

Henley Management College

**An investigation of the effects of corporate branding in the
pharmaceutical industry on customer behaviour and loyalty**

by

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Henley ID: 6137/2001

Dissertation submitted in partial fulfilment
of the requirements for the degree of
Master of Business Administration
2004

Abstract

An investigation of the effects of corporate branding in the pharmaceutical industry on customer behaviour and loyalty

The aim of the dissertation is to study the effects of corporate branding of pharmaceutical companies on customer behaviour and loyalty, to identify the brand attributes that the customers (general practitioners) perceive to be most important, and to what degree these have an impact on their prescribing behaviour and loyalty.

This dissertation evaluates the hypothesis that:

“Corporate branding and a favourable corporate image have a positive impact on customer behaviour and loyalty especially when product differentiation is difficult.”

A literature review of the corporate branding concept included: definition of the branding concept, product versus corporate branding, corporate brand image/reputation and loyalty, and its application in the pharmaceutical industry.

A qualitative research was conducted using in depth, semi structured interviews with twenty randomly selected general practitioners in Denmark.

Data was analysed by using a content analysis approach and grouped according to opinions in order to enable valid comparisons and to seek out any relevant patterns. The effects of corporate branding on the respondents perception of company images, and on prescribing behaviour and loyalty were explored and the overall results were compared with the literature findings.

It was concluded that corporate branding of pharmaceutical companies in its current form does not have the desired impact on customer behaviour and loyalty and thus the hypothesis was disproved. Companies have not been successful in creating a brand relationship in customers' minds that links favourable corporate perceptions to products and vice versa.

It is recommended that companies establish a clearly defined image and a strong positioning and that the corporation and the key attributes that drive a strong and favourable image are closely aligned with the products they market.

Dorthe Lehrskov-Schmidt

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Word count exclusive of abstract, illustrations, footnotes and appendices: 14,994 words.

1. INTRODUCTION

*“The well-being, indeed survival,
of many organizations rests on the success
of their corporate brands”
(John M.T. Balmer 2001)*

In recent years, the corporate branding concept has attracted a lot of interest among managers, consultants and academics, as it is perceived by many to be of pivotal importance to companies in a marketplace inundated by images and where product differentiation is increasingly difficult.

This dissertation will look into the effects of corporate branding in the pharmaceutical industry – an industry with some distinctive characteristics.

1.1 The pharmaceutical industry – setting the scene

The pharmaceutical industry is facing a fierce competition with high cost and risk associated with R&D investments. A major challenge for companies is to deliver a constant rate of new and innovative products, but the numbers of “block-busters¹” are few and the pace of drug discovery and innovation has slowed down. Products enjoy a relatively short period of brand exclusivity before they lose patent protection and several major products will go off patent in the years to come and multiple, lower cost generics are expected to enter the market. Differentiation is increasingly difficult and many companies are now pursuing a corporate branding strategy in order to create and sustain a competitive advantage. Huge amounts of money are spend on corporate communication and marketing activities that should help create the desired company image and improve the financial returns through enhanced customer loyalty. There are however, some challenges to branding in this particular industry: it is highly regulated and controlled, and direct to consumer advertising of prescription drugs is banned in Europe and Asia. The patent law and the distinctive market conditions make the industry completely unlike any other, and this reflected in its approach to branding.

¹ Drugs with a high efficacy and safety margin and a huge market potential

1.2 Why is the research topic important?

Branding has been known for ages and has evolved considerably over time as described by de Chernatony and McDonald (1998), and the evolution is still ongoing. Branding is moving away from being mainly related to stand alone products to a corporate branding strategy with focus on more intangible factors and the corporation itself. The building of strong corporate brands is a top priority in many companies as illustrated by several authors (Olins, 1989; Hatch and Schultz, 2000; Keller, 2000; Hatch et al, 2001).

There seems to be a widespread acceptance nowadays of brands being valuable strategic assets and the sole means of differentiation as expressed by Fortune magazine:

“In the 21st century, branding ultimately will be the only unique differentiator between companies. Brand equity is now a key asset” (Quoted in Blackett and Robins, 2001).

The importance of brands is mainly due to the financial value that they represent (Clifton and Maughan, 2000) and their earning potential makes them highly desirable. An independent analysis conducted by Interbrand², shows the value of the world’s ten most valuable brands (table 1). The stock market value of the Coca-Cola Corporation, for example, is around \$140 billion. A vast proportion of the value is dependent on the brand name with an estimated value of \$73 billion (mid-2000).

Table 1: The world’s 10 most valuable brands, Interbrand/Citibank League table, 2000.

Company	Stock market value \$bn	Net book value \$bn	Intangibles as a % of market value	Brand value \$bn
Coca-Cola	142	10	93	73
Microsoft	421	28	93	70
IBM	194	21	89	53
Intel	448	33	93	39
Nokia	240	8	97	39
GE	524	43	92	38
Ford	49	28	44	36
Disney	81	44	46	34
McDonalds	44	10	78	28
AT&T	119	71	40	26

² Interbrand - a pioneering brand consultancy in New York

Furthermore, brands are perceived to provide significant competitive differentiation, build relationship with customers, influence customer behaviour and attitude, and attract customer loyalty.

When looking at the Interbrand League table above it is striking that none of the successful pharmaceutical companies are included, and it would indeed be interesting to know why. According to Jones (2002) pharmaceutical companies have previously felt no real need to brand their corporation due to product patents, but the increased competition has forced companies to re-think their branding strategies. A strong corporate brand is perceived to enhance customer loyalty also when products go off patent, to reduce the cost of launching new products, and to increase the speed of market acceptance (Stibel and Kapoor, 2002).

1.3 The aim of the study

The aim of the study is to investigate the effects of corporate branding of pharmaceutical companies on customer behaviour and loyalty and to identify the brand attributes that customers perceive to be the most important, and to what extent these have an impact.

The study is based on a literature review taking into account the most recent and recognized theories and approaches of branding/corporate branding, and a field research based on in-depth interviews with 20 general practitioners. The interviews will explore the attributes that have an impact on prescribing behaviour and loyalty and to what extent there is a relationship in customers minds that links favourable corporate perceptions of pharmaceutical companies to their products and vice versa.

By contrasting the literature review with the research findings it is expected that new insight will be provided into the effects of corporate branding in the pharmaceutical industry.

1.4 Objectives

Research objectives

The research objectives are:

- 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 behaviour.
- To assess the effect of a favourable company image on customer loyalty.
- To explore if there is a brand relationship in doctors' minds that links favourable corporate perceptions of companies with their products and vice versa.
- To provide new perspectives on areas of improvements and recommendations for future research.

The objectives will form part of the exploration and testing of the hypothesis:

Corporate branding and a favourable corporate image have a positive impact on physicians prescribing behaviour and loyalty, especially when product differentiation is difficult

Personal objectives

My personal objectives for this research project are:

- To enhance my understanding of the research topic, which is of major interest to myself as a marketing person in the pharmaceutical industry.
- To improve my skills in undertaking a study of a significant issue and to link my own interests with the learning gained during the MBA programme.
- To make an authentic contribution to the knowledge of the effects of corporate branding in the pharmaceutical industry.

1.5 Scope of the study

The study will cover the topic of corporate branding and its application to the pharmaceutical industry in Denmark.

The pharmaceutical industry is divided into two sectors – the prescription-only medicine (Rx) sector and the over-the-counter (OTC) sector. The Rx sector, which is unlike any other industry, will be the main focus of this dissertation as it contributes around 90% of global pharmaceuticals revenue³.

The OTC sector of the industry functions in much the same way as other retail markets, but due to the word limit of the dissertation this sector will not be included. The customers are defined as general practitioners⁴ (GPs) as they are responsible for the majority of prescriptions made.

1.6 Structure

The dissertation is structured in four main parts:

1. Literature review

The literature review covers the issues of brand definitions and concepts, product versus corporate branding, corporate brand image/reputation, and brand loyalty.

2. Field research

The field research includes method and design, research findings, data analysis and presentation of results.

3. Discussion and findings

This section includes an overall discussion of the literature and research findings as well as a discussion of the congruence and possible contradictions between theory and practice.

4. Conclusions and recommendations

Conclusions based on the literature and research findings will be drawn leading to confirmation or disproof of the hypothesis, and recommendations to the identified problems will be provided.

³ LIF, Lægemedel Importør Foreningen 2002; Quoted in T. Blackett (2001): "Brand medicine"

⁴ The number of GPs in Denmark is 3,600, Den Almindelige Danske Lægeforening: www.laegeforeningen.dk

1.7 Summary

Further light needs to be shed on the effects of corporate branding in the pharmaceutical industry on the physicians' prescribing behaviour and loyalty. The dissertation seeks to address these issues by linking the branding theories and concepts to the "real life" findings of the field research.

2. LITERATURE REVIEW

*“Corporate brands are clearly emerging
as the company’s unique asset”
(Wally Olins, 2000)*

The purpose of the literature review is to set the study subject in a broader context through investigation of the relevant literature and other sources⁵. The review will cover the issues of *brand definition, product versus corporate branding, corporate brand image/reputation, and brand loyalty*. Key theories and arguments in the literature will be identified and amplified with various commentators and academics opinions and interpretations. Any differences in approach as well as areas of consensus will be presented and weaknesses in arguments and potential criticism will be specified.

2.1 Corporate branding - definitions and concepts

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 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).

The American Marketing Association gives the following definition of branding which in today’s context is believed to be rather narrow:

⁵ The literature search included the following sources: books, academic journals, business and marketing magazines, newspapers and various electronic databases and websites

“A brand is a name, term, sign, symbol, or design, or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Quoted in Kotler, 2000).

In his book *“Managing Brand Equity”* Aaker (1991) focuses on the product brand as a strategic asset but later (Aaker, 1996) he introduces the *brand-as-person*, *brand-as-organisation*, and *brand-as-symbol* perspective, but still with the main focus on product branding. Others (Gilmore, 1997; Gregory and Sellers, 2002) take the customer perspective into account and claim that it is the entire customer experience of the products’ tangible and intangible benefits.

Adamson (2002) stresses that corporate branding is about the customer’s perception of both product quality and the company behind the product.

Some commentators (Ind 1997, 1998; Berthon et al., 1999; Kelly and Reed, 2001) have definitions that include both the seller and the customer perspective, and they argue that corporate branding should be seen as involving both the identity of the company and the products.

Others (Keller and Aaker, 1998; Keller, 2000; Aaker and Joachimstahler, 2000; Kowalczyk and Pawlish, 2002) focus on customers as the primary stakeholders and draw the attention to the importance of these stakeholders’ coherently positive perception of the corporate brand. They do not put much emphasis on organisational members. Kowalczyk and Pawlish suggest that a good image of organisational culture amongst external stakeholders is key to corporate branding – a view that is shared by Hatch and Schultz (2001).

Others like de Chernatony and Harris (2000) and Balmer and Greyser (2003) believe that organisational members are key to the building and maintenance of the corporate brand.

Also Sprunk-Jansen (2002) when CEO at Lundbeck strongly emphasised the employees and the internal values as essential to corporate branding and business success.

Some commentators like Jacobsen (1999) perceive branding to be essentially a management philosophy - a view that is shared by others (Schultz, 2003; Mitchell, 2002) who take it further and claim that branding is also dependant upon a clear and deeply embedded vision.

Some broader definitions with a more holistic view are revealed by others (Morsing and Kristensen, 2001; Hatch and Schultz, 2000; Schultz and de Chernatony, 2002; Balmer, 2001, 2003; Sandström, 2003). They highlight that branding is multidisciplinary in scope and that it is necessary to understand the interrelations between organisational members and the corporate brand, and between external and internal stakeholders.

Schultz and de Chernatony (2002) argue that corporate branding involves the whole organisation and is founded in the web of internal and external stakeholder activities.

Another important issue is the growing awareness of the importance of corporate social responsibility that many companies are now integrating into their corporate brand. But the increased focus on what the organisation stands for, its ethical principles, its attitude towards stakeholders, the environment etc. is a major challenge to companies (Morsing & Kristensen, 2001).

Kunde (2000) is the only author who goes so far as to claim that corporate branding should become a *corporate religion*.

In the pharmaceutical industry the definition of branding has fundamentally meant product life cycle optimisation (Blackett and Robins, 2001). Corstjens and Carpenter (2000) claim that the product focusing strategy seems less and less feasible due to the crowded market with tightening margins - they believe that the corporate brand is going to replace individual drug brands in the future.

2.1.1 *Criticism of the branding concept*

The criticism of the branding concept is increasing and one of the critics is Klein (2001) who in her book “*No Logo*” accuses the brands of manipulating consumers and the growth of global inequalities. An article in *The Economist* (08/09/01) draws the attention to the perception of the brand as an instrument of oppression.

Schultz and de Chernatony (2002) are sceptical about the “Corporate Religion” philosophy expressed by Kunde (2000). They stress the importance of having the right balance between a strong and engaging company culture and a controlling, uniform “Big Brother” culture:

“When does the brand overstep the mark and becomes too much of a “Corporate Religion”? When does a brand become so tightly controlled that it alienates committed and capable employees?”

Several commentators claim that the branding concept is overused and has become a cliché (e.g. Earls and Baskin, 2002; Khermouch, 2001), and according to Schmitt (1999) everything will soon be a brand.

In his book: *“Fireball – et opgør med branding”*, Aconis (2003) claims that branding is a bluff and has become degenerated due to overuse of the concept. He argues that instead of talking about strategic corporate branding, which is his opinion is an over intellectualisation of the branding concept, companies should have a more tactical approach to the issue.

In an article in *Berlingske Tidende* (10/09/03) professor Lund emphasizes the discrepancy between the theoretical principles of branding and how it is put into practice. He argues that corporate branding should be a long-term process and a management responsibility and not a communication strategy carried out by advertising agencies, which is often the case.

Stagliano and O’Malley (2002) comment on the discrepancy between the way people have come to talk and think about brands and how a brand actually behave in the real world.

According to Mottram (1998) the scepticism of branding is understandable but misguided because in the future, corporate brands will be different as companies will be forced to look harder at the corporate brand itself, and deeper to the vision and purpose of the organisation.

In *Berlingske Tidende* (10/12/03) professor Jean-Noël Kapferer⁶ states that it does not make sense to question the value of corporate branding – it is part of the market evolution and highly valuable when used in the right way. However, companies have to be cautious not to lose product strengths in their attempt to brand the corporation.

Despite the criticisms, the different scopes and interpretations of branding and the lack of any framework of best practice, it seems obvious that the importance of branding is increasing and that branding strategies are moving from product branding towards

⁶ Jean-Noël Kapferer, professor at the Management Institute HEC in France made these comments at a symposium at Copenhagen Business School, DK in October 2003

corporate branding with a broader scope involving the whole company, internal and external stakeholders, social responsibilities and trustworthiness.

2.2 Product versus corporate branding

In the literature there seems to be various opinions of how corporate branding differs from product branding and several aspects are highlighted e.g. the focus and scope of the branding efforts, strategic importance, managerial responsibility, stakeholders and the temporal dimension.

