IMPACT OF CORPORATE BRANDING ON CUSTOMER LOYALTY THROUGH CORPORATE IMAGE: A CASE STUDY OF PHARMACEUTICAL INDUSTRY

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DECLARATION

I hereby declare that the thesis entitled **"Impact of Corporate Branding on Customer Loyalty through Corporate image: A Case Study of Pharmaceutical Industry"** completed and written by me has not previously formed the basis for the award of any Degree or other similar title upon me of this or any other University or examining body.

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Place: Pune (Researcher)

Date: 22/08/2011

CERTIFICATE

This is to certify that the thesis entitled **"Impact of Corporate Branding on Customer Loyalty through Corporate image: A Case Study of Pharmaceutical Industry"** which is being submitted herewith for the award of the Degree of Vidyavachaspati (Ph.D.) in Faculty of Management of Tilak Maharashtra Vidyapeeth, Pune, is the result of original research work completed by **Shri Rameshwar R. Chavan** under my supervision and guidance. To the best of my knowledge and belief the work incorporated in the thesis has not formed the basis for the award of any Degree or similar title of this or any other University or examining body upon him.

Brig. (Dr.) R. C. Pathak

Place: Pune (Research Guide)

Date: 22/08 /2011

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Dedicated

to

My Parents Sau. Ganga and Shri. Rohidasji Chavan

&

To my wife Sumitra & son Ronith

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ABBREVIATIONS & DEFINITIONS
(TECHNICAL TERMINOLOGIES)

Abbreviations

AIDSs: Acquired Immune Deficiency Syndrome

ANDA: Abbreviated New Drug Application

APIs: Active Pharmaceutical Ingredients

CAGR: Compounded Annual Growth Rate

CNS: Central Nervous System

CRAMS: Contract Manufacturing And Research Services

DPCO: Drug Price Control Order

DTC: Direct To Consumer

FDA: Food and Drug Administration (FDA)

FDI: Foreign direct investment

GPs: General Practitioners

GSK: GlaxoSmithKline

IPR: Intellectual Property Rights

M&A: Mergers and acquisitions

MHRA: Medicines and Healthcare Regulatory Agency

MNCs: Multinational Corporations

NCE: New Chemical Entities (New Patented Drug)

NDA: New drug applications

NPPA: National Pharma Pricing Authority

OTC: Over-the-counter drugs (dispensed without prescription)

Pharma: Pharmaceuticals

PR: Public Relations

R&D: Research and development

TRIPs: Trade-Related Aspects of Intellectual Property Rights

WTO: World Trade Organization

Definitions[1]

Abbreviated New Drug Applications (ANDAs): An application submitted to the Food & Drug Administration by a generic drug manufacturer challenging a patent held by an innovator company. Once approved, an applicant may manufacture and market the generic drug product of an existing formulation.

Active pharmaceutical ingredient (APIs): The primary, active ingredient(s) of a final pharmaceutical product, produced in the first stage of pharmaceutical production and usually in bulk quantities.

Biologicals: Medical preparation made from living organisms and their products, such as insulin, erythropoietin, and vaccines.

Blockbusters: Industry term referring to drugs with very large sales, generally in excess of $1 billion.

Brand name drugs: Innovator drugs patented by Multinational Pharmaceutical companies to prevent them from being copied or reverse engineered by other companies.

Branded Generics: Generic drugs for which a drug manufacturing company has attached its brand name and may have invested in its marketing to differentiate it from other generic brands.

Bulk drugs: The active chemical substances in powder form, the main ingredient in pharmaceuticals chemicals having therapeutic value, used for the production of pharmaceutical formulations. Major bulk drugs include antibiotics, sulpha drugs, vitamins, steroids, and analgesics.

Drug intermedites: these drugs are used as raw materials for the production of bulk drugs, which are either sold directly or retained by companies for the production of formulations.

Essential drugs: Drugs classified as essential by the Indian government consist of antibiotics, antibacterials, anti-TB, penicillin and its salts, anti-parasitic,

[1] **Source:** Department of Chemicals & Petrochemicals, Government of India, MedicineNet.com, Food and Drug Administration, KPMG, Pharmabiz.com.

cardiovascular drugs, erythromycin and its preparations, vitamins and provitamins, vaccines (polio, human and veterinary), preparations containing insulin, caustic and other hormones, and tetracycline and its preparations. Indian companies dominate this class of drugs with a domestic Indian market share of 71 percent. These drugs are subject to government price controls.

