

# IDENTIFYING AND EVALUATING THE EFFECT OF CORPORATE IMAGE ATTRIBUTES WITH REFERENCE TO PHARMACEUTICAL INDUSTRY

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**Abstract:** *An increasing number of companies are aware that a favourable corporate image can provide a company with a distinctive and credible appeal. Companies can no longer rely on their products and services as a means of effective differentiation and added value. Developing a positive corporate image is regarded by many as a more effective form of differentiation and a source of competitive advantage. The present study put forward the outcome of the field research focuses mainly on corporate image and its effect on corporate loyalty. It is based on the survey conducted among General Practitioners (GP's) in the Pune city. The study has revealed the important attributes for building corporate image in pharmaceutical industry. The finding of the study will explore an opportunity for pharmaceutical organisations to enhance their distinctiveness through linking unique and credible corporate characteristics to their products, thus enabling important synergies to be developed.*

**Keywords:** Corporate image, Corporate loyalty, Pharmaceutical Company, General Practitioner, Prescribing behaviour, Corporate identity, Drug effectiveness, Cost and effect relationship.

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**Introduction:**

The pharmaceutical industry is becoming increasingly complex and subject to a number of critical influences and this study investigates the attributes used by doctors to shape and determine the image they hold of drug manufacturers. There can be little doubt that doctors are an important target audience (direct customers) for pharmaceutical organisations and it is important for pharmaceutical companies to understand the key attributes used by doctors to form images of these companies. The widespread opinion is that a highly trusted corporate brand has an advantage in influencing decision makers (Doctors). In the Indian pharmaceutical environment, it seems to be that pharmaceutical companies have not considered corporate image building exercises on the priority. It was observed that there is gap in literature in context of corporate image and undertake research into these attributes seems appropriate and advantageous. Thus the present research study was undertaken to determine and rank the attributes currently used by prescribers and the study it would be beneficial to examine a part of the Indian pharmaceutical market and to consider prescribers' perceptions across those with similar training and cultural backgrounds.

**Review of Literature**

The branding concept has previously been dominated by a strong emphasis upon the product but there has been a shift in marketing emphasis from product brands to corporate branding as described by several authors (Aaker, 1996; Aaker and Joachimstahler, 2000; Balmer, 1995, 2001; de Chernatony, 1999; Dowling, 2001; Harris and de Chernatony, 2001; Ind, 1997; Kapferer, 1992; Keller, 2000; Knox et al., 2000; King, 1991; Olins, 2000; Hatch and Schultz, 2003; Schmitt and Simonsen, 1997).

An increasing number of companies are aware that a favourable corporate image can provide a company with a distinctive and credible appeal (Worcester, 1986; Hall, 1993; Markwick & Fill, 1997; Greyser, 1999). Companies can no longer rely on their products and services as a means of effective differentiation and added value. This is due partly to the convergence of capabilities and standards of quality and partly due to the increasing requirements for accountability and transparency. Developing a positive corporate image is regarded by many as a more effective form of differentiation and a source of completion. The creation of a suitable image through identity management requires a substantial investment, in time, management effort and financial resources. The increasing attention given to corporate image is illustrated by the vast amounts of money now being spent by businesses in developing their

corporate identities. Mergers or privatization are often the instigating factors for the new identities, but the advent of consumerism in the industry and other pressures mentioned earlier mean that pharmaceutical companies are using their identities more prominently to endorse their products. New audiences provide fresh opportunities for companies to promote their identity. Communicating with multiple audiences, however, also brings an increased risk of communicating inconsistent messages as different audiences need to receive different messages. Efficient identity (or reputation) management is essential to secure a uniform and consistent image. A fragmented image may not only damage reputation but could compromise the whole communication effort. The profound changes in the industry have driven increased company interest in the perceptions held by key stakeholders and the value of a favourable corporate image.

Many pharmaceutical companies now also accept the importance of identifying the key attributes that are used by various stakeholder groups, to form an image of a company. The success of those companies will be based on their ability to formulate marketing communication strategies to communicate consistently and effectively with both existing and newly empowered customer and other stakeholders. As there is always some risk involved in the prescription and use of drugs, the manufacturer's name and drug creator can be an important risk reduction mechanism for a prescriber. It takes time to create a favourable image and good reputation in the minds of prescribers but, once established, it is generally accepted that it generates a form of competitive advantage. Neadle (1964) found a strong correlation between a favourable company image and the prescribing of its products. Huston (1993) reported that in a study carried out by Scott-Levin Associates, 80 per cent of general practitioners stated they base their drug selection on their opinion of the manufacturer when choosing between similar brands. The study confirmed that a good image does translate into increased prescribing of a product. The survey reported by Huston was undertaken by Scott-Levin Associates, and involved 5,317 general practitioners and 16 other stakeholder groups, including pharmacists and consumers. This study was used as a framework in a smaller, yet more recent study of corporate image among general practitioners of pharmaceutical companies operating in Greece (Fill & Dimopoulous, 1999). In the light of the research undertaken in the USA and Greece, and the changing consumer and environmental conditions discussed earlier, to accomplish this it was necessary to investigate the images held by both general practitioners of pharmaceutical companies operating in the India

### **Objectives and Methodology of the Study**

The main objective of the study is to identify the key attributes important to corporate image building and rank these according to the relevance and further examine its effect on customer loyalty with reference to pharmaceutical industry.

