



GREEN & CONDITIONAL MARKETING: A REFORM OF UNETHICAL VALUES IN PHARMACEUTICAL INDUSTRY

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ABSTRACT

The face of pharmaceutical companies has changed dramatically from the early days of its inception. Pharmaceutical companies who once maintained a continuous stream of discovery have now surpassed peak ingenuity and follow a path of diminishing innovation. This declining rate of innovation can largely be accredited to companies moving toward a marketing orientation. Pharmaceutical companies marketing strategies appear to be a driving force in the treatment preferences of physicians. While this type of marketing technique may be acceptable in the line of consumer products it is an unethical practice in the field of medicine and health. When companies exert this undue influence over prescribing behaviors, it creates a conflict of interest in the role of the physician. Pharmaceutical companies not only create a need for certain drugs, they have also been capable of creating entire markets for preventative health risk drugs. By influencing medical education, green marketing strategies; companies control the distribution channel without using unethical marketing techniques.

KEYWORDS: Green Marketing Strategies, Pharmaceutical Industry, Innovation, unethical Practice.

INTRODUCTION

During the twenty-first century, pharmaceutical companies have grown to an unprecedented size and strength. In experiencing such exponential growth, large pharmaceutical companies have obtained much leveraging power and now lead efforts to secure their future in this industry. However, they have currently reached a point of diminishing innovation that drives them to seek alternative ways to feed the growth of their companies. The pharmaceutical industry has moved from once being an ethically sound innovative partner in the development of human health, to an inherent corporate giant that unethically markets its products to exploit patients and physicians alike to maximize profits. The narrow focus of the industry creates a hazard for patients when marketing trump the research and testing of a drug. Indian medicine is in desperate need of reform, as the well being of patients has become a secondary priority to fiscal gains.

BACKGROUND

The face of pharmaceutical companies has changed dramatically from the early days of its inception. Jeremy A. Green and Scott Podolsky describe to us in their journal, "Keeping Modern in Medicine: Pharmaceutical Promotion and Physician Education in Postwar America" this exponential growth as pharmaceuticals changed from "[. . .] a small set of companies to an industry exerting a dominant force on the Indian economy". Pharmaceuticals have become a multibillion dollar industry over the years, and according to Cable News Network (CNN), have positioned eleven industry leaders as fortune 500 companies (CNNMoney.com). Obtaining these immense profits has

allowed industry leaders to acquire a large amount of leveraging ability in greater society. With this recently acquired ability, these companies seek to build widespread influence and thereby secure their future success despite some of the ethical dilemmas that arise in doing so.

Pharmaceutical companies who once maintained a continuous stream of discovery have now surpassed peak ingenuity and follow a path of diminishing innovation. Green and Podolsky inform us that, "the decade from 1951 to 1961 saw the introduction of 4,562 new drugs". This is an incredible number compared to the lack of innovation we exhibit today; despite the fact we possess a high degree of technological advantage over previous generations. Kalman Applbaum, in his essay "Is Marketing the Enemy of Pharmaceutical Innovation?" quotes Merrill Goozner, head of the Center for Science in the Public Interest as stating "Three out of four drug applications involve drugs that either replicated the action of medicines already on the market or were new formulations that at best added minor conveniences to patients and doctors" (qtd. in Applbaum 13). Today's pharmaceutical companies strive to maintain a similar progressive image through continuous production of new medications, however in reality; progress and innovation have been relatively slow. In essence this misleads the end consumer as well as wastes potential to create new drugs that will have a greater benefit to society.

This declining rate of innovation can largely be accredited to companies moving toward a marketing orientation. Patents of pharmaceutical formulas last only twenty years from the time of conception. After research, testing, and marketing, the effective life of a pharmaceutical patent is typically twelve years before competitors are

legally allowed to replicate a formula. In the book “Pharmaceutical Marketing: Principles Environment and Practice” Mickey C. Smith et al., explain to us that “For the average drug, the average lost prescription sales is about \$1.3 million” for every day the drug is not on the market. The relatively short commercial life of new drugs makes minimizing the time until product launch a crucial element of the products profitability. This rush to make product available for sale leads companies on a constant drive for rights and profits which in turn, deprives their product of any scientific value and increases the potential for serious negative side effects.