Formulations: Drugs ready for consumption by patients (generic drugs) sold as a brand or generic product as tablets, capsules, injectables, or syrups. Formulations can be subdivided into two categories: generic drugs and branded drugs.

Generic drugs: Copies of off-patent brand name drugs that come in the same dosage, safety, strength, and quality and for the same intended use. These drugs are then sold under their chemical names as both over the counter and prescription forms. It is also, referred as unbranded formulations.

New Drug Applications (NDAs): The vehicle through which drug innovators formally propose, that the FDA approve a new drug for sale and marketing in the India.

Pharmaceuticals: Are used to prevent, diagnose, treat, or cure diseases in humans and animals.

Proprietary drugs: Drugs that have a trade or brand name and are protected by a patent.

CHAPTER: 1

1. PRELUDE OF THE STUDY

1.1 Introduction

1.2 Why Pharmaceutical Industry?

1.3 Statement of Problem

1.4 Value of the Research Study

1.5 Objectives and Hypothesis

1.6 Scope of the Study

1.7 Operational Meaning of the Terms

1.8 Methodology and Field Work

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1.1 INTRODUCTION:

"*The well-being, indeed survival, of many organisations rests on the success of their corporate brands" (John M.T. Balmer 2001)*[2]

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. There has been a lack of systematic conceptual and empirical research on the term 'corporate branding'. This research work is an attempt to synthesize some of the key prior research on the concept corporate branding focuses mainly on corporate image and its effect on corporate loyalty. Corporate branding represents an opportunity for pharmaceutical organisations to enhance their distinctiveness through linking unique and credible corporate characteristics to their products, thus enabling important synergies to be developed. The pharmaceutical industry is becoming increasingly complex and subject to a number of critical influences and this study investigates the attributes used by doctors to shape and determine the image they hold of drug manufacturers. Doctors were asked to determine the relative importance of these attributes when forming impressions of major pharmaceutical organisations and subsequently evaluated their effects on customer loyalty.

[2] John M.T. Balmer is Professor of Corporate Marketing at Brunel University, London and quondam Professor of Corporate Brand/Identity at Bradford School of Management. He is known for his seminal work on corporate brand management and his advocacy of these areas dates back over three decades.

1.2 Why Pharmaceutical Industry?

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-busters 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 that it is highly regulated and controlled, and direct to consumer advertising of prescription drugs is banned in India. The patent law and the distinctive market conditions make the industry completely unlike any other, and this reflected in its approach to branding.

Earlier 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. The profound changes in Pharmaceutical industry have driven increased company interest in the perceptions held by key stakeholders and the value of a favorable corporate image.

Many pharmaceutical companies now also accept the importance of identifying the key attributes that are used by various stakeholder groups, to form an image of a company. The success of those companies will be based on their ability to formulate corporate communication strategies to communicate consistently and effectively with both existing and newly empowered stakeholders and make them loyal towards your corporate. Thus through the suggestive outcome of this research study, it will contribute to shape the pharmaceutical marketing and build up new avenues to nurture the pharmaceutical industry in some extent.

1.3 Statement of Problem:

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

On going through the literature and review of different books and articles, it has become an area of interest to find out the corporate image attributes and analyzing the effect of corporate branding on customer loyalty in Pune city. The accessibility to the data required for the study is possible as the researcher is familiar with topography of city. Researcher believed that the study is contributed for overall development of marketing activities.

The research study develops its objectives, scope, hypothesis, data collection analysis which are discussed in the appropriate place in this thesis.