To date, the main focus has been on the product as a brand and according to Aaker, (1996) and Aaker and Joachimstahler (2000) the brand hierarchies enhance the focus and effectiveness of the branding strategies. Due to product commoditisation, increased service levels, faster innovation, and diminishing brand loyalty, companies are challenged with the issue of increased customer value (Knox et al. 2000). Therefore, product branding with its focus on the unique features associated with the product is not enough in contemporary competition (Knox et al., 2001). The next step is corporate branding as a strategic weapon (Keller, 2000).

2.2.1 Level of analysis

In corporate branding the level of analysis changes as it involves the identity of the company and not only its products (Ind, 1997, 1998).

King (1991) claims that corporate brands are more complicated, require board-level support, and are of greater strategic impact than product brands. Others (Hatch and Schultz, 2003; Balmer, 2001; de Chernatony, 2001; Will et al., 1999; Harkness, 1999; van Riel, 1995) seem to agree but highlight further differences such as the focus, values, and supporting communications.

2.2.2 Stakeholder perspectives

The marketing thinking that dominates corporate branding tends to emphasise customers and shareholders as the primary stakeholders without much emphasis on organisational members (Morsing and Kristensen, 2001). However, several authors (de Chernatony and Harris, 2000; Wilson, 2001; Balmer and Soenen, 1999; Morsing and Kristensen, 2001) believe that organisational members are key and the most significant feature in distinguishing corporate branding from product branding. Though product-branding

theory (Aaker, 1996) mentions “brand as organisation” and “brand as person” as distinct features of the brand identity, organisational members still seem passive elements in the strategy (Morsing and Kristensen, 2001).

Others claim that a company’s vision and culture should be used as part of its unique selling proposition (Ackerman, 1998; Balmer, 2001; de Chernatony, 2001; Ind, 1997). Hatch and Schultz (2003) take this further by saying that strong corporate brands are based on the interplay between vision, culture and image, and require effective dialogue between top management and internal and external stakeholders.

In his book: “*Corporate Branding – et værktøj til strategisk kommunikation*”, Sandstrøm (2003) summarises the differences between product and corporate branding and his comparison (table 2) is based on the work of Schultz et al. (2000), Keller (1997), Olins (1990) and Doyle (2001).

Table 2: Product versus corporate branding by Sandstrøm (2003).

	Product branding	Corporate branding
Focus	Products	The corporation
Objectives	Create awareness of specific products in selected markets Create customer loyalty Separate products from the corporation	Gain knowledge and acceptance of company values and vision Create trustworthiness and loyalty amongst customers and consumers
Target group	Customers and end-users	All stakeholders
Communication scope	Narrow – primarily related to product attributes	Broad – internal and external communication of business issues
Departments involved	Marketing and public relations departments	The whole organisation
Time perspective	Short-term – equivalent to the product lifecycle	Long-term – equivalent to the company lifecycle
Advantages	Damage to a product is not linked to the corporation and does not have an impact on other products	Corporate values and politics creates goodwill and trustworthiness that add value to the products and help solve product related crises
Disadvantages	Costly to market new products Lack of synergy between brands	Damage to the corporation can lead to damage to products Complicated to focus and prioritise communication with many different stakeholders

2.2.3 *Benefits and precautions*

The advantages of corporate branding outlined by Sandström (2003) are few compared to those mentioned by Mottram (1998) in table 3.

Table 3: Benefits of corporate branding by Mottram (1998).

Benefits of corporate branding
<ul style="list-style-type: none"> – A strong brand attracts and inspires employees and other stakeholders – Corporate branding provides a long-term strategic rather than short-term, tactical focus for brand development – New product launches and brand extensions become cheaper and can be implemented more speedily – Most importantly, financial performance and value creation can be enhanced

Mottram highlights the financial benefits of a corporate brand including cost-savings on product launches. However, Schultz and de Chernatony (2002) claim that:

“Reliance on corporate heritage and identity as mechanisms to save promotional launch costs is short-term thinking that has the inherent danger of diluting corporate brand equity”.

Schultz and de Chernatony (2002) argue that if companies, however, are successful in using corporate branding as a holistic framework for conceptualising and aligning the company’s different activities and express its distinctiveness to stakeholders there is an opportunity for generating a significant income stream in the long-term.

Several authors agree that corporate brands add economic value to the various products and services offered by the company (Fombrun, 1996; Ind, 1997; Keller, 2000; Knox and Maklan, 1998; Olins, 1989, 2000) and according to Sweeney (2002) and Balmer (1999, 2001) strong brands in addition build trust, and loyalty amongst stakeholders.

However, Balmer stresses that corporate brands are vulnerable through all stages of their life cycle, and need to be managed carefully.

Ian Ryder, vice-president, brand and communications at Unisys (quoted in Simms, 2000) argues that only very few companies manage their corporate brand as a hugely important asset – the approach to managing the corporate brand has traditionally been one of “tight-and-light” management: “How cheaply can we do this?”

Gilmore (1997) stresses the importance of sufficient resource allocation and claims that branding needs the sustenance of investment, though everyone knows that at least half of it is wasted.

De Chernatony and McDonald (1998) state that despite the benefits of corporate branding there is a danger, that costumers do not realise the values of the corporate brand and how these relate to the products.

Balmer and Greyser (2003) conclude that corporate branding is not a prerequisite, or necessarily desirable, for every organisation to have. Some companies fail to develop a corporate brand or may conclude that it is not applicable to their sector.

2.2.4 *Product vs. corporate branding in the pharmaceutical industry*

Branding in the pharmaceutical industry has been equivalent to product lifecycle⁷ optimisation due to the inherent nature of the industry (Blackett and Robins, 2001; Milligan, 1998). An important difference from the consumer goods industry is that access to information about products is restricted to doctors and healthcare professionals – they act as the companies’ brand ambassadors towards patients. According to Blackett and Robins (2001) these market conditions are inimical to branding.

Furthermore, Blackett and Robins argue that branding, with all the emotional and core value appeal that exists in the consumer market, is improbable, if not impossible in the healthcare sector.

According to Milligan (1998), drugs are seen as a “rational purchase”, unlike fast-moving consumer goods, and are related to “relief” rather than enjoyment. Gregory and Sellers (2002) do not agree with this, as they claim that pharmaceutical companies can indeed profit from observing and adopting the best practices of corporate brand strategies used in consumer goods industries.

Previously, most pharmaceutical companies allowed their corporate brand to be passively and indirectly managed through the opinions of regulatory agencies, the press, and financial analysts (Stibel and Kapoor, 2002), but due to dramatic changes in the industry most companies have now turned to corporate branding in the attempt to create and sustain competitive advantage (Gregory and Sellers, 2002). Gregory and Sellers argue that the corporate brand is the primary connection to the company’s ultimate market valuation and needs to be an integral element in marketing support of products.

⁷ The average product lifespan is approximately 8-10 years

However, some commentators like Larsen (2003) claim that the pharmaceutical industry is one of few industries where product branding might still offer an advantage over corporate branding. Blackett and Robins (2001) seem to agree to this in the book: “*Brand Medicine*”, which focuses mainly on long-term product branding strategies.

In an article in *Pharmaceutical Executive* (05/02), Stibel and Kapoor (2002) summarise the arguments for corporate and product branding (table 4).

Table 4: Product vs. corporate branding in the pharmaceutical industry.

Arguments for Product Branding	Arguments for Corporate Branding
– Patients don’t care who makes their medicine as long as it works	– Patients get prescriptions from doctors who are concerned about the pharmaceutical manufacturer
– In the OTC ⁸ sector DTC ⁹ ads can drive consumers to doctors to ask for specific brands	– Branded product ads have to mention negative side effects; Corporate ads don’t
– Major brand successes pay for huge R&D budgets, including those of many less profitable or failed therapies	– A strong corporate brand can reduce the cost of launching new products and increase success rates

Stibel and Kapoor claim that despite the arguments for product branding a strong corporate brand clearly has some advantages - over time, a strong corporate brand can predispose doctors and consumers to use its products, potentially reducing the launch costs of new drugs and increasing the speed of market acceptance. They also claim that:

“Representatives from “admired” companies may earn more quality face time with doctors, who are hard pressed to see all the sales reps knocking at their doors. And although doctors will always put science first in making prescription decisions, a strong corporate brand may incline them to listen to reps discuss their products’ science in more detail”

Though, corporate and product brands are inextricably linked the industry has according to Stibel and Kapoor in general failed to make products and corporate brands benefit each other, a view that is supported by Corstjens and Carpenter (2000).

⁸ OTC = Over The Counter

⁹ DTC = Direct To Consumer

2.2.5 *How effective is branding when products go off patent?*

There is some debate over how effective branding is when products go off patent and whether doctors and pharmacists will automatically drop brands post-patent.

Sue Cleverly¹⁰, healthcare researcher for Taylor Nelson Sofres, believes in corporate branding, but she challenge the idea that even the strongest brand can survive in the face of generic competition. An example amongst many is the sales of the gastro intestinal product, Losec, from AstraZeneca that dropped like a stone after the patent was lost.

However, doctors' propensity to prescribe generics varies greatly¹¹ and Blackett and Robins (2001) draw the attention to product brands like Ventoline and Clarityn, which continue to be highly valuable even after patent expiry - they have been able to create a momentum in demand during their years of exclusivity. Given parity in price the tried and trusted brand will usually enjoy an advantage over generics (Blackett and Robins, 2001).

From the discussion above, corporate brands seem to be highly valuable when managed well and when applicable. Many companies e.g. Procter & Gamble, General Electric, and Intel have successfully changed their product branding strategy into a corporate branding strategy, when the market conditions changed.

However, the questions are whether this strategy is applicable in the pharmaceutical industry, can "best practices" from the consumer goods industry be adapted at all, and why has the industry in general failed to make products and corporate brands benefit each other?

¹⁰ Quoted in Jones, M.C., 2002, "A spoonful of branding", Brand Strategy, July

¹¹ Doctors' propensity to prescribe generics: In parts of the US it is as low as 10%, the EU average is 20-30% and in the UK it is 60-70%. Source: quoted in Brand Strategy July 2002. According to *Scrip Yearbook*, 1995, 1998 the use of generics has increase from 45% in 1992 to 60% in 1995

2.3 Corporate brand image and reputation

*“It is clear that when there are no obvious differences in price, quality design and features, the purchase decision may increasingly be influenced by a positive reputation of the brand and of the manufacturer”
(From an annual report by Philips)¹²*

2.3.1 *The image concept*

The corporate image concept has multiple meanings and is often used as a synonym for other concepts such as reputation, perception, association, credibility, communication, and relationship.

Some of the earliest writers on corporate image, Boulding (1956) and Martineau (1958), conclude that there is a link between an individual’s perceptions of an organisation and that person’s behaviour towards the organisation, and that a favourable image provides an organisation with a distinctive competitive advantage (Biel, 1992).

2.3.2 *How are images created?*

Aaker (1996) focuses on image from a customer perspective and according to him the image is created through the cluster of associations that the customers connect to the brand - tangible and/or more emotional attributes like innovation or trustworthiness.

Others (Berg, 1985; Fombrun, 1996; Gioia et al, 2000; Hatch and Schultz, 2000) have a broader approach to image creation as they include *the outside world’s* perception of the company including the views of customers, shareholders, the media, the general public etc. Hatch and Schultz (2001) and Kowalczyk and Pawlish (2002) draw the attention to the important role that organizational culture plays in generating an image to outside stakeholders.

Martineau (1958) argues that corporate reputation should be managed and that advertising is more useful than PR in creating a positive image, but others have called this into question, including Kennedy (1977). She is sceptical about the use and reliance on formal communications in image building, and she concludes that behavioural

¹² Quoted in Kennedy, S.H. (1977) “Nurturing Corporate Images: Total Communications or Ego Trip?”, *European Journal of Marketing*, 11(1)

relationships and personnel have a key role in influencing external perceptions. Others (Olasky, 1987; Grunig, 1993) agree with this, and claim that formal communication should not be used as a surrogate for behavioural relationships.

Nowadays, it is widely held that PR is an important element in shaping corporate images (Morsing and Christensen, 2001). An example of the media's crucial role is the Danish company Oticon, where the business media during a decade contributed to the creation of its strong corporate brand. But the media visibility might indeed also have the opposite effect as illustrated by Fombrun and Shanley (1990).

Some of the critics to the concept claim that the many interpretations and schools of thoughts have degraded the concept (Grunig, 1993), and that several problems are associated with it including negative associations, its difficulty to control, and the different image effects on different stakeholder groups (Balmer, 1998). Brown (1997) concludes that the general understanding of the antecedents and impact of corporate image is skeletal.

2.3.3 *Corporate reputation*

In recent years there has been an increasing focus on corporate reputation rather than on corporate image, though some writers tend to use the concepts interchangeably, and the many reputation ratings¹³ published in various management periodicals and in the quality press reflect the widespread business interest in the concept.

The difference between corporate image and reputation

According to Fombrun (1996) reputations reflect the general esteem in which a firm is held by its multiple stakeholders. Writers like Formbrun and Schanley (1990), Weigelt and Carmerer (1988), Gray and Balmer (1998) and Herbig and Milewicz (1995) conclude that the corporate reputation has a historical perspective as it is formed over time, and based on the organisation's past behaviour. These two characteristics distinguish it from the corporate image concept (Balmer and Greyser, 2003).

¹³ The Fortune Magazines (2002) placed General Electric, Wal-Mart and Microsoft on the top-three of "Most Admired Companies"; The yearly rating by the Danish newspaper, Berlingske Tidendes Nyhedsmagasins "Guldnummer" (2002) placed companies like Novo Nordisk, Lego, Bang & Olufsen and Maersk amongst the most admired companies in Denmark

2.3.4 *How is corporate reputation created?*

According to Gray and Balmer (1998), Saxton (1998) and Fombrun and Shanley (1990) corporate reputation is a result of both internal and external stakeholders' perception and evaluation of the organisation, and is often related to the reputation of competitors (Fombrun and van Riel, 1997).

A considerable amount of research suggests that reputation is dependent on prior economic performance (Vergin and Qoronflech, 1998; McGuire et al, 1990; Fryxell and Wang, 1994) but others (Fombrun, 1996; Fombrun and Shanley, 1990) believe that there is more to an organisation's reputation than its economic standing.

Some of these non-economic factors include the outside perception of a firm's culture and the attitudes and behaviour of employees (Schultz and de Chernatony, 2002). Greyser (1999) takes this further and claims that corporate reputation can be managed, altered or affected by corporate behaviour and by exogenous factors such as industry and cultural forces.

Another exogenous factor is the media that has a significant role to play. It takes time to create a favourable image, but a newspaper article may have an immediate impact on a company's reputation, its shareholder value, its trustworthiness etc. (Morsing and Kristensen, 2001).

In times with corporate scandals and a high degree of distrust towards companies (Gallup & Environics' "Trust Analysis", 2000) involvement in social efforts is seen as a vital element in generating trust and admiration and in building strong corporate reputation (Morsing and Thyssen, 2003). Empirical findings show that corporate social responsibility is the main driver of corporate reputation for Danish companies (Morsing, 2003). The possibility of improving corporate competitive advantage through actions of social responsibility is also stressed by Olins in *The Economist* (08/09/01) and by Porter and Kramer (2002).