GREEN MARKETING APPROACH

As firms note the positive gains that can accrue through environmentally friendly pharmaceutical marketing strategies (e.g., Luo and Bhattacharya 2006) and the potential pitfalls associated with non-environmentally friendly strategies, going green is beginning to take center stage in boardrooms around the world. There is a growing interest among top managers, stakeholders and academics regarding green marketing strategies and the potential impact on the triple-bottom line. Firms are increasingly adhering to a triple-bottom line performance evaluation, a concept coined to reflect the growing tendency of stakeholders to evaluate organizational performance on the basis of economic prosperity (i.e., profits), environmental quality (i.e., the planet), and social justice (i.e., people) (Elkington 1997). Pharma Firms are expected to commit to green marketing strategies as (1) the cost of materials and energy continue to rise, (2) public (doctors & patients) pressure continues to increase, (3) there is increasing awareness that subscribing to triple-bottom line practices can increase consumer (chemists) demand, and (4) consumers’ growing antipathy to globalization is leading to strengthening pharma-marketing activity relative to green performance (Kleindorfer et al. 2005). In addition, while the costs of such efforts can be substantial, improved environmental performance has been linked to greater financial performance, competitiveness, and innovation benefits (Kassinis and Vafeas 2006; King and Lenox 2002; Klassen and Whybark 1999; Majumdar and Marcus 2001).

Given the prominence the green movement has risen to in recent years, it is surprising the marketing literature has paid relatively scant attention to the efficacy of green marketing strategies (see Baker and Sinkula 2005; de Ruyter et al. 2009; Drumwright 1994; Grinstein and Nisan 2009; Menon and Menon 1997 for notable exceptions). Defined as “doing business while avoiding harm to people and the planet” (Center for Sustainable Enterprise 2010), and identified as an actionable response to calls for organizations to focus on their “triple-bottom line performance” (i.e., measuring performance based on the effects of strategies on people, the planet, and profits), green is clearly an area of increased concern for organizations worldwide. Unfortunately, marketing research that evaluates such strategic initiatives is lacking in comparison to other disciplines.

INFLUENCE IN MEDICAL EDUCATION

As innovation in pharmaceutical products dwindles, industry leaders unwilling to see a decline in profits resort to alternate tactics to maintain a status quo. These tactics often take form in the marketing strategy of the company and in many times raise an ethical debate upon implementation. One of the most widely contested strategies of pharmaceutical companies is the way in which they are able to influence physicians and students through medical education. Continuing Medical Education (CME) is described by Howard Brody in his work “Pharmaceutical Industry Financial Support for Medical Education: Benefit, or Undue Influence?” as being a way “physicians receive information about medical advances [. . .] accumulate required CME credit hours, and [. . .] maintain licensure and specialty certification”. The Accreditation Council for Continuing Medical Education (ACCME) of MCI provides oversight to CME events like medical conferences or dinners with pharmaceutical representatives. Such medical conferences have gained much more popularity and bring together large amounts of information, product, and people under one roof. This gives pharmaceutical companies the opportunity to showcase their product at what is regarded as a scientific gathering. These conferences require immense amounts of input, including capital, which ACCME welcomes in the form of “commercial support.” Each year, roughly half of the total revenue raised by CME events is derived from these commercial sources.

In 2009, a total of 98% of the commercial support came from the pharmaceutical industry alone. These numbers dwarf the input that other industries had on this type of medical education. Pharmaceutical industry leaders take advantage of such events to market new product developments to physicians of various specialties. However, these marketing techniques are often called into question as pharmaceutical representatives host entertainment, foot travel expenses, and disperse immense amounts of product samples at virtually no cost to the attendees. What is suppose to be an educational conference is conveniently altered into somewhat of a pharmaceutical marketing fair in which physicians are schmoozed into product preference. At this point it is realistic to infer that a conflict of interest is potential, if not likely, to exist. Statistics prove that when physicians benefit from pharmaceutical industry endeavors, that these same physicians are likely to reciprocate. Brody informs us that, “it has been estimated for every \$1.00 the pharmaceutical industry invests in CME or similar meetings; it reaps \$3.56 in increased sales”. From this information alone we can conclude that for pharmaceutical companies, CME events act as an investment rather than an educational seminar.

In an effort to further understand the influences of pharmaceutical companies and their representatives on prescribing behavior of physicians. Aanand D. Naik et al., in their journal “Pharmaceutical Company Influence on Nonsteroidal Anti-Inflammatory Drug Prescribing Behavior” performed a study on the prescribing tendencies of doctors. This study used a specific type of pharmaceutical referred to as a Non-steroidal Anti-Inflammatory Drug (NSAID) to illustrate its findings. The method was to

conduct a series of direct qualitative interviews with 25 physicians of various specialties that all possessed a high tendency to prescribe NSAIDs. Dominant themes in influence of prescribing tendencies arose during these qualitative interviews. The flow chart on the following page represents these themes and how they affect the prescribing habits of physicians.