1.4 Value of the Research Study:

An increasing number of companies are aware that a favorable corporate image can provide a company with a distinctive and credible appeal. Companies can no longer rely on their products and services as a means of effective differentiation and added value. Developing a positive corporate image is regarded by many as a more effective form of differentiation and a source of competitive advantage (Dowling, 1993; Clarke, 1997; Knowles, 1999; Anderson, 2000). The creation of a suitable image through identity management requires a substantial investment, in both time, management effort and financial resources. It represents some of the returns that can be generated from a favorable image: increased sales, support for new product development (Yeoh, 1994), stronger financial relations (Goldstone, 1998), improved employee relations and recruitment (Smith, 1993), faster recovery from crises (Dowling, 1994) and the development of emotional values (Brinkerhof, 1990) which can improve brand values. The increasing attention given to corporate image is illustrated by the vast amounts of money now being spent by businesses in developing their corporate identities. In the world of competition, companies have invested in radical development of their identities within the last decade industry and other pressures mentioned earlier mean that pharmaceutical companies are using their identities more prominently to endorse their products. New audiences provide fresh opportunities for companies to promote their identity. Communicating with multiple audiences, however, also brings an increased risk of communicating inconsistent messages as different audiences need to receive different messages. Efficient identity (or reputation) management is essential to secure a uniform and consistent image. A fragmented image may not only damage reputation but could compromise the whole communication effort.

The 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.*[3]

[3] Quoted in the Book 'Brand Medicine- The Role of Branding in Pharmaceutical Industry' edited by Blackett and Robins, 2001

Brand Ranking

Table 1-1 Brand Ranking

2009 Rank	2008 Rank	Brand	Country of Origin	Sector	2009 Brand Value ($m)
1.	1		United States	Beverages	68,734
2.	2		United States	Computer Services	60,211
3.	3		United States	Computer Software	56,647
4.	4		United States	Diversified	47,777
5.	5		Finland	Consumer Electronics	34,864
6.	8		United States	Restaurants	32,275
7.	10		United States	Internet Services	31,980
8.	6		Japan	Automotive	31,330
9.	7		United States	Computer Hardware	30,636
10.	9		United States	Media	28,447

Source: http://money.cnn.com/magazines/fortune/mostadmired/full_list

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. If we see the top ten ranking of brands as per the Fortune magazines which shows the value of the worlds ten most valuable brands. The brand value of the Coca-Cola

Corporation, for example, is around 68,734 ($m). 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 these ranking it is striking that none of the successful pharmaceutical companies are included, and it would indeed be interesting to know why. Therefore through this in depth research study, it will possible to determine not only the key attributes but also to rank the pharmaceutical organisations according to the strength of images formed. The results of the research suggest which attributes organisations should consider developing and using when communicating with doctors and which attributes are of weaker significance in shaping the images held of drug manufacturers. Also it will guide the practicing pharmaceutical manager to devise the marketing and promotional strategies for their respective oraganisation. This study is absolutely helpful for the corporate communication manager for formulating the corporate communication programme for their firm.

1.5 Objectives and Hypothesis

This research explores the impact of corporate branding of pharmaceutical companies on customer loyalty and to identify the corporate image attributes that the customers perceive to be most important, and to what extent these have an impact on their prescribing behaviour and loyalty.

The research objectives are:

- To identify the key attributes to be important in corporate image building (Corporate branding) and rank these according to its significance.
- To assess the effect of various marketing activities on the physicians prescribing behaviour.
- To evaluate the effect of a corporate image on customer loyalty.
- To provide new perspectives in areas of improvements and recommendations.

In tune with second objective the following hypothesis was formulated for the study.

H_o: The Physician's prescribing behaviour is not affected by various marketing activities of Pharmaceutical companies.

H_1: The Physician's prescribing behaviour is affected by various marketing activities of Pharmaceutical companies

Therefore, in tune with third objective the following hypothesis was formulated for the study and this particular proposition is the focal point and soul of the entire research study.

H_o: Corporate image and customer loyalty are dependent on each other.

H_1: Corporate image and customer loyalty are independent of each other.

Thus, in tune with forth objective the following hypothesis was formulated for the study.

H_o: Negative impact on loyalty is not caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives.

H_1: Negative impact on loyalty is caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives

1.6 Scope of the study

The study incorporates the topic of corporate branding and its application to the pharmaceutical industry. Precisely, it explores identifying corporate image attributes and its effects on building customer loyalty. Mainly, the pharmaceutical industry is divided into two segments the prescription-only medicine (Rx) and the over-the-counter (OTC). The Rx Segment, which is unlike any other industry, is the main focus of this particular research work because it contributes around 90% of global pharmaceuticals revenue. The OTC segment of the industry functions in much the same way as other consumer product, which is out of capacity of the study. The customers are defined as general practitioners (GPs) as they are responsible for the majority of prescriptions made. This study is primarily carried out in Pune city, which can be considered to be an ideal city to conduct the present research study.

