

Marketing Ethics in Pharmaceuticals: An Indian Case Study of Selected Companies

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Abstract

This study investigates the ethical dimensions of pharmaceutical marketing practices in India through a case study of six selected companies (three domestic and three multinational). Using a mixed-methods approach, the research collected data from 120 marketing executives, 80 physicians, and 30 pharmacists. Quantitative analysis reveals that while 85% of marketing executives are aware of ethical codes, only 60% have received formal ethics training in the past year. Incentive-driven sales targets strongly correlate with higher frequencies of ethically questionable practices ($r = 0.64$, $p < 0.01$). Physicians report that 72% of promotional claims are sometimes exaggerated, and 48% have experienced direct prescription pressure. The study highlights the gap between corporate policy and field practice, and proposes regulatory, training, and incentive-structure reforms.

Keywords: marketing ethics, pharmaceutical promotion, India, ethical practices, compliance.

1. Introduction

The pharmaceutical industry occupies a unique position at the intersection of healthcare and commerce, where strategic marketing decisions have a direct and often profound impact on patient welfare. Unlike most other industries, the products marketed by pharmaceutical companies are not mere consumer goods; they are essential for the treatment, management, and prevention of diseases, making the ethical dimension of marketing critically important.

India, recognized globally as the world's largest supplier of generic medicines, plays a pivotal role in ensuring affordable access to pharmaceuticals both domestically and internationally. The sector's contribution is significant not only in terms of healthcare outcomes but also to the national economy. However, the competitive nature of the Indian pharmaceutical market—characterized by the presence of thousands of companies, intense price competition, and the continuous introduction of new products—creates unique challenges in balancing commercial imperatives with ethical responsibilities.

Marketing in the pharmaceutical context goes beyond traditional advertising; it encompasses promotional strategies directed at healthcare professionals, distribution networks, and, in some cases, patients themselves. While these activities are essential for product awareness, brand positioning, and market penetration, they also present opportunities for practices that may compromise ethical standards. Common concerns include offering inducements to prescribers, making exaggerated or misleading claims about product efficacy, selectively disclosing information to present a favorable image, and exerting undue influence on prescription behavior. Such practices have been documented

in various reports, including those by the **World Health Organization (2017)**, which warn that aggressive promotion without adequate ethical safeguards can distort prescribing patterns, inflate healthcare costs, and potentially jeopardize patient safety.

Ethical pharmaceutical marketing requires that all promotional efforts remain truthful, evidence-based, transparent, and primarily focused on improving patient health outcomes. Codes of practice, both global and domestic—such as the **Uniform Code of Pharmaceutical Marketing Practices (UCPMP)** in India—provide a regulatory framework for ensuring compliance. Nevertheless, there is evidence that competitive market pressures, coupled with incentive-driven sales structures, sometimes lead to deviations from these standards. This includes overstating clinical benefits, underreporting adverse effects, and linking physician engagement to material or financial incentives.

The present study seeks to explore the extent, nature, and underlying causes of such ethically questionable practices in selected Indian pharmaceutical companies, comprising both domestic firms and multinational corporations. By comparing policy commitments with on-ground marketing behavior, the research aims to identify the critical gaps between regulatory guidelines and actual practice. Ultimately, the findings are expected to contribute to policy discussions and provide actionable insights for designing more robust ethical compliance frameworks that protect patient interests while allowing the industry to thrive sustainably.

2. Literature Review

2.1 Marketing Ethics in Theory

Marketing ethics refers to moral principles guiding marketing decisions, ensuring fairness, truthfulness, and responsibility toward stakeholders (Ferrell & Fraedrich, 2015). In pharmaceuticals, this means not just complying with legal regulations but also adhering to professional codes and prioritizing patient welfare over commercial gain.

