

## Daily Policy Digest

### Health Issues

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#### PHARMACEUTICAL MARKETING

For years, politicians have demonized the drug industry, lumping companies that create life-saving products with the tobacco industry, polluters and more. Many critics, it seems, simply want more lifesaving drugs without having to pay much, if anything, for them. Unfortunately, pharmaceutical research and development is costly and one of the most controversial industry practices is marketing. Critics routinely complain about drug ads, especially direct-to-consumer advertising (DTCA). Yet, there are five reasons why pharmaceutical marketing helps, not hurts, patients, says Doug Bandow, a senior fellow with the Cato Institute.

For example, drug marketing:

- Provides vital information to patients and doctors; overall spending on direct-to-consumer advertising (DTCA) remains modest -- about \$4.8 billion in 2007, or about 42 percent of total marketing expenses.
- Keeps markets competitive; drugmakers, though possessing temporary patent protection for newly-created medicines, compete vigorously with each other and with other forms of treatment.
- Keeps prices low; the latest numbers (from 2004) that include the cost of drug samples found that the latter accounted for \$15.9 billion of \$27.7 billion in total marketing costs -- in other words, more than half of what is commonly counted as "promotion" actually is a direct patient subsidy.
- Creates better informed patients; patient advocates in Canada's nationalized system also complain about the lack of information available to them.
- Helps improve health outcomes; drug information is particularly useful in reaching people who have not been diagnosed despite having treatable conditions such as diabetes, high cholesterol and hypertension.

One claim by critics is that pharmaceutical marketing causes too many people to use too many drugs. However, there is no clear correlation, let alone evidence of causation, between volume and prices and DTCA spending, says Bandow.

Many other offerings in the marketplace also are complicated and potentially dangerous. Yet, in no other areas, however, do policymakers suggest responding by keeping consumers ignorant, explains Bandow.

Source: Doug Bandow, "Answering the Critics: Five Reasons Why Pharmaceutical Marketing Helps, Not Hurts, Patients," American Legislative Exchange Council, July 2009.

For text:

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