1.7 Operational Meaning of the Terms

The researcher wishes to clarify the different terminologies, which are used and it has specific meaning in the context of this research study.

Pharmaceutical: Relating to drugs used in medical treatment.

Pharmaceutical company: It is a commercial business whose focus is to market and/or distribute drugs, mostly in the context of healthcare. They can deal in generic and/or brand medications.

Corporate branding: It is an attempt to use corporate brand equity to create product brand recognition.

Customer loyalty: It is the totality of feelings or attitudes that would incline a customer to consider the re-prescribe of a particular medicinal brand. Customer loyalty has always been critical to business success and profitability.

Customers: Physicians/ Doctors/ General Practitioners are direct customers for pharmaceutical company. All the marketing activities and promotional and communication programmes of pharmaceutical companies are directed to towards them.

Physicians: The "direct customer" to the direct sales force and the individual with the most influence over the purchase of the product.

Patients: The end-consumer for the medicine (drug). The firm can not practically communicate directly with patients for the prescription-only medicines.

Corporate brands and corporate image: In relation to this research study customer perception of the 'corporate brand' is as its image. Image is defined as not what the company believes it to be, but what customers believe or feel about the company from their experience and observations. The definition is closed to the definition of corporate image used by marketing scholars as ‘attitudes and feelings consumers have about the nature and underlying reality of the company’ or ‘the result of how consumers perceive the firm’.

1.8 Methodology and Field Work:

The thrust of this research is to study the impact of corporate branding on customer loyalty all the way through corporate image with reference to Pharmaceutical Industry. The preliminary intention was to identify the important attributes determined by the Scott-Levin survey and to gain an insight into issues impacting on the industry. The aim was to sequentially categorize the corporate image attributes that the customers perceive to be most important and its impact on their prescribing behaviour and loyalty. Survey via personal interview with structured questionnaire was used to explore the information. The questionnaire was designed on the basis of literature finding and inputs from practicing manager of the pharmaceutical industry. The sample size was 100 General Practitioners practicing in the vicinity of Pune city. The lists of doctors were collected from the list published by Medical Council of Maharashtra and the sample representative of the population is selected as per the convenience sampling method. As there is currently no information suggesting any geographical or other demographic divergences in relation to doctor’s opinion, the respondents selected are all situated in the periphery of Pune City.

Data collection and Framework of Analysis

The initial contact with the doctors was done by doing direct cold calling to the clinics or hospitals. The questionnaire was filled up at the doctors clinics in order to ensure a relaxed atmosphere and to limit the disruption of their time schedule also to extract qualitative and quantitative information. The secondary data is collected through CMIE, MIMS, Drug Index, Pharmabiz portal; Express Pharma pulse etc. to build up the foundation for the study. The researcher also used the data from Centre of Monitoring Indian Economy for analyzing the ranking of the pharmaceutical firm.

The response sheet is prepared for each question and the inferences are drawn from the graphical pie chats and histograms. Thereafter, summarised the results of the field research and compared with literature findings. The underline objective and associated hypothesis is examined by preparing response sheet and using statistical techniques includes graphical analysis, measures of central tendency, measures of dispersion, correlation and regression analysis, t-test and chi-square test for independence and ultimately verified the stated proposition and concluded the outcome of the research study.

1.9 Structure and Chapter Scheme

The thesis is structured in seven chapters and it is compiled as follows.

Chapter 1: Introduction and Design of the Study

This section is an introductory overview of the study includes varies sections like introduction to the study, Pharmaceutical industry - setting the scene, relevance of the research study, objectives of the study, statement of hypothesis and scope of the study, operational meaning of the terms, methodology & field work, framework of analysis and lastly structure & chapter scheme is included.

