

# Ethical marketing strategies in the pharmaceutical industry



Ethical marketing refers to the application of marketing ethics into the marketing process. Ethical marketing generally results in a more socially responsible and culturally sensitive business community. The establishment of marketing ethics has the potential to benefit society as a whole, both in the short- and long-term. Ethical marketing should be part of business ethics in the sense that marketing forms a significant part of any business model. Marketing strategy can be arranged into five categories, (1) Physicians-targeted promotions, (2) direct-to-consumer advertising, (3) unethical recruitment of physicians, (4) researchers' conflicts of interest, and (5) data manipulation in clinical trials. Drug companies' promotions subconsciously influence physicians' prescription patterns. Heavy advertising to consumers results in more prescriptions being written, whether or not the new drug is in the best interests of patients, and therefore strongly correlates with sales increases for the promoted new drug.

It has been estimated that pharmaceutical companies spend Rs. 7 Billions every year prompting their product to Physician in Pakistan. Although pharmaceutical marketing strategies are primarily directed toward practicing physicians and residents, medical student are targeted as well. The goal of this study is to asses the importance of ethical marketing strategies of pharmaceutical industry in Pakistan. A questionnaire is design to assess the attitudes of Doctors and pharmaceutical professionals about pharmaceutical promotion, including the acceptability of receiving various gifts, foreign and local sponsorships, and incentives. In this study, Pharmaceutical market will be direct variable, marketing strategies will be indirect variable where as doctors and Pharmaceutical representatives will be population. The scale will

use from strongly agree to strongly disagree. Total 180 Questionnaire will be distributed by the researcher. Rresearcher will elaborate here the different choices of methodology that have been adopted in this research paper.

Research-findings based on data analysis will be discussed in general and exclusively. Finally conclusions and recommendations will be made accordingly.

## **Problem and Its Background**

### **Introduction**

Mark Twain once remarked: “ Always try to do the right thing. It will surprise a lot of people. And it will astonish the rest.”

There has long been a close relationship between physicians and the pharmaceutical industry. It has been estimated that 85-90% of doctors in Pakistan see to pharmaceutical representative. These representatives often visit physician offices to discuss their products, provides free samples, and offer gifts. According to industry estimates, pharmaceutical promotional expenditure in Pakistan amounted to Rs. 7 Billions in 2009. Approximately 25% of this amount was spend on detailing to doctors, 4% on hospital detailing, 2% on journal ads, 56% on samples, and 12. 5% on direct-to-consumer advertisement.

The precision and the worth of drug advertisements has been the subject of debate for more than a century now. According to World Health Organization’s (WHO) criteria for medicinal drug promotion, “ promotion refers to all the informational and convincing activities of manufacturers and

distributors, the effect of which is to encourage the prescription, supply, purchase and / or use of medicinal drugs". Drug promotion and marketing make up a very large part of the activities of pharmaceutical companies in Pakistan. For the drug promotion, in addition to other activities, companies usually use the written material supposedly showing all the good and bad aspects about the concerned drug. These advertisements can be highly informative as long as they are critically appraised. However, when these are accepted without any question, can contribute to illogical prescribing. Ideally, drug promotional literature should provide health care professionals with considerable information. However, the information contained in promotional material may be inadequate or altogether inaccurate. Undoubtedly, the pharmaceutical promotional activities have powerful influences on prescribing behaviour of the doctors although this influence may be more hidden rather than explicit.

Being a member state of the United Nations Organization, efforts to regulate drug promotions in Pakistan were also initiated with the proliferation of the Drug Licensing, Registering and Advertising Rules by the Ministry of Health, Government of Pakistan. However, there is no mechanism to monitor the drug promotional campaign by pharmaceutical industry in Pakistan despite the fact that there is enough evidence that logical drug utilization problems are increasingly encountered even in developed countries due to unethical practices of pharmaceutical promotion. Since promotional activities influence the prescribing behaviour of the health care providers, it is of utmost importance to critically analyze the claims made in the promotional material of the drugs. Internationally, aspects of contents in pharmaceutical

advertising pertinent to evidence based decision-making have been studied. The extent to which pharmaceutical companies promote the merits of their products and whether such claims are supported by evidence, has not been studied in Pakistan. The results of the present analytical study show that unethical and biased claims regarding the medicinal products are uncontrolled in Pakistan. These drug promotions influence the prescribing behaviour of the General Practitioners, Consultants thus accounting for one of the potentially major causes of illogical prescription.

