

Online sponsored ad ban has limited impact on consumer access to foreign pharmacies

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Credit: Institute for Operations Research and the Management Sciences

As American consumers turn to online search engines for cheaper prescription drugs from foreign pharmacies, safety and quality concerns arise. In 2010, under compulsion from the Department of Justice, Google agreed to forfeit \$500 million and ban sponsored search advertising by pharmacies that are not certified by the National Association of Boards of Pharmacy (NABP). The ban covered all foreign pharmacies and a few domestics. Within the year, other major search engines followed. But a forthcoming study in the INFORMS journal, *Marketing Science*, a leading scholarly marketing publication,

finds that the ad ban had limited success in reducing access; motivated consumers still gained access to foreign pharmacies through organic search links.

The study, "Banning Foreign Pharmacies from Sponsored Search: The Online Consumer Response," is co-authored by Matthew Chesnes of the Federal Trade Commission, Daisy Dai of Lehigh University, and Ginger Jin of the University of Maryland.

The authors use comScore data of sponsored and organic clicks from 528 of the most relevant health-related queries, which covers around 100 million monthly searches between September 2008 and September 2012. Given the inability to run an experiment with an appropriate control group, Chesnes noted, "For each non-NABP certified (i.e. treated) website, we constructed a "synthetic" control sample of health related non-pharmacy sites that exhibits the same organic click trend as the treated [website](#) before the ban. This way, any difference in clicks between the non-NABP certified site and synthetic control after the ban can be attributed to the ban."

Not surprisingly, the sponsored [search](#) ban reduces visits to foreign websites, but some consumers still access non-NABP certified sites through organic links. Notably, the gain in organic clicks was almost entirely for pharmacy websites certified by other certifications agencies, namely, PharmacyChecker.com and the Canadian International Pharmacy Association (CIPA). Before the ban, these websites received 66 percent of their total clicks from sponsored ads; after the ban, their organic clicks increase by 44 percent of the pre-ban total, thus making up two-thirds of the loss in sponsored clicks. Among drug queries that consumers use to search and reach [pharmacy](#) websites, the greatest shift from sponsored clicks to organic clicks was for drugs that treat chronic conditions, where there is greatest potential for cost savings. Jin said, "Our results suggest that while the ban did make it harder to access

foreign pharmacies, motivated consumers with the greatest cost savings potential are able to find other-certified sites by switching from sponsored to organic links, notably, using queries targeting discount pharmacies."

However, pharmacies with no certification don't see significant increase in organic clicks. Dai notes, "Even though the ban does not eliminate access to foreign pharmacies, the ban does nudge [consumers](#) to avoid completely uncertified pharmacies, where safety and quality concerns are potentially the greatest."

More information: Matthew Chesnes et al. Banning Foreign Pharmacies from Sponsored Search: The Online Consumer Response, *Marketing Science* (2017). [DOI: 10.1287/mksc.2017.1058](https://doi.org/10.1287/mksc.2017.1058)

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