



Branding the Cure

A consumer perspective on Corporate Social Responsibility, Drug Promotion and the Pharmaceutical Industry in Europe

Executive Summary

The project

Why do consumers care about the corporate ethics behind the medicines they consume? Are the grand claims of responsible behaviour asserted by the pharmaceutical giants genuine, or another disappointing show of corporate savvy in masking ethically questionable behaviour?

These are some of the questions Consumers International (CI) and its consortium of partners sought to address via the Media Network for Corporate Social Responsibility (CSR) and Sustainable Consumption (SC). Through this project, initiated in 2005, CI and several of its member organisations teamed up with the International Consumer Research and Testing organisation (ICRT) to investigate the validity of industry claims about CSR in the context of drug promotion. CI members examined drug promotion practices in the Czech Republic, Denmark, Finland, Greece, Hungary, Portugal and Slovenia.

The project was financially supported by the European Commission's Directorate General for Employment, Social Affairs & Equal Opportunities.

What does CSR mean for consumers?

CSR includes business activities beyond profit making, to protecting the environment and workers, being ethical in business operations and being involved in the local communities in which companies work. It should be stressed that from the consumer viewpoint, CSR refers to respect for consumer rights through responsible company behaviour, and not to philanthropy alone. Cross-cutting operational aspects like transparency form an important part of CSR policies as well.

CI believes that media reporting of CSR issues is vital to consumer confidence in company claims of socially responsible business practices. A large part of public opinion on CSR is shaped by the media, whether through positive or negative portrayals of company behaviour. In addition, phenomena such as 'brand loyalty' indicate consumers are susceptible to having their attitudes and behaviours shaped by the media. This project harnesses the influential potential of consumer media to sustain public dialogue on CSR. In doing so, the project is an innovative

step in improving consumer engagement on the issue of CSR.

The problem

Pharmaceutical companies are major stakeholders in the global health agenda. In 2005 total global pharmaceutical sales grew 7% at constant exchange rates, to \$602 billion.¹ Virtually all drugs used by patients reach markets through promotion by a small number of corporations who have a tremendous impact on global health. Consumers have therefore identified drug promotion as a priority CSR issue.

However, existing CSR reporting mechanisms are extremely varied among companies, codes of conduct are not thoroughly implemented and enforced, and the information for consumers is incomplete or inaccessible.

The case of drug promotion highlights an emerging crisis of legitimacy for the concept of CSR. If barriers to transparent and verifiable information persist, the consumer movement – like other stakeholders – will begin to lose faith in the CSR dialogue. This potential outcome will be a major roadblock to understanding the role of CSR in addressing key global problems, especially in the health sector.

The research

Specific issues covered in the project were:

- company transparency in reporting on marketing budgets
- medical sales representatives visits to health professionals and their distribution of free drug samples
- gifts, payments and hospitality to health professionals
- appropriate use of promotional materials
- direct-to-consumer advertising (DTCA)
- disease awareness campaigns

- sponsoring of patients' groups
- competition
- post-marketing research.

The companies studied included: Abbott, AstraZeneca, Adirall Prodesfarma, Bayer, Boehringer-Ingelheim, Bristol-Myers Squibb, GlaxoSmithKline, Johnson & Johnson (J&J), Lilly (Eli), Lundbeck, Menarini, Merck Sharp Dohme, Novartis, Novo Nordisk, Nycomed, Orion Pharma, Pfizer, Roche, Sanofi-Aventi, Schering AG, Schering-Plough and Wyeth.²

Main findings

Limited transparency in reporting CSR information

Evidence from the project shows limited transparency among the companies studied. For instance, Orion Pharma was the only company that provided information on the specific composition of its marketing budget. Similarly, data on staff composition was only available for a handful of companies. Only two companies, GlaxoSmithKline and Novartis, report the number of confirmed marketing code breaches and resulting sanctions.

New marketing tactics may not be to consumers' benefit

In Europe, EU legislation does not permit the marketing of prescription drugs to consumers directly. For prescription medication, pharmaceutical companies are now using alternate pressure points to doctors, such as patient groups, medical students and pharmacists, coupled with new tactics, particularly using internet chat groups and drug or disease information websites, to market their products. There is generally little guidance for staff on the ethical considerations that need to be respected when using such forums for marketing.

Other techniques involve providing health and illness information via pamphlets, magazine articles etc, without the company actually

promoting a specific product directly to the consumer or health practitioner. This type of 'nice-and friendly' marketing is often disguised as corporate social responsibility, and has been shown to create a subtle need among consumers to demand drugs for the diseases on which information is provided.