### **Research Approach**

Due to the complexity of the branding issues and the aim to go behind the widespread political correctness characterizing the attitude of General Practitioner, descriptive research methods were chosen.

### **Data collection and sample characteristics:**

The primary data is collected through the questionnaire. The initial contacts with the physicians were done by doing direct cold calling to their clinics or hospitals. The researcher has briefly explained the purpose of the research study and the subject to be covered, but tried not to go into any details, as it might influence the physician's perception. At the onset of the interview the premises and the purpose of the interview were outlined. Each discussion was lasted for approximately 15 to 20 minutes, and at the end of the personal interview, researcher has given the declaration letter for maintaining confidentiality of the information to the doctors. The Researcher has also utilized secondary data for building the field research study; various sources are used for collecting the data these are Centre for Monitoring Indian Economy (CMIE), Monthly index of Medical specialist (MIMS India), Express Pharma Magazine , Pharmabiz Portal , Bulletin of Pharmaceutical Manufacturers Association, Circulars of Food and Drug Administration, Also the books and periodicals referred from Library of different colleges and management institutes.

### **Research instrument and sample selection:**

The research instrument used for the study was the questionnaire and it was designed on the basis of literature finding and inputs from practicing manager of the pharmaceutical industry.

**Sampling Unit:** In this study, the sampling unit was the General Practitioners practicing in the vicinity of Pune city.

**Sample Size:** The sample size was 100 doctors who are practicing the Pune city. This is fairly large to represent the population. And it was to include respondents of all the areas of the Pune city so as to make equal representation.

**Sample Frame:** The lists of the prospective respondents were collected from the directory published by Maharashtra Medical Council.

The sample representative of the population is selected as per the convenience sampling method. As there is currently no information suggesting any geographical or other demographic divergences in relation to doctor's opinion, the respondents selected are all situated in the periphery of Pune city.

### **Pilot study**

In order to establish the issues around the topic and prior to final survey, the questionnaire was pre-tested on a sample of respondents similar in nature to the final sample. The goal of pilot survey was to ensure to ensure readability and logical arrangements of the questions. The questionnaire was administered by conducting interview with 5 respondent doctors. The issues deriving from these interviews have formed the basis of the refining the questionnaire. The respondents were made aware of the purpose of the survey and were asked to go through the questionnaire carefully. The questionnaire was further reviewed by a pharmaceutical marketer to ensure all questions in relation to the subject of the study were included. Finally refinement in questionnaire is made on the basis of their feedback.

### **Data Processing and analysis:**

Data is processed with the help MS Excel, & MS Word, subsequently questionnaire was tabulated and written down by the researcher and the results were compared and merged. Data were analyzed by preparing response sheet and then by using statistical techniques like graphical analysis, measures of central tendency, measures of dispersion, correlation and regression analysis and ultimately studied the effects of dependable variables on independent variables.

### **Data Analysis:**

The data analysis involved selecting the questions which are designed according to the objectives, thereafter study the appropriate question and by applying suitable statistical techniques like graphical analysis, measures of central tendency, measures of dispersion, correlation and regression analysis and exploring the result.

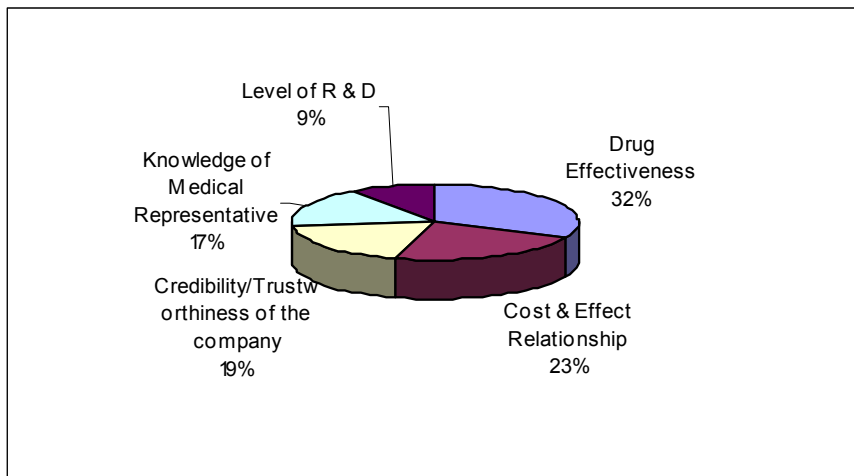
The prime objective of the research paper is studied through the questions. The response status for the specific question is as given below,