The responses derived from interviews highlighted three main themes in the influence of pharmaceutical companies on prescribing behavior of physicians. Two of these themes involved companies marketing to physicians, the other to patients. One way physicians were found to be influenced by pharmaceutical companies was through detailing and direct marketing. For example, pharmaceutical representatives visit physicians in their offices and promote their product. Another way companies were found to exert influence on physicians is through corporate sponsorship of formative training as in continued medical education events that we discussed earlier. The third major theme appeared to be the effect that direct-to-consumer advertising had on patients. Pharmaceutical ads often times lead patients to believe they will benefit from a product, from here they pressure their physician to prescribe. The majority of the time the pressure works, and receiving that medication may not always be in the best interest of the patient.

Pharmaceutical companies marketing strategies appear to be a driving force in the treatment preferences of physicians. While this type of marketing technique may be acceptable in the line of consumer products it is an unethical practice in the field of medicine and health. When companies exert this undue influence over prescribing behaviors, it creates a conflict of interest in the role of the physician. Brody describes to us this "conflict of interest arises when physicians put themselves in a situation where [they may be] [. . .] tempted to place the primary duty to serve the patient secondary to some other interest". In suggesting a treatment option the doctor may be biased, reciprocating, or acting on a notion other than the best interest of the patient. Failure to act in the best interest of the patient not only violates the professions ethics, but can also lead to serious health consequences for that patient. These types of violations can be directly credited to the unethical practices that compose pharmaceutical companies marketing strategies.

ETHICALLY QUESTIONABLE MARKETING TECHNIQUES

Pharmaceutical companies have long maintained a role of influence in the medical field. As with any business it is crucial to exert some force on the market you aim to profit from. To what extent do you apply this force can be of ethical debate. In 1997, the Food and Drug Administration relaxed regulations on advertising side-effects, and since direct-to-consumer (D2C) advertising in the pharmaceutical industry has exploded. Currently only two countries in the world allow direct-to-consumer marketing in pharmaceuticals, New Zealand and the United States (Humphreys). Drawing on our previous discussion of ethical marketing strategies in medicine and health, we will examine the ethical debate surrounding direct-to-consumer

marketing. The most pertinent question facing direct-to-consumer advertising is whether or not to allow pharmaceuticals to be marketed directly to the consumer. The most common form of this pharmaceutical advertising has come in the form of television infomercials. Gary Humphreys informs us in his article, "Direct-to-Consumer Advertising Under Fire", that pharmaceutical companies "spent just under \$5 billion last year alone" on this type of advertising. Industry leaders argue that this type of promotion connects patient's needs with treatment options. What pharmaceutical companies are not so overt about is the fact that advertising directly to the consumer actually creates a need. In the study conducted by Naik et al., the third recurring theme was the pressure that patients put on doctors to prescribe after they had been exposed to a pharmaceutical advertisement (e13). The mainstream advertisement of pharmaceuticals encourages a patient to seek a treatment for a condition they may or may not actually possess. In his article, Humphreys explains to us that "surveys taken in both the United States and New Zealand show that when a patient asks for a specific drug by name, more often than not they receive it". Patients are not medically licensed and may fail to understand the many complexities of medicine. In all reality, the medication may not be right for the patient. However, the patient may be prescribed despite the potential health risks.

CONDITION BRANDING AND GREEN MARKETING

Pharmaceutical companies not only create a need for certain drugs, they have also been capable of creating entire markets for preventative health risk drugs using the same tactics. Condition branding as Applbaum describes to us, is a technique of pharmaceutical companies to "market medical conditions far beyond their natural incidence". In such cases, the industry takes a health risk and markets it in such a way that the public perceives the risk as a viable threat to their well being. By positioning the health risk this way, they are able to then provide a treatment option to a person even though the likelihood of them suffering from this risk is unlikely. One well known example of condition branding is the case of osteoporosis. Large pharmaceutical companies were able to run an ad campaign through mainstream media that promoted awareness of the potential for women to suffer from bone density loss following menopause. In the article, "The Marketing of Osteoporosis", Maryann Napoli explains to us how in 2003, following this campaign, a pharmaceutical sponsored World Health Organization (WHO) meeting definitively changed a risk factor (bone loss) into a disease (osteoporosis). In two simple steps, an industry created market emerged. Pharmaceutical companies exploited a risk that does affect a number of women, and promoted it in a way that it seemingly affected all women. In doing so, the industry established a wide customer base to which they continue to sell preventative treatments.

