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# Influence of Corporate Branding in Pharmaceuticals

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## Abstract:

*Corporate branding and company image does have a positive impact on loyalty provided the organization maintains its trustworthiness and credibility. Other drivers of loyalty are habit and experience. Doctors consider corporate branding to be important for the pharmaceutical industry. Companies have been successful in positioning themselves to some extent, which is reflected in the image perception of companies amongst the respondents. The importance of the sales representatives is significant and seems to be the main media by which to make the respondents link companies to products as other activities are objective without any product promotion (educational programmes, scientific meetings etc). A positive corporate image of companies does seem to have an impact on prescribing behavior and loyalty. However, familiarity with drugs habit is decisive factor in relation to their prescribing when choosing between almost similar drugs.*

## Introduction :

In recent years, corporate branding has attracted a lot of interest among managers, consultants and academics. There is no real consensus of the definition of corporate branding and it has been conceived as many different things such as a metaphor, a conceptual framework or philosophy, a management process, a strategic tool-kit and a communication facilitator.

The concept of a corporate brand is the same as the concept of a product brand; it is the enactment of brands that is different (de Chernatony, 2001:18). In the past decade there was a much greater recognition of the importance and power of the corporate brand by businesses. Business began shifting their focus from product brands to corporate branding (de Chernatony, 1999:26).

With **product branding**, the product or service is synonymous with the brand. It strives to build trust in the brand by allowing the consumer to fit product perceptions and brand image into one (Davis,

2002:3). According to de Chernatony (2001:6), the enactment of the brand concentrates predominantly on externally focused activities. Enactment of the corporate brand, on the other hand, follows a different process which is attentive to the needs of stakeholders rather than just consumers (de Chernatony, 2001:6).

According to Aaker (2004b:6), corporate brand represents an organization that stands behind its products in spirit and substance. Davis (2002:3) defines **corporate branding** as a "composite of all the experiences, encounters and perceptions a customer has with a company". It means that all communications - internal and external, are aimed at presenting a single, unified message. The underlying motivator, according to Davis, is to build trust in the company – not in a particular product or service. Sony

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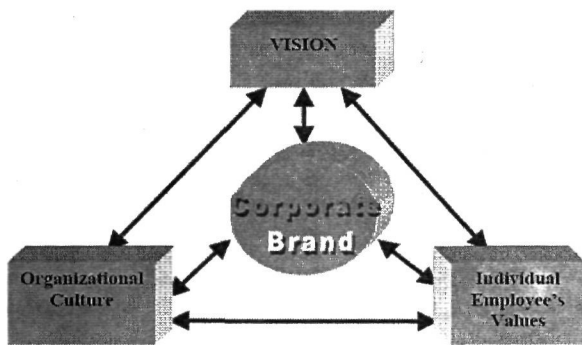
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is an example of ultimate corporate endorser with its name firmly attached to everything from its DVD to the PlayStation (Davis, 2002:3).

The changing role of brands from marketing tool to an organizational principle for business is part of a historical trend. Initially, brands differentiated one product from another. Now, brands define relationships with all their audiences, especially investors and employees (Interbrand, 2001:3).

According to Aaker and Detert (2004:2), corporate brand represents an organization and reflects its heritage, values, culture, people and strategy. De Chernatony (2001:11) states that "values are at the core of the corporate brand". According to him, there are four value sources, which are interlinked and are a critical component for corporate brand success. They must be built into the product, expressed in behavior, and reflected in communication.

#### Inter-relationship between Value Sources



**Source:** Adopted from de Chernatony (2001)-Would a brand smell any sweeter by a corporate name?

According to Aaker (2004b:8) values and priorities are "the very essence of a company". Innovation, perceived quality and customer concern are three values and priorities which are most frequently seen as drivers of corporate brands.

#### Corporate Branding in the Pharmaceutical Industry

The research conducted in the 2001 Brand Power™ Study by Corporate Branding reveals importance of the company's image within the

pharmaceutical industry (Corporate branding, 2001:1). The study, which rated 34 leading pharmaceutical companies on their relative strengths across a list of 24 key brand attributes, found that the majority of these companies have relatively weak corporate brands.