Chapter 2: Pharmaceuticals & Indian Pharma Industry

This chapter is dedicated for pharmaceuticals and Indian pharma industry, it consist of different parts pharmaceutical formulations & pharmaceutical drugs information, classification of pharmaceutical drugs. it mainly emphasis on knowing Indian pharmaceutical industry it subset includes Indian pharmaceutical industry- future perspectives, role of pharmaceutical industry in GDP of India, pharmaceutical industry trends- global scenario, pharmaceutical drugs trends, SWOT analysis of pharma sector, applying porter's model to the industry and pharmaceutical companies in India. This chapter also discusses in detail pharmaceutical marketing and pharmaceutical branding

Chapter 3: Literature review

The literature review covers the issues of corporate branding it includes concept of brands, corporate branding definitions and concepts, criticism of the branding concept, stakeholder perspectives, product versus corporate branding, contributions to corporate branding, conceptualization of corporate branding philosophy, value of the corporate brand, characteristics of corporate brand, framework for corporate branding, six 'conventions' of corporate branding, 6 Cs corporate marketing mix, benefits and precautions of corporate branding, advantages of corporate branding , building a corporate brand, customer satisfaction and retention, corporate branding progression. Then this particular chapter discusses about corporate branding in pharmaceutical industry**,** corporate brand image and reputation, the image concept, how are images created? , corporate reputation, how is corporate reputation created?, benefits and key drivers, corporate image and reputation in the pharmaceutical industry, industry champions, worlds most admired pharmaceutical companies, recent studies of corporate image building in Pharma industry.

The second section of this chapter discuss out customer/brand loyalty, benefits of brand loyalty, how is loyalty created? Customers' brand choice, customer satisfaction and loyalty**,** drivers of customer loyalty, customer loyalty in the Pharmaceutical industry and summary of key findings

Chapter 4: Study Design-Methodology and Proposition

The section includes research objective, statement of hypothesis, research approach & choice of method, designing the research instrument, data collection and sample characteristics, sample size and selection, pilot study and limitations of the study.

Chapter 5: Empirical Analysis & Interpretation

It consist of sales data analysis, validation of the questionnaire, preparing response status, discussion about findings of the field work, and lastly summary of findings

Chapter 6: Synthesis and Discussion of the Result

This section includes an overall discussion on key attributes of corporate image building, effects of marketing activities, assessing the effects of a corporate image loyalty, perspectives and improvements, discussion and research findings and summary of key findings.

Chapter 7: Conclusions and Recommendations

Conclusions are based on the literature and research findings drawn leading to confirmation or disproval of the hypothesis, and recommendations to the identified problems provided. The limitations and future scope of the study are included at the end of this section.

The relevant reference are included at the end of the thesis, list of tables, list of figures, list of exhibit are given at the beginning of the thesis. Relevant appendices including questionnaire and declaration letter to respondent are given at the last page of this thesis.

CHAPTER 2

8 PHARMACEUTICALS & INDIAN PHARMA INDUSTRY

2.1 Pharmaceutical Formulations

In medical terminology, pharmaceutical formulations refer to the process in which various kinds of chemical substances and active drugs are combined to produce a final medicinal product. The pharmaceutical formulations process involves the entire process of a how a drug is developed and how it is finally accepted by the patient. For orally taking drugs, the drug is in the form of a tablet or capsule, including syrups, ointments, and vaccines. While preparing any tablet or capsule, not only should it comprise the required drug but also variety of other substances. Formulations ensure that the drug is compatible with these other substances. In the pharmaceutical drug formulations, the different physical, chemical, and mechanical properties of a drug are considered so as to know what other ingredients should be used in the preparation. The various factors like polymorphism, particle size, pH, and solubility are all considered while formulating the drug, besides considering the appearance of the tablet. Let us discuss the various pharmaceutical finished formulations which are classified as follows:

Tablets

A tablet is a pharmaceutical dosage form. Tablets are the most common forms of oral drug, comprising a mixture of active substances and excipients which are formulated to produce an accurate dosage specific to a particular disease. The ingredients are in powdered form, which are pressed or compacted to form a solid dose. A tablet is taken orally. Tablets are different from capsules which are in gel or powdered form enclosed in a shell. In some cases, the tablets can be consumed by the patient buccally, sublingually, rectally or intravaginally. The most popular dosage form today is the compressed tablet while about two-thirds of all prescriptions are dispensed as solid dosage forms.