2.3.5 *Benefits and key drivers*

There seems to be general agreement in the literature that a favourable reputation brings distinctiveness and a strategic advantage to a corporation that is not easily imitated (Boyd et al., 1995; Kowalczyk and Pawlish, 2002).

According to Keller (2000) corporate brand equity is based on various stakeholders' (not only customers' as expressed by Biel, 1992) coherently positive associations about the corporation.

A positive reputation permits a company to charge premium prices, attracts skilled staff, enhances employee loyalty, provides greater stability in stock prices, reduces its risks during crises (Vergin and Qoronflch, 1998), and it might act as a bulwark against adverse stakeholder reactions (Fombrun and Rindova, 2000; Greyser, 1999).

In the article “*Advancing and Enhancing Corporate Reputation*”, Greyser (1999) outlines the benefits and key drivers of a positive reputation revealed from an international study on reputation undertaken by Opinion Research Corporation among 10,000 managers in various countries (table 5). The six key drivers that emerged have been ranked according to importance. Some of these drivers e.g. innovation and corporate culture are also highlighted by others (Aaker, 1996; Hatch and Schultz, 2001; Kowalczyk and Pawlish, 2002) but according to Hatch and Scultz (2001), and Kowalzyk and Pawlish (2002) corporate culture ranks much higher than it does in the present study.

Table 5: Key drivers and benefits of corporate reputation by Stephen A. Greyser (1999).

Key drivers of corporate reputation	
1	Competitive effectiveness (including innovation/ R&D, high quality products)
2	Market leadership (including well-differentiated products)
3	Customer focus (including a clearly defined image)
4	Familiarity/favourability
5	Corporate culture (including high ethical standards and high-quality employees)
6	Communications (effective advertising)
Benefits of a positive corporate reputation	
1	Preference in doing business with a company when several companies' products or services are similar in quality and price
2	Support for a company in times of controversy
3	A company's value in the financial marketplace

The strategic importance of reputation is well summarised by Barney (2002):

“Of all the bases of differentiation none is more difficult to duplicate than a firm's reputation. Reputations are not built quickly, nor can they be bought and sold. A firm

with a positive reputation can enjoy a significant competitive advantage, whereas a firm with a negative reputation, or no reputation, may have to invest significant amounts over long periods of time to match the differentiated firm”.

The issue of credibility

Several writers including Greyser, (1999) and Sandstrøm (2003) focus on credibility as a key driver in corporate reputation, and the central link between corporate behaviour and public confidence. There has to be a fit between company behaviour and public expectations - customers expect coherence between what a company claims to be and what the company actually does (Fombrun and Rindova, 2000).

Aaker (1996) states that credibility is achieved when the organisation is perceived as being *expert, trustworthy* and *liked*. Keller and Aaker (1997) claim that an innovative corporate image has a substantial positive impact on corporate credibility, which seems to correspond well with the findings of Greyser (1999).

However, Schultztz and de Chernatony (2002) stress that there is a growing global scepticism about brand trustworthiness, and Balmer and Greyser (2003) advise caution, as a good reputation on its own is no guarantee of business success - one example is the Concorde with its sterling technological reputation that never turned out to be a marketing success.

2.3.6 Corporate image and reputation in the pharmaceutical industry

There is a strong focus on corporate image and reputation in the pharmaceutical industry – companies strive for an image of being innovative, professional, caring, trustworthy, attractive to skilled staff, and the “preferred company for external stakeholders to cooperate with”¹⁴ and thus seem to believe in the benefits of corporate reputation outlined by Greyser (1999).

The widespread opinion is that a highly trusted corporate brand has an advantage in influencing decision makers, a segmented customer market, and a critical investment market as well as in recruiting and retaining needed talent as expressed by Gregory and Sellers (2002).

¹⁴ www.glaxosmithkline.com; www.pfizer.com; www.astrazeneca.com; www.novonordisk.com; www.msd.com; www.jnj.com; www.lundbeck.com; www.nycomed.com

Furthermore, a strong and trusted brand can influence behaviour and attitude, enhance customer loyalty and provide significant competitive differentiation (Scharitzer and Kollarits, 2000; Blackett and Robins, 2001; Aaker, 1996).

Companies spend huge amounts of money on building strong corporate brands through corporate communication, websites, educational programmes for doctors, symposia, congresses, information materials etc.- and visits by pharmaceutical sales representatives (McIntyre, 1999).

According to de Chernatony and McDonald (1998) personal visits by sales representatives are of considerable value to image creation, and in the pharmaceutical industry the representatives are perceived to be the most potent media at all (Blackett and Robins, 2001; McIntyre, 1999).

Scharitzer and Kollarits (2000) agree to this and claim that there is a significant relation between the physicians' perception of company images and the sales representatives' performance and their prescription behaviour.

However, according to Murtagh et al. (2002) physicians continue to grow impatient with many sales representatives as they offer stale and uniform information and lack insight about physicians' behaviour.

Key drivers of corporate brand perception

The issue of trust appears to be one of the most fundamental in the industry and critical to the brand/customer relationship.

Trust is engendered through honest communication and dealings with customers and it provides a strong basis for a relationship between an organization and its customers (Aaker, 1996).

Blackett and Robins (2001) have a pragmatic approach to the issue. They claim that trust from the GP's perspective is based on the perception of product attributes such as efficacy, safety, convenience, and cost-effectiveness but also brand experience and honest communication about product capabilities are essential.

A corporate image study amongst 900 opinion leaders and financial influencers conducted by Corporate Branding, showed that the three most important attributes in formation of corporate brand perception are: *pioneering*, *accountable* and *salient* (table 6). These findings seem to correspond well with the findings of Keller and Aaker (1997) and Aaker (1996).

Table 6: Key attributes that shape corporate brand perception by Gregory and Sellers (2002).

Key attributes	How is the image created?
Pioneering	The company is pioneering in its field portrayed through intense commitment to R&D, diversification, a corporate vision driven by high quality, the speed with which a company brings new products to market
Accountable	The company is accountable due to high-quality products and consumer confidence derived from its responsible and ethical actions
Salient	The company breaks through the communications clutter in a positive way to establish its presence.

Gregory and Sellers (2002) stress that in order for companies to exploit their corporate brand they have to create a brand relationship in customers' minds that fundamentally links favourable corporate perceptions to the products they market and vice versa.

From this discussion, corporate image and reputation appear to be key elements in corporate branding as a favourable image or reputation provides companies with a strategic advantage that is not easily imitated. There are various opinions of what the key drivers of a favourable image and reputation are, but the drivers most frequently referred to in the literature are: *innovation, trustworthiness/credibility, familiarity/awareness, PR, prior economic performance, corporate culture, the attitude and behaviour of employees, and corporate social responsibility.*

However, the question is, does a favourable corporate image of pharmaceutical companies have the desired effect on customer behaviour and loyalty given other forces in the industry and do doctors actually link favourable corporate images to product portfolios and vice versa?

2.4 Brand loyalty

*“Building brand loyalty is taking the steps to make today’s customer tomorrow’s customer as well”
(Joe Marconi, 1993)*

According to de Chernatony and McDonald (1998) brand loyalty is a measure of a consumer’s attachment to a specific brand and is based on its perceived quality and value, its image, the trust placed in the brand, and the commitment the consumer feels towards it. A number of authors including Liddy (2000) define loyalty as a result of customer behaviour and attitude, but others (Aspinall et al., 2001) find this binary definition too narrow as several other categories of loyalty exist.

2.4.1 *Benefits of brand loyalty*

Aaker (1996) points out that brand loyalty is a key asset of brand equity, and according to Zaltman and Wallendorf (1979) a high degree of customer loyalty will make customers less likely to try competitor brands.

In an earlier work Aaker (1991) stresses that loyalty is important because it can reduce marketing costs, improve trade leverage, attract new customers and increase the time available to respond to competitive threats.

Furthermore, committed and loyal customers guarantee future income streams as well as facilitation of brand extensions by transferring positive associations to new brands (Aaker, 1996; de Chernatony and McDonald, 1998). Weinstein (2001) claims that no matter what industry, studies show that profit and ROI increase in direct proportion to the loyalty reinforcements customers receive.

Davis (2000) supports this view, and in an article in *Brandweek* he outlines some very specific benefits tied to loyal customers (table 7). He claims that loyalty drives up to 70% of all purchase decisions, and that a 5% increase in customer loyalty can yield up to a 100% increase in profitability in some industries.

Table 7: Benefits tied to loyal customers by Scott Davis (2000).

Loyal customers are willing to:
<ul style="list-style-type: none"> – Pay a 20% premium for their brand of choice relative to competitors – Try new products under your “endorsed” brand, without a lot of convincing – Be forgiving if your brand makes a mistake – Put up with price increases if you continue to deliver high performance

Also de Chernatony and McDonald (1998) highlight the importance of loyal customers’ willingness to support the company during crises as shown during the accidents with Johnson & Johnson’s tampered jars.

However, there are some opponents including Aspinall et al. (2001) who claim that more attention should be paid to customer retention rather than to customer loyalty. Customer behaviour can be wrongly interpreted – apathy may lead some customers to demonstrate apparent “loyalty” or “commitment” or customers may stay “loyal” or “committed” due to emotional and financial costs of changing supplier, and finally there are customers who do not buy but feel some “loyalty”.

Davis (2000) has a divergent opinion - he claims that many firms are confusing retention with loyalty, and that the only thing that matters is loyalty and deep customer relationships. He argues that retained customers give you a false sense of business security and should be thought of as nothing more than “you are as good as your last transaction”.

However, Scharitzer and Kollarits (2000) claim that customer loyalty and retention are closely linked as to a certain extent customer loyalty is a prerequisite for increasing or reducing customer retention.

2.4.2 *How is loyalty created?*

Brandt and Baker-Prewitt (1997) argue that in general loyalty is a product of customer satisfaction. Building brand loyalty involves continuing to serve customers in a satisfactory way (Marconi, 1993) and companies have to make sure that the values communicated to consumers are consistent with its internal values (Khermouch et al., 2001).

In general, customer loyalty is decreasing as customers have become more fickle and prefer to shop around (Jacobsen, 1999). Loyalty does not occur by itself but must be

earned, and trust in the brand keeping its promises is vital (Adamson, 2002). This is well expressed by Khermouch et al. (2001):

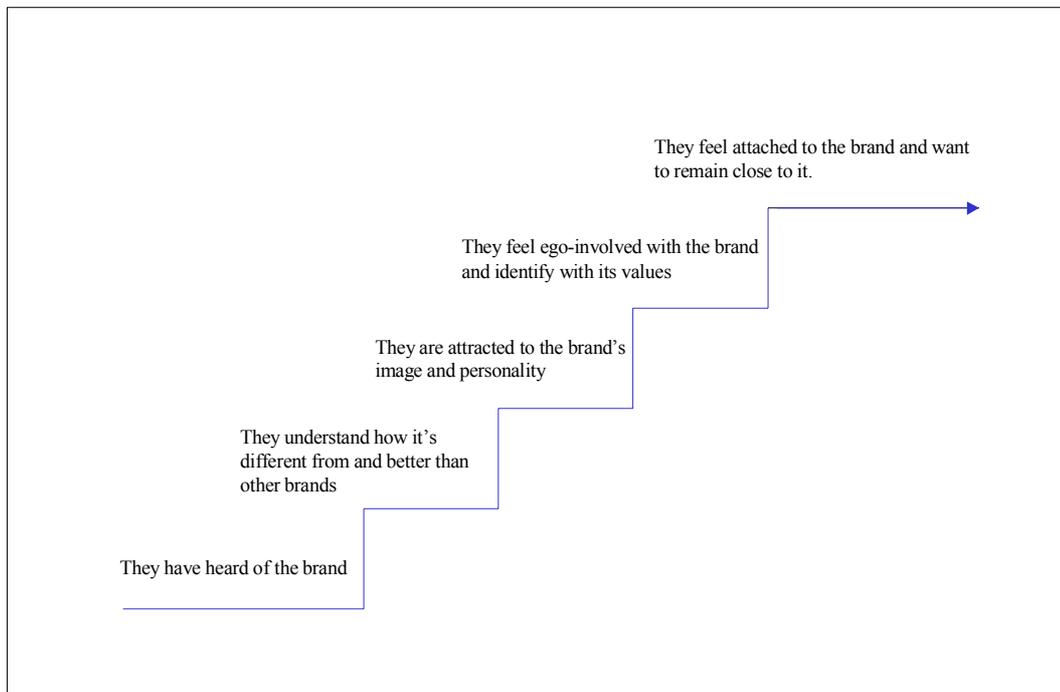
“Those that make good on their promises, will be rewarded with a more loyal consumer base – and a brand that steadily grows in value”.

The media also have a significant impact on customer loyalty. Brands that are publicized as “environmentally friendly” or “green” build fierce brand loyalty among a growing market segment (Marconi, 1993). Also the word-of-mouth from loyal customers plays a major role and is perhaps the most effective way to acquire new brand users (Marconi, 1993; Schultz et al., 2001).

Levels of loyalty

There seems to be different levels of customer loyalty, and the higher the loyalty the less likely it is customers will switch to another brand (Aaker, 1996). According to Crosby and Johnson (2001) brand commitment is the main driver of customer loyalty. Crosby and Johnson claim that customers and non-customers alike can climb a “brand ladder” towards brand commitment as shown in figure 1.

Figure 1: The “brand ladder” towards customer loyalty by Crosby and Johnson (2001).



This implies that brand commitment has both rational and emotional components, and the strongest brands are those that elicit emotional attachment from customers such as feelings of safety, trust, caring, confidence, pride, comfort or excitement (Crosby and Johnson, 2001).

Aaker (1996) has a somewhat different segmentation of the market. He divides the customers into: *non-customers* (buy competitor brands or are not product class users), *price switchers* (price sensitive), the *passively loyal* (buy out of habit not reason), *fence sitters* (are indifferent between two or more brands), and the *committed*. The customer may move between different levels of brand loyalty due to the stage of the brand's lifecycle, competitive activity, level of satisfaction or changes in the self-perception of the customer (Aaker, 1996).

Jones and Sasser (1995) have yet another customer behaviour categorisation. They have identified four customer types: *the loyalist* (apostle), *the defector* (terrorist), *the mercenary*, and *the hostage*. Both Aaker (1996) and Jones and Sasser (1995) argue for the need to turn as many customers as possible into the most valuable categories - the *committed customers* and *the loyalists*.

2.4.3 Customers' brand choice

Consumers choose brands to reflect their needs in a particular context, and when evaluating competing brands consumers are concerned with the extent to which the brands have added values (de Chernatony and McDonald, 1998).

According to de Chernatony and McDonald there are two factors that have an impact on consumers purchase decision:

- The extent of their involvement in the brand purchase.
- Their perceptions of any differences between competing brands.

Most people have a "repertoire of brands" that they use depending on their need-state, and their purchasing behaviour and loyalty reflects the degree of satisfaction they associate with the brand (de Chernatony and McDonald, 1998).

Another important factor influencing customer behaviour is the perceived risk associated with the purchase, and according to de Chernatony and McDonald (1998) various types of risk are considered including: *financial risk*, *performance risk* (something wrong with

an unfamiliar brand), *psychological risk* (might not fit with self image) and *time risk* (waste time replacing wrong brand).