The study showed that the strongest brands in the pharmaceutical industry are diversified consumer products giants such as Johnson & Johnson, Procter & Gamble and 3M and that they scored well ahead of their purely pharmaceutical-focused peers Pfizer, Eli Lilly, and Merck. In its 2002 and 2004 surveys, Corporate Branding ranked the top 10 companies with the most valuable corporate brands as: General Electric, Microsoft, Exxon Mobil, Wal-Mart, Johnson & Johnson, Pfizer, IBM, Toyota, Procter & Gamble and Coca-Cola (Core Brand, 2002, 2004). For the study, Core Brand collected Familiarity and Favorability ratings for the largest publicly traded companies to gauge how well known and how well thought of a corporate brand is among senior business decision-makers, a group defined as vice presidents or higher at the top 20% of US corporations based on revenue.

Pharmaceutical companies spend hundreds and millions of dollars to create brands with limited life span (8-10 years), and market them individually. According to IMS (2004), an overall marketing investment of \$450 million to \$1 billion is required for new blockbusters during the first two years of launch. (Much of this spend has to be directed to convincing new groups of stakeholders of a treatment's value and efficacy.) At the same time, their corporate brands are passively and indirectly managed through the opinions of regulatory bodies and the press.

A number of marketing consultants believe that pharmaceutical companies have failed to make product and corporate brand benefit each other. However, even in the case of Pfizer believe that the success in creating a significant corporate brand is accidental and that the company passively benefits from the Viagra buzz. According to Aaker and Detert (2004) the corporate brand has the flexibility to play several roles within the brand portfolio.

#### Primary Objective

- To investigate the effects of corporate branding on the customers' behavior and loyalty.

## Secondary objective

- To study the importance of corporate branding in pharmaceuticals.
- To identify the customers' image perception of pharmaceutical companies with strong corporate brands.
- To identify the key attributes important to corporate brand building and to rank these according to importance.
- To assess the effects of corporate branding including the various marketing activities on the physicians' prescribing behavior.
- To assess the effect of a favorable company image on customer loyalty.
- To explore if there is a brand relationship in doctors' minds that links favorable corporate perceptions of companies with their products and vice versa.

## Research Methodology:

**89** doctors of **Chandigarh & Mohali** were taken for study & questionnaire with close ended questions is designed to conduct the study.

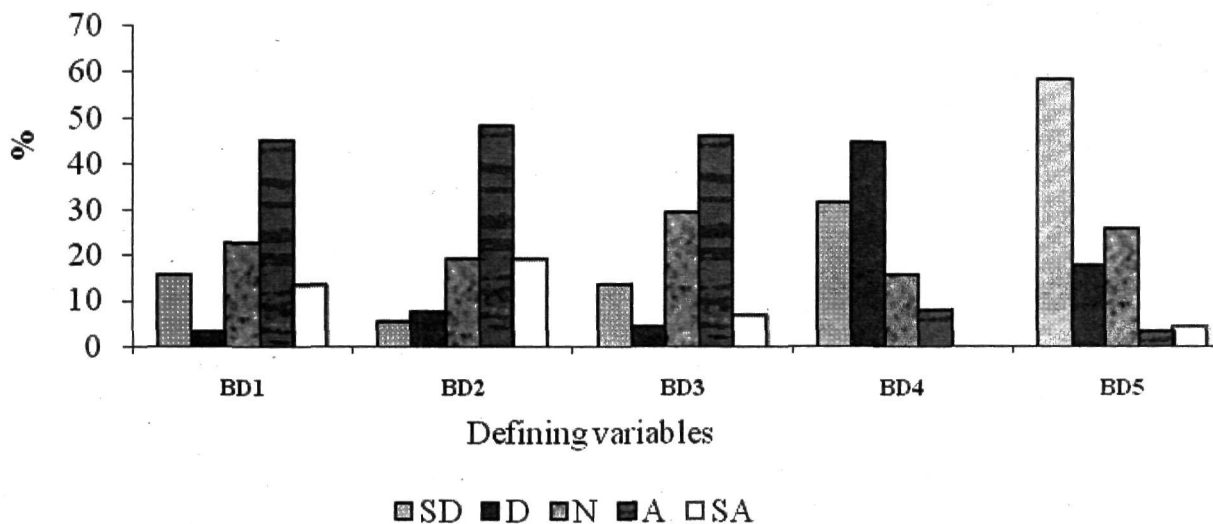
## DATA ANALYSIS AND INTERPRETATION

### Q.1.You relate the term branding with.....

This question was asked to get an understanding of what the interviewee is associated with the terms. Furthermore, it was the intention to get a joint understanding of the various concepts (branding, corporate branding).

