

# What Behavioral Economics Can Offer to Pharmaceutical Market Research



## What is Behavioral Economics?

"A new model of consumer behavior developed by using a hybrid of cognitive psychology and microeconomics" Richard Thaler

## Why is it Relevant to Pharma Market Research?



The concept of behavioral economics, as introduced by Tversky and Kahneman, is used to understand how people make decisions under conditions of risk and uncertainty, precisely the environment that healthcare decision makers must act within.

## Case Study #1: What is the value of physicians' time? It depends.

Physicians were randomly assigned in two conditions described by a brief paragraph:

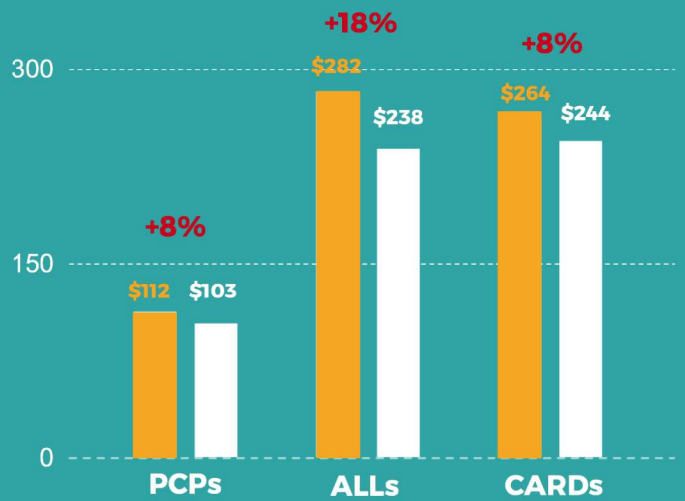
### Generosity Americans are getting poorer

The rich are still getting richer, and the poor are still getting poorer, federal data released Thursday suggests.

### Greed Physicians are not rich

Everyone thinks doctors are rich. Unfortunately, the majority of physicians start their career with a large amount of debt.

Appropriate charge for 15 minutes of physician's time with patient?



## Case Study #2: Choice Between Medications Framed as Gain or Loss

Expectations: The choices presented as possible treatments are the same, but they are described as either a "gain" or a "loss".

The **simple difference in wording** will be sufficient to cause experts (physicians) to change their preference.

### Gain Frame

A. If Medication A is selected, **one-third** of patient's hypertension symptoms will be **cleared** in a week.

### Loss Frame

A. If Medication A is selected, **two-thirds** of patient's hypertension symptoms will **still be there** in a week.

B. If Medication B is selected, there is a **one-third** probability that all of the patient's hypertension symptoms will be **cleared** in a week, and a **two-third** probability that all symptoms **will remain** in a week.

**A: 69%**  
**B: 31%**

**A: 22%**  
**B: 78%**



## The Challenges for Market Research

- Respondents in market research, as in many other activities, have a tendency to use automatic thinking and heuristics
- Often the rationale for behavior is long forgotten, making it difficult for respondents to articulate reasons for their behavior by the time they are asked questions
- In certain cases, behavior may precede the attitude because respondents need to react to our survey questions even before they have had a chance to form attitudes about particular issues
- The survey environment is an artificial setting where respondents may be required to adapt to something new and unfamiliar, thus responses may not correlate well with real-world behavior

## Lessons for Pharma Market Research



- Pay more attention to understanding and interpreting information
- Adopt a new framework for the integration of qualitative and quantitative
  - Explore a different type of qualitative project: projective and enabling techniques, ethnographic, etc
  - Consider a different type of quantitative: capture associations / beliefs not detailed ratings of attitudes
- Probe into the impact of context
- Follow the behavior
- Embrace the role of experimentation

Information excerpted from a presentation delivered by Milos Graonic of iMarketResearch and Paul Allen of Olson Research Group at the PMRG Connect Conference, April 2017.