Regulating Advertisements: The Case of Smoking Cessation Products

This research was supported by Award # R01 CA094020-01 from the National Cancer Institute, and an unrestricted educational grant from The Merck Company Foundation, the philanthropic arm of Merck & Co. Inc. Andrew Sfekas provided excellent research assistance. Helpful comments on earlier drafts were provided by Steve Lehrer, participants at the University of Pennsylvania Leonard Davis Institute Seminar Series, and participants at the health economics seminar at the London School of Hygiene and Tropical Medicine. The usual disclaimers apply.

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Abstract

In this paper we investigate how direct-to-consumer (DTC) advertising of pharmaceutical products is affected by regulations of the Food and Drug Administration (FDA) and by market conditions. We focus on a relatively under-studied segment of the pharmaceutical market – the market for smoking cessation products. Because of their proven effectiveness, these products could be the key to meeting public health goals to reduce smoking. However, in many ways, smoking cessation products have been more heavily regulated than cigarettes. Our empirical analysis uses data on advertising expenditures and data from a unique archive of print advertisements. The archive includes all smoking cessation product advertisements, cigarette advertisements, and public service anti-smoking advertisements that appeared in over 7,000 issues of 14 magazines between January 1985 and December 2002. Our study period begins when the first nicotine replacement product was introduced, and covers the evolution of the market as new products are introduced while some of the older products move from prescription to over-the-counter (OTC) status. OTC status eases the disclosure requirements imposed on advertisements of prescription pharmaceuticals, substantially reducing the costs of a print advertisement. Our preliminary results suggest that OTC status is associated with an increase in advertising expenditures and an increase in the number of print advertisements. A current proposal to reduce disclosure requirements on all DTC advertisements of prescription drugs could have similar effects. Our preliminary results also suggest that advertising increases with the introduction of new products and with market competition.