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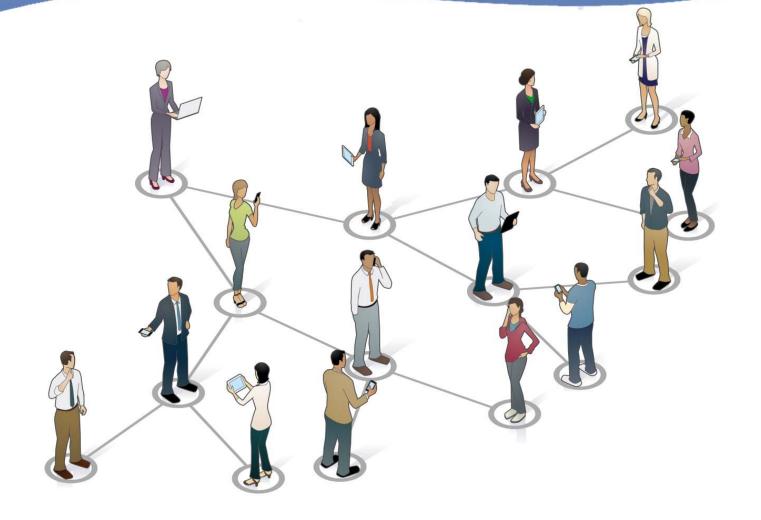
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Literature Review

e-Word of Mouth

Building sustainable and trustworthy relationships with customers in a highly regulated on-line environment

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1. Introduction

With the increasing popularity of social media, consumers now turn to different online discussion forums, consumer review sites, weblogs, social network sites and so on to seek product information and share their own experiences (Cheung and Thadani, 2010; Davies, 2008). Consequently, companies today face an increasingly difficult challenge: how to communicate with consumers online in a way that encourages trust and engagement? What may make things even more complicated is that many companies are now operating in a highly regulated environment, with the healthcare industry a typical example of this (Choi and Lee, 2007; Huh and Langteau, 2007; Nielson, 2008; von Knoop et al., 2003). Thus, pharmaceutical marketers and brand managers must understand how to communicate effectively in a highly regulated online environment.

This short report aims to help such companies to build a sustainable and trustworthy relationship with their customers online. To do so, the report considers the subject from the perspective of a pharmaceutical company. It will first discuss the current regulations around the healthcare industry, highlighting the constraints pharmaceutical marketers need to face. Then, it will review current literature discussing healthcare consumers' online behaviour. In particular, it will focus on consumers' negative comments and their possible impact on the business. Finally, the report concludes with some suggestions about how to cope with negative comments online and build a reliable relationship with customers.

2. Current Regulations around the Healthcare Industry

Medical Advertising has generated great controversy about whether it can benefit consumers and public health (Choi and Lee, 2007; Hoek, 2008). Consequently, governments around the world set tight regulations to control pharmaceutical marketing. For example, in the United Kingdom, advertising of medicines is controlled by both the Medicines and Healthcare products Regulatory Agency (MHRA) and by self-regulation administered by trade associations. In particular, based on the Medicines (Advertising) Regulations 1994 and the Medicines (Monitoring of Advertising) Regulations 1994, the current regulations prohibit advertising for any medicines on prescriptions only. But direct-to-consumer (DTC) advertising is allowed for non-prescription medicines

(http://www.mhra.gov.uk/Howweregulate/Medicines/Advertisingofmedicines/index.htm).

Furthermore, current regulations require all DTC advertising to be factual and balanced. In other words, claims in the advertising should be based on scientific research and any misleading information is prohibited. This includes the requirement that advertising should not give consumers the impression that taking the medical product can enhance health and not taking the medical product can affect health. It also prohibits any advertising indicating that the effects of taking the medical product are guaranteed and/or that the medical product has no side effects

(http://www.legislation.gov.uk/uksi/1994/1932/regulation/9/made).

In addition, current regulations require pharmaceutical companies to compile and collate all information relating to their products and submit it to relevant government bodies

(http://www.legislation.gov.uk/uksi/1994/1932/regulation/4/made).

This, therefore, implies that pharmaceutical marketers have the legal obligation to report any negative claims/comments towards their products, albeit true or false.

In terms of the online environment, the same rules apply. For example, MHRA (2011) prohibits consumer websites offering medicinal treatment services to advertise medicines on prescriptions only. It also requires these websites to provide balanced information with side effects clearly visible to the public. In order to effectively engage consumers in such a highly regulated environment, it is imperative to understand their online behaviour. The following section discusses this in more detail.