The question required the doctors to rate the statements associated with branding on Likert's five point scale (**CronBach's alpha = .503**). Descriptive statistics were used for determining the most preferred definition of the two terms.

## Branding Defined

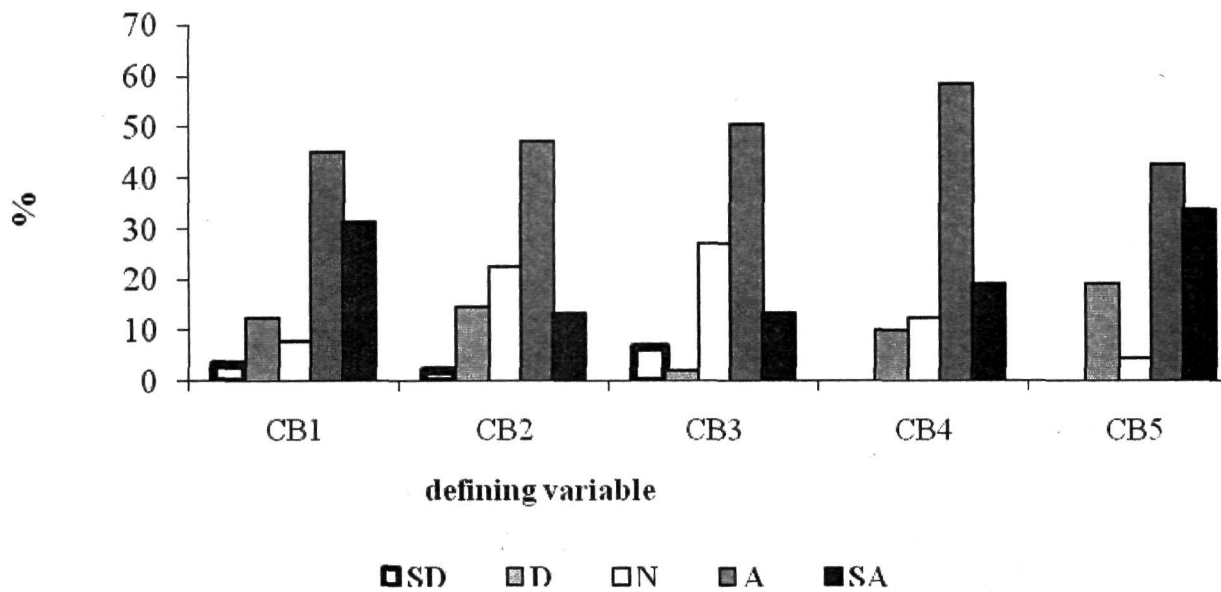


The results shows that the mean for the BD2 is 3.67 and its variance is 1.109. This comes out to be the most preferred definition of 'branding' as given by the doctors. Thus according to majority of doctors

'branding' is related to 'selling of trademarks'.

