

Case Study Outline Example

Case Study: Drugs Sales for Public Welfare

Introduction:

There are usually numerous sellers in a market, and they are in competition to expand their sales and maximize the profits. In the sense, companies are eager to make effective advertisements that attract more customers; and automatically the customers are exposed to countless commercials. However, it is still controversial to say that there are certain kinds of products that should not be advertised in the market for the whole public interests. The most common example is drug advertising.

The main reason for anti-drug-advertising is that advertising raises drug's cost which can be rather used for enhancing the quality of drug. Considering that drug is the mandatory product which is related to an individual's health, they believe that the government should prevent companies from increasing the drug cost. However, as far as I am concerned, drug advertising benefits customers as well as companies. First, it will give more information about drug. Second, it makes drug market more competitive, which means companies are encouraged to make better products with lower price. Therefore, the advertisement will eventually improve drug quality and public welfare.

Key Learning Points:

Above all, advertising offers buyers information about products. Indeed, the hand-out article clearly mentions that "Sales is a way of making people aware of a product. And such awareness can have a positive impact not only on the company's bottom line, but also, in the case of medicines, on those suffering illness." (Dunn, 2) The book gives a more specific example. A clinical study found that ibuprofen may block the heart-protecting effect of aspirin. Tylenol, which does not contain the chemical, began running a print ad that Tylenol is the better choice than aspirin which can cause older people strokes. (Jamieson, 203) This was part of the company's "unique selling proposition," one way to make profits by differentiating a product from another. However,

customers also enrich from this personal selling approach. They got the information that they would not have known unless the ad alerted that aspirin contained the chemicals which is lethal to certain people. In this sense, the sale of drugs can raise public knowledge, and even save one's life.

Drug sales also raise the product quality and in the long run lowers the product's cost. One of the basic characteristics of advertisements is 'redundancy', which means ads are aired repeatedly, or printed again and again. (Jamieson, 212) Repeated commercial forms buyers' expectations over the product. When a product fails to meet this expectation of customers, they don't buy it a second time; it can even hurry its demise. (Jamieson, 232) Therefore, companies put great efforts to deliver on its advertisers' promises and improve the quality compared to that of their competitors. Anti-drug-advertising crowd might argue that ads will increase the cost of drugs. However, according to the article by Dunn, it is not true. Rather, "advertising and selling generally attracts more customers, which might allow the companies to charge less in anticipation of making more money through increased volume." (Dunn, 1)

Application of Key Learning points to Economic theory and personal experience:

Medical knowledge has been shared by only few experts like dentists or pharmacists. It is hard for general public to get access to medical information. Nonetheless, Economics does play an important role in letting people know about what they are taking for their health. For example, I did not know that there were many kinds of Tylenols depend on ages until I watched the commercial on TV. Without it, I would not know that Tylenol for adults can be too strong for kids, and it is probable that I would give my children just the normal Tylenol for adults in the future. The example shows that consumers can use ads to get essential information about the risks of drugs as well as the benefits.

Moreover, advertising itself has little relationship with the increasing cost of drugs. Rather, increased price of drugs is an issue of monopoly or short-demand of a certain kinds of drugs. For example, over-the-counter drugs are heavily advertised, yet they remain inexpensive. However, some of the prescription drugs that are virtually never advertised to consumers such as Gleevec, a new leukemia drug by Novartis, are much more expensive than the widely advertised

drugs.(Matthews, 1)

Referencing BPSF:

This case fits two sectors of Business Problem Solving Factors (BPSF): Socio/Cultural and Economic. First of all, advertising drug has a great influence in a society and its cultures that change people's attitudes, beliefs, and even lifestyles. With advertisements, consumers are better informed about potential medical conditions they may have and about drugs that could help treat those conditions. As a result, drug commercials encourage public interests over their health problems and, furthermore, the commercials can make well-being trend in health care.

Second, how advertisements benefit both companies and consumers is highly related to the economics. In a competitive market, no participants have market power, which means there is only one price in the market. The perfect competition, however, never happens in reality. Nevertheless, still in a highly competitive market, it is less likely that one particular company can set the price over the market price. Drugs markets are open to customers through advertising. Therefore, customers have more options to buy and companies have to compete against each other. In this sense, advertising actually makes the company hard to raise drug price. Instead, it results with better products at the end.

Conclusion:

All in all, drug advertising provides a helpful public health service. The knowledge earned from drug ads can save lots of victims from overusing or misusing of drugs. Also, a free drug market without government restrictions ends up with better quality drugs with reasonable price.

Works Cited

- Jamieson, Kathleen Hall, and Karlyn Kohrs Campbell. *The Interplay of Influence News, Advertising, Politics, and the Internet (with InfoTrac®)*. Belmont: Wadsworth, 2005. Print.
- Dunn, Wayne, *Advertising is Good Medicine*. 2009.
- Matthews Jr., Merrill. "Prescription Drug Advertising: Problem or Solution?" IPI Center, 9 Jan. 2003. Web