Pakistan Medical Association has developed Ethical Code of conduct for Doctors and pharmaceutical organizations but are not followed by National companies. All Multinational organizations in Pakistan are following the Pakistan Medical Association (PMA) code of conduct and International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) code of conduct. The International Federation of Pharmaceutical Manufacturers & Associations is the global nonprofit NGO representing the research-based pharmaceutical, biotech and vaccine sectors. All the Multinational pharmaceuticals companies running in Pakistan are members of this NGO and bound to follow the code of ethics.

### **Definition of Construct**

Ethical Marketing Strategies in pharmaceutical industry are the tools and techniques to sell medicines ethically. The strategy must be such that it doesn't not influence the decision making criteria of doctors.

## **Background Information**

The researcher is working as Field Manger in Roche Pakistan Ltd since last three and half years. Roche Pakistan Ltd is a member of Halfman La Roche Basel, a Switzerland research based multinational organization that is running its businesses in more than 70 countries of 6 continents of the world. Halfman La Roche started it business in 1886 from Basel Switzerland from multivitamins medicines to new innovative biotechnology products. In 1946 they discovered metabolic and antibiotics product. In 1980, they discovered anxiolitic and psychiatric medicines. In 1990's, they discovered cancer and hepatitis medicines. Now Halfman La Roche Basel has discovered 100 more molecules that are in different phases of clinical trails for different diseases. Roche Pakistan Ltd started its operation in Pakistan in 1982. Initially they imported their products and sell in the Pakistan Market but they started their manufacturing in Pakistan in 2001. Now Roche Pakistan Ltd selling its product in 8 segments in Pakistani pharmaceutical market that are;

- Hepatitis
- Cancer
- Transplant
- Anaemia
- Antibiotics
- Antihypertensive
- Metabolic Diseases
- Diagnostic

Halfman La Roche is at 4th ranking world wide in pharmaceutical industry and is Market leader in Hepatitis, Cancer, Transplant and Anaemia, Metabolic  
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diseases and Diagnostic. The annual sale is CHF. 49051 Millions grew by 10% and operating profit in 2009 was 15012 Millions that grew by 6%. Roche is invested CHF. 9874 Millions on R&D in 2009. The free cash flow in 2009 was 8893 that was 79% more than 2008. The total employee of Roche are 81507. Out of them 80115 are permanent.

The Sales contribution is more from US that is 38% than West Europe that is 28%.

Since pharmaceutical marketing activities influence the prescribing behaviour of doctors, it is of utmost importance to critically analyze the claims made in the promotional material of the drugs. The extent to which pharmaceutical companies promote the merits of their products and relevant clinical trails provide to doctors are not studied in Pakistan. The results of the present analytical study show that unethical and biased claims regarding the pharmaceutical products are uncontrolled in Pakistan. These drug promotions influence the prescribing behaviour of the General Practitioners, Consultants thus accounting for one of the potentially major causes of illogical prescription.

Roche Pakistan Ltd is a Member of IFPMA and PMA and follow their ethical business guidelines to sell its products. Roche Paksitan Ltd is at 6th ranking in Pakistan Pharmaceutical Market and its annual sale is Rs. 5. 2 Billions in 2009 in Pakistan.

## **Problem Statement**

**Unethical Marketing strategies effect the prescribing habit of doctors that can lead to serious life threatening results for patients.**

## **Research Questions**

- Research Q 1: What Ethical Marketing Strategies formulated for business in pharmaceutical industry?
- Research Q 2: What type of studies should be formulated?
- Research Q 3: what are the Marketing strategies that effect the decision making criteria of doctors.?