**Table I- Importance of the attributes that create a favourable corporate image**

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Drug Effectiveness	475	31.67%	31.67%
2	Cost & Effect Relationship	340	22.67%	54.33%
3	Credibility/Trustworthiness of the company	283	18.87%	73.20%
4	Knowledge of Medical Representative	262	17.47%	90.67%
5	Level of R & D	140	9.33%	100.00%

Source: Survey

**Exhibit I- Importance of the attributes that create a favourable corporate image**



Source: Survey

Since one of the major contribution is from the two main factors viz., Drug effectiveness and cost & effect relationship, by taking them into consideration, let us defined the regression among the variables loyalty, Drug effectiveness and cost & effect relationship whereas loyalty is dependent variable and remaining both are independent.

Hence the details are

Let  $X_1$ =Customer Loyalty

$X_2$ =Drug effectiveness

$X_3$ =Cost and effect relationship

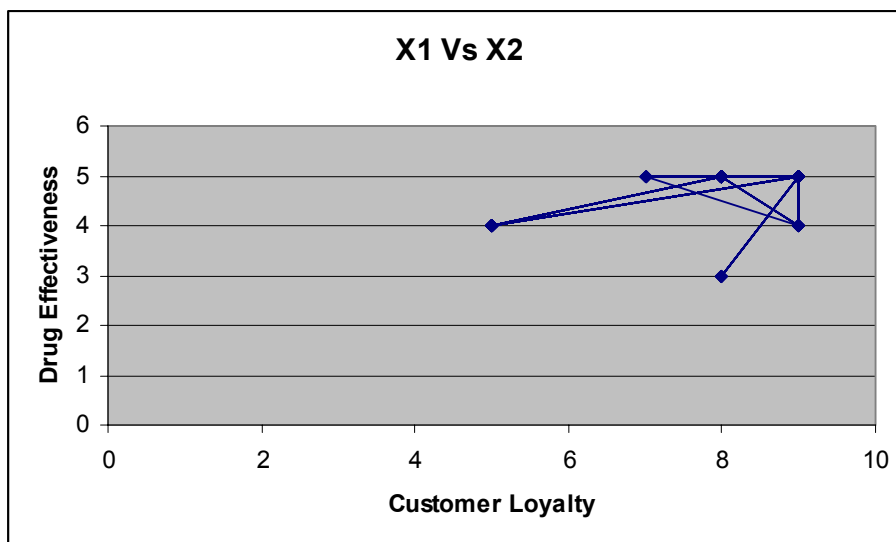
### 1) Relationship between Drug Effectiveness and Customer loyalty

Table II- Output

Method	Result (Output)
mean(x1)	8.15
mean(x2)	4.75
Std. dev(X1)	1.33
Std. dev(X2)	0.50
cov (X1,X2)	0.37
r12	0.55
b12	1.47

Here the regression line of X1 on X2 is given by,

Exhibit II- Regression line between Customer loyalty and Drug Effectiveness



$$X1 = (1.47 * X2) + 1.17$$

The above mentioned line of regression indicates the extent of linear relationship among the attribute 'drug effectiveness' and 'customer loyalty' with the help of pure mathematical and statistical approach. The physical significance of the above line which is obtained from sample is that, as the drug effectiveness is increased, customer loyalty is also increased in the same proportionate as mentioned in the above line. Also it offers the scenario about impact or role

played by the drug effectiveness on the ‘customer loyalty’. Basically it provides guidelines in order to obtain estimate of the customer loyalty if the calculated or an empirical values of ‘drug effectiveness’ are available in future as well for further study.

