Chapter 17

A Cluster Analysis of Physician’s Values, Prescribing Behaviour and Attitudes towards Firms’ Marketing Communications

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ABSTRACT

In this paper, the authors present an exploratory research on the associations between physicians’ personal values with physicians’ prescribing criteria and preferred marketing communications. The research involved extant marketing research and primary data collection. The resulting quantitative research instrument was then administered to a sample of 69 physicians, yielding a 69% response rate. All but the demographic measures were tapped by 5-point scales and a series of factor and reliability analyses assessed unidimensionality and reliability of research constructs. A series of ANOVAs and Tukey tests depicted the differences among three clusters. Implications are that physicians’ personal values may be a meaningful basis of segmentation for the pharmaceutical market, and findings may be useful for both marketing strategy planners and researchers examining physicians’ prescription behavior and attitudes towards firms’ marketing communication efforts.

INTRODUCTION

Contemporary marketing scholars show an ever-growing interest in studying physician perceptions on various pharmaceutical companies’ communication efforts, i.e., direct-to-consumer communication, company-physician communication and detailer-physician communication, among others (Mukherji, 2004; Wieringa et al., 2004). The primary reason is that the global market of pharmaceutics is large, growing, and competitive. Indeed, the IMS World Review tracks global pharmaceutical sales of approximately $773.1
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billion in 2008. The same report estimates that the global pharmaceutical market will grow 6% in 2009, a pace similar to 2008, with sales surpassing $820.0 billion (www.encyclopedia.com/doc/1G1-150901578.html).

Specifically in Greece, pharmaceutical sales of prescribed medicines (Prescribed Only Medicines-POMs) rose to €7.5 billion, in 2008, depicting an annual growth rate of 10% which is the highest when compared to the rest European countries (http://www.bpi.de/userfiles/file/download/phar-madaten_2009_en.pdf). This amount accounts for 16.3% of total health care expenditure, which is quite close to the E.U. countries’ respective average of 17.3%.

At the same time, given the rising competition and deregulation of pharmaceutical market worldwide, there has been explosive growth in pharmaceutical marketing costs. In Greece only, during 2008, advertisement expenditure of OTC (Over The Counter) pharmaceutical products reached €52.5 million, accounting for 7% of total pharmaceutical sales. This is quite high, compared to the pharmaceutical Direct-to-Consumer (DTC) expenditures worldwide, which covers both OTC and POM medicines, accounting for 1.5% of pharmaceutical sales for 2008. Although that advertisement is allowed only for OTC medicines, however it may act as an indicator of increasing marketing expenditures for both OTC and POM medicines, in order to cope with enhanced competition, mainly due to the escalating growth of generic products. Indeed, the market for OTC healthcare in Greece increased at a compound annual growth rate of 8.7% between 2003 and 2008, which is approximately similar to the 10% average annual growth of the market as a whole (http://www.researchandmarkets.com/reports/1195165/).

Given the above, there is an increasing pressure, both in Greece and worldwide, for justifying marketing expenditures and measuring marketing efforts in the pharmaceutical industry. The marketing strategies employed in the pharmaceutical industry sharply contrast with those typically adopted in other markets. One of the primary reasons for this difference is that in the prescription medicine market there is a distinct breach in the traditional buying decision process: The decision maker is the physician, who chooses among an array of medicine alternatives, but the buyer is the patient who takes the medicine and ends up paying (i.e., either out of pocket, or through health insurance coverage) for the choices made by the physician. In this vein, the marketing of prescriptive medicines calls for variation from the traditional marketing practices studied so far. The marketing literature is replete with examples in which the chooser is not the user. Organizational buying, toy purchasing, and textbook buying provide examples of situations in which the decision maker is necessarily different from the user (Kotler, 2000). However, the major deviations from the aforementioned examples are that prescriptive medicine market is highly regulated (i.e., top prices and shopping outlets are approved by the government) and traditional advertisement is not legally permitted. The implication is that marketing communication efforts lean primarily towards interpersonal communication, which is served by the companies’ representatives, i.e., the detailers and secondarily to customer-group communication, which is accomplished through medical conferences. The detailers also use sampling as sales leads for the promoted medicines (Gonul et al., 2001).

Academics have had a long-standing interest in understanding the effectiveness of marketing activities. A big part of marketing literature focuses on the influence of advertising costs on price elasticity and diffusion of new medicines, the impact of detailing (i.e., personal selling) and promotion efforts on physicians’ prescription behaviour, the role of marketing mix interactions on pharmaceutical expenditures, the relationship of consumer characteristics with prescription medicine advertising, just to mention few of them.
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