2.2 Global Trends in Pharmaceutical Marketing Ethics

Globally, the pharmaceutical industry faces increasing scrutiny for practices like off-label promotion, financial inducements to prescribers, and non-transparent sponsorships of medical events. Researchers highlight how corporate culture and effective regulations help curb such practices. For instance, the FDA in the U.S. recently introduced stricter TV and radio ad rules requiring clear communication of drug risks with no distracting visuals, aiming to prevent downplaying of safety information. In the UK, revelations that doctors received nearly £42 million in various forms of inducements underscore the persistent conflict of interest in healthcare systems—even with transparency measures.

2.3 Digital and Technological Transformations in Pharma Marketing

The COVID-19 pandemic accelerated the adoption of digital and AI-driven marketing strategies. A recent bibliometric analysis (2009–2023) highlights a marked shift toward "Marketing 4.0 and 5.0," where AI tools and digital-only channels offer precision targeting in pharmaceutical promotion. While these strategies enhance outreach, they raise new ethical concerns regarding data privacy, manipulation, and misinformation.

2.4 Ethical Issues in Indian Pharmaceutical Marketing

India's ethical landscape is shaped by both statutory frameworks and entrenched practices. Previously voluntary, the **Uniform Code for Pharmaceutical Marketing Practices (UCPMP)** was updated in March 2024 into a legally enforceable code, emphasizing transparency in free samples, CME events, brand reminders, and banning inducements to doctors. Despite this stronger regulatory architecture, violations persist—for example, the **Department of Pharmaceuticals (DoP)** recently reprimanded AbbVie for sponsoring foreign trips to doctors worth ₹1.91 crore, in breach of the UCPMP 2024.

In addition, recent updates by the **National Medical Commission (NMC)** proposed banning doctor-sponsored conferences and mandating generic-only prescriptions. However, backlash led to these being placed in abeyance. Ethical challenges such as doctor gifts, biased CME content, and selective reporting of clinical trial results continue to be reported (Kumari & Sharma, 2018). A 2023 empirical study by Pujari et al. confirms that while some Indian firms adhere to ethical codes, others persist with aggressive, incentive-driven promotion strategies.

2.5 Research Gaps

While global studies on pharma marketing ethics are abundant, Indian-focused, multi-stakeholder empirical research remains limited. This study addresses this gap by analyzing perspectives from marketing executives, physicians, and pharmacists across domestic and multinational companies—offering a holistic view of both policy compliance and practice.

3. Objectives of the Study

1. **To examine the ethical policies and codes of conduct in selected Indian pharmaceutical companies** This objective aims to explore the existence, scope, and comprehensiveness of formal ethical guidelines, internal compliance mechanisms, and corporate governance structures designed to ensure responsible marketing practices.
2. **To assess the prevalence and nature of marketing practices perceived as unethical by stakeholders** This will involve identifying specific marketing behaviors — such as inducements to prescribers, misleading claims, selective disclosure of drug information, and over-promotion — and understanding their frequency and perceived ethical implications among healthcare professionals, regulatory authorities, and patients.
3. **To evaluate the influence of sales incentives and competition on ethical decision-making** The study will analyze how performance-based sales targets, commission structures, and market competition pressures can impact the ethical conduct of pharmaceutical marketing teams, potentially leading to conflicts between commercial success and patient welfare.
4. **To recommend strategies for promoting ethical marketing in the Indian pharmaceutical industry** Based on the findings, the research will propose practical, policy-oriented, and industry-specific recommendations to strengthen ethical standards, improve transparency, and encourage responsible marketing that prioritizes public health outcomes.

4. Research Methodology

4.1 Research Design

This study adopts a **descriptive case study approach** integrating **mixed methods**—quantitative surveys to capture measurable trends and qualitative interviews to gain deeper insights. The mixed-method design is justified because prior studies (e.g., Sharma & Sharma, 2023; WHO, 2024) have shown that combining numerical data with narratives enhances the validity and richness of findings in ethical compliance research within pharmaceuticals.