Breaches of regulations and CSR codes occur with regular frequency showing weak industry self-regulation

Large numbers of serious, recent and repeated breaches of marketing codes were found, especially regarding prescription drug advertising. The current regulatory framework is clearly insufficient to prevent systemic violations of marketing regulations, and to ensure the highest possible level of consumer protection.

Furthermore, the overall lack of documented approval procedures for drug promotion is conspicuous. Nineteen of the twenty companies are obligated under the European Federation of Pharmaceutical Industries (EFPIA) Code of Practice on the Promotion of Medicines to clear all promotional materials before they are released. Despite these obligations however, only four companies (AstraZeneca, Bristol-Myers Squibb, Novartis, and Roche) describe clear corporate procedures for the approval of all promotional materials. Such examples show that industry self-regulation of drug promotion is weak and is generally inadequate to protect consumers from potentially misleading claims.

Recommendations

CI asserts that all relevant stakeholders, but particularly governments and the pharmaceutical industry, must act immediately to address the persistent roadblocks to consumer sensitive and socially responsible drug promotion. Specifically, collective action by consumer organisations, government authorities, the EU and the pharmaceutical industry is required to:

- 1) Develop uniform guidance and indicators for CSR reporting on drug promotion
- 2) Ensure industry compliance with existing CSR codes, norms and regulations
- 3) Bolster existing codes with stronger guidance on drug promotion tactics involving the internet, patient groups and disease awareness campaigns
- 4) Implement alternatives to a pure self-regulation framework for drug promotion
- 5) Dissolve veiled relationships between pharmaceutical companies and health researchers.

The concluding chapter of the report recommends further follow-up actions for key stakeholders.

Global action

Consumers International (CI) will continue to demand responsible corporate behaviour and respect for consumer rights. This year, CI has already used findings from this project to support its international work in the areas of health and corporate social responsibility.

International Organisation for Standardisation (ISO) Meeting: Lisbon, 15-19 May, 2006

CI participated in this meeting to contribute to the creation of the first global standard on Social Responsibility (SR). Our work at the meeting showed that consumer organisations would not ignore industry pressure to restrict media access to the ISO-SR process. Transparency in SR is a major consumer concern and the media play a key role in sensitising consumers to CSR issues. Using our research on the pharmaceutical industry, CI made clear why granting media access would enhance the transparency of the ISO-SR process.

World Health Assembly: Geneva, 22-27 May 2006

At this event, CI worked to generate support for resolution EB117.R13 "Global Framework on

Essential Health R&D”, introduced by the governments of Kenya and Brazil. The resolution would create an intergovernmental working group to draw up a strategy and an action plan that would guide future work on innovation and public health. CI’s briefing paper for the event was based on our research on the pharmaceutical industry. It stressed that if adopted, this timely resolution will positively impact the rights of consumers to make health choices that are not biased by information gaps or corporate agendas. Key civil society partners such as Health Action International (HAI- Europe) and Médecins Sans Frontières (MSF), and CI members including the Consumer Project on Technology (CP Tech) were also very supportive of the resolution. Ultimately, the resolution was approved by the Assembly and commits the 192 member states to making research and development (R&D) of medicines consistent with public interest needs a priority.

Additional project materials can be downloaded from the CI website:

www.consumersinternational.org/pharma

These include:

- The full report *Branding the Cure: A consumer perspective on Corporate Social Responsibility, Drug Promotion and the Pharmaceutical Industry in Europe*
- Press releases and briefing papers
- A technical report on the drug promotion context in developing countries
- Background notes on drug promotion topics such as the prevailing regulatory regime in Europe, key CSR issues, what CSR means to consumers and more
- Profiles of pharmaceutical companies
- Media articles on drug promotion published by European consumer magazines.

Footnotes

¹ Source: IMS Health: http://www.imshealth.com/ims/portal/front/articleC/0,2777,6599_3665_77491316,00.html

² In some cases, reliable comparative data for specific companies was not publicly available. Where possible, such information gaps have been noted in the accompanying reports.

To read the full report, please visit:
www.consumersinternational.org/pharma

Consumers International (CI) is a federation of consumer organisations dedicated to the protection and promotion of consumers’ interests worldwide through institution-building, education, research and lobbying of international decision-making bodies. It was founded in 1960 as a non-profit organisation, and currently has over 230 members in 113 countries.

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