Capsules

When we talk about pharmaceutical drugs, the two most common form of medicines are tablets and capsules. Capsules are defined as an encapsulated shell filled with medicines in powder or gel form. Capsules have been considered as the most efficient method of taking medication since the very beginning.

Types of Capsules includes Hard shell capsules have dry or powdered ingredients. They also include miniature pellets. Soft-shelled capsules have oils and other active ingredients that are dissolved or suspended in oil.

Injection

Injection is defined as a process by which a small area of the skin is pierced or punctured with a syringe and needle to insert a substance for prophylactic, curative, or recreational purposes. It is to be noted that an injection follows a parenteral route of administration; that is, medicines are administered not through the digestive tract. Methods of Injections Infusions: Injections can be given intravenously, intramuscularly, intradermally, or subcutaneously. Each type of injection is used for a specific health problem, specific purpose, but the procedures for preparing the injections are the same.

Ointments

The medicated stuff or the ingredients present inside the ointment is actually the main base of ointments. There are various parts of the body surfaces, skin and mucous membranes where ointment is applied for curing certain skin or disease conditions. Ointment is applied on hands, legs, face, eyes, ears, vagina, anus, throat etc.

Syrups

Syrups are a concentrated solution of a sugar mixed in water or other aqueous liquid. In medical terminology, medicinal syrups are nearly saturated solutions of sugar in water in which medicinal substances or drugs are dissolved. Basically, it is an oral suspension in liquid form. The medical syrup or pharmaceutical syrup is actually used as a vehicle for medicine. It is usually used as a flavored vehicle for drugs. Syrups should be kept closely tight in a cool, dry place after use in order to preserve them. Medicinal syrups are widely consumed as children medicines, though medicated syrups for adults are also available.

Vaccine

A vaccine is a medical preparation produced to improve immunity to a particular disease. This is done by stimulating the production of antibodies. Basically, a vaccine contains an agent that is similar to a disease-causing microorganism and this is produced from weakened or killed forms of the microbe or its toxins. The agent helps in stimulating the body's immune system so that it can fight and destroy the foreign substance in the body. Vaccines are of various types.

2.2 Pharmaceutical Drugs Information

Pharmaceutical Drugs are defined as chemical substances used for treating, curing and preventing different types of diseases. Commonly referred as medicines or medication, pharmaceutical drugs are used in the medical diagnosis, treatment, prevention or curing disease. For varied diseases, physical ailments, there are a wide range of pharmaceutical drugs which are available over the counter (OTC) or with doctors' advise. Medicines help in fighting or preventing diseases if they are taken in the right quantity at the right time and as prescribed by your doctor. This section provides pharmaceutical drugs information, to better understand prescription and non-prescription drugs.

2.2.1 Classification of Pharmaceutical Drugs

It can be classified into two broad categories:

Prescription Drugs: Prescription Drugs are those drugs, which should not be used without the prescription of registered physician. These drugs can't be normally bought, unless prescribed. There might be a few prescription drugs that are sold without prescription also, such as some Decongestants, Vasodilators, Anti-histamines etc.

Non Prescription Drugs (OTC Drugs) : Drugs that are sold without prescription are referred to as Non-Prescription Drugs or Over-the-counter (OTC) drugs. These drugs are available locally. Some variants of a few Prescription drugs may be available without prescription also, such as Topical Antibiotics, Expectorants and Minoxidil (a type of Vasodilator), to name a few.

2.2.2 Pharmaceutical Drugs Administration

Administration of a drug means how the drug is delivered to a patient. Pharmaceutical drugs are available in the forms of pills, tablets, capsules and syrups. They can be taken orally or intravenously (into the blood through a vein). They are administered at regular intervals or all at once depending on doctors' advise. Prescription drugs are drugs that are not locally available without a physician's prescription. A prescription drug is a licensed medicine which is obtained only by prescription. The prescription drugs are regulated by legislation and different from over-the-counter (OTC) drugs which can be obtained without a prescription. They are also known as non-prescription drugs. In the world, "Rx" is often used as a short form for prescription drug.