However, brand loyalty and a strong brand image seems to reduce the perceived level of risk - the purchase decision is more confidently made when the buyer favourably associates the supplier's brand with a well-respected corporate image (de Chernatony and McDonald, 1998).

Customer satisfaction and loyalty

A lot of efforts are undertaken by companies to create customer satisfaction, as they believe in the positive relation between customer satisfaction and enterprise success (Scharitzer and Kollarits, 2000).

Jones and Sasser (1995) believe that customers' satisfaction has a major impact on purchase behaviour, and they stress that the behaviour of satisfied customers differs considerably from the behaviour of completely satisfied customers - only the completely satisfied customers should be considered as totally loyal.

However, satisfaction alone might not be sufficient for a customer to be loyal – the customer must also be prepared to enter into a relationship with a given brand or company (Scharitzer and Kollarits, 2000).

Marconi (1993) agrees that the decision to remain loyal is not based on the level of satisfaction alone but also on: *value* (price and quality), *brand image/reputation*, *convenience* and *ease of availability, service and guarantee*.

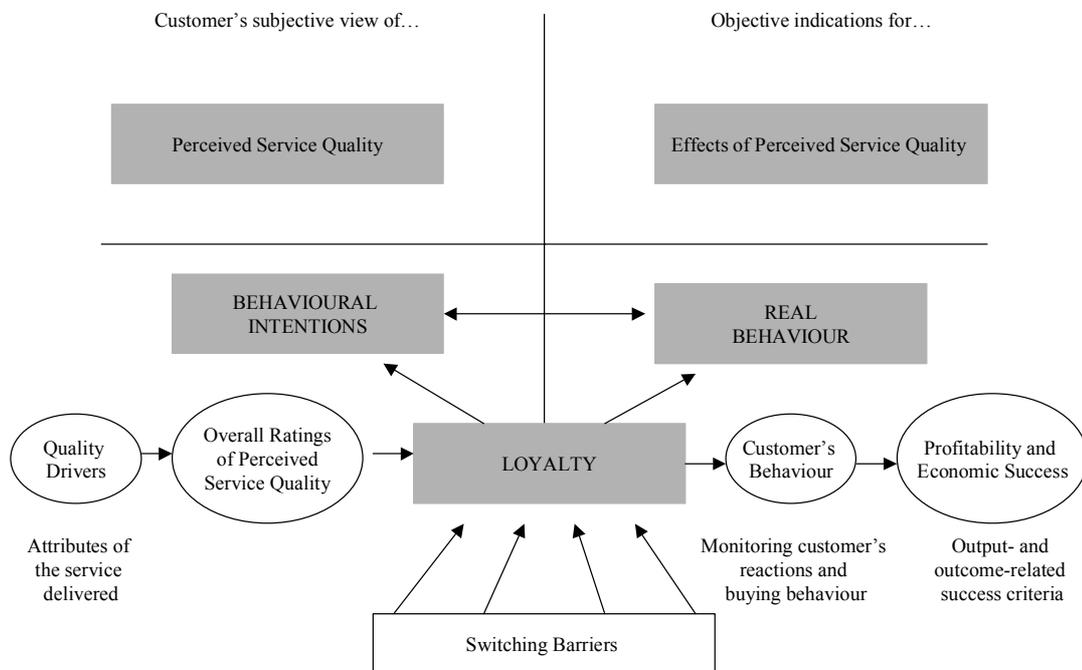
But does higher customer satisfaction also lead to higher profits? This question has been discussed frequently in contemporary literature e.g. by Anderson et al. (1994). A growing number of companies have discovered that improved satisfaction does not necessarily translate into increased profits, and a direct relationship between satisfaction and sales or customer retention could not be proven in all cases (Scharitzer and Kollarits, 2000). Lowenstein (1995) expresses it this way:

“Popular belief and much of the writing and thinking about customers, centres around having them satisfied...The reality is, however, that customers who say they are satisfied are often just as likely to be disloyal as other customers”.

The relationship between customer satisfaction and the economic success indicators is far from clear as expressed by Scharitzer and Kollarits (2000), who draw the attention to a

research model (figure 2) linking customer satisfaction to behavioural and economic success criteria. The left side of the model contains the variables, which show the customers' perceptions and behavioural intentions and the right side depicts the effects that can be measured by means of actual customer behaviour and certain economic success indicators. Furthermore, the model covers "customer loyalty" as the interface between subjectively observed and objectively seen dimensions of enterprise performance. Scharitzer and Kollarits used the model in an empirical study conducted in the pharmaceutical market in Austria. Their findings will be discussed later.

Figure 2: Linking customer satisfaction to behavioural and economic success criteria.



2.4.4 *Brand loyalty in the pharmaceutical industry*

How is loyalty created?

Key questions in this dissertation regarding loyalty is, does it apply in the same way in the pharmaceutical industry as in other industries and how does it affect prescribing behaviour?

McIntyre (1999) claims that brand and company loyalty are created on the basis of branding strategies aimed at differentiating the company and its products from rival equivalents. The loyalty created through various promotional activities and customer relationships is hoped to be strong enough to withstand the onslaught of competition, so that the physician will, having formed a habit of prescribing one particular brand, be reluctant to change also after patent expiry.

The importance of habit and experience is stressed by Weinstein (2001). He claims that doctors can be expected to display a degree of risk aversion, preferring the branded product in which they have gained experience and may also lack incentives to alter their prescribing habits and behaviour.

According to Scharitzer and Kollarits (2000) loyalty is created by a positive overall assessment of a service from the “loyal” customer’s point of view, and by external variables, including exit barriers, which prevent the customer from being disloyal. In general, customer loyalty is a product of customer satisfaction but also a positive relationship with a given brand or company is vital, and sales representatives visiting physicians is the number one relationship management tool to settled physicians (Scharitzer and Kollarits, 2000; Blackett and Robins, 2001).

Weinstein (2001) talks about *loyalty reinforcements* such as helping physicians emotionally identify with a growing medical trend or with the anticipated fulfilment of a chronically underserved medical need. The key in gaining loyalty is to move physicians further along the brand loyalty curve until they become “brand advocates” actively recruiting their peers to become new users. Weinstein agrees with Scharitzer and Kollarits (2000) that the sales force plays a significant role in achieving the desired loyalty/advocacy endpoint.

Prescribing behaviour

Doctors are expected to make rational prescribing decisions based on objective evidence of drug effectiveness, safety etc. and drugs are seen as a “rational purchase”, unlike fast-moving consumer goods, and are related to “relief” rather than enjoyment (Milligan, 1998). Bradley (1992; quoted in McIntyre, 1999) claims that rational prescribing should be based on independent scientific data, clinical experience and patient needs with some consideration of price.

Doctors’ prescribing decision is based on a “port-folio” of information that comes from a variety of sources such as the educational training of the doctor, advice from colleagues, scientific journals, government leaflets, practise policies, medical conferences, and the pharmaceutical industry (McIntyre, 1999).

The promotional activities of pharmaceutical companies include general service offerings, information material, conferences and symposia, mailings, advertising, educational programmes for healthcare personnel, but the most successful means of communication is the pharmaceutical sales representative (McIntyre, 1999). The aim of these activities is to increase the awareness of the company and its products, to create a positive image and enhance customer loyalty, and finally to increase and maintain the demand for company products (McIntyre, 1999). Many studies show that positive ratings on customers’ perceptions of a service delivered have an impact on intentions to buy again (Woodside et al., 1989).

According to Blackett and Robins (2001) prescribing behaviour, by the very nature of the products, is heavily dependent on reliability and reputation of the product and the corporate brand. Doctors develop an impression of companies based on their own experience in dealing with them as well as the general reputation of the company, which together will have an impact on prescribing.

Blackett and Robins claim that the key drivers of demand for products are:

- Awareness/familiarity.
- Perceived quality.
- Sales quality.
- Price.
- Customer pull.

Given the plethora of alternative products available to doctors a key element in the prescribing decision rests in the familiarity with products. The perceived quality of a drug in terms of its effectiveness, side effects, dosage etc. is of clear importance to doctors and patients alike. Sales quality relates to pharmaceutical companies' ability to provide evidence and information of the quality of drugs. The price issue has become increasingly important, due to the political pressure to find lowest price alternatives. The "customer pull" is also a significant driver and according to Thomas Ebeling, head of pharmaceuticals at Novartis¹⁵, 66% of patients who ask the doctor for a particular product actually receive it.

As a contrast to Blackett and Robins' (2001) pragmatic view on key drivers, Weinstein (2001) claims that people often buy particular products not only for their intrinsic benefits but to join a community of buyers with shared values. This also applies to physicians as in the best case that is what drives them to overcome price issues and support new products.

However, there is a growing concern over the influence on prescribing of pharmaceutical companies' information, sponsored activities and medical education. A renowned study by Avorn et al. (1982; quoted in McIntyre, 1999) demonstrated a strong influence of non-scientific sources of information (sales representatives, drug advertising etc.) on physicians' prescribing decisions. An influence they were generally unaware of or at least reluctant to admit (McIntyre, 1999).

Company image and loyalty

In recent years marketing research has been dominated by the investigation of "customer satisfaction", the development of means of measurement (Fornell, 1992), and by the practical meaning of satisfaction as a predictor of future customer actions.

In an interesting empirical study conducted in the pharmaceutical market in Austria by Scharitzer and Kollarits (2000), the link between the physicians' subjective quality assessments of certain pharmaceutical companies (their image, products and sales force performance) and the physicians'¹⁶ resulting prescription behaviour was investigated.

In a point-in-time analysis, this paper discusses the extent to which physicians are satisfied with the performance of specific companies and whether there is a causal

¹⁵ Quoted in Brand Medicine by Blackett and Robins (2001)

¹⁶ 190 settled GPs from 10 selected sales districts participated in the study and the response rate was 53%

relationship between the physicians' satisfaction perception and the market performance of the company measured by sales¹⁷ and market share.

The research model shown on page 31 was used to explore this link and to cover the construct of "customer¹⁸ loyalty" at the interface between subjectively observed and objectively seen dimensions of enterprise performance. The GP's perception of companies was related to:

- The image of the company and its services in a broad sense.
- The quality of the products offered.
- The ability of the pharmaceutical sales representative to cultivate the relationship.

The study showed a clear indication of a positive relation between satisfaction with services and financial success. The authors conclude that provided adequate product quality, the main factors influencing prescribing behaviour are the level of service quality¹⁹ and the performance of the sales representatives. The sales representatives who are accepted by the physicians not only strengthen customer relationships but also indirectly lead to increased economic success.

Scharitzer and Kollarits seem to conclude that "everything" is important, and they do not conclude anything about customer loyalty - the level of loyalty and how influential the external variables including exit barriers are. Furthermore, as loyalty is created over time this point-in-time analysis of customer satisfaction and economic performance might not sufficiently cover the interrelationship between the issues.

Several questions regarding the correlation between branding, customer satisfaction, behaviour, loyalty and financial outcome remain.

How strong is the influence of a positive corporate image of pharmaceutical companies on physicians' prescribing behaviour and loyalty? How loyal are physicians actually given the nature of the products and the impact of external factors such as political and economic restrictions and interventions?

¹⁷ Data from the IMS panel was used to monitor sales results at the district level. Thus, it was possible to see the actual prescription behaviour as opposed to the intended prescriptions of doctors in a given district

¹⁸ In this study, the customer is the settled physician – general practitioners (GPs)

¹⁹ Service quality: company image, educational events, literature service, etc.

2.5 Summary of key findings

The important issues highlighted by the literature review are summarised below:

- There is no consensus of the definition and interpretation of the branding concept and there is a lack of any framework of best practice.
- The importance of branding is increasing and branding strategies are moving from product branding towards corporate branding with a broader scope.
- There are significant differences between product and corporate branding.
- The corporate brand is in general perceived as a key asset to companies that involves the whole organisation, internal and external stakeholders, social responsibilities and trustworthiness.
- Corporate branding in the pharmaceutical industry is challenging due to the nature of the products and the specific characteristics of the industry.
- Corporate branding is not necessarily desirable for all companies to have and might not be applicable to all sectors.
- The pharmaceutical industry has in general failed to make products and corporate brands benefit each other.
- A favourable image and reputation is seen to constitute a strategic advantage that is not easily imitated.
- The key drivers of corporate image and reputation are: *innovation, trustworthiness/credibility, familiarity/awareness, PR, prior economic performance, corporate culture, the attitude and behaviour of employees and social responsibility.*
- The key drivers of corporate image and reputation in the pharmaceutical industry are: *the performance and behaviour of the sales representatives.*
- Brand choice is based on *added values, purchase involvement, brand differentiation and perceived risk.*
- Physicians' prescribing behaviour is based on *familiarity with products, perceived quality, price, customer satisfaction and the company image.*
- Key drivers of loyalty are: *high quality products/services, added values, customer satisfaction, the media, feelings of safety and trust, favourable brand image/reputation, and perceived risk.*
- Key drivers of loyalty in the pharmaceutical industry are: *habit and experience, and a positive relationship with sales representatives.*

DISSERTATION

- A favourable corporate image/reputation of pharmaceutical companies is perceived to have an impact on physicians prescribing behaviour and loyalty.

These issues will form the basis of the field research.

3. FIELD RESEARCH

3.1 Methodology and design

The aim of the research is to further investigate the key issues and opinions derived from the literature review, to see if these are valid in practice and to test the hypothesis:

“Corporate branding and a favourable corporate image have a positive impact on physicians prescribing behaviour and loyalty, especially when product differentiation is difficult”.

In order to achieve this objective a survey amongst a group of randomly selected general practitioners was conducted.

Choice of method

Due to the complexity of the branding issues and the aim to “go behind” the widespread “political correctness” characterising the attitude of physicians, an explorative research method was chosen.

The study is based on qualitative in-depth and semi-structured interviews as this method is perceived to be more appropriate than a quantitative questionnaire in exploring attitudes and depicting ideas and thoughts behind the replies and to avoid only having the “politically correct answers”.

Structure and design

The interviews were a guided but open-ended discussion of doctors’ perception of corporate branding, what attributes they associate with a strong corporate image and to what extent these have an impact on their prescribing behaviour and loyalty.

The questions were designed on the basis of the literature findings in order to explore the practical thinking on these issues and enable a comparison of “real life” findings with the theory.

The interview was split into two sections with *section 1* including general questions about branding and customer loyalty. The purpose of this section was to make the respondents think about branding in a wider sense and to get an understanding of what the interviewee associated with the terminology used. Furthermore, it was the intention to get a joint

understanding of the various concepts (branding, corporate image, loyalty) and to create an open and relaxed atmosphere.

Section 2 included more specific questions regarding company images, brand attributes, the drivers of customer behaviour and loyalty and the correlation between these issues. The objective of this section was to explore if the branding principles in relation to these issues apply to the pharmaceutical industry in the same way as in other industries and to identify and survey any differences and causes. Furthermore, the aim was to determine the underlying beliefs that guide the formation of corporate brand perceptions in the doctors' mind, to what extent they link the corporate perception to products and vice versa, and how this subsequently influences their prescribing behaviour and loyalty.

