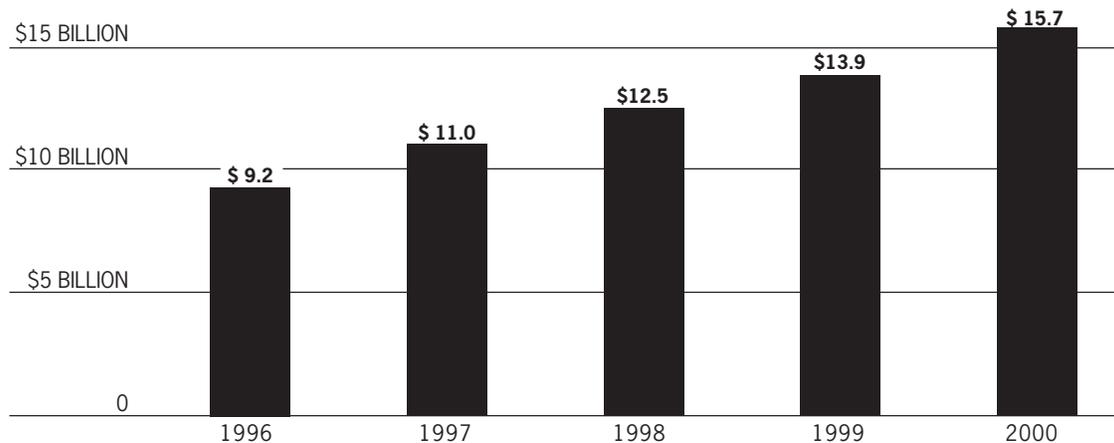
While aggregate sales of the top 50 drugs advertised to consumers rose 32%, many individual drugs on this list had much sharper sales and utilization increases. (See Figure 5) Drugs to treat asthma are most notable here. For example, sales of Flovent, a respiratory steroid, rose 66.6% in 2000. Flovent was the 11th most heavily advertised drug to consumers in 2000 with a DTC ad spend of

FIGURE 6
Direct-to-Consumer Spending by Company, 2000
(Ranked in Terms of Year 2000 DTC Spending)

Rank	Pharmaceutical Company	DTC expenditure, 2000 (\$millions)	DTC expenditure, 1999 (\$millions)	Percent Change, 1999–2000
1	GlaxoSmithKline	417.2	296.9	40.5%
2	Merck & Co.	331.8	152.4	117.7%
3	Pfizer	249.9	125.9	98.5%
4	Schering-Plough	167.1	189.2	-11.7%
5	Bristol-Myers Squibb	140.6	44.4	216.7%
6	AstraZeneca	137.1	163.3	-16.0%
7	Pharmacia	128.1	73.7	73.8%
8	American Home Products	120.4	62.3	93.3%
9	Johnson & Johnson	118.5	100.9	17.4%
10	Hoffman-La Roche	70.7	77.9	-9.2%
11	Aventis Pharmaceuticals	67.2	72.5	-7.3%
12	Abbot Laboratories	64.9	43.5	49.2%
13	Novartis	51.6	13.3	287.9%
14	Eli Lilly	46.5	7.1	554.9%
15	Nestle	37.9	36.6	3.6%

SOURCE: Competitive Media Reporting.

FIGURE 7

Promotional Spending on Prescription Drugs, 1996–2000

SOURCE: IMS Health.

\$63 million. Likewise, sales of Singular rose 88%. It was the 14th most heavily advertised drug. Sales of Flonase climbed 26.4%. GlaxoSmithKline spent \$73.5 million promoting Flonase to consumers.

Several new drugs appeared to get a boost from DTC ads. Among them was Sonata, a non-barbiturate sedative from American Home Products, approved in August 1999. Sonata sales leaped to almost \$100 million from less than \$10 million in its first year. The company spent \$37.5 million promoting the drug to consumers in 2000. The new diabetes drug Avandia from GlaxoSmithKline and Bristol-Myers Squibb (approved in May 1999) had a sales surge of \$515 million. The companies spent \$34 million advertising the drug to consumers.