**Q.2.According to you corporate branding is.....**  
(Cron Bach's alpha = .757)

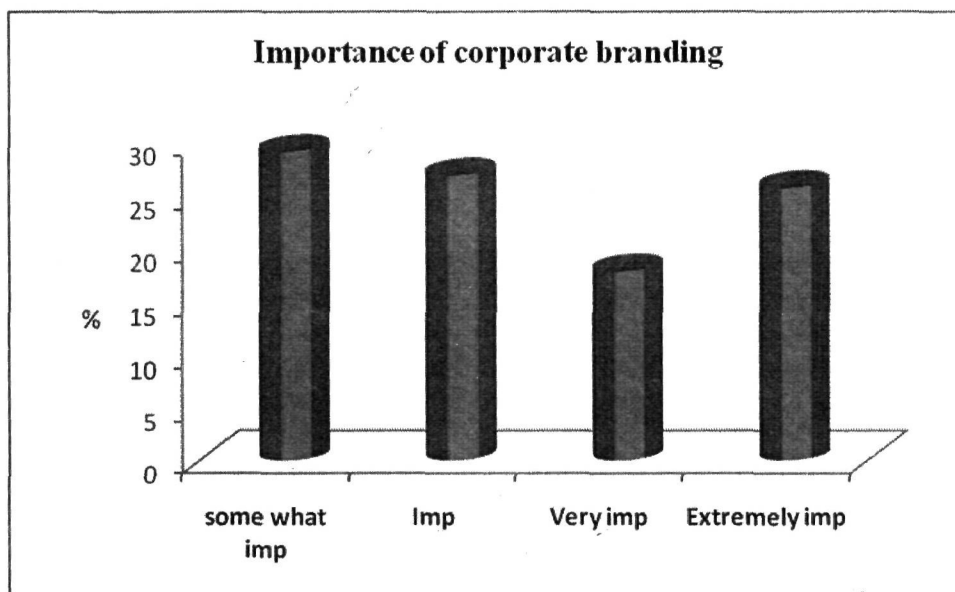
## Corporate branding defined



The results of the descriptive statistics show that the **mean** for the CB4 is **3.87** and its **variance is .709**. This comes out to be the most preferred definition of 'corporate branding' as given by the doctors. Thus according to majority of doctors 'corporate branding' is related to 'company behind the product'.

Next most preferred definition is 'company as well as product contributes to corporate branding' since its mean is **3.91** and the variance is **1.151**.

### Q.3. Importance of corporate branding for the pharmaceutical industry...



None of the respondents' felt that **corporate branding is unimportant** for the pharmaceutical industry. Nearly **70%** of the respondents rated corporate branding in pharmaceuticals as 'important' or at a higher (very important, extremely important) level on the 5 point scale. Further the results are supported by the mean value for the same. This is in conformance with the literature which emphasizes on the importance of corporate branding in the pharmaceutical industry.

**Q.4. Key attributes that create a strong corporate brand and help building a positive corporate image/reputation**

Data reduction or the factor analysis approach was used to arrive at the results. This question required the respondents to rate 19 attributes necessary for creation of a strong corporate brand on the basis of their importance. The question was aimed at finding out the factors which the doctors perceive to help in creating a strong corporate brand and building a positive corporate image/reputation.

**Table : Total Variance explained**

Com- ponent	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumu- lative %	Total	% of Variance	Cumu- lative %	Total	% of Variance	Cumu- lative %
1	7.243	38.122	38.122	7.243	38.122	38.122	3.159	16.628	16.628
2	2.734	14.389	52.512	2.734	14.389	52.512	3.065	16.132	32.759
3	1.991	10.481	62.992	1.991	10.481	62.992	2.991	15.745	48.504
4	1.275	6.712	69.705	1.275	6.712	69.705	2.770	14.579	63.083
5	1.077	5.668	75.372	1.077	5.668	75.372	2.335	12.290	75.372

Table shows that five factors, contributing to creation of a strong corporate brand and a positive corporate image/reputation have been extracted by this method. However, it can be observed in table that the first two factors are contributing to more than 50%. So it can be said that these factors are considered to be most important by the respondents. The five factors can be identified as-

- *Competitiveness of the company (high quality products, global presence of the company etc.)*
- *Credibility and trustworthiness of the company (fulfilling corporate social responsibility, maintaining good public relations)*
- *Customer and consumer focus (conducting educational program for doctors, patients; participation in research projects)*