## **1. 6 Research Objectives**

- To find out the problem associated with unethical marketing strategies in pharmaceutical industry.
- To enlist the ethical strategies that will not effect the decision making criteria of doctors.

## **Hypothesis**

- Ho: There is no relationship between ethical marketing strategies and unethical marketing strategies.
- H1: There is relationship between ethical marketing strategies and unethical marketing strategies.

## **Scope and Limitations of Study**

### **Scope of the research:**

As this research will be carried out with in single organization that is Roche Pakistan Ltd, based on the population from the different pharmaceuticals



representative and doctors so the targeted low population narrows down the scope of the study.

### **Limitations:**

Following limitation may also be observed during the research procedure and methodology adopted in collection of data from the resources within the organization:

- Data will be collected only from those respondent who directly and indirectly involved in the decision making process at different levels.
- Researcher may have limited access to all authorities in respondent.
- Respondent may not responded answer due to tight schedule
- Respondent may not have proper information about variable and their relationship.
- respondent personal liking and disliking may create some biasness.
- Respondent may feel hesitation while attempting to questions
- Respondent may have personal reservations in responding to some questions relevant to their field or job.
- As the population under study is lessened to 132 respondent only, hence the scale of the study is restricted.
- Due to inadequate time, Research may cover and pass influential information only
- Data will be collected by the researcher himself.
- It is not possible to cover all variables.

## **Significance of the research**

The study will explore that how the marketing strategies effect the decision making process of healthcare professionals. This research will also helpful to understand the importance of ethical marketing strategies. It will elaborate the impact of ethical marketing strategies on patients life.

Moreover another aspect of this study is to elaborate the significance of ethical pharmaceutical strategies for doctor, pharmaceuticals industry and patients.

It will assist to confirm that following the ethical marketing codes in pharmaceutical industry not only save the cost of patients but also life. It will also increase the moral and dignity of doctors also.

## **CHAPTER 2**

### **Literature Review**

Ethical marketing is the application of marketing ethics into the marketing process (Patrick, 2005).

Ethical marketing generally results in a more socially responsible and culturally responsive business community (Eugene, 1978).

Pharmaceutical strategy can be arranged into five categories (Brownlee, April 2004).

Heavy pharmaceutical promotional activities to doctors results in more prescriptions being written (Elliott, Oct 2004).

It has been estimated that 85-90% of doctors in Pakistan see to pharmaceutical representative (Gutknecht, 2001).

pharmaceutical promotional expenditure in Pakistan amounted to Rs. 7 Billions in 2009 (Gutknecht, 2001).

(WHO) criteria for medicinal drug promotion, Marketing Strategies by Pharmaceutical companies is to encourage the prescription, supply, purchase and / or use of medical drugs, (WHO 33rd World Health Assembly, May 1986).

The pharmaceutical promotional activities have powerful influences on prescribing behaviour of the doctors although this influence may be more hidden rather than explicit. (Lexchin, 1999).

There is no mechanism to monitor the drug promotional campaign by pharmaceutical industry in Pakistan (Lober, 1993).

Pakistan Medical Association has developed Ethical Code of conduct for Doctors and pharmaceutical organizations ([www.jpma.gov.pk](http://www.jpma.gov.pk)).

International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) has developed code of conduct for pharmaceutical organizations. ([www.ifpma.org](http://www.ifpma.org)).

The strategy must be such that it doesn't not influence the decision making criteria of doctors. (Lober, 1993).

Roche Pakistan Ltd is a member of Halfman La Roche Basel (www. roche. com).

The annual sale of Roche is CHF. 49051 Millions and operating profit in 2009 was 15012 Millions. Roche is invested CHF. 9874 Millions on R&D in 2009. (www. roche. com).

In 2002, the pharmaceutical industry spent \$15. 63 billion on promotions, which include free office supplies, all-expenses-paid events, sales representatives, and awards to physicians (Parker, 2003).