Importantly, not all drugs that were promoted to consumers saw use and sales rise. The weight control/anti-obesity drug Meridia experienced an 8% decline in sales despite DTC ad spending of \$65 million by Abbott Labs. Knoll Pharmaceuticals first marketed the drug in December 1997. Abbott acquired Knoll in early 2001. Not surprisingly, an Abbott official said in June that the company would “reconfigure its (Meridia) marketing efforts...to focus on physicians, not the patients.”¹⁷

Likewise, Lamisil, an anti-fungal drug marketed to treat toenail fungus, saw sales rise only 7% as the number of prescriptions for the drug fell 21%. Novartis spent \$39.3 million on DTC advertising for Lamisil. Similarly, the migraine drug Imitrex had an anemic sales increase of 5.3% as prescriptions declined about 2%. Imitrex maker

GlaxoSmithKline spent \$37 million on DTC ads. Zyban, used to help people quit smoking, had a decline in sales of almost 7% despite \$31 million in DTC advertising.

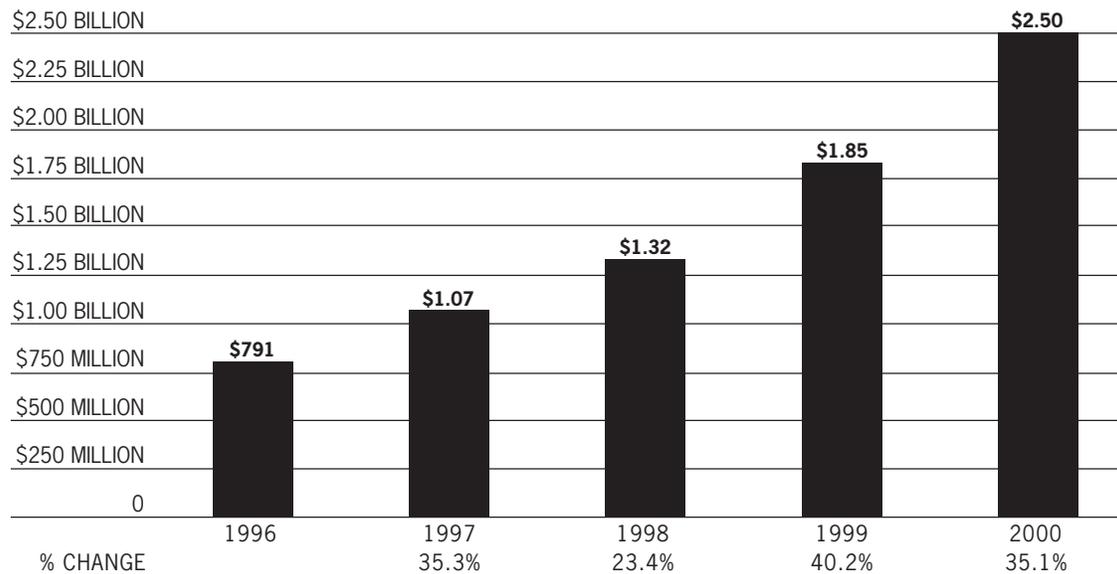
Pharmaceutical companies spent a total of \$2.5 billion on DTC advertising in 2000, up from \$1.8 billion in 1999. Of this \$2.5 billion, \$2.26 billion was spent on ads that mentioned the name of a drug. About \$240 million was spent on ads that didn't mention the name of a drug; instead such ads talk about a disease or condition that the company sponsoring the ads makes a drug to treat.

In 2000, companies sponsored DTC ads for 103 drugs.¹⁸ Spending per drug ran from a low of \$12,000 to a high of \$160.8 million. The top 50 advertised drugs accounted for around 95% of all DTC ad spending in 2000. (See Figure 1) And the top 25 most heavily advertised drugs accounted for 72% of total DTC ad spending. In 1999, the pharmaceutical industry spent a total \$1.8 billion on DTC ads. \$1.6 billion of that was spent on ads for 92 prescription drugs; companies spend about \$200 million in 1999 on “see your doctor” ads that mentioned only a medical condition but not a specific drug.

In 2000, TV ads accounted for the largest portion (57.2%) of the costs of mass media prescription drug advertising. Spending on TV ads increased to \$1.4 billion in 2000 from \$1.1 billion in 1999, an increase of 27.3%.