3. Online Consumer Behaviour

Although the published studies on consumers' responses to online DTC pharmaceutical advertising are quite rare, in general they have found that consumers have a positive attitude towards it (Alperstein and Peyrot 1993; Choi and Lee, 2007). Such enhanced attitudes are very important as more and more consumers are now looking for health or medical information online. For example, in the United States, 80% of Americans regularly search health information online (Anderson 2004; Drummy, 2002). Actually, a recent survey suggests that searching health information has become the third most popular activity online, just behind email and product information searches (Fox and Fallows, 2003). This is particular evident among those who have chronic medical conditions with 80% of them seeking information about their diseases and treatment options via the Internet (Von Knoop et al., 2003). In addition, more than half of consumers gather drug information online before they talk to their physicians (Thomaselli and Elkin, 2003) and 80% of them indicate that online information influences their interaction with the physician(Choi and Lee, 2007). This is probably because consumers view information online as reliable (Wray, 2004), and thus they will inquire and/or request the advertised medications from the physician (Bell, Kracitz, and Wilkes, 1999; Mehta and Purvis, 2003; Williams and Hensel, 1995). Physicians' views further confirm this. According to Huh and Langteau (2007), physicians believed that the strongest influence of DTC on their patients is in inducing them to ask or request the advertised drugs. Ironically, this was also their main concern (Hollon, 1999; Wilkes, Bell, and Kravitz, 2000) as they may need to correct patients' misconceptions (Huh and Langteau, 2007).

However, in addition to DTC advertising, consumers are also exposed to health or medical related information in other online sources such as blogs and forums. Information in those blogs and forums is usually generated by other consumers with the intention of sharing their personal experiences of using certain drugs or to seek advice about treatment options for certain diseases (Von Knoop et al., 2003). Thus, blogs/forums mainly influence consumers via electronic world-of-mouth (WOM). What may worry pharmaceutical marketers is that some of the information spread via social media may be negative which can have a detrimental impact on their businesses (de Matos and Rossi, 2008; Herr, Kardes, and Kim, 1991; Richins, 1983). This is because dissatisfied consumers would tell an average of nine others about their negative experiences (Blodgett, Granbois and Walter, 1993; Huang et al., 2011), and thus negative WOM is more influential than positive WOM (Chen, Wang and Xie, 2011). Hennig-Thurau et al. (2004) further argue that spreading negative WOM is motived by consumers' desire for social interaction, desire for economic incentives, their concern for other consumers and the potential to enhance their own self-worth. In other words, negative WOM is usually diffused by highly motived consumers. Thus, how to cope with negative electronic WOM becomes a critical issue for different pharmaceutical firms. The following section discusses this further.

4. Coping with Negative electronic WOM

According to Davies (2008), there are three steps that pharmaceutical marketers can use to cope with negative electronic WOM and build trust in a highly regulated online environment.

4.1.   Listen to the conversation

If brand managers want to address the negative electronic WOM online, the first step is to find out what consumers' complaints or misconceptions are about. Thus, Davies (2008) suggests that marketers can go to different online forums and weblogs to read consumers' discussion. In particular, Davies (2008) argues that marketers do no need to worry about violation of consumers' privacy as members of different forums/discussion boards understand that any information shared is publicly accessible.

Alternatively, pharmaceutical marketers can read different reviews about their products, especially those written by consumers. Brand managers can also watch different videos created by consumers or check input in Wikipedia to understand consumers' views about their products.

4.2.   Facilitate the conversation

After collating information online, the next step is to build a community to interact with consumers directly. For example, GlaxoSmithKline has created a website - www.alli.com.uk - for its weight loss product. This website provides consumers with relevant product information and gives guidance on how to use the product. It also incorporates a moderated discussion forum where registered users can share information with each other. Davies (2008) argues that such moderated discussion forums can help brand managers to facilitate the conversation among consumers whilst ensuring that consumers discussion does not veer off in an inappropriate direction.

In addition to creating a brand community, brand managers can also provide materials to consumers to help them understand their condition and its treatment. Or, brand managers can incorporate personal stories of actual consumers on their websites. Both methods can avoid unnecessary misconceptions and build trust.

4.3.   Join the conversation

According to Davies (2008), in order to lead consumer conversations, pharmaceutical marketers may consider starting their own blogs. For example, Johnson & Johnson (www.jnjbtw.com) has launched its own blog to actively engage with consumers. Alternatively, brand managers may consider involvement in online discussion as an identified representative of the brand. These strategies can help pharmaceutical marketers to clarify consumer misconceptions while diffusing new product information.

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