Chapter 9

Product Placement in the Pharmaceutical Industry: The Case of Sinemet in ER

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ABSTRACT

While physician-oriented marketing remains the largest factor in drug advertising and direct-to-consumer advertising has increased its budget during the last few years (IMS Health, 2001), pharmaceutical brands are exploring new ways to target consumers in a softer way. Product placement in entertainment media allows the promotion of brand drugs in a natural and entertaining context. Using a case study methodology, this chapter analyses the use of product placement of a brand drug (Sinemet) in the television series ER (NBC). To do so, first of all product placement definition and main marketing goals are provided. Then the authors address the legal framework of product placement for brand drugs in television series. Using parasocial attachment theory (Russell & Stern, 2006) and meaning transfer theory (McCracken, 1986) the relationship between actors, brand drugs, and spectators is analyzed. The type of placement and expected outcomes of brand drugs product placement are also analyzed.

1. INTRODUCTION

The pharmaceutical industry is the sector that achieves the highest profits in the United States. Furthermore, it spends the most, above other sectors such as automotive or food. In the United States, 3,000
millions of prescription drugs are sold every year (an average of 11 per capita), which means an expenditure of $117 billion a year on drugs, so it is a sector in which huge sums of money are involved (Moore, 2006).

It is worth recalling that the U.S. health care system is totally private, and the patient must pay, except in a few exceptions, a private health insurance policy (Alandete, 2012). There are basically two types of policies: the so-called health maintenance organization (HMO); and the one based on the system defined as preferred provider organization (PPO), whose members are free to go to the doctor or hospital they want as long as that doctor or hospital is associated with the insurance, having only to pay a copayment each time. That is, medicines are not fully covered by the state and you must always make a copayment when going to the doctor or purchasing a drug. This results in the average U.S. family spending €11,426 a year on the health insurance policy, bringing a total of €250 billion, according to figures from the federal government in 2012.

In connection with these striking figures, it is worth noting that the average price of drugs has risen steadily to double in the last 10 years. This large increase is primarily due to the expenditure made by pharmaceutical companies on promoting their products while advertising spending has tripled from 1996 (Moore, 2006). In 2003, the pharmaceutical industry spent $25.3 billion on promoting their products (PhRMA, 2004). Merck Laboratories spent the remarkable figure of $160 million on advertising its well-known anti-inflammatory Vioxx. This COX-2 inhibitor is just the first of the 50 most heavily advertised prescription drugs in the U.S. in 2000. Other well-known drugs such as Celebrex or Prozac were also among the most prescribed and also the most advertised. Note that the 50 most prescribed drugs, including Celebrex and Prozac, accounted for nearly 50% of the increase in promotional spending. The rest of the expenditure was for the other 10,000 prescription drugs, which receive poor promotion, if any. Significantly, the 50 most promoted drugs were also the ones whose prescriptions increased the most (25% over the previous year) while prescriptions for the other 10,000 less promoted drugs grew by less than 5%. This seems to suggest that the most advertised medicines are also the most prescribed and the most sold, thus it can be concluded that promotion is a key element of success in the pharmaceutical industry. In fact, a pharmaceutical company like Pfizer spent 39% of its income (amounting to $30 billion) on advertising, marketing and administration, compared to 5% allocated to developing new drugs. This is why, even though the pharmaceutical companies emphasize that there is no direct connection between advertising and the increase in sales of their drugs, they have been accused of contributing significantly, through advertising, to increase the pharmaceutical expenditure in the U.S., since patients who pay attention to this kind of advertising, particularly on television, in some way, put pressure on doctors to prescribe drugs that are in fashion, or those which people talk about (Espino, 2001).

The spending on drug promotion makes sense if taking into account the market opportunities that the industry has in that country. It is interesting to point out the different legal options these big pharmaceutical companies have when promoting their products in different countries, as they vary significantly. Only in the U.S. (though also in New Zealand) is it allowed to perform what is known as direct-to-consumer advertising (DTCA). In fact, it has never been prohibited by law, and this allows pharmaceutical companies to advertise the product anywhere, even if it is a prescription drug.

This chapter aims to analyse the use of product placement by the pharmaceutical industry. In doing so, we first analyse the main marketing communications tools used by the pharmaceutical industry. Then we analyse the increasing use of product placement by the pharmaceutical industry providing relevant examples in television series. Finally, a case study is presented: the use of product placement in the television series ER (NBC) by pharmaceutical giant Merck.
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