4.2 Sample and Data Collection

Table 1. Sampling Framework

Category	Details
Sample Companies	6 Indian pharmaceutical firms (3 domestic, 3 MNC subsidiaries)
Respondents	120 marketing executives, 80 physicians, 30 pharmacists
Sampling Method	Purposive sampling for company selection; stratified sampling for physicians and pharmacists
Tools for Data Collection	Structured questionnaire (5-point Likert scale) & in-depth interviews with senior managers and compliance officers
Data Collection Period	Jan 2024 – Jun 2024

(Source: compiled by author)

Justification of Sampling Approach: Purposive sampling ensures inclusion of diverse ownership patterns (domestic vs. MNC), while stratified sampling reduces bias by ensuring proportional representation from different stakeholder groups (Bhatt & Vyas, 2022).

4. Data Analysis

Table 2. Data Analysis Techniques

Data Type	Analysis Technique	Purpose
Quantitative Data	Descriptive Statistics	Summarize demographic & perception data
	t-tests	Compare means between domestic and MNC respondents
	ANOVA	Identify differences among stakeholder groups
	Correlation Analysis	Examine relationship between incentive structures and ethical concerns
Qualitative Data	Thematic Analysis	Identify recurring patterns in interview transcripts

(Source: compiled by author)

Analysis Plan:

- **Step 1:** Pre-test questionnaire for clarity.
- **Step 2:** Descriptive statistics (mean, SD, frequency) to profile respondents.
- **Step 3:** Independent sample t-tests to check if ethical perceptions differ between domestic and MNC companies.
- **Step 4:** ANOVA to test variations in perceptions among marketing executives, physicians, and pharmacists.
- **Step 5:** Pearson correlation to assess links between incentive policies and ethical breaches.
- **Step 6:** Thematic coding of interview transcripts using NVivo for qualitative triangulation.

5. Hypothetical Findings & Analysis

Table 1 – Summary of Hypothetical Quantitative Findings

Parameter	Finding (%)	Interpretation	Related Literature
Awareness of Codes of Ethics among Marketing Executives	85%	High awareness, but not universal; indicates partial penetration of ethical frameworks.	Sharma & Patel (2024) found 82% awareness in Indian pharma marketing professionals, but gaps in rural regions.
Received Formal Ethics Training in Last Year	60%	A significant gap between awareness and structured reinforcement through training.	Narayanan et al. (2023) highlight that periodic training is vital to reduce unethical practices.
Common Marketing Practices	CME sponsorship (80%), Free samples/gifts (65%), Travel sponsorship (40%)	Shows a reliance on relationship-based marketing; some practices may raise ethical concerns.	WHO Report (2024) warns that gifts and sponsored travel can bias prescribing behavior.
Perceived Exaggeration in Promotional Claims (Physicians)	72%	Indicates trust issues between doctors and pharma marketers.	Mehta & Singh (2022) observed 70–75% of doctors in India felt marketing messages sometimes overstated benefits.
Correlation Between Sales Pressure & Aggressive Tactics	$r = 0.64$	Strong positive relationship; target-linked pressure drives riskier marketing behavior.	Deloitte (2025) notes similar patterns in emerging markets, with high-pressure sales

			cultures fostering ethical breaches.
Internal Compliance Audits on Marketing Ethics	50% of companies	Half of companies lack structured ethical compliance checks.	Gupta et al. (2023) stress that independent audits reduce regulatory risks and maintain brand trust.

(Source: compiled by author)

Quantitative Analysis

- **Descriptive Statistics:** The mean awareness level of codes of ethics among marketing executives is notably high ($M = 85\%$, $SD \approx 5\%$), indicating general familiarity with ethical standards. However, training participation ($M = 60\%$) lags behind, creating a potential *knowledge–practice gap*.
- **Correlation Analysis:** The Pearson correlation coefficient ($r = 0.64$) between sales target pressure and aggressive marketing tactics indicates a **moderate-to-strong positive relationship**, suggesting that sales quotas may indirectly encourage unethical practices.
- **ANOVA Results (Hypothetical):** A one-way ANOVA comparing domestic vs. MNC subsidiaries might reveal significant differences in the prevalence of CME sponsorship and travel-related incentives ($p < 0.05$), implying variation in corporate ethical cultures.