**Table : Results of factor analysis : Rotated Component Matrix**

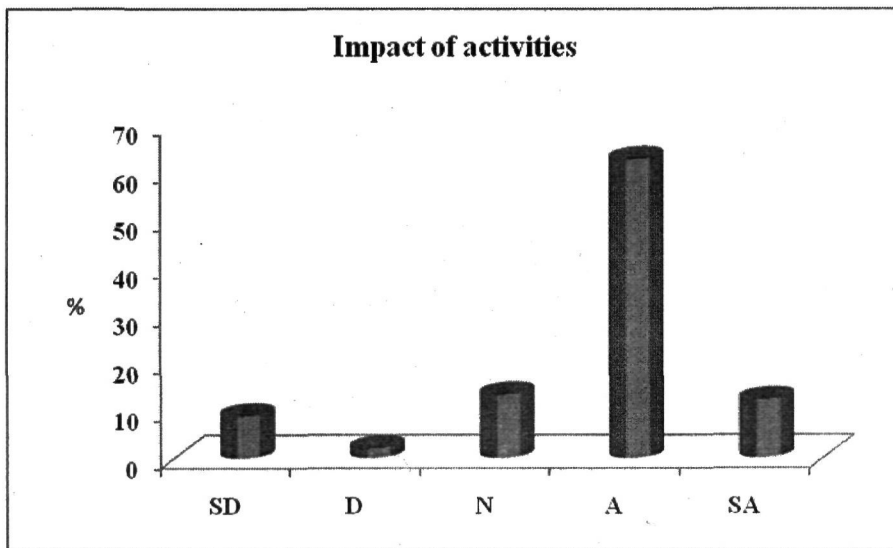
Component	1	2	3	4	5
CBATT1	.789	-.190	.400	.292	.105
CBATT2	-.034	.168	.116	.256	.842
CBATT3	.045	.305	.473	.093	.489
CBATT4	.039	.882	-.029	.059	.159
CBATT5	-.007	.876	.122	.054	.120
CBATT6	.358	.649	.060	.095	.494
CBATT7	.497	.119	.618	.047	.420
CBATT8	.568	.175	.444	.188	.538
CBATT9	.489	.029	.241	.501	.423
CBATT10	.161	.207	.802	.092	.085
CBATT11	.664	-.004	.367	.357	.213
CBATT12	.739	.150	.031	.407	.227
CBATT13	.109	-.047	.428	.714	-.160
CBATT14	.032	.038	.764	.365	.122
CBATT15	.236	-.016	.148	.547	.249
CBATT16	.683	.097	.282	.088	-.138
CBATT17	.021	.304	-.030	.832	.204
CBATT18	.058	-.091	.499	.601	.417
CBATT19	.214	.846	.202	.004	-.082

- *Corporate culture (high quality employees e.g. well qualified sales representatives)*
- *Market leadership by pioneering in introduction of new and differentiated products.*

Out of these five factors, **competitiveness and trustworthiness along with the credibility of the company** are perceived to be of prime importance by the doctors.

**Q.5. The activities (arranging symposia for doctors, organizing patient awareness programs) undertaken by the companies have an impact on your prescribing behavior.....**

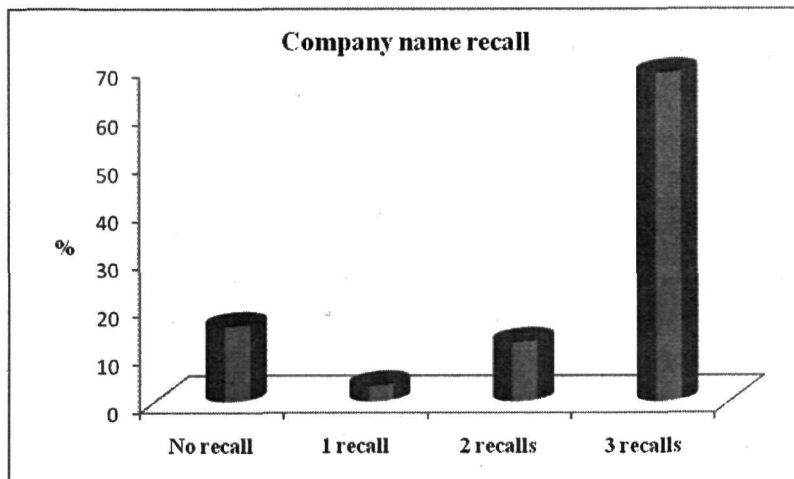
Likert's 5 point scale of disagreement/ agreement where 1=strongly disagree, and 5=strongly agree. Nearly 75% of the respondents said that the activities like arranging symposia, conducting educational programs for doctors etc. carried out by companies have an impact on their prescribing behavior.