The question guide used by the interviewer included 25 main questions and the sequence of questions was followed as far as possible. In some instances the interviewer had to vary the sequence or ask additional but related questions in order to explore the answers and ensure a valid interpretation of the issue. Several questions included a ranking of the answer, and the respondents were encouraged to rank the factors according to perceived importance. The interviewer was aware of not asking leading questions in order to limit any biases.

Data collection and analysis

The initial contact with the doctors when making an appointment was made by phone. The interviewer briefly explained the purpose of the dissertation and the subject to be covered, but tried not to go into any details as it might influence the doctors perception and hence the answers during the following interview.

The interviews were in-depth, semi-structured and face-to-face interviews conducted with general practitioners on Zealand. The interviews were conducted in the doctors' clinics in order to ensure a relaxed atmosphere and to limit the disruption of their time schedule. At the onset of the interview the premises and the purpose of the interview were outlined. The doctors were offered the opportunity to withdraw from the interview at any time and not to answer all the questions, but none of the respondents made use of it.

Each interview lasted for approximately 60 minutes and was recorded on tape with the doctor's consent. Furthermore, notes about the doctors' appearance and attitude in relation to questions and answers were made to support the information derived from the

tape. The taped interviews were subsequently analysed and written down by the author and a person experienced in market analyses and the results were compared and merged. The results were analysed using a content analysis approach and grouped and systematized according to opinions in order to seek out key themes or patterns and to enable valid comparisons.

Sample size and selection

A number of 20 randomly selected general practitioners participated in the survey. As there is currently no information²⁰ suggesting any geographical or other demographic divergences in relation to doctors' opinion, the respondents selected are all situated on Zealand.

Pilot study

In order to establish the issues around the topic, qualitative test-interviews with 5 doctors were conducted. The issues deriving from these interviews have formed the basis of the interview guide that was pre-tested in face-to-face discussion with another 3 doctors.

Limitations of scope and methodology

Despite the previous justification of the chosen research methodology and scope there are, however, some limitations associated with the survey. These are summarised below:

- Time and budget restricted the number of participants in the survey leading to a sample size that is not statistically significant.
- The present research is a-point-in-time analysis and thus represents only a snapshot in time of the topic of corporate branding in the pharmaceutical industry.
- Due to the word count limit of the dissertation it was necessary to leave out some important issues that would have contributed to the clarification of the research topic e.g. the effects of mergers and acquisitions on corporate image perceptions and customer loyalty, as well as the profitability of corporate branding measured by various economic success indicators.

Despite the limitations of the survey it is perceived to provide valid and representative data of the study population that will contribute to further clarification on the dissertation subject.

²⁰ According to a consultant from the opinion-research institute ACNielsen experienced in conducting surveys within the pharmaceutical industry

3.2 Findings

In the following section the key findings and conclusions in relation to the main questions of the interview will be presented in a condensed form. “The overall ranking” shown in many of the tables is based on the frequency of the answers and hence expresses the overall importance sequence of the issues. Only the attributes ranked as “most important” or “1st” by the respondents will be commented on. The text in inverted commas and italics is quotations from the respondents and aims to support the figures.

3.2.1 Section 1 – general branding issues

Q1: What do you associate with the term “branding”?

All respondents knew the word “branding” but 15 (75%) respondents had no idea of the meaning of the word, whereas 5 (25%) had the following perceptions:

Table 8: Perceptions of branding.

Perceptions
<ul style="list-style-type: none"> – <i>“Promotion of products”</i> – <i>“Selling of trademarks”</i> – <i>“PR and advertisement of products”</i> – <i>“Brainwash by a product”</i> – <i>“It is one of these modern buzzwords, but I am not quite sure about what it means”</i>

A joint understanding of the wording was achieved before continuing to the next question.

Q2: What do you associate with the term “corporate branding”?

16 (80%) respondents had no idea of the meaning of the word, whereas 4 (20%) had the following perceptions:

Table 9: Perceptions of corporate branding.

Perceptions
<ul style="list-style-type: none"> – <i>“The company’s way of doing things”</i> – <i>“A positive company spirit”</i> – <i>“The perception of the organisation or the company as a whole”</i> – <i>“Is it the company behind a product?”</i>

A joint understanding of the wording was achieved before continuing to the next question.

Q3: Do you think that branding/corporate branding is important? Why? Do you consider branding /corporate branding to become more or less important in the future? What about the pharmaceutical industry?

All 20 (100%) respondents believed that branding and corporate branding is important due to various reasons summarised in table 10. 19 (95%) respondents believed that branding/corporate branding becomes even more important in the future also in the pharmaceutical industry, whereas 1 (5%) was not sure whether it would increase or stay the same (all industries).

Table 10: The reasons why branding/corporate branding is important.

Reasons	Why?
Competition	Increased competition - differentiation of products becomes more and more difficult Lack of real innovative products
General trend	Branding and corporate branding is the general trend within all industries as a means of manifestation of products and companies and a result of the increased speed in society
Financial benefits	Companies are aware of the financial benefits of branding
Being salient/ differentiation	It is increasingly difficult to differentiate products and to become salient due to more and more similar products and more information channels

Q4: What do you consider to be the key attributes that create a strong corporate brand? Please rank what you perceive to be the top three key attributes according to importance.

According to the respondents the key attributes creating a strong corporate brand are ranked according to importance in table 11. All respondents stated at least one attribute whereas only 17 (85%) respondents stated 3, and 19 (95%) respondents stated 2 key attributes. 15 (75%) respondents ranked the *quality of products*, 3 respondents (15%) the *visibility*, and 2 (10%) respondents *PR* as the most important attribute.

Table 11: Attributes that create a strong brand.

Overall ranking	Key attributes	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	High quality products	15	4	
2	Visibility/ being salient	3	4	
3	PR	2	3	2
5	Design		3	4
6	Innovation		3	5
7	Valid and durable		2	1
8	Nationality of the company (DK)			1
9	Credibility – keeps the promises			4
Total		20	19	17

Q5: Do you perceive a strong corporate brand to be equivalent to a favourable corporate image or reputation?

15 (75%) respondents believed that a strong corporate brand is equivalent to a favourable corporate image or reputation, whereas 5 (25%) claimed that it is not necessarily the same (table 12).

Table 12: The reasons why branding/corporate branding is important.

Comments
<ul style="list-style-type: none"> – “I believe that McDonalds has a very strong corporate brand, but I do not perceive the company image as positive – I don’t like the “fast food” lifestyle they endorse” – “Arla Foods has a strong brand, but I think they capitalize on their monopoly like position within dairy products – in my opinion they have a negative image”

Q6: What do you consider to be the key attributes that create a favourable corporate image/reputation? Please rank what you perceive to be the top three key attributes according to importance.

As seen in table 13 all respondents (100%) stated 3 key attributes. 14 (70%) respondents claimed that *high quality products and/or services* are the most important factor in creating a positive image or reputation, whereas 4 (20%) respondents claimed that it is

innovation, and 2 (10%) respondents that it is *trustworthiness* or *credibility* mainly related to products keeping their promises and honest communication from companies/representatives.

Table 13: Attributes that create a favourable corporate image/reputation.

Overall ranking	Key attributes	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	High quality products/services	14	5	
2	Innovation	4	6	5
3	Trustworthiness/credibility	2	6	6
4	Continuity		2	5
5	Positive PR		1	4
Total		20	20	20

Q7: What do you associate with customer loyalty?

The respondents' perception of customer loyalty is summarised in table 14. All respondents replied to the question but some had more than one answer resulting in a total number of 24 answers. Most respondents (80%) perceived loyalty to be equivalent to "*buy the same product*" due to familiarity with the product, a safe choice, a habit or trust in the product and the supplier. 7 (35%) respondents associated loyalty with *customer satisfaction* and 1 (5%) respondent claimed that it had something to do with *conservatism*.

Table 14: The perception of loyalty.

The meaning of loyalty	Explanations	Number of doctors responding
Buy the same product	<ul style="list-style-type: none"> – “Know the product” – “Experience” – “Safe choice” – “The purchase has grown into a habit” – “Trust in the product and the supplier” 	16
Customer satisfaction	<ul style="list-style-type: none"> – “The product or service satisfies your needs or even better, exceed them” – “Products and companies keep their promises – there must be no failures” – “High quality service” 	7
Conservatism	<ul style="list-style-type: none"> – “You are not open-minded and you don’t want to try any new products though there might be even better, smarter or cheaper alternatives to what you currently buy” 	1
Total		24

Q8: Please mention the brand attributes you perceive to have a positive impact on loyalty, and rank the top three key attributes according to importance.

According to the respondents the key attributes that having a positive impact on loyalty are summarised in table 15. All respondents stated at least 2 attributes but only 10 (50%) respondents stated 3 attributes.

According to 15 (75%) of the respondents the attribute with the strongest impact on loyalty is *high quality products and services*. 3 (15%) respondents ranked products and companies’ ability to *keep their promises and live up to expectations* and 2 (10%) respondents ranked *credibility of the product and the company* as having the strongest impact.

Table 15: Attributes having a positive impact on loyalty.

Overall ranking	Key attributes	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	High quality products/services	15	3	
2	Keeps its promises/ lives up to expectations	3	7	3
3	Credibility – product and company	2	6	4
4	Customer satisfaction		4	3
Total		20	20	10
Comments				
<ul style="list-style-type: none"> – <i>“High quality products and services must be sustained in order to have a positive impact on loyalty”</i> – <i>“If I receive good and competent service and guidance and the product subsequently lives up to my expectations it adds to my loyalty towards the product and the supplier”</i> – <i>“Products as well as companies have to keep their promises – in the course of time loyalty might then be created. However, loyalty is only an issue as long as it is justifiably e.g. I might have to change my prescription of certain drugs due to recommendations from “Amtskonsulenten”</i> – <i>“Trust is important – to know that when you buy from a particular company you are sure to get high quality and innovative products. Then you don’t have to spend time looking for alternatives”</i> 				

Q9: Please mention the brand attributes you perceive to have a negative impact on loyalty and rank the top three according to importance.

The key attributes that according to the respondents have a negative impact on loyalty are shown in table 16. All respondents stated at least 2 key attributes but only 13 (35%) stated 3. 12 (60%) respondents perceived *disappointing product quality or service*, 5 (25%) respondents perceived *aggressive marketing* and 3 (15%) respondents perceived *negative PR* to be the most important attribute.

Table 16: Attributes having a negative impact on loyalty.

Overall ranking	Key attributes	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	Disappointment – product quality and/or service	12	8	
2	Aggressive marketing	5	6	4
3	Negative PR	3	1	4
4	Unimportant and uniform news		3	4
5	Environmental pollution		2	1
Total		20	20	13
Comments				
<ul style="list-style-type: none"> – <i>“When you experience poor quality products or services the price issue suddenly becomes much more important and you start looking for alternatives”</i> – <i>“Aggressive marketing and over familiar salesmen really turns me off and makes me disloyal to the product and the company. It takes time to build confidence and loyalty but not very much to destroy it”</i> – <i>“Negative publicity indeed has a negative impact on my perception of the company e.g. Lundbeck’s poor handling of the spy affair”</i> 				

3.2.2 *Section 2 – branding in the pharmaceutical industry*

In this section the respondents were asked specific questions about branding in the pharmaceutical industry.

Q10: What pharmaceutical companies do you think have a strong corporate brand?
Please rank the top three companies according to strength.

The top three companies that according to the respondents have a strong corporate brand are summarised in table 17. All respondents ranked at least 2 companies whereas only 17 (85%) respondents ranked 3 companies. The table shows that 9 (45%) respondents ranked NovoNordisk, 8 (40%) respondents ranked AstraZeneca and 3 (15%) respondents ranked Pfizer as the company having the strongest brand.

Table 17: Pharmaceutical companies having a strong corporate brand.

Overall ranking	Companies	Top 3 ranking according to strength Number of doctors responding		
		1st	2nd	3rd
1	NovoNordisk	9	4	1
2	AstraZeneca	8	4	4
3	Pfizer	3	7	2
4	Lundbeck		3	1
5	MSD		2	4
6	GlaxoSmithKline			5
Total		20	20	17

Q11: Do you perceive the strong corporate brand to be related to specific products or to the company as a whole?

The respondents’ perception of whether the strong corporate brand is related to products or to the company as a whole is shown in table 18. 18 (90%) respondents stated that the strong corporate brand was related to the products alone and only 2 (10%) respondents claimed that it was related to both the products and the company.

Table 18: The importance of products vs. the company in creating a strong brand.

Overall ranking	Products or the company	Number of doctors responding	Comments
1	Products	18	<ul style="list-style-type: none"> - “It is beyond doubt that strong brands are related to products” - “Products are most important in establishing a strong brand” - “Only the products – that is what we are focusing on”
2	Products and the company	2	<ul style="list-style-type: none"> - “Mainly the products but to some extent also the image of the company has an impact” - “Primarily the products and secondarily the company”
Total		20	

Q12: What attributes have according to you contributed to creation of the companies’ corporate brands? Please rank what you perceive to be the top three key attributes according to importance.

As seen in table 19 all respondents (100%) stated 3 key attributes. 15 (75%) respondents claimed that *high quality products* is most important whereas 4 (20%) respondents stated *innovation* including R&D and introduction of new break-through products, and 1 (5%) respondent stated *trustworthiness and credibility* mainly related to products keeping their promises (efficacy and safety).

Table 19: Attributes that create a strong corporate brand.

Overall ranking	Key attributes	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	High quality products	15	5	
3	Innovation	4	3	4
4	Trustworthiness/credibility	1	3	4
5	Aggressive marketing		3	5
6	PR		1	2
Total		20	20	20

Q13: Please give some examples of companies with strong corporate brands that you perceive have either a positive or a negative corporate image.

Table 20 shows the respondents' perception of the image of the following 6 companies: NovoNordisk, AstraZeneca, Pfizer, Lundbeck, MSD and GlaxoSmithKline. All respondents commented on at least 1 company with a positive and 1 company with a negative image, and 3 respondents commented on more than 1 company with a positive image resulting in a total of 23 answers in this group. The companies that most respondents perceived to have a positive image are: NovoNordisk and AstraZeneca - 10 respondents (50%) had positive perceptions of the corporate image of NovoNordisk, and 7 (35%) respondents had positive perceptions of AstraZeneca. Other companies having mainly a negative image are: Pfizer, Lundbeck, MSD and GlaxoSmithKline. The reasons given for the image perception of the companies are summarised in the table below. All respondents commented on the products and most of them mentioned "good products" or "high quality products" first.

Table 20: The images of companies with a strong brand.

Companies	Number of doctors making comments		Comments
	Positive image	Negative image	
NovoNordisk	10		High quality products; Serious and research focused; Innovative; Sober and decent in their marketing – ethical; Have visions; Trustworthy; Positive HR policy; Charity work for children with diabetes; Good services; Danish company – “Novo gets a lot of positive PR - maybe because it is a Danish company” – “They are good at handling the press” – “Their employees and sales reps are highly skilled”
AstraZeneca	7		High quality products; Educational programmes for doctors (first to introduce these); Trustworthy - keep their promises; Sober marketing; Professional – “Their reps are OK – not so many and not so aggressive as reps from other companies”
Pfizer	3	7	Good products; Educational programmes for doctors; Aggressive marketing; Uniform information; Too many and too aggressive sales representatives; Sales reps have an over-familiar attitude – “The company is “too much”- they use some of their service offerings as a kind of control of doctors e.g. Pfizer-Plus”

Table 20 continued.