Several leading pharmaceutical companies sharply increased their DTC ad spending in 2000. (See Figure 6) For example, Merck spent 117.7% more on DTC ads in 2000

FIGURE 8
Direct to Consumer Advertising Spending, 1996–2000



SOURCE: IMS Health.

than in 1999. Likewise, Pfizer's DTC spending almost doubled, from \$126 million to \$250 million. Bristol-Myers Squibb spent more than three times as much on DTC ads in 2000 as the company did in 1999 — \$140.6 million compared to \$44.4 million. Novartis and Eli Lilly also committed more resources to DTC ads. Eli Lilly's DTC spending rose from \$7 million in 1999 to \$46.5 million in 2000. Most of that was for Prozac.

The bulk of spending on mass media ads in 2000 was for drugs to treat chronic illnesses or common conditions and symptoms that afflict millions of Americans. This is not surprising since these drugs have the largest potential markets. Among the 50 most heavily advertised were:

- Five drugs to treat asthma
- Three drugs to treat arthritis
- Three drugs to treat diabetes
- Three drugs to treat allergies
- Three cholesterol lowering drugs
- Two antidepressants
- Two sedatives
- Two drugs to treat the symptoms of the flu

- Two drugs to treat incontinence
- Two drugs to treat fungal infections

A significant number of the 50 most heavily advertised drugs were promoted to consumers for the first time in 2000. Many but not all were new, having been approved in 1998 or 1999. Of the total 103 drugs with any DTC spending in the 2000, 34 were not promoted to consumers in 1999.

Recent Developments Related to DTC Drug Advertising

The following is a chronological list of key political, legal, regulatory, and research developments over the past year (September 2000 to September 2001) related to DTC prescription drug advertising. We would note that while many of the developments presented below involve FDA actions, the majority of DTC ads have not been challenged by that agency.

- ◆ The U.S. Drug Enforcement Administration in September 2001 sent a "cease and desist" letter to Celltech, asking the company to halt its DTC ads for the drug Metadate CD.

The drug is used to treat Attention Deficit Hyperactivity Disorder (ADHD). The ads in question appeared in *Ladies' Home Journal*, *Parade*, and several other women's magazines. The DEA classifies drugs to treat ADHD as Schedule II drugs — potentially addictive and open to abuse. By long standing agreement between the pharmaceutical industry and drug regulatory agencies in some 30 countries, including the U.S., such drugs are not advertised by name to consumers. The FDA said it was also reviewing the ads. Celltech is headquartered in England.

- ◆ A Boston-based consumer group (Prescription Access Litigation) filed a class action law suit in New Jersey in August 2001 alleging that DTC ads for the allergy drug Claritin (Schering-Plough) were “false and misleading.” The complaint alleges that the ads overstate the allergy relief consumers who take the drug get. The suit is pending.

- ◆ The FDA warned GlaxoSmithKline in August 2001 to stop airing what it termed a “misleading” TV ad for the diabetes drug Avandia. The FDA said the ad failed to present certain risk information and presented other risk information in a confusing way. The company pulled the ad to make changes.

- ◆ A key legislator in the health arena — William Thomas (R-Calif.), chairman of the House Ways and Means Committee — said in August 2001 that he was considering adding restrictions on DTC advertising to any legislation adding a prescription drug benefit to Medicare. Among the restrictions he said he was considering are higher co-pays for drugs that are advertised to consumers and outright prohibitions on advertising some kinds of drugs.

- ◆ An FDA official in July 2001 told a congressional committee that the agency had so far seen no evidence DTC ads were “doing any harm” to consumers. The official, Nancy Ostrove, said further research was needed on the impact of DTC ads. Her written testimony stated that since 1997 the agency had issued 45 “notices of violation” and three “warning letters” to drug companies regarding their broadcast prescription drug ads, and 44 “notices of violation” and one “warning letter” regarding DTC print ads. Most of the violations cited were because the ad “overstated or guaranteed the product's efficacy...or minimized the risk of the product,” her testimony stated. A notice of violation asks a company to correct the problem immediately. A warning letter requires a remedial campaign by the company to correct impressions left by an ad.