**Q.6. Mention 3 drugs you regularly prescribe along with the names of the companies.**

Out of 89 respondents, 61 (69% of the respondents) could recall the names of all the three companies. Others who couldn't recall the names said that they

were more interested in the efficacy, quality of the product rather than in remembering the names of the companies. Also they reasoned that with a plethora of products being available, remembering the names of the companies behind these products is difficult.



**Q.7. Are there any close substitutes to the drugs mentioned above?**

This question was asked to gauge the respondents' awareness regarding the alternatives being available for their most preferred drugs. All the 89 (100%) respondents said that there are substitutes available for their most preferred. This question served as the base for the following question.

**Q.8. Below given is few statements related to the substitute products available for the drugs mentioned above. Rank them according to your agreement/disagreement.**

The question was aimed to find out if company image or reputation could be one of the reasons for their not opting for the substitutes too often.

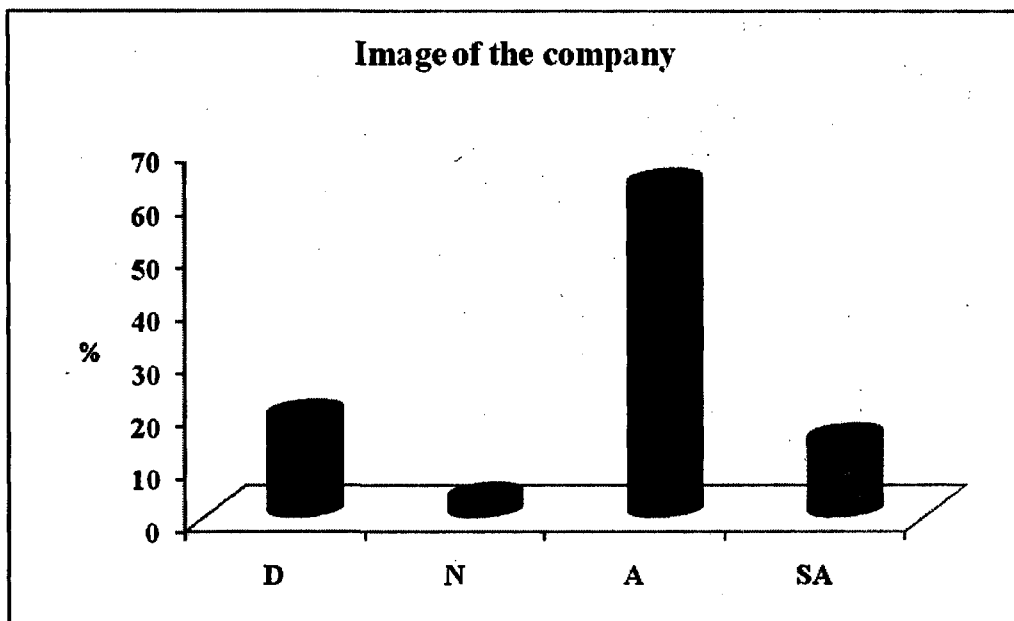
The question required the doctors to rate 12 statements on substitute products on Likert's 5 point scale (**Cronbach's alpha=.985**). The statements

used can be summarized in the form of three main factors-**habits and familiarity with the preferred products, perception about the company image associated with the preferred product and patient orientation.**

From the observations, it is clear that **patient orientation (mean=4.025, variance=.244)** has major influence on the doctors' decision regarding the use of substitute products. Next comes the factor of familiarity and habit. Perception of company and its image scores the least with **mean=3.2472, variance=.448.**

**Q.9. You consider the image of the company when choosing between almost similar drugs (similar in terms of price, efficacy etc.).....**

The question required the respondents to rate on Likert's 5 point scale



From the frequency chart, graph and the results obtained through descriptive statistics, 77% of doctors consider the image of the company when choosing between almost similar drugs.