Lundbeck	1	5	Strong within psychiatry – good products; Negative PR; Poor handling of the spy affair – <i>“Embarrassing to publish information about the CEO’s sex life”</i> – <i>“They are not very smart in handling the press”</i>
MSD	1	4	Good products; Aggressive marketing; Aggressive sales representatives. – <i>”I do not want visits from their sales reps any more - they often make appointments with my secretary but never show up or are late”</i> – <i>“I have a negative perception of the company, but I don’t know why”</i>
GlaxoSmithKline	1	4	Good products - patient-oriented products within asthma; Good patient information material; Educational programmes for doctors; The company has a negative price policy; Massive advertising – <i>“After the merger they have not been very visible”</i> – <i>“High turnover of representatives resulting in lack of continuity and relationships – when you get to know some of them they leave the company. That’s a pity”</i> – <i>“Too many reps”</i>
Total	23	20	
Comments			
<ul style="list-style-type: none"> – <i>“Company images are weakened due to the many mergers and acquisitions – it is difficult to figure out who they are”</i> – <i>“Company names are changing all the time as well as employees – the lack of continuity makes it difficult to get a clear picture of their images”</i> – <i>“I wonder about the high turnover of sales representatives – if it is due to a bad “spirit” or company culture or they just leave for better salaries elsewhere”</i> – <i>“There are too many representatives because companies have several sales forces – I do not have the time to see them all”</i> – <i>“Much too often the information provided by the representatives is uniform, and that makes me suspicious”</i> 			

Q14: What activities have companies carried out in order to create a strong brand? Please rank the top three activities that you perceive to be most important.

Table 21 shows the company activities that according to the respondents are the most important in creating a strong brand. All respondents stated at least 2 activities but only 16 (80%) respondents stated 3 activities. 13 (65%) respondents ranked *educational programmes for doctors*, 4 (20%) respondents ranked *symposia and scientific meetings* and 3 (15%) respondents ranked *visits by sales representatives* as the most important activity.

Table 21: Activities contributing to a strong brand.

Overall ranking	Activities	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	Educational programmes for doctors	13	5	1
2	Symposia and scientific meetings	4	8	5
3	Visits by sales representatives	3	6	4
4	Information materials (patient information)		1	4
5	Participation in research projects			1
6	Sponsored travel arrangements to medical congresses			1
Total		20	20	16
Comments				
<ul style="list-style-type: none"> - “The educational programmes for doctors are top quality – they focus on scientific issues without any promotion of company drugs” - “All companies seem to arrange this educational meetings for doctors. Though most of them are interesting there are far too many of them” - “Visits by sales representatives are clearly the most efficient company activity – provided he or she is professional and skilled and of course a nice person” - “Visits by sales representative is a quick way for me to keep up to date with drug treatments” - “Trust in the sales representative is important – if you feel that the person is honest and skilled you let go of your defence mechanisms, and start listening” 				

Q15: What activities do you perceive to be less important or unwanted?

Some respondents stated more than one unimportant or unwanted activity leading to a total number of 28 answers (table 22). The majority of respondents (70%) claimed that *advertisements* were unimportant or unwanted and that many advertisements never reached their desks. 8 (40%) respondents perceived *mailings* to be of less importance or unwanted as they often contained uniformed and biased information or “old wine on new bottles”. 6 (30%) respondents perceived *unexpected visits by reps* to be highly unwanted.

Table 22: Unwanted or unimportant activities.

Activities	Comments	Number of doctors responding
Advertisements	<ul style="list-style-type: none"> – “All advertisements are thrown out by my secretary – they do not reach my desk” – “In my opinion it is a waste of money” – “Many adds are tasteless and artificial with exaggerated emotional appeal – sometimes I wonder if they think we are stupid” – ” I never pay attention to adds” 	14
Mailings	<ul style="list-style-type: none"> – “Biased and uniform information” – “I rarely open them” – “I get letters in large numbers - most of them with uniform information that irritates me” – I lose confidence in the companies when they try to convince me that their product is unique based on limited scientific evidence” – “Old news “rapped” up in fancy marketing” 	8
Unexpected visits by representatives	<ul style="list-style-type: none"> – “Unexpected visits by reps are unpopular with doctors” – ” Lack of respect to me and my busy time schedule” – “When they can’t get an appointment through my secretary they often show up unexpectedly – I refuse to see them” 	6
Total		28

Q16: Most pharmaceutical companies have a website with information about the company, its products and a lot of other information about diseases, diagnosing, treatment options, self-test-programmes etc. Do you ever use these websites?

Table 23 shows the respondents use of company websites. The majority of respondents (90%) claimed that they never make use of these websites and though, most respondents

have never visited any of them, they claim that the information available is biased and far from objective with too much promotion of the company and its own products. Only 2 respondents (10%) have visited some of the company websites but only in order to look up an address or an employee.

Table 23: The use of company homepages.

Use company websites?	Comments	Number of doctors responding
Yes	<ul style="list-style-type: none"> – “I have used Astra’s homepage once or twice as I was looking for their address” – “I use the websites occasionally when I have to find out e.g. whom to contact within a company - but never as a source of information about products etc.” 	2
No	<ul style="list-style-type: none"> – “I never use the companies’ homepages – biased information” – “I use the Internet regularly but never the companies’ websites – I prefer to use websites with more objective information instead” – “I use the Internet to seek information but would never dream of using company websites” 	18
Total		20

Q17: From where do you get the information that enables you to choose between different drug treatments? Please rank your top three information sources according to importance.

The most important information sources are summarised in table 24. All respondents stated 3 activities. 9 (45%) respondents believed that *advice from colleagues and specialists’ recommendations* including recommendations from *the local hospital* are most important. 8 (40%) respondents perceived *scientific meetings and medical conferences* to be the primary information source, whereas 3 (15%) respondents ranked *information and recommendations from “Amtskonsulenter”²¹* highest.

²¹ “Amtskonsulenter” are doctors designated by the counties to ensure implementation of new medical or political initiatives amongst GPs including reduction of healthcare costs caused by the GPs’ prescriptions. Through recommendations lists and personal advise they encourage GPs to use the cheapest drugs available in particular product groups

Table 24: Information sources important in relation to drug choice.

Overall ranking	Activities	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	Advice from colleagues, specialist recommendations/ local hospital	9	6	1
2	Scientific meetings, medical conferences	8	4	4
3	“Amtskonsulenter”	3	4	3
4	Scientific journals/articles		3	2
5	Sales representatives		2	3
6	Educational training		1	7
Total		20	20	20

Q18: What determines your prescribing behaviour? Please rank the top three factors according to importance.

The main factors influencing prescribing behaviour is summarised in table 25. All respondents ranked at least 2 factors but only 18 (90%) respondents ranked 3 factors. The majority of respondents (55%) believed that *personal experiences* with drugs are the most important factor determining the prescribing behaviour. 5 (25%) respondents claimed that it was the *efficacy* and *safety of drugs* and 4 (20%) believed it was their *treatment routines* and *habits*.

Table 25: Factors influencing prescribing behaviour.

Overall ranking	Influencing factors	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	Personal experience with drugs	11	1	
2	Efficacy and side-effects	5	4	3
3	Routine/habits	4	3	2
4	What the specialists use		7	3
5	Recommendations from Amtskonsulenter”		5	8
6	Price			2
Total		20	20	18
Comments				
<ul style="list-style-type: none"> – “My experience with the drug is highly important - I know how it works, its side-effects, contraindications, and the dosages – you don’t have to look it up” – “During my work as a GP I get familiar with drugs that I use regularly – it facilitates my prescribing and gives me a feeling of safety. I do of course take new products into my product portfolio, but if the advantages are not significant, I stick to the well-known” – “ Amtskonsulenter” are increasingly dictating our prescribing pattern – they are highly aware of cost benefits” 				

Q19: Please mention 3 drugs that you prescribe regularly. What are the names of the companies that produce these drugs?

This question is perceived to be highly important by the author as it seeks to clarify whether or not doctors link the products they use to the companies (images, activities etc.) behind the products. To the first part of the question all 20 respondents gave examples of 3 drugs that they prescribe regularly and these included: *cardiovascular products, antirheumatics, hormones, antidepressants, antacida, antibiotics and asthma products*. To the second part of the question surprisingly few were able to state the name of the company behind the products (table 26). Only 2 (10%) respondents recalled the name of all three companies whereas 14 (70%) respondents only recalled 1 or 2 company names and 4 (20%) respondents did not recall any at all.

Table 26: Respondents' recall of the companies behind the regularly used products.

Number of doctors recalling ...		
All 3 companies	1 or 2 companies	None
2	14	4
Comments		
<ul style="list-style-type: none"> – <i>“Well, as long as I know how to use the drugs and their efficacy and safety profile it's fine with me”</i> – <i>“Why should I bother to try to remember all these companies – consider how many different drugs we use as GPs?”</i> – <i>“It's not important to me – if I need to know who the producer is I look it up in my computer system”</i> 		

Q20: Are there any close substitutes to the three drugs you mentioned? If so, why do you not prescribe the substitute drug?

To the first part of the question 15 (75%) respondents confirmed that substitute products are available, 3 (15%) were not sure about it and 2 (10%) claimed that there are no close substitutes. To the second part of the question the 15 respondents who confirmed that substitute products exist gave various reasons for not using them (table 27).

Table 27: Reasons for not using substitute drugs.

Reasons
<ul style="list-style-type: none"> – <i>“Habit”</i> – <i>“Familiarity”</i> – <i>“Personal experiences”</i> – <i>“When patients are discharged from the hospital with a particular drug it is continued in most cases”</i> – <i>“There might be slight differences in the efficacy and safety profile, so I stick to the product I know”</i> – <i>“If patients are satisfied with the drug in question – why should they change then?”</i> – <i>“Patients don't like to change pills – familiarity with the shape, colour, taste etc. is important to them”</i> – <i>“If it is not on the recommendations list from “Amtskonsulenten”, I do not use it”</i>

Q21: If the difference between two drugs is minor in relation to efficacy, safety and price, what will then determine your choice? Please rank the top three factors according to importance.

The question seemed difficult for the respondents to answer – 8 (40%) respondents did not know what would determine their choice, but some stressed that any price difference would be the decisive factor. 7 (35%) respondents stated that *familiarity* with the products was most important and 5 (25%) stated *recommendations from "Amtskonsulenter"* (table 28).

Table 28: Factors influencing drug choice between almost similar drugs.

Overall ranking	Influencing factors	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	Don't know	8		
2	Familiarity with the product	7		
3	What is recommended by "Amtskonsulenterne"	5	2	
4	Price differences		5	
Total		20	7	0

Q22: Do you consider the image of the company when choosing between almost similar drugs?

18 (90%) respondents claimed that they did not consider the company image when choosing between almost similar drugs and 2 (10%) respondents claimed that they did to some extent (table 29).

Table 29: The impact of company image on prescribing behaviour.

Yes/No	Comments	Number of doctors responding
Yes	<ul style="list-style-type: none"> – <i>“If there is absolutely no differences in efficacy, safety and price I might choose a product from NovoNordisk”</i> – <i>“Yes, somehow I think it has an effect – but it is not the first selection criteria that comes to my mind”</i> 	2
No	<ul style="list-style-type: none"> – <i>“No, not at all – I never make that link”</i> – <i>“ I can’t remember what products the different companies produce”</i> – <i>“There is no correlation between company image and drug choice not even though they make good educational programmes for doctors”</i> – <i>“There are no big differences between companies – they all do the same, so why should it have an impact?”</i> – <i>“As we prescribe so many different drugs it is difficult to remember the manufacturer of the products – an exception might be Novo with their “Novo-pen”. This is a clever way to make us remember the company behind the product”</i> 	18
Total		20

Q23: Do some of the activities that companies carry out have any impact on your prescribing behaviour?

4 (20%) respondents believed that company activities to some extent have an impact on their prescribing behaviour. 15 (75%) respondents did not believe that company activities had any impact at all, and 1 (5%) respondent answered “maybe” (table 30).

Table 30: The impact of company activities on prescribing behaviour.

Impact	Comments	Number of doctors responding
Yes	<ul style="list-style-type: none"> – <i>“Some of their meetings with expert lecturers giving broad and balanced information about various drug treatments, do have an impact on my prescribing behaviour – but it might not be in favour of their product”</i>(the company who arranges the meeting) – <i>“Highly qualified representatives that provide balanced information and convincing arguments about their drugs, to some degree have an impact on my drug choice”</i> – <i>“Participation in clinical trial programmes has an impact on my prescribing behaviour – I get familiar with the drug, and have in most cases experienced a positive co-operation with company staff”</i> 	4
No	<ul style="list-style-type: none"> – <i>“No, it has no impact on my drug choice, though I appreciate their educational programmes”</i> – <i>“I never think of the companies and their activities in relation to prescriptions, but it certainly influences my choice in relation to what reps I want to see in my clinic”</i> – <i>“How should it have an impact when I don’t remember what drugs they produce?”</i> 	15
Maybe	<ul style="list-style-type: none"> – <i>“Maybe, but then I am unaware of it”</i> 	1
Total		20

Q24: Do you feel any loyalty to the companies you perceive to have a positive corporate image?

3 (15%) respondents stated that they felt some kind of loyalty towards companies, whereas 17 (85%) respondents stated that they felt no loyalty at all. Their arguments are summarised in table 31.

Table 31: Respondents' feeling of loyalty towards companies.

Yes/no	Comments	Number of doctors responding
Yes	<ul style="list-style-type: none"> – <i>“I do feel some loyalty towards 1 or 2 companies perhaps – not that it would influence my drug choice, but reps from companies with a serious image, stand a better chance of making an appointment with me”</i> – <i>“I prefer to attend meetings arranged by companies with a positive image”</i> – <i>“I feel some loyalty to NovoNordisk because it is serious and Danish – I might prefer their drug provided that the price does not differ significantly from competitor drugs”</i> 	3
No	<ul style="list-style-type: none"> – <i>“I do not feel any loyalty towards companies but I certainly feel loyal to my patients”</i> – <i>“No, not at all – it is a serious business we are in”</i> – <i>“I would be unethical to let my personal perception of a company affect my behaviour – I am only loyal to the patients”</i> – <i>“I gladly change the drug treatment if there is a rational reason for doing so without paying attention to the company behind the product”</i> – <i>“Loyalty is not created over night and has in my opinion something to do with personal relations e.g. with the reps but they keep changing all the time – so to conclude: No, I am not loyal”</i> 	17
Total		20

Q25: Let us imagine that you feel some kind of loyalty towards a company, what might possibly change this attitude? Please rank the top three factors according to importance.

All respondents stated at least 2 factors, whereas only 16 (80%) respondents stated 3 factors (table 32). 10 (50%) respondents believed that *products that do not keep their promises* is the most important factor, 6 (30%) respondents stated *lack of credibility* in relation to products and the companies' claims/communication about efficacy, safety and competitive stance, 4 (20%) respondents stated *aggressive marketing* including heavy promotion with biased information, mailings, and advertisements.

Table 32: Factors influencing customer loyalty.