- ◆ The American Medical Association's governing body approved in June 2001 a resolution asking the pharmaceutical industry to voluntarily place disclaimers on all DTC prescription drug ads. The disclaimers would state: “Your physician may recommend other appropriate treatments.”

The AMA intends to lobby regulators to press companies to include the disclaimer. In its resolution, the AMA's governing body stated: “Currently, we do not know how DTC advertising affects the patient-physician relationship, whether it provides educational value, how it affects consumer perceptions of prescription drugs and whether it results in cost effective health outcomes...Many broadcast ads are misleading, using imagery to suggest effectiveness far beyond what clinical evidence supports.”

- ◆ A pharmaceutical industry study released in June 2001 found no relationship between the price increases of 20 drugs from 1999 to 2000 and the amount spent on DTC ads for those drugs. The study used price data from Scott Levin. It was funded by GlaxoSmithKline.

- ◆ The FDA in June 2001 asked Merck, in a letter, to revise the information on its website pertaining to Fosamax, used to treat osteoporosis. The agency said the site did not give enough information to consumers on the potential side effects of the drug. The company complied.

- ◆ *Prevention* magazine in June 2001 released its third annual report on “wellness and consumer reaction to DTC advertising of Rx drugs.” The survey of 1,222 consumers (conducted in June 2000) found a high level of awareness (over 90%) of DTC ads. Among the key findings are that DTC ads may be increasing patient compliance with prescribed drugs.

- ◆ The FDA in May 2001 sent letters to eight manufacturers of drugs to treat HIV/AIDS, warning them that DTC ads for their drugs were not balanced. Specifically, the FDA said the ads lacked sufficient information on the limitations of the drugs in treating HIV/AIDS and that people portrayed in the ads were not representative of the population with HIV/AIDS. The companies agreed to comply.

- ◆ Ethicad, a non-profit group established in 2000, in May 2001 released voluntary standards for DTC prescription drugs ads. Among other things, the group calls on pharmaceutical companies to (1) seek assistance from health care professionals when creating drugs ads, (2) conduct formal assessments of the educational needs of persons with the disease being targeted, and (3) test DTC ads in advance with consumer focus groups to assure they convey balanced information. Ethicad is based in Atlanta, Georgia. Its stated goal is to “maximize the public health benefits of DTC information by providing the consumer with substantive, understandable and reliable information about pharmaceutical products.”

- ◆ The U.S. Department of Health and Human Services in May 2001 held a conference on the issue of DTC advertising. A series of papers prepared for the conference by academic

What Are the Rules?

Confusion exists about the different types of prescription drug ads and FDA regulation of DTC ads. The full set of regulations covering DTC ads are quite specific. What follows is a brief synopsis of the most important rules.

The three types of DTC ads

- **Help seeking:** These ads aim to alert consumers about a disease or condition and its symptoms and let them know that treatment is available. A drug's brand name can not be used, but the company sponsoring the ad is identified. People are exhorted to see their doctor.
- **Reminder:** These ads give the name of a drug but do not mention any disease or condition to be treated. They are designed to build brand recognition and prompt people to ask their doctors about the drug.
- **Product claim:** These ads mention both a drug's brand name and its intended use. They aim explicitly to prompt people with a specific disease or condition to go to the doctor to inquire about the drug. Such ads must meet more exacting requirements. Most DTC drug ads today are product claim ads.

The requirements

All types of DTC drug ads:

- Must comply with FDA and other federal rules regarding advertising fairness and accuracy and "false advertising." In addition, no drug ad can (a) falsely report scientific data, (b) declare clinical superiority for a drug without scientific data to back it up, or (c) represent a drug as a treatment for a disease for which it has not been FDA approved.

