

Chapter 4

Pharmaceutical Promotion: A Literature Review and Research Agenda

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ABSTRACT

The literature on promotional inputs has accumulated over time but continues to be fragmented. While there is a plethora of insights and findings, these are dispersed necessitating a one-stop-shop literature review to cover the ever-increasing research stream. This chapter addresses this gap by organizing and synthesizing the findings of the literature. This review paper covers all the important promotional instruments, such as “free drug samples,” “gifts,” “CME sponsor,” “journal advertising,” and “honorarium.” The chapter develops a novel strategic contribution called “promotional inputs distribution framework,” which gives tips to practitioners regarding promotional inputs; following this framework, salespeople can optimize the promotional cost and increase sales as well. Another novel contribution is the “detailing process” that characterizes the importance of information used to effectively develop the detailing story (or presentation) to physicians. This research also identifies a wider spectrum of research gaps available in the domain to advance knowledge development.

INTRODUCTION

Sales promotion helps increase the sales of products or services. In the pharmaceutical industry, sales promotion is quite different from that in consumer product industries as a majority of the promotional efforts are not directed to end-users but at physicians. Owing to the gatekeeper role of the physicians, pharmaceutical companies concentrate on physicians, promote their products and dispense promotional inputs to them

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Studies have found that there is a strong positive link between exposure of products to a physician and their prescribing behavior (e.g. Kremer, Bijmolt, Leeflang, & Wieringa, 2008; Tsakiridou, Boutsouki, Zotos, & Mattas, 2008) and consequently, promotion becomes crucial for pharma firms. There are other reasons too for a higher level of promotions: fewer number of blockbuster drugs (brands whose sales potential in excess of \$1 billion) in the firm's new product pipeline, pharma firms find it difficult to find new drugs that can sustain growth and to balance the lost revenue, and finally, new products have greater compressed product life cycles (Spiller & Wymer, 2001). Additionally, the systematic literature review performed by Stros and Lee (2015) indicated that in pharmaceutical marketing, the promotion "p" is very important, perhaps more important vis-à-vis the other Ps (such as price, product and physical distribution) of marketing. Not just review studies, empirical studies too have concluded that promotion is vital in pharma. For instance, the study performed by Hurwitz and Caves (1988) states that "the pharmaceuticals industry promotes its products heavily" (p.302) and these promotion efforts can help differentiate products, enhance brand loyalty, and check price competition (Rizzo, 1999). Thus, an important role of promotional inputs is to help to build brand equity (Osinga, Leeflang, Srinivasan, & Wieringa, 2011).

Building the brand is vital to a firm's success, due to a large number of drugs available for prescriptions. Hence, branding can play a leading role in product differentiation (Moss, 2016). Branding is critical in the pharmaceutical industry as it creates and enhances the awareness of the brand and further helps in generating a competitive advantage. The development of brand name is primarily of two types; either originating the name from the generic name (e.g. the brand name "Amoxil" from Amoxicillin) or with no association with the generic name (e.g. Zantac is the brand name of Ranitidine) (Sudovar, 1992). Branding coupled with the marketing process can provide information about products that helps create a distinction for the brand among the competitors of that product category. However, the product positioning of a drug will depend on its characteristics such as indications for which the drug is used, safety, efficacy and tolerability (Schuiling & Moss, 2004). Pharma companies need to find methods to communicate the benefits of the drug to the customers and this can be usually accomplished by a mix of promotional inputs such as detailing, advertisement in the medical journal, conference participation, continuing medical education (CME), symposium, drug sample, etc. (Nath Sanyal, Datta Saroj, & Banerjee Asok, 2013). Thus an assortment of promotional inputs dispensed to a salesperson can help build the brand. In general, in other industries, brands can be built with a combination of advertising and sales promotion. Further, in almost every industry, advertising is targeted at the consumer and sales promotion at both the consumers and the trade. However, a unique feature of the pharma industry is that advertising targeting the consumer is banned with the exception of 1-2 countries. The physician plays a very powerful role, much more than say the role of a plumber in choosing a brand of bathroom equipment. Hence, promotions too are targeted almost exclusively at the physician. Additionally, firms spend billions of dollars developing a drug. Hence, its brand needs to be built and reinforced. The only way of building the brand (apart from its performance) is by giving promotional inputs to physicians.

Broadly, pharmaceutical drug companies engage in two methods of promotion, one approach aims at physicians (direct-to-physician or DTP) and the other direct-to-consumer (DTC) or end-users. The DTC approach uses a pull strategy operating directly on end-users and a significant departure from the traditional form of promotion (i.e. DTP). For example, DTC advertising is directed to customers through media like television, newspapers, radio, the internet, and outdoor advertising and so on. Studies (e.g. Gilbody, Wilson, & Watt, 2005) have indicated that DTC advertising has led to an increased number of prescriptions for the advertised product. DTC promotions can influence the patients to ask for specific brands with their physicians and subsequently, they are forced to prescribe these brands. In the USA, there

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