Overall ranking	Influencing factors	Top 3 ranking according to importance Number of doctors responding		
		1st	2nd	3rd
1	Products that do not keep their promises	10	3	3
2	Lack of credibility	6	5	2
3	Aggressive marketing	4	4	2
4	Aggressive or unprofessional sales representatives		6	6
5	Negative PR		2	3
Total		20	20	16
Comments				
<ul style="list-style-type: none"> – <i>“Products that do not keep their promises certainly have a negative impact on my attitude towards both the product and the company e.g. the new “cox-2-inhibitor”: The company claimed it had proven less stomach side effects than its competitors – a claim that later turned out not to be true”</i> – <i>“Representatives that are too familiar or aggressive claiming that they’ve got new information that in fact is inferior or “old” news would definitely change my attitude”</i> – <i>“Dishonest information about product performance etc. will change my attitude for good”</i> 				

3.3 Summary of findings

The most important issues are summarised below and in tabular form (table 33 and 34).

- The respondents have a very product-focused view on branding – *Product quality/innovation* and *credibility* are the most important attributes in creating strong corporate brands in the pharmaceutical industry.
- The attitude and behaviour of employees particularly the sales representatives have a significant impact on the respondents’ perception of company images (positive/negative).
- Many sales representatives are perceived to be too aggressive, to have an over-familiar attitude and to deliver uniform information.
- The press plays a significant role in shaping corporate images (positive/negative).
- Several companies are suffering from a vague image and lack of clear positioning.
- Educational programmes for doctors are perceived to be the most important company activity.
- The respondents’ primary information sources are: *advice from colleagues, recommendations from specialists, scientific meetings/conferences and recommendations from “Amtskonsulenter”* – company websites are not used.
- The main drivers of prescribing behaviour are: *personal experiences, efficacy and safety, routine and habits* and *recommendations from “Amtskonsulenter”*. When choosing between almost similar drugs *familiarity* and *recommendations from “Amtskonsulenter”* are key.
- Respondents do not link the company image and favourable perceptions of company activities to the products they prescribe and vice versa.
- Loyalty among respondents is very low and provided adequate product quality loyalty is to a large extent based on *habit* and *experience*.

Table 33: Summary of questions and answers from the 20 respondents.
Some answers sum into more than 100% in total due to more than 1 answer given by a number of respondents.

No.	Question summary Branding in general	Key answers Ranked as “most important” or “1 st ”
Q1	Branding associations?	15 (75%) - no idea 5 (25%) - promotion, trademarks, PR, brainwash, modern buzzword
Q2	Corporate branding associations?	16 (80%) - no idea 4 (20%) - the company’s way of doing things, positive company spirit, the perception of the company, the company behind a product
Q3	Is branding/corporate branding important? Yes/No Why? Branding/corporate branding - more or less important in the future?	20 (100%) - yes Competition, general trend, financial benefits, being salient/differentiation 19 (95%) - more (all industries) 1 (5%) - not sure (all industries)
Q4	Key attributes creating a strong corporate brand?	15 (75%) - quality of products, 3 (15%) - visibility 2 (10%) - PR
Q5	Is a strong corporate brand equivalent to a favourable corporate image?	15 (75%) - yes 5 (25%) - not necessarily the same
Q6	Key attributes creating a favourable corporate image/reputation?	14 (70%) - high quality products/services 4 (20%) - innovation 2 (10%) - trustworthiness or credibility
Q7	Customer loyalty associations?	16 (80%) - buy the same product 7 (35%) - customer satisfaction 1 (5%) - conservatism
Q8	Brand attributes having a positive impact on loyalty?	15 (75%) - high quality products and services 3 (15%) - keep their promises/live up to expectations (products and companies) 2 (10%) - credibility of the product and the company
Q9	Brand attributes having a negative impact on loyalty?	12 (60%) - disappointing product quality or service 5 (25%) - aggressive marketing 3 (15%) - negative PR

Table 34: Summary of questions and answers from the 20 respondents.
Some answers sum into more than 100% in total due to more than 1 answer given by a number of respondents.

No	Question summary The pharmaceutical industry	Key answers Ranked as “most important” or “1 st ”
Q10	Pharmaceutical companies having a strong corporate brand?	9 (45%) - NovoNordisk 8 (40%) - AstraZeneca 3 (15%) - Pfizer
Q11	Is the strong corporate brand related to specific products or to the company as a whole?	18 (90%) - products alone 2 (10%) - both products and the company
Q12	Attributes contributing to creating a strong corporate brand?	15 (75%) - high quality products 4 (15%) - innovation 1 (5%) - Trustworthiness/credibility
Q13	Companies with a positive corporate image? Companies with mainly a negative corporate image?	10 (50%) - NovoNordisk 7 (35%) - AstraZeneca 7 (35%) - Pfizer 5 (25%) - Lundbeck 4 (20%) - MSD 4 (20%) - GlaxoSmithKline
Q14	Important company activities contributing to creating a strong brand?	13 (65%) - educational programmes for doctors 4 (20%) - symposia and scientific meetings 3 (15%) - visits by sales representatives
Q15	Company activities of less importance or unwanted?	14 (70%) - advertisements 8 (40%) - mailings 6 (30%) - unexpected visits by representatives
Q16	Do you ever use company websites?	18 (90%) - newer use 2 (10%) - rarely use (not as information source)
Q17	Information sources that enable a choice between different drug treatments?	9 (45%) - advice from colleagues, specialists' recommendations (local hospital) 8 (40%) - medical conferences and scientific meetings 3 (15%) - information and recommendations from “Amtskonsulenter”
Q18	Factors determining prescribing behaviour?	11(55%) - personal experiences with drugs 5 (25%) - efficacy and safety of drugs 4 (20%) - treatment routines and habits
Q19	3 regularly prescribed drugs – what are the names of the companies that produce these drugs?	2 (10%) - recall the name of all 3 companies 14 (70%) - recall 1 or 2 company names 4 (20%) - do not recall any company at all
Q20	Why do you not prescribe substitute drugs?	Habit, familiarity, personal experiences, hospital initiated treatment continued, different efficacy/ safety profile, satisfied patients – why change? patients' don't like to change pills, recommendation list from “Amtskonsulenterne”
Q21	Minor differences between drugs (efficacy, safety, price) - what determines your choice?	8 (40%) - don't know 7 (35%) - familiarity 5 (25%) - recommendations - “Amtskonsulenter”
Q22	Almost similar drugs - do you consider the company image when choosing between drugs?	18 (90%) - No 2 (10%) - Yes, to some extent
Q23	Do company activities have any impact on your prescribing behaviour?	4 (20%) - yes, to some extent 15 (75%) - no impact at all 1 (5%) - “maybe”
Q24	Do you feel any loyalty to the companies you perceive to have a positive corporate image?	3 (15%) - yes, some kind of loyalty 17 (85%) - no loyalty at all
Q25	Imagine some kind of loyalty towards a company - what would change this attitude?	10 (50%) - products not keeping their promises 6 (30%) - lack of credibility 4 (20%) - aggressive marketing

4. DISCUSSION AND FINDINGS

4.1 Discussion of literature and research findings

In this section the key issues raised in the literature review will be compared to the research findings and possible agreements and discrepancies will be discussed in order to finally confirm or disprove the dissertation hypothesis.

From the literature review it is obvious that the branding concept is complex and wide-ranging with multiple and changing definitions and interpretations.

In the field research, only a few of the respondents had any idea of the meaning of the branding concept which was not surprising, as the respondents by the very nature of their occupation do not deliberately use branding as part of their business strategy.

Some of the respondents associate branding with “*brainwash*” or a “*modern buzzword*” which corresponds with some of the criticism of the branding concept expressed by e.g. Klein (2001) and others (Earls and Baskin, 2002; Schmitt, 1999).

There is a general agreement in the literature and amongst the respondents that branding is important and will become even more important in the future due to increased competition and lack of differentiation possibilities as discussed in the articles in *Berlingske Tidende Business* (05/11/03) and in *The Economist* (08/09/01). But also the financial value of strong brands is recognised and highlighted in the literature (Mottram, 1998; Balmer, 2001) and by several of the respondents.

Branding is not only becoming more important, it is also undergoing a transformation moving from product branding towards corporate branding with a broader scope (de Chernatony, 1999). This trend is also prevailing in the pharmaceutical industry. There are, however, some challenges to branding in this particular industry (Blackett and Robins, 2001) as it is highly regulated with an immense political focus on the escalating general healthcare costs caused by use of pharmaceutical drugs. In the GP sector various initiatives including recommendations lists and “*Amtskonsulenter*” are introduced in order to stop the unfavourable economic trend. Restrictions and political interventions focusing on cost-effectiveness of drug prescriptions are forces that work strongly against the branding effects and the impact of these needs further investigation

Furthermore, branding with the emotional appeal that exists in the consumer market is improbable as the GP is not the end-user but acts as a brand ambassador towards patients

and physicians see their prescribing as a purely rational choice (Milligan, 1998). Despite the inimical conditions of branding in the industry several writers and commentators (e.g. Gregory and Sellers, 2002) claim that corporate branding clearly has some advantages over product branding and that the corporate brand is going to replace individual drug brands in the future.

But is the effects of corporate branding sufficiently strong to parry off the onslaught of generics when drugs go off patent?

This concern expressed by Sue Cleverly (quoted in Jones, 2002) seems quite reasonable because even though doctors' propensity to prescribe generics varies greatly they might be forced by political restrictions to use the cheaper drugs. Consequently the effects of branding are overruled - at least to some extent and this supports the view of Balmer and Greyser (2003), claiming that corporate branding might not be applicable to all sectors.

When looking at how strong corporate brands are created, the literature suggests that organisational members and the interplay between company vision, culture and image are key, whereas the research shows that respondents have a much more product-focused view that supports the opinion of Gilmore (1997) and Gregory (2002). The majority of the respondents stresses that in general *high quality products* is the most important attribute followed by brand *visibility* and *PR* and interestingly none of them mentions any company associated issues as highlighted by the literature. This product-focused view is even more dominant in relation to the respondents' opinion about strong brands in the pharmaceutical industry where the majority highlights *product quality/innovation* and *credibility* as the most important attributes.

It is thought provoking that in the field research as opposed to the literature the companies behind the products seem to play a minor role in creating strong corporate brands. These findings contradict the general opinion that customers' interest in the company behind the products is growing (Morsing, 2003).

The literature suggests that a favourable image and reputation constitute a strategic advantage but when it comes to how corporate images and reputations are created there are various opinions. The main drivers most frequently referred to are: *innovation, trustworthiness, familiarity, PR, prior economic performance, corporate culture, the attitude and behaviour of employees* and *social responsibility*.

The research findings support the literature on several issues but again the respondents have a much more product focused approach - *high quality products* and *services* are

perceived by the majority to be the most important drivers followed by *innovation* and *trustworthiness*, whereas issues such as corporate culture, the attitude and behaviour of employees, economic performance and social responsibilities are not mentioned at all.

However, it is not surprising that the economic performance of companies is not amongst the key attributes as this is mainly an investor or shareholder issue. The fact, however, that corporate culture, the attitude and behaviour of employees, and social responsibility do not figure at all, contradicts contemporary literature and the view of Schultz and de Chernatony (2002) who perceive these issues to be main drivers of corporate image/reputation.

However, when it comes to the respondents' perception of pharmaceutical companies and their image, the attitude and behaviour of employees plays a significant role. And here corporate culture and social responsibility are mentioned as important by a few.

The research shows that a strong corporate brand is not necessarily equivalent to a favourable image and thus supports the view of Balmer (1998). Companies that according to the respondents have a strong corporate brand are: NovoNordisk, AstraZeneca, Pfizer, Lundbeck, MSD and GlaxoSmithKline, and of these NovoNordisk and AstraZeneca are perceived by the majority to have a positive image whereas Pfizer, Lundbeck, MSD and GlaxoSmithKline are perceived mainly to have a negative image.

Not surprisingly, the quality of products was mentioned first by most of the respondents when describing company images and thus supports the view of Greyser (1999), stressing that competitive effectiveness including high quality products is the most important key driver of corporate reputation. Products are perceived to be "good" or "high quality" (all companies) and this relates to efficacy, safety and convenience. The significant positive image of NovoNordisk is mainly related to its ethics, trustworthiness, R&D, innovation and the company culture supporting the view of Gregory and Sellers (2002) but also the nationality of the company is stressed by some. The R&D commitment and the innovative corporate image seem to have a substantial positive impact on corporate credibility of NovoNordisk and thus confirm the findings of Keller and Aaker (1995). However, when looking at the other strong brand companies mentioned by the respondents, they are in fact all R&D focused and strive for being innovative (see company websites) but they have apparently not been able to establish this image among the respondents. One contributing factor might be the press that seems to pay particularly attention to Danish pharmaceutical companies.

The media is known to have a significant impact (positive/negative) on corporate image and reputation (Morsing and Kristensen, 2001) and the research verifies this in that several respondents claim that the Danish press has contributed significantly to the favourable image of NovoNordisk through positive PR of its R&D, charity work and ethical standpoints.

The power of the press is also obvious in relation to the respondents' negative perception of the image of another Danish company, Lundbeck, because a lot of attention is drawn to the company's handling of a spy affair and the former CEO's private affairs that have been subject to substantial media coverage. In fact no other attributes are mentioned by the respondents as contributing to the negative image of Lundbeck and thus emphasizes the significant role of the media.

The literature suggests that personal visits by sales representatives are highly important (de Chernatony and McDonald, 1998) and the most potent media in the pharmaceutical industry (McIntyre, 1999) having a significant impact on physicians' perception of company images.

These findings correspond with the research findings, as the attitude and behaviour of the sales representatives are highlighted by most of the respondents as a main driver of company image – positive or negative.

However, in the literature the main focus is on the positive effects of the attitude/behaviour of representatives whereas the research shows a predominant focus on the negative effects. In many cases the sales representative are perceived to be *aggressive, too many* and with an *over-familiar attitude* delivering *uniform information* and especially the representatives from Pfizer and MSD are described as such. This attitude is perceived by the respondents to have a negative impact on customer relationships and company images. These findings support the view of Murtagh et al. (2002) who claim that physicians continue to grow impatient with many sales representatives. This is indeed a problem as a positive behaviour and honest communication (Aaker 1996) engenders trust, which is fundamental to customer relationships not least in the pharmaceutical industry (Blackett and Robins, 2001) – a view that is also expressed by several of the respondents.

A clearly defined image stressed by Greyser (1999) is also a key driver of corporate reputation and the research seems to confirm this view. According to the respondents several companies are suffering from a vague image and "*lack of visibility*" (e.g. GlaxoSmithKline). The many mergers and acquisitions in the industry, the high turnover

of employees including sales representatives and the lack of continuity in customer relationships are highlighted by several respondents as a problem resulting in lack of clear perceptions of what the companies stands for and negative corporate perceptions. Furthermore, the high turnover of employees contributes to negative perceptions of organisational culture.

In the literature the widespread opinion is that a strong and trusted brand can influence behaviour and attitude and enhance customer loyalty (Aaker, 1996) and this opinion is also prevailing amongst pharmaceutical companies.

In their attempt to create a strong and favourable corporate image, huge amounts of money are spent on corporate communication and various marketing activities, but do the respondents in fact appreciate these activities? Do the activities contribute to favourable corporate perceptions and do they have the desired effect on customer behaviour and loyalty?