Help seeking and reminder ads:

- Do not have to contain detailed information – or give a source where consumers can get such information – on a drug's effectiveness or potential side effects

Product claims ads:

- Must present a "fair balance" of benefit and risk information. This means, for example, that a print ad is not supposed to have huge type touting a drug's benefits and small type listing major side effects. Likewise, a 60-second TV ad can't spend 50 second on benefits and 10 seconds on potential problems.
- Must, if they are in print (newspapers, magazines, internet), contain a "brief summary" of a drug's side effects, indications and effectiveness as well as any precautions and warnings about its use. This information must be consistent with and derive from a drug's official product labeling. The FDA in consultation with manufacturers dictates such labeling. In practice, this summary information is not brief at all. It can run to 1,000 words or more and usually takes up a sizeable chunk of space even when small print is used (which it almost always is). However, this information may be, and usually is, printed on an adjacent page. In practice then, it is usually far less visible.
- Must, if they are broadcast (TV or radio), include prominent mention of a drug's "major" side effects or limitations and any important contraindications. In addition, such ads must give a toll free telephone number, a web site or internet address, and reference to print ads or available written material on a drug that can be obtained in a public place. Information sought from these sources must be sent out within two business days. Thus, DTC drug ads in broadcast media are exempted from airing the detailed "brief summary" information that is required in print ads.

researchers concurred that data suggests DTC ads are playing an increasingly important role in the pharmaceutical marketplace. But the papers agreed that not enough data exists to quantify that role or render a judgement on whether the ads are, on balance, beneficial or harmful to the health of the population. (See note 12)

◆ A study released in May 2001 found that many Americans who take prescription allergy medicines to relieve symptoms (such as runny nose and congestion) may not have allergies

at all. The study evaluated 246 people who had been prescribed one of the three leading prescription allergy drugs — Claritin, Allegra or Zyrtec. It found that 65% did not have allergies based on a blood test that measures immune response to potential allergy causing substances. But the Ohio State University researchers who conducted the study reported that the test is not 100% reliable and may have missed some subjects people who did have allergies. The researchers and other allergy specialists

estimate that between a third and half of patients taking prescription allergy medicines may have other conditions, such as sinusitis, which were causing their symptoms. Such patients would be helped only by versions of the three drugs that also contain a decongestant. Pharmacia Diagnostics, the company that makes the immune test, funded the study. The study is relevant to DTC advertising because Claritin, Allegra and Zytotec have been among the most widely advertised drugs over the past three years. Many doctors believe patients who have allergy symptoms are prompted by the ads to ask for these drugs.

- ◆ The FDA in April 2001 said it was studying a TV ad campaign for Xenical, a weight loss drug. The drug's maker, Hoffman-La Roche, aired ads that failed to mention side effects by splitting one ad into two parts. Technically, ads that do not mention both the name of a drug and the condition it treats do not have to mention possible side effects. (See box on page 14) Some ads only mention a medical condition or the name of a drug, but not both, and then advise viewers to see their doctor. Roche earlier this year aired two such ads (one naming the drug and the other the condition, excessive weight gain) within minutes of each other, not naming any side effects. In addition, the FDA in March 2001 sent a warning letter to Hoffman-La Roche ordering the company to alter its print and TV DTC ads for Xenical. The letter said the company's DTC ads did not adequately present information on the side effects of the drug. Since Xenical's launch in 1999, Roche has received four warning letters from the FDA regarding DTC ads for the drug. The company has since altered the ads.

- ◆ The FDA in March 2001 said it had launched an internal review of its rules on DTC advertising of prescription drugs. As part of the review, the agency will conduct two surveys — one of physicians and one of consumers — to help it decide whether any changes in its rules are in order. The review is to be completed by the end of 2001.

- ◆ A study published in the *Journal of Family Practice* (December 2000) found that print ads for 101 prescription drugs appearing in 320 ads in 18 mass media magazines over 10 years “seldom provided information about the drugs’ mechanism of action, success rate, treatment duration, alternative treatments and behavior changes that could enhance the health of affected patients.” Researchers at the University of California, Los Angeles and Davis conducted the study.

- ◆ The FDA in November 2000 asked G.D. Searle, a unit of Pharmacia, to revise a TV ad for the arthritis drug Celebrex. The agency said the ad was “misleading because the totality of the music and the audio statements...overstate the efficacy for Celebrex.” The company pulled the ads.