List of Prescription Drugs

Table 2-2 List of Prescription Drugs

1. Anti-convulsant Drugs,	2. Anti-Obesity Drugs
3. Anti-Angina Drugs	4. Anti-Fungal Drugs
5. Anti-Itch Drugs	6. Anti-Viral Drugs
7. Anti-Diabetic Drugs	8. Anti-Asthmatic Drugs
9. Anti-Hypertensive Drugs	10. Antibiotics
11. Anti-Migraine Drugs	12. Anti-Rheumatic Drugs
13. Anti-Protozoal Drugs	14. Tricyclic Anti-depressants
15. Anti-Arrhythmic Drugs	16. Anti-nausea Drugs

17. Anti- Parkinson Drugs	18. Anti-Psychotic Drugs
19. Muscle Relaxants	20. Digitalis Drugs
21. Anti-Gastroesophageal Reflux	22. Anti-Retroviral Drugs
23. Anti-Tuberculosis Drugs	24. Anti-Ulcer Drugs
25. Anti-Hemorrhoid Drugs	26. Anti-Spasmodic Drugs
27. Anti-malarial Drugs	28. NSAID
29. Immuno-Suppressant Drugs	30. Anti-Insomnia Drugs
31. Anti-helminthic Drugs	32. CNS Stimulants
33. Decongestants:	34. Anti-Coagulant Drugs
35. Bone Disorder Drugs	36. Infertility Drugs
37. Topical Antibiotics:	38. Diuretics
39. Vasodilators	40. Blood-viscosity Reducing Drugs
41. Beta Blockers	42. Corticosteroids
43. Benzodiazepines	44. Cephalosporins
45. Expectorants:	46. Sulfonamides
47. Calcium Channel Blocker	48. Gout Drugs
49. Anti-histamines:	50. Penicillins
51. Barbiturates	52. Laxatives
53. ACE inhibitors	54. Anti-anxiety Drugs
55. Urinary Anti-infectives	56. MAO Inhibitors
57. Opioid Analgesics	58. Bronchodilators
59. Ophthalmic Antibiotics	60. Smoking Cessation Drugs:
61. Protease Inhibitor	62. Anti-depressant Drugs
63. Alpha1-adrenergic Blockers	64. Tetracyclines

Source: Monthly index of Medical specialist (MIMS India)[4] & Drug Index

[4] MIMS (Monthly Index of Medical Specialities) is a practical reference to all major ethical preparations available for prescription in India. It is for use only by registered medical practitioners and pharmacists. MIMS has maintained its position as India's most widely used medical journal.

OTC Medicines:

Non prescription drugs are drugs that are sold over the counter, which means they are sold without a prescription from a doctor. These drugs are sold directly to the consumers as compared to prescription drugs, which requires a prescription. They are also referred as the over-the-counter (OTC) drugs. In the United States, there are more than 80 therapeutic categories of non-prescription drugs, ranging from weight control drugs to anti-acne to analgesics drugs and many more. These drugs are easily available in local chemists as well as in general stores, supermarkets, gas stations, etc.

Regulations in OTC Drugs

In many countries, OTC or non-prescription drugs are selected by a regulatory agency so as to check the ingredients that are used in the making of drugs are safe and effective when used without a doctor's advice. These non-prescription drugs are usually regulated by active pharmaceutical ingredients (APIs), not final products. This implies that the governments allow drug manufacturers the right to formulate ingredients, or combinations of ingredients, to make proper medicinal mixtures. Regulations related to who is authorised to dispense these drugs, to where they are to be sold, and whether a prescription is required vary considerably from country to country. In India all the drugs that are not included in the list of prescription drugs are considered as non-prescription drugs (or OTC drugs).

Types of OTC Drugs:

Table 2-3 Types of OTC Drugs

1. Anti-Hemorrhoid Drugs	2. Topical Antibiotics:
3. Cough-Suppressants	4. Anti-acne Drugs
5. Non-steroidal Anti-inflammatory Drugs:	6. Antiseptics
7. Analgesics	8. Decongestants:
9. Aspirin	10. Vasodilators:
11. Antacids	12. Expectorants:
13. Anti-fungal Drugs	14. Anti-Histamines: Some can be bought without prescription.
15. Anti-gas Agents	16. Smoking Cessation Drugs:

Source: Compiled from OTC Bulletin

Characteristics of OTC Drugs

Non prescription drugs usually have these characteristics:

- The benefits of these drugs outweigh their risks.
- There are low chances for misuse and abuse.
- Consumer can use them for self-diagnosed health conditions.
- These drugs can be adequately labeled.
- There is no requirement of health professionals for the safe and effective use of

the product.