The research shows that the three most important company activities are: *educational programmes for doctors, symposia and scientific meetings and visits by sales representatives* and of these the educational programmes for doctors are clearly perceived to be the most important. These programmes are obviously highly appreciated by the respondents and perceived to be “professional” and “objective” without promotion of company drugs and thus contribute to positive perceptions of companies.

Most respondents highlighted the educational programmes from AstraZeneca although other companies have similar programmes, and this is probably due to the fact that AstraZeneca was the first company to introduce these. However, as most companies now have a broad range of educational programmes as well as scientific meetings and symposia offerings, the market is swamped with these and several of the respondents claim that there are far too many, which implies that differentiation on the basis of these activities seems to be increasingly difficult.

The majority of respondents perceive *visits by sales representatives* as important in creation of strong brands and provided they are expected and booked in advance and the attitude and behaviour of the representatives are appreciated they have a positive contribution.

Other company activities such as *advertisements and mailings* are mainly perceived as “unwanted” or “unimportant” by the respondents but most surprisingly are the respondents’ prejudice when it comes to company websites. Almost none of the respondents use the websites and they do not appear amongst the respondents’ preferred

information sources. Therefore, the author believes that this media does not effectively contribute to creation of the desired company images among respondents.

According to the literature (McIntyre, 1999), the most important information sources involved in the GPs' consideration of drug treatments are educational training of the doctor, advice from colleagues, scientific journals, governmental leaflets, practice policies, medical conferences, and the pharmaceutical industry. The research supports these findings and shows that amongst the various information sources the most important are: *advices from colleagues, recommendations from specialists, scientific meetings and medical conferences* as well as *information and recommendations from "Amtskonsulenter"*. The respondents' strong emphasis on word-of-mouth from colleagues and specialists supports the view of Marconi (1993) who claims that it might be the most effective way to influence brand choice.

A significant finding is the increasing importance of "Amtskonsulenter" as it is an information source that contrary to advice from colleagues etc. is imposed on the respondents. Several of the respondents believe that the recommendations lists prepared by "Amtskonsulenter" focusing strictly on cost-effectiveness of drug treatments are quite reasonable and thus have few objections to follow them whereas others are critical as they perceive them to restrain their prescription rights.

The literature highlights *added values* of brands as one of the main drivers of brand choice (de Chernatony and McDonald, 1998) and in the pharmaceutical industry, where physicians' drug choice is perceived to be a "rational purchase" requiring high involvement, the main drivers are: *familiarity* with products, *perceived quality, price, customer satisfaction* and *company image*. The research supports some of the literature findings but contradicts others. According to the respondents the most important factors influencing their prescribing behaviour are their *personal experiences* with drugs, the *product quality* in terms of efficacy and safety and their *routine and habits*. Routine use of well-known products provides the respondents with a feeling of safety and facilitates their work and the obvious importance of habit and experience supports the view on risk avoidance expressed by de Chernatony (1998) and Weinstein (2001). The prescribing behaviour is also influenced by the specialists and recommendations from "Amtskonsulenter" and to a less extent by price, but the most significant finding is that the added values highlighted by de Chernatony and McDonald (1998) do not seem to have an impact at all. The pharmaceutical companies' service offerings, the visits by sales representatives and the company image are apparently not perceived by any of the

respondents to have an impact on their prescribing, which contradicts the literature findings and the view of Scharitzer and Kollarits (2000). However, these conflicting findings might be an expression of political correctness among respondents and a result of the widespread and growing concern over the influence of pharmaceutical companies and their activities on prescribing.

But the most likely explanation is that the respondents do not link the company image and the added values to the products they prescribe and vice versa confirming the view of de Chernatony and McDonald (1998) claiming that there is a danger, that costumers do not realise the values of the corporate brand and how these relate to the products.

This latter explanation was supported by the research as respondents were asked to mention 3 drugs that they prescribe regularly and subsequently state the companies behind these drugs. Surprisingly few (2 respondents) were able to recall all three companies, and the majority of respondents only remembered one or two or none. Some respondents explained that the many different drugs that they use account for their lack of recall, and several stressed that knowing the products is the only thing that matters.

This is a significant finding as it shows that corporate branding of pharmaceutical companies has so far not been successful which supports the view of Stibel and Kapoor (2002). Positive perceptions of the corporation and its service offerings do not add value to the products as long as the respondents do not make the link between the product and the company²².

The quotation from the annual report by Philips (p.19) suggests that when there are no obvious differences between products, the purchase decision may increasingly be influenced by a positive reputation of the brand and the manufacturer, a view that is also expressed by Greyser (1999).

However, the research did not verify this assumption. The company image or reputation was not amongst the factors spontaneously mentioned by the respondents as decisive for their choice between almost similar drugs. The important factors were *familiarity* and *recommendations from "Amtskonsulenter"*. When asked directly if they consider the company images when choosing between almost similar drugs all respondents except two said "No". When asked if company activities have an impact on prescribing behaviour again the majority denied, though several stressed their appreciation of the educational programmes and scientific meetings. This contradicts the view of de Cherantony and

²² The answers of the respondents are not perceived to be biased due to the formulation of the question and thus increase the value of the finding

McDonald (1998) regarding the impact of added values on brand choice. This finding is not surprising, however, as the widespread perception amongst respondents is that “there are no big differences between companies – they all do the same”, and thus the companies’ service offerings do not seem to be effective differentiation parameters in the eyes of the respondents. Furthermore, it may also be an expression of the respondents’ political correctness and the fact that they do not link the companies to products and vice versa.

How loyal are the respondents then? Some of the key drivers of loyalty mentioned in the literature are: *high quality products/services, added values, customer satisfaction, credibility, favourable brand image/reputation, habit, experience* and a *positive relationship with sales representatives*.

According to the research high quality products/services, credibility, habit and experience are perceived by the respondents to be the most important drivers and thus support the literature findings. However, when asked if the respondents feel any loyalty to companies having a positive image, the majority of respondents denied and several referred to the rational nature of their business and that loyalty is reserved for their patients.

However, two respondents feel “some loyalty” to NovoNordisk, and claim that it might have an impact on drug choice but only as long as the price difference is minor which contradicts the view of Davis (2000) who claims that loyal customers are willing to pay a 20% premium for their brand of choice relative to competitors.

One of the respondents supported the view of Scaritzer and Kollarits (2000) that personal relationship with sales representatives creates loyalty, but as they “keep changing all the time” creation of loyalty is difficult.

Overall, the level of loyalty amongst respondents seems to be very low though they appear to be satisfied with product quality and some of the company services which supports the view of Lowenstein (quoted in Sharitzer and Kolarits, 2000) who claims that customers who say that they are satisfied are often just as likely to be disloyal as other customers. Provided adequate product quality their loyalty is to a large extent based on habit and experience and if using the customer segmentation by Aaker (1996) they belong to the group of *passive loyal* and *price switchers* as they express some price sensitivity that might be due to the political pressure and interventions.

4.2 Summary of key findings

The research findings support some of the points raised in the literature review but conflicts with others. As opposed to the holistic view on branding that dominates contemporary literature the research shows are much more product-focused approach with limited attention to the corporation. Positive perceptions of company images and added values are not linked to the products and do not seem to have an impact on the respondents' prescribing behaviour and loyalty and thus contradict the literature findings.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Corporate branding in the pharmaceutical industry is believed by the author to be highly important in influencing decision makers also at a political level and to engender credibility that will facilitate introduction of new products. But the branding conditions are believed to be inimical due to the nature of the products, the role of the GP and in particular to the political restrictions and interventions. The impact of these forces working against the effects of corporate branding needs further investigation but the author believes that as a consequence of the strong political focus on cost-benefits, companies will have to centre their attention not only on the long-term corporate branding strategy but also on product lifecycle optimisations as the physician will be forced to use the cheaper generics when products go off patent and thus any emotional attachments to brands will be overruled.

In general, companies have not been successful in positioning themselves, which is reflected in the image perception of companies amongst the respondents. Except from the image of NovoNordisk the images are in general perceived to be vague with the respondents not knowing what the companies stand for. The impact of the many mergers and acquisitions on corporate images needs further investigation as it is believed by the author to have a major role to play while it impedes long-term corporate brand building and continuity, which is highly important in image creation and customer relationships.

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 either “objective” without any product promotion (educational programmes, scientific meetings etc.) or “unwanted” or “unimportant” (mailing, advertisements) and company websites are not used. Therefore, the current perception among respondents of the attitude and behaviour of many sales representatives is worrying and needs to be addressed.

A positive corporate image of companies including the appreciated activities that they carry out does not seem to have an impact on prescribing behaviour and loyalty. Instead familiarity with drugs, habit and recommendations from “Amtskonsulenter” are decisive factors in relation to their prescribing also when choosing between almost similar drugs. The level of loyalty is surprisingly low among the respondents and this lack of loyalty is confirmed by the most significant finding of the research, namely that the respondents do

not make the expected and desired link between the products and the companies and vice versa.

On the basis of these findings it is concluded that the dissertation hypothesis is disproved. However, as the present research is based on a limited sample size the findings need to be interpreted with some caution and further research is needed.

5.2 Recommendations

How to make the customers realise the values of the corporate brand and how to make them link the product to the company and vice versa so that the product and the corporate brand will benefit each other?

The lack of clearly defined company images is an issue that needs to be addressed and in relation to this the impact of mergers and acquisitions requires further investigation – how to ensure continuity when new visions, cultures, CEOs and employees are instilled? The lack of clear perceptions among customers of what the companies stand for and the widespread belief that “they all do the same” shows that there is a problem in relation to company positionings – 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”.

The high turnover of sales representatives needs to be addressed in order to ensure the important continuity of customer relationships. But also the attitude and behaviour of the representatives need to be addressed, as many respondents perceive these to contribute to a negative company image.

In the study of Scharitzer and Kolarits (2000) a clear indication of a positive relation between physicians’ perception of company image, prescribing behaviour and financial success in the market was found. But in the present research with reservations of the limited sample size and for not including financial success indicators, it was not possible to show this positive correlation between company image and prescribing behaviour. Thus further investigation of the correlation between the physicians’ perception of company images, prescribing behaviour and economic success indicators is needed but the impact of the various political forces should also be investigated as this factor is working against the branding principles and has a significant and increasing impact.

The research finding showing that the physicians do not link the product to the corporation is alarming as huge amounts of money are spent on corporate branding and this issue needs high priority – more knowledge about what makes the physicians remember the company behind some products and not others is needed. Some of the respondents mentioned NovoNordisk as a company that is easily remembered when making prescriptions as the corporate brand name is incorporated in several of the product names e.g. NovoPen and NovoSeven. This is an interesting way of linking the corporation to the products, which according to the author deserves further investigation. However, an apparent problem to this is the changing names of the corporations when mergers and acquisitions take place.

The author's recommendations for future research are summarised in table 35.

Table 35: Recommendations for future research.

<ul style="list-style-type: none"> – The impact of mergers and acquisitions on customers perception of company images. – The effects of the press on company image perceptions and loyalty. – Ways of differentiation needs to be investigated. – How to align the attributes that drive corporate image with the products? – What contributes to creation of a brand relationship in the physicians' mind that links favourable corporate perceptions to the products and vice versa? – The impact of incorporating the corporate brand name in product names on the physician's linking of positive company perceptions to products and on prescribing behaviour. – Customers service perceptions and the impact on prescribing behaviour and loyalty. – The correlation between the physician's perception of company images, prescribing behaviour and economic success indicators. – Comparison of the impact of political interventions/"Amtskonsulenter" and other variables on prescribing behaviour and loyalty. – Develop customer satisfaction indicators as predictors of future customer actions or as standards for the quality of customer relationships. – What can the pharmaceutical industry learn from best practices of corporate brand strategies used in the consumer product industries?

How to make the corporate branding strategy manifest itself in the prescriptions and in the bottom-line figures?

Only by establishing a strong positioning and a favourable corporate image and by creating a brand relationship in the physician's mind that fundamentally links favourable corporate perceptions to the products the benefits of corporate branding of pharmaceutical companies can be achieved.

Final remarks

The objectives of the dissertation (p.6) are all met and therefore the author believes that despite the limitations of the research, it provides some new insights into the effects of corporate branding in the pharmaceutical industry and to potential areas of improvement.

Regarding the authors' personal objectives these are met as well. Writing the dissertation has been an interesting and challenging process that has indeed enhanced my understanding of the research topic and improved my skills in undertaking a research project.

APPENDIX 1: **Question guide**

Interviewee:

Date:

Section 1 – general branding issues

- Q1: What do you associate with the term “branding”?
- Q2: What do you associate with the term “corporate branding”?
- Q3: Do you think that branding/corporate branding is important? Why? Do you consider branding /corporate branding to become more or less important in the future? What about the pharmaceutical industry?
- Q4: What do you consider to be the key attributes that create a strong corporate brand? Please rank what you perceive to be the top three key attributes according to importance.
- Q5: Do you perceive a strong corporate brand to be equivalent to a favourable corporate image or reputation?
- Q6: What do you consider to be the key attributes that create a favourable corporate image/reputation? Please rank what you perceive to be the top three key attributes according to importance
- Q7: What do you associate with customer loyalty?
- Q8: Please mention the brand attributes you perceive to have a positive impact on loyalty, and rank the top three key attributes according to importance.
- Q9: Please mention the brand attributes you perceive to have a negative impact on loyalty and rank the top three according to importance

Section 2 – branding in the pharmaceutical industry

- Q10: What pharmaceutical companies do you think have a strong corporate brand? Please rank the top three companies according to strength.
- Q11: Do you perceive the strong corporate brand to be related to specific products or to the company as a whole?
- Q12: What attributes have according to you contributed to creation of the companies corporate brands? Please rank what you perceive to be the top three key attributes according to importance
- Q13: Please give some examples of companies with strong corporate brands that you perceive have either a positive or a negative corporate image.
- Q14: What activities have companies carried out in order to create a strong brand? Please rank the top three activities that you perceive to be most important.
- Q15: What activities do you perceive to be less important or unwanted?

DISSERTATION

- Q16: Most pharmaceutical companies have a website with information about the company, its products and a lot of other information about diseases, diagnosing, treatment options, self-test-programmes etc. Do you ever use these websites?
- Q17: From where do you get the information that enables you to choose between different drug treatments? Please rank your top three information sources according to importance.
- Q18: What determines your prescribing behaviour? Please rank the top three factors according to importance.
- Q19: Please mention 3 drugs that you prescribe regularly. What are the names of the companies that produce these drugs?
- Q20: Are there any close substitutes to the three drugs you mentioned? If so, why do you not prescribe the substitute drug?
- Q21: If the difference between two drugs is minor in relation to efficacy, safety and price, what will then determine your choice? Please rank the top three factors according to importance.
- Q22: Do you consider the image of the company when choosing between almost similar drugs?
- Q23: Do some of the activities that companies carry out have any impact on your prescribing behaviour?
- Q24: Do you feel any loyalty to the companies you perceive to have a positive corporate image?
- Q25: Let us imagine that you feel some kind of loyalty towards a company, what might possibly change this attitude? Please rank the top three factors according to importance.

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