**Q.10. Choose the response (i.e., a number from 1 to 5) which best reflects your current feelings about your experience with the company.**

The question was aimed at determining the

effect of corporate branding on doctors' loyalty towards a company. For this a hypothesis (alternate hypothesis) was formulated that **-H1; Corporate branding in pharmaceutical industry has an effect on the customer (physician's) loyalty.**

This hypothesis is a single variable (univariate) hypothesis, as it attempted to determine the effect of corporate branding on the loyalty. This hypothesis is a

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two-tailed (non-directional) hypothesis, as it does not indicate whether corporate branding has positive or negative impact on loyalty. The one sample t-test was selected to test this hypothesis, due to the fact that it was a univariate hypothesis. The specific population characteristic involved was the mean. The test value against which to test this hypothesis was chosen at 3. The reason for this was that 3 were the midpoint of the Likert's 5-point scale of agreement/disagreement (**Cronbach's alpha = .875**) used. If the value of t-statistic is greater than 3, it will lead to the rejection of the null hypothesis and acceptance of alternative hypothesis.

A low significance value (typically below 0.05) indicates that there is a significant difference between the test value and the observed mean. It is therefore safe to assume that the null hypothesis should be rejected in favor of the alternative hypothesis. Thus the corporate branding has an effect on the loyalty.

#### **Conclusion:**

Doctors consider corporate branding to be important for the pharmaceutical industry. Companies have been successful in positioning themselves to some extent, which is reflected in the image perception of companies amongst the respondents. The importance of the sales representatives is significant and seems to be the main media by which to make the respondents link companies to products as other activities are objective without any product promotion (educational programmes, scientific meetings etc.) A positive corporate image of companies does seem to have an impact on prescribing behavior and loyalty.

Branding is like a big iceberg where the tip is 15% and the visual identity visible through for example a logo or the packaging. The remaining 85% which is under the surface is the company's philosophy and brand values. The organization's reputation and how people see a company can be different from the organization's identity which is about your company's values, decisions. The difference between the two is called the strategic gap and the challenge is to bring this gap closer together.

Branding is how people experience the company and getting branding right is not just about designing a new image and heavy advertisement. The brand image and values can be extended further into business, and be communicated by way of PR,

newsletters, advertising and networking. At this level, branding is not just about the brand name or logo – it is about the sum of the customer experience.

Though the companies have been successful in establishing defined images in the mind of the doctors, they yet need to work more in this direction so that the customers' realize the values of the corporate brand and make them link the product to the company and vice versa so that the product and the corporate brand will benefit each other. This is necessary to ensure continuity of relationships with the customer in order to get competitive advantage over the competitors.

Widespread belief that "they all do the same" shows that there is a problem in relation to company positioning -ways of differentiation needs to be investigated and current activities need a critical evaluation in order to eliminate those that are carried out mainly "because all other companies do it." Attitude of sales representative should be addressed since the serve to bridge the gap between the company and its customers in order to ensure continuity of relationships. Another way of managing strong corporate brand is through the practice of corporate social responsibility.

Corporate responsibility is where brand management and corporate strategy cross-over each other, and become indistinguishable. Corporate responsibility refers to a corporate strategy that asserts that financial performance is connected in today's global world to responsible business practices that address the impact of business on society and the environment. Thus, in socially responsible businesses like our very own pharmaceutical industry, business decisions are connected to their ethical, social, and environmental impacts.. Recently published studies suggest that corporate responsibility practices greatly improve morale among employees, corporate reputation, and the perception of the brand. Thus, being socially responsible is becoming the expected behavior for famous brand companies. This behavior, assuming social and cultural responsibility, marks a rite of passage into a new stage of brand maturity. Companies like GSK in the U.K. monitor their global environmental and social impacts, report on their annual progress, and try to demonstrate how responsible they are by improving their social



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responsibility metrics. GSK annually reports their progress against metrics such as: (i) the adoption of corporate responsibility principles, (ii) training and certifying their managers in compliance with their Code of Conduct, (iii) the value of their product donation activities and community investments, and (iv) their reductions in greenhouse gas emissions. Others enhance their brand under a social responsibility brand strategy by obtaining certification from impartial international bodies regarding their products or services and their enterprise character.

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