- ◆ In October 2000, a congressman who blamed the suicide of his 17-year old son on the psychiatric side effects from the acne drug Accutane called on the drug's maker, Hoffman La Roche, to stop advertising the drug to consumers. Though the ads don't mention the name of the drug, the congressman, Bart Stupak (D-Mich), alleged that the ads target young people and urge them to see a doctor to get treated, but do not warn of potential side effects. Accutane is the most popular prescription drug used to treat acne.

- ◆ The FDA in September 2000 issued a notice of violation to Alza Corp., requesting that the company alter its TV ads for Ditropan XL. The drug is used to treat urinary incontinence or “overactive bladder.” The agency said the ads understated the risk of certain side effects, particularly dry mouth.

Discussion

As highly visible as they are, there are still many unknowns about the impact of DTC drug ads — on prescribing trends, the public's health and drug costs. Consensus has emerged in the last year that more research is needed to measure and clarify this impact. Our results do not address the affect of DTC ads on the public's health. But they add to the growing circumstantial evidence that such ads are one element — and perhaps an increasingly important one — in the recent trend to the expanded use of newer prescription drugs and the resultant increased overall spending on pharmaceuticals.

Political pressure could build in the next year or two to put further requirements or restrictions on DTC ads — such as a requirement that they carry disclaimers or specific types of information. But definitive political action imposing additional requirements or limits on DTC ads could be thwarted by debate over the legality of such moves. Many legal analysts believe it will be difficult to put more restrictions on DTC ads due to the protected rights of companies to promote their products in a free society — now that the regulatory door to such ads have been opened.

The debate over DTC ads also comes amid heightened scrutiny of the pharmaceutical industry in general and Congress' consideration of a Medicare drug benefit. If analysis begins to emerge over the next year or two that DTC ads are leading to inappropriate prescriptions or are a prime cause of an inappropriate shift to newer drugs, Congress could look more seriously at how to minimize this affect.

In the meantime, DTC advertising is likely to continue to grow — subject to political and economic conditions in the nation. Drug companies will likely continue to experiment with innovative ways to promote their products, especially via the internet. Sponsorship of sporting events and concert

series, for example, could also increase. Pfizer in September 2001 sponsored the “Viagra Concert Series” — a national tour headlined by the band Earth, Wind and Fire.

Many DTC campaigns have been high profile and large in scope — with TV ads complemented by print and billboard ads. The industry may try more targeted ads in the future. For example, future drugs to treat Alzheimer’s disease could be advertised selectively in publications purchased by older Americans. Likewise, drugs to treat obesity or curb appetite could be advertised on cable TV shows featuring exercise regimes.

DTC ads in the U.S. could also be coordinated more closely to worldwide campaigns — if barriers to DTC advertising fall in other countries. Currently only the U.S. and New Zealand permit DTC advertising. But Canada, Australia and all of Europe are watching the American “experiment.” Proponents of DTC ads have begun to press their case in Canada, and the government is weighing changes in Canada’s Food and Drugs Act.¹⁹ The European Union is also debating a recommendation to EU members to permit DTC ads for drugs to treat a limited number of conditions. Asthma, AIDS and diabetes were on an initial list.²⁰

The issues raised by DTC advertising are serious. They involve questions of public health, corporate responsibility, advertising ethics, and consumers’ capacity to understand complex medical and pharmaceutical information. The ads and their impact warrant continued study and public policy attention.

Credits

Steven Findlay, MPH, director of research and policy at the NIHCM Foundation, wrote this report. Daniel Sherman, Ph.D., principal economist at the American Institutes for Research in Washington D.C., provided data analysis and chart preparation. Nancy Chockley, MBA, president of the NIHCM Foundation, edited the report. Jennifer Montoya of the NIHCM Foundation provided research assistance.

About the NIHCM Foundation

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.