A 10-year study of internists at seven university hospitals, published in 1990, found that frequent contact with sales representatives also changed prescription practice (Israel, 2003).

New drugs are not time tested; their long-term effects are unknown; many patients who can be just as effectively treated with less expensive, older drugs are risking their health when using newer drugs (Elliott, 2004).

Dr. Drummond Rennie, Deputy Editor of the Journal of the American Medical Association, stated, “ I suppose I had about 20 at one time” (Spears, 2003,).

Brett and Colleagues found that physicians make distinction about the ethical acceptability of drug company gifts ( Brett, 2003).

Drug information provided by pharmaceutical representative and drug advertisements are inaccurate ( Wilkes, 1992).

Medical practitioners are dependent on the pharmaceutical industry for much of their drug information in Pakistan (Ahmad, 1990).

Unethical practices regarding the medicinal drug promotion are uncontrolled in Pakistan and it is suggested that physicians should be careful and decisive in assessment of advertised claims of greater efficacy, safety or convenience made by the pharmaceutical companies (Ahmad, 1990).

Gifts

DinnerNetwork Diagram

Samples

Pharmaceutical

Market

Doctors

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International Trip

Clinical Trails

Cash

Chapter 3

## **Research Methodology**

In order to answer the research questions mentioned in chapter 1, researcher will elaborate here the different choices of methodology that have been adopted in this research paper.

For historical viewpoint, I will conduct a Qualitative (content based) study of the previous researches on the role ethical marketing strategies in pharmaceutical industry. For present view, I will conduct a Quantitative (based on survey) analysis.

### **3. 1 Population**

In the given research study, the population will be all employees of “ Roche Pakistan Ltd, Doctors of Medical Unit Sir Gangaram Hospital Lahore.

### **3. 2 Sample**

The sample will consist of both males and females, Seniors and Juniors Doctors, pharmaceutical representative. According to the designations of the respondents their qualifications, professional experience, age will vary.

### **3. 3 Sampling Technique/Strategy:**

In order to select the sample from the target population i. e. Roche Pakistan Ltd, Sir Gangaram Hospital Lahore, “ Non-Probability Convenience (purposive)” sampling technique will be used.

### **3. 4 Sample Size**

For the present study sample size will consist of 132 respondents (Pharmaceutical Representative, Doctors and Chemist).

### **3. 5 Survey Instrument**

A questionnaire (English language) will be designed to collect the required Information. All the questions will be close-ended. A Cover letter to highlight the purpose of the study and instructions to fill the questionnaire, and a Demographic Data Sheet will be prepared and attached with the Questionnaire as well.

### **3. 6 Data Collection**

The data for the proposed study will be collected through self-structured questionnaire. The questionnaire will be circulated, explained and collected by the researcher himself. The questionnaire will be based on “ Likert Scale” and will have five levels of responses against every question from the respondent. Since the company contains different hierarchies of employees and management so the respondents will be categories and manipulated accordingly. The five levels of

responses will be:

1. Strongly Agree
2. Agree
3. Undecided/ Neutral
4. Disagree
5. Strongly Disagree

### **3. 7 Pre-Testing**

Before the full scale administration of the questionnaire it will also be pre-tested on a very small segment of the population (10-15 respondents) so that any ambiguity in any question/s can be dealt with.

## **CHAPTER 4**

### **Data Analysis and Interpretation**

Available research soft ware for social sciences i. e. SPSS. Will be uses for analysis on Data collected for the proposed research study. Statistical and Arithmetical formulae Correlation or Regression will be applied as per demand and need of the study. Statistical tables and graphs / figures will also be obtained / drawn if needed.

## **CHAPTER 5**

### **Findings, Conclusions and Recommendations**

In order to achieve the basic purposes and objectives of the proposed research study, research-findings based on data analysis will be discussed in general and exclusively. Finally conclusions and recommendations will be made accordingly.