Condition Branding is just one of the ways pharmaceutical companies unethically market their products to consumers. In an ethically sound industry, a producer would create a product to satisfy the need of the market. However, in pharmaceuticals, a market can simply be created by exploiting a potential health risk. Following the

emergence of the market, billions of dollars could be made providing preventative medications that might be unnecessary to the majority of those patients. In a preventative effort, many patients and doctors alike overlook the serious side effects that can come with long term treatments. In the case of osteoporosis, the most popular type of preventative drugs called bisphosphonates were actually occasionally recorded to cause skeletal pain and unusual bone fractures (Napoli par.).

A real danger exists to the patient when all the complexities of a medication are not adequately assessed. On the part of the producer, lack of research and testing can cause serious unforeseen side effects in the future. This type of danger is becoming ever more prevalent as pharmaceuticals are rushed through testing to expand its commercial life. On the part of the physician, prescribing a medication without analyzing preexisting medical conditions can be of dire consequence to the patient. Harris Gardiner details the largest criminal and civil suit in the history of pharmaceuticals that was recently settled over marketing a drug that was known to cause adverse health conditions. In 2005, Pfizer was forced to withdraw its drug Bextra from all markets and pay out \$2.3 billion in damages (less than 3 weeks worth of sales). Despite the medications tendency to cause serious heart and skin risks, executives at Pfizer were pushed to market the product at the expense of the consumer. Since 2002, the company has been involved in four cases over illegal marketing activities. It is evident that pharmaceutical companies consider the consequences of their actions less and less as they seek profitable investments. In an industry such as medicine, when the health of the consumer is at stake, every step must be taken to insure a safe product. The pharmaceutical industries disregard for the well being of the patient demands reform in this industry. Industry leaders have demonstrated a lack of social responsibility that can no longer be tolerated.

Research suggests that companies need to become agile, adaptive, and aligned in balancing people and the planet with profitability (Kleindorfer et al. 2005). As is noted, a number of green strategies, or general categories of research opportunities, appear relevant. The main types of green strategies for pharmaceutical marketing gleaned from the literature are: (1) green innovation, (2) greening the organization, and (3) green alliances. The development of new or innovative green products is a commonly utilized strategy by firms attempting to go green. Another green strategy implemented by firms is a focus on environmental aspects within the firm itself. Greening the organization may be accomplished through green champions, green processes, and green initiatives toward supply-chain management. Beyond greening the organization's processes, a firm may also choose to utilize an alliance or partnership to enhance the green orientation of the firm.

Picking the right green marketing strategy is an important step for firms that aim to compete on green (Ginsberg and Bloom 2004). Research suggests that it is important for organizations to consider the potential green market of consumers, as well as ways to differentiate products from the competition (Ginsberg and Bloom 2004).

When examining socially-responsible messages, research suggests corporate hypocrisy after a firm has deployed said messages is very detrimental (Wagner et al. 2009). Similarly, research suggests that firms seeking to protect the planet through green business practices are challenged by consumers' receptivity to these efforts. In particular, many consumers doubt whether a firm's activities and offerings are truly environmentally friendly (Mohr et al. 1998). In order to overcome consumer skepticism, operations suggests firms should systematically strive to make their business activities more sustainable and transparent, and include the reduction of environment-threatening waste (Marshall and Brown 2003).

CONCLUSION

The patient physician relationship has been compromised by pharmaceutical giants. At one time, a doctor's primary concern was the health of the patient. During this time, no incentives existed for doctors to prescribe certain medications and the prescription process was adequately assessed by the physician in order to deter potential side effects. Today, thanks to large pharmaceutical companies, a doctor may possess an ulterior motive other than what is in the best interest of the patient. It is more apparent than ever that marketing tactics of pharmaceutical companies are ethically stooping to an all time low. Industry leaders have proven they are willing to lie, mislead, and exert an undue influence to maintain the status quo. By influencing medical education and green strategies companies control of the distribution channel for their product. Using unethical marketing techniques, including misleading direct-to-consumer marketing and condition branding, the pharmaceutical industry creates and maintains a market for their product. The combination of these two influences demonstrates how pharmaceutical companies exploit physicians and patients alike in order to maintain themselves as a dominant force in the Indian economy.

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