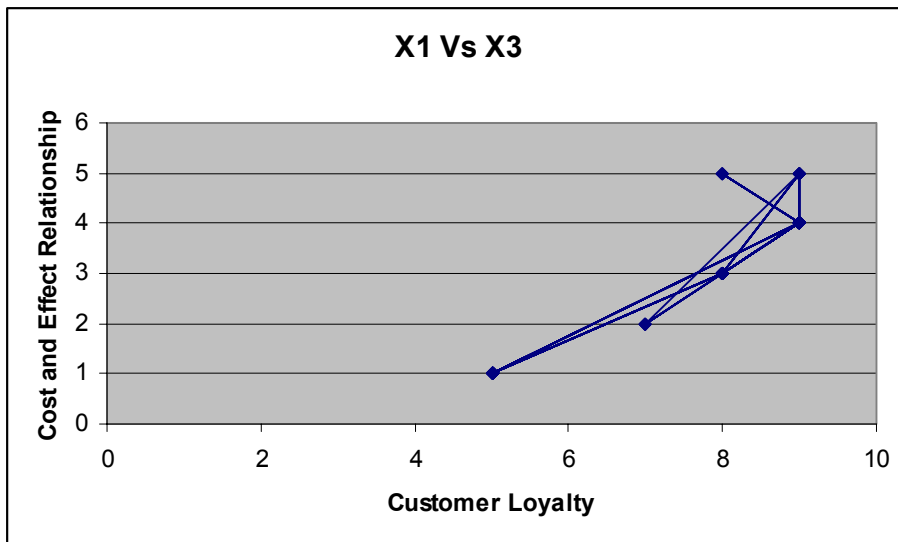
**b) Relationship between Cost and effect relationship and Customer loyalty**

Table III - Output

Method	Result (Output)
mean(x1)	8.15
mean(x2)	3.4
Std. dev(X1)	1.33
Std. dev(X2)	1.13
cov(X1,X2)	1.38
r12	0.92
b12	1.08

Here the regression line of X1 on X3 is given by,

Exhibit III - Regression line between Customer loyalty & Cost & Effect Relationship



$$X1 = (1.08 * X3) + 4.46$$

The above mentioned line of regression indicates the extent of linear relationship among the attribute 'cost and effect relationship' and 'customer loyalty' with the help of pure mathematical and statistical approach. The physical significance of the above line which is obtained from sample is that, as the 'cost and effect relationship' is increased, 'customer loyalty' is also increased in the same proportionate as mentioned in the above line. Also it offers the scenario about impact or role played by the drug effectiveness on the customer loyalty.

### **Discussion of Results:**

According to the respondents, "drug effectiveness" and "cost and effect relationship" are the most important attributes in creating corporate image of the pharmaceutical industry. As per the doctors, drug effectiveness, cost & effect relationship, trustworthiness of company and knowledge of Medical Representative are perceived to have positive impact on loyalty.

It is clear that, the attributes identified in the field research i.e. drug effectiveness dominates doctors' choice as a key corporate image attributes. The high rating of this response coincides with the doctors' desire to show objectivity and rationality in their choices. The level of importance that doctors give to this attribute is reflected in the number of them who mentioned it as their first choice. The next most important attribute in the formation of corporate image was revealed to be the relationship between the cost of a drug treatment and its relative effectiveness. This suggests that doctors are sensitive about medical costs, particularly as they are urged to prescribe under controlled measures. The third most important attribute is the Credibility/Trustworthiness which was relatively very less. Forth attributes is knowledge of Medical representative of the company and is the first attribute mentioned that is related to the marketing communications program of pharmaceutical companies.

The research and development that the company is known to undertake was ranked fifth in ability to influence the image. Information on R&D is usually communicated by companies constantly providing updates about existing drugs, the release of innovative products and through the provision of information through a variety of promotional tools, such as the sales force, sales leaflets, public relations, advertising, meetings and conferences.

### **Conclusions and managerial implications:**

The authors has concluded the study on the basis of literature findings and field outcome and put forward some imperative suggestions for practicing managers of the pharmaceutical industry.

The corporate image is strategically important and the images formed, by doctors, of a pharmaceutical company are composed of a number of elements. The strength of the company image held by this key influential audience appears to be directly related to perceived drug effectiveness but a number of other attributes also rank consistently high in the way doctors perceive these organisations. Indeed, it was suggested that drug effectiveness alone is not a sufficiently strong attribute upon which to build corporate image and reputation. Analysis of the strength of these perceptions has enabled a hierarchy of attributes to be determined.

The five most important attributes emerging are drug effectiveness, cost and effect relationship, credibility/trustworthiness of the company, knowledge of Medical Representative, level of R & D. It follows that pharmaceutical organisations should consider managing these attributes collectively and that they should be developed as an integrated set of corporate identity cues. The development of common thematic messages that reinforce a company's performance across these attributes appears attractive. A valid communication strategy might involve the company's achievements in R&D, benefit claims related to drug effectiveness and the strength and professionalism of a well managed Medical representative force. Strong corporate images are more likely to be shaped from integrating these elements in a planned approach to corporate communications.

Corporate images cannot be changed like products or product images, because they have to be based on coherence and consistency between a corporation's business foundation, its culture and its identity. To communicate this unique and distinct relationship should be the future focus of corporate communication department of pharmaceutical Industry.

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