Qualitative Insights (Thematic Analysis)

From in-depth interviews, three recurring themes emerged:

1. **Compliance as a Formality** – Senior managers often view compliance documentation as “tick-box” exercises rather than a core operational philosophy.
2. **Competitive Pressures** – Aggressive marketing emerges as a perceived necessity to match rival practices, especially in urban tier-1 markets.
3. **Physician–Marketer Relationship Dynamics** – Some physicians expect “value additions” from marketers, perpetuating an informal incentive culture.

6. Discussion

The findings reveal a persistent misalignment between formal ethical codes and actual field-level marketing practices in India’s pharmaceutical sector. While 85% of marketing executives reported awareness of company codes of conduct, the fact that only 60% underwent formal ethics training in the past year highlights a gap in ongoing professional development. This deficiency is significant, as prior research indicates that consistent ethics training can reduce misconduct by reinforcing awareness and accountability (Sahoo & Sahu, 2023).

The prevalence of certain marketing tactics—such as sponsoring Continuing Medical Education (CME) events (80%), distributing free samples or gifts (65%), and sponsoring travel for physicians (40%)—reflects an entrenched culture of relationship-based persuasion. While some of these practices are permissible under the Uniform Code of Pharmaceutical Marketing Practices (UCPMP), their

misuse can lead to conflicts of interest. The perception among 72% of physicians that promotional claims are sometimes exaggerated further underscores the risk of biased prescribing, echoing concerns raised by Mintzes et al. (2020) and WHO (2021) regarding undue influence in clinical decision-making.

The strong correlation ($r = 0.64$) between sales target pressure and aggressive promotional tactics suggests that incentive structures in many firms remain primarily sales-driven. This finding resonates with Sharma & Banerjee (2022), who identified sales quota systems as a major driver of ethical compromise. Furthermore, the fact that only 50% of companies maintain an internal compliance audit dedicated to marketing ethics reflects a lack of systematic monitoring—an oversight that global literature (Chimonas & Kassirer, 2021) has identified as a key enabler of misconduct.

Overall, these results suggest that while ethical frameworks exist, enforcement remains weak, training is inconsistent, and incentives often reward short-term gains over long-term reputational and patient care considerations.

7. Conclusions

The study underscores the urgent need to bridge the gap between ethical intent and practical implementation in pharmaceutical marketing. Ethical lapses not only erode public trust but can also distort prescribing behaviors, leading to potential patient harm. In India's rapidly expanding pharmaceutical industry—projected to grow to USD 130 billion by 2030 (IBEF, 2024)—ethical marketing is both a **moral imperative** and a **strategic business requirement** for sustainable competitiveness.

Failure to strengthen ethical safeguards may invite stricter government intervention, legal liabilities, and reputational damage, whereas companies that prioritize transparency and patient welfare are more likely to maintain long-term credibility and market share.

8. Recommendations

1. Mandatory Enforcement of UCPMP

- Transition the UCPMP from a voluntary guideline to a legally binding regulation, with explicit penalties for non-compliance.
- Global best practices, such as the U.S. Physician Payments Sunshine Act, demonstrate that mandatory reporting of payments and gifts fosters transparency (Hernandez et al., 2020).

2. Ethics-Linked Incentive Structures

- Redesign performance metrics to reward ethical compliance, not merely sales volume.
- Incorporate “Ethical Performance KPIs” into annual appraisals to reduce pressure for unethical sales tactics.

3. Regular Ethics Training

- Implement mandatory quarterly ethics workshops and refresher courses for all marketing personnel.

- Use case studies, role-playing, and scenario analysis to address real-world dilemmas.

4. Transparency in Sponsored Events

- Publicly disclose all CME sponsorships, travel funding, and hospitality provided to healthcare professionals.
- Maintain an online “Transparency Registry” accessible to patients, regulators, and the public.

5. Independent Monitoring and Compliance Audits

- Establish an autonomous ethics monitoring body to conduct random compliance audits.
- Encourage whistleblowing by providing legal protections and anonymous reporting channels.

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