Relevant NIHCM Foundation Publications

- *Prescription Drug Expenditures in 2000: The Upward Trend Continues* — May 2001
- *Prescription Drugs and Mass Media Advertising* — September 2000
- *Prescription Drugs and Intellectual Property Protection: Finding the Right Balance Between Access and Innovation* — August 2000
- *Factors Affecting the Growth of Prescription Drug Expenditures* — July 1999

Notes

1. The National Institute for Health Care Management Foundation, *Prescription Drug Expenditures in 2000: The Upward Trend Continues* (May 2001). Available at www.nihcm.org.
2. Steven D. Findlay, "Direct-to-Consumer Promotion of Prescription Drugs: Economic Implications for Patients, Payers and Providers," *PharmacoEconomics*, Vol. 19, No 2 (February 2001), pages 109-119. Also see papers from a May 30, 2001 conference convened by the U.S. Department of Health and Human Services, "Assessing the Impact of DTC Advertising on Health Care Use, Costs, and Outcomes." Papers available at www.hsrnet.com/ASPE/991/papers.
3. Donald K. Cherry et al, National Ambulatory Medical Care Survey: 1999 Summary, (July 17, 2001), Advance Data Report No 322, National Center for Health Statistics/Centers for Disease Control. Available at www.cdc.gov/nchs.
4. All data are from IMS Health (Westport, Conn) and CMR, Inc. (New York), communicated to author from IMS Health on June 19, 2001.
5. "Meeting with Physicians," *Med Ad News* (November 2000), page 4. www.medadnews.com.
6. Physician Meeting and Event Audit, Scott Levin Inc. March 23, 2001 and May 2, 2001 press releases. www.scottlevin.com.
7. Figures were obtained from IMS Health. They include the retail value of samples in its data for promotional spending. We present DTC spending as a percentage of total promotional spending with and without the retail value of samples because the retail value is calculated; it is not real money spent. The actual costs to pharmaceutical companies of distributing such samples is far less than the calculated retail value of the drugs.
8. Data are from CMR, Inc. www.cmr.com. CMR tracks ad spending for all TV, radio, major mass marketed magazines, newspapers and billboards. Interpublic Group tracks total ad spending in all lines of media and promotion. Their estimate of overall ad spending in all media (including such outlets as the telephone yellow pages) for the year 2000 was \$243.7 billion, as reported June 15, 2001 in *The Wall Street Journal* (Suzanne Vranica, "Ad Spending Growth is Forecast to Slow to 2.5% in 2001.")
9. All data from CMR, Inc. See note 8. These figures, as noted above, are primarily for national ad spending. They do not include some streams of promotional spending, such as sponsorship of sporting events.
10. Center for Drug Evaluation and Research, Food and Drug Administration, *Attitudes and Behaviors Associated with Direct-to-Consumer Promotion of Prescription Drugs*, (Spring 1999). Available at www.fda.gov/cder/ddmac/research.htm.
11. Prevention, Rodale Inc. *International Survey on Wellness and Consumer Reaction to DTC Advertising of Rx Drugs*, Vol. 1 (Winter 2001). Requests for information should be directed to Ed.Slaughter@rodale.com.
12. This was the general consensus of attendees at a government-sponsored conference, "Assessing the Impact of DTC Advertising on Health Care Use, Costs, and Outcomes," held May 30, 2001 in Washington D.C. Papers available at www.hsrnet.com/ASPE/991/papers.
13. Cherry et al as cited in note 3.
14. Frank Scussa, "Getting Noticed: The Future of Consumer Promotion is Being Challenged by Government Agencies and the Public," *Med Ad News* (June 2001): page 1. www.medadnews.com.
15. *Prescription Drug Expenditures in 2000: The Upward Trend Continues*. As cited in note 1.
16. Ibid.
17. "Abbott Shifts Meridia Marketing Focus from Consumer to Physicians," *The Pink Sheet, FDC Reports* (June 25, 2001), page 13.
18. As explained in the Methodology section, CMR Inc generated the list of 103. It cuts off at a DTC spend of \$12,000. Some companies may have spent less than that on a handful of other drugs. We present data in Figures 4 and 5 for the top 50 drugs on this list.
19. Barbara Mintzes, *Pills, Persuasion and Public Health Policies: Report of an Expert Survey on Direct-to-Consumer Advertising of Prescription Drugs in Canada, the United States, and New Zealand*. A report from the Center for Health Services and Policy Research, University of British Columbia (June 2001).
20. Joseph Brown, "Brands without Borders," *Med Ad News*, (August 2001): page 1. www.medadnews.com.