

ARE PHARMACEUTICAL DRUG PRICES JUSTIFIED BY RESEARCH & DEVELOPMENT COSTS?

POLL IN 12 COUNTRIES SHOWS THAT WHAT YOU THINK DEPENDS ON WHERE YOU LIVE

Among Western Countries, for Six in Ten in the U.K, France and Canada, the Cost Seems Justified, But Not in Germany (39%). The U.S. Is in the Middle (47%). 65% in 12 Countries Around the World Believe Benefits of Modern Pharmaceutical Drugs Far Outweigh Risk of Side Effects



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New York, August 12, 2002 — Do consumers feel research and development costs justify the prices the pharmaceutical industry charges for drugs? 45% of global consumers think drug prices are justified because companies need money to research and develop new medicines, while 51% think those prices are not justified, according to a study conducted by Ipsos-Reid.

According to Edward Morawski, Vice-President, Ipsos-Reid Healthcare: “In the U.S., the failure of Congress to pass pharmaceutical drug benefits for the elderly means American consumers may continue to doubt whether pharmaceutical drug prices are justified by research and development costs. In Western countries with a tradition of subsidized medicines, respondents tend to feel drug prices are justified by research and development costs: nearly 6-in-10 in the U.K., France and Canada feel that way. At the other extreme among Western countries is Germany, where fewer than 4-in-10 say research and development costs justify pharmaceutical drug prices. The U.S. is in the middle, and older Americans are the most skeptical about whether or not R&D costs justify pharmaceutical drug costs.”

The Global Express Research Methodology

These international survey research data were collected via Ipsos-Reid’s Global Express, a quarterly international omnibus survey. Fieldwork was conducted between February 20 and March 20, 2002. Data are based on individual surveys taken with a random sampling of adults (18+) across 12 national markets. The target sample size in each country was 500, except for the United States where 1,000 interviews were conducted. Within each country, the survey results can be said to be within ± 4.5 percentage points of what they would have been had the entire adult population been surveyed; ± 3.1 percentage points for the 1,000 sample in the United States. In seven of these 12 surveyed countries, the samples provide full national coverage. In each of these national sample countries the data were collected via randomized telephone interviewing. Door-to-door interviewing was used in the other five countries (Brazil, China, India, Russia, South Africa) where the sample coverage was limited to the largest cities.

In only 5 out of 12 countries surveyed did a majority agree that current drug prices are justified by the cost of research and development. On the positive side, in all 12 countries majorities agree that the benefits of pharmaceutical drugs in treating illness far outweigh the risk of side effects.

Key differences across countries and socio-demographic groups are highlighted below.

Consumers Split on Whether R&D Justifies Drug Prices

- ◆ In Western countries, respondents tend to feel drug prices are justified by R&D costs: U.K. (58%), France (57%), and Canada (57%). The exception is Germany (39%). In the U.S., 47% of respondents feel that drug prices justified, with approval rates going down with age.
- ◆ Among U.S. respondents in the survey, 57% of 18 to 34 year-olds agreed that pharmaceutical drugs prices are justified, while only 44% of 35-54 year-olds and 41% of over 55 year-olds agreed. On a global level, respondents aged 18 to 34 are most likely to feel that drug prices are justified by the funds needed for R&D (52%), while only 42% of older respondents share this point of view.
- ◆ At 61%, urban residents of India are most likely to feel that pharmaceutical drug prices are justified by the cost of researching and developing new drugs. Urban Russia (32%), urban Brazil (35%), and South Korea (36%) are the countries where people are the least likely to believe that drug costs are justified by R&D costs.



Do you agree or disagree: Pharmaceutical drug prices are justified because companies need money to research and develop new drugs

	Agree	Disagree
Urban India	61%	25%
U.K.	58%	38%
France	57%	42%
Canada	57%	43%
Urban South Africa	50%	31%
U.S.	47%	53%
Urban China	46%	47%
Japan	41%	59%
Germany	39%	58%
South Korea	36%	59%
Urban Brazil	35%	62%
Urban Russia	32%	50%

On another question in the survey: Across 12 countries surveyed (see methodology section for complete list of countries), two-thirds (65%) feel that the benefits of modern pharmaceutical drugs in treating illness far outweigh the risk of side effects.

Two-thirds (65%) Believe the Benefits of Pharmaceutical Drugs Far Outweigh the Risks

- ◆ In the U.S, the figure is 64%.
- ◆ Residents of urban India (76%), France (71%) and urban Brazil (70%) are most likely to agree that the benefits of pharmaceutical drugs in treating illness far outweigh the risks of side effects.
- ◆ From a global perspective, men and women both seem convinced of the benefits of pharmaceutical drugs over possible risks (67% of men and 63% of women agree).

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