2.3 The Indian Pharmaceutical industry

Indian Pharmaceutical Industry has already been placed among the top four emerging markets in pharma industry by the market research report published by IMS Health Inc. The global pharmaceutical industry, in the last few years, has shown high interest in Indian pharma industry because of its sustained economic growth, healthcare reforms and patent-related legislation.

Indian Pharmaceutical Industry Trends 2010

Indian domestic pharmaceutical market has seen growth at a CAGR of about 12% in the last 5 years. About 67 Million Indians are expected to reach the age of 67 years by 2011. People of this age group spend around 3 to 4 times more on drugs than people in younger age groups. This indicates substantial growth of Indian pharmaceutical industry. Patented drug are expected to have a 10% market share of pharmaceutical industry in 2010. Incomes of people in rural India are on a rise and the distribution network of drugs is also very strong. These factors are contributing to a high growth of India's rural pharmaceutical market. The positive approach towards product patent product has encouraged the Indian pharmaceutical companies to invest more in Research and Development. Indian pharmaceutical market is expected to have compound annual growth rate of 9.5 per cent by 2015.

2.3.1 Indian Pharmaceutical Industry- Future Perspectives

Consumer spending on healthcare services and products has increased in India due to the increasing affordability, shifting disease patterns and modest healthcare reforms. Healthcare budget of an average Indian household is expected to grow from 7% in 2005 to 13% in 2025.

The future trends of Indian pharmaceutical industry can be listed as under.

- By 2015, India will probably open a US$ 8 billion market for multi national pharmaceutical companies selling expensive drugs as predicted by the FICCI-Ernst & Young India study.
- The domestic India pharma market is likely to reach US$ 20 billion by 2015.
- An enormous amount of US$ 6.31 billion will be invested in the Indian pharmaceutical industry as per the estimates of the Ministry of Commerce, Government of India.
- Indian pharmaceutical off-shoring industry is predicted to be a US$ 2.5 billion opportunity by 2012 all because of low cost of R&D.
- Patented drugs are predicted to capture up to a 10% share of the total Indian pharmaceutical industry by 2015 with a market size of US$2 billion.
- The branded generics market will continue to dominate the Indian pharmaceutical industry. Sixty one drugs worth US $ 80 billion will go off patent at the US Patent and Trademark Office between 2011 and 2013. Indian pharmaceutical industry is all set to gain from the patent expiry of some

blockbuster drugs by producing their generic equivalents. However, the influence of physicians will remain high that will ensure fair competition on the basis of product quality and scientific detailing.

- By 2015, the specialty and super-specialty therapies will account for 45% of the pharma market. The growing lifestyle disorders, particularly metabolic disorders like diabetes and obesity as well as coronary heart disease and hypertension, cardiovascular, neuropsychiatry and oncology drugs will gain considerable significance.
- Although there will be a shift towards specialty therapies, mass therapies will remain important in the Indian pharmaceutical industry. This will be, primarily due to the gap between the prevalence of common diseases and their treatment rates. Diseases like anaemia, diarrhoea, gastro-intestinal & respiratory problems, acute pain, infections etc. is suffered by a large number of population. The growing income levels will also increase spending on basic healthcare and the consumption of mass therapy drugs for acute ailments.

The Indian pharmaceuticals industry has grown reasonably during the past decade and has the potential to transform itself over the next decade too. The domestic pharma market of India will play a crucial role in fighting the growing diseases. However, the full potential of Indian pharmaceuticals can only be achieved through sustained, progressive and collaborative efforts by the government and the pharmaceutical industry as a whole.

Exports

Export of pharmaceutical products from India increased from US$ 6.23 billion in 2006-07 to US$ 7.74 billion in 2007-08 and to US$ 7.81 billion in 2008-09, a combined annual growth rate (CAGR) of 21.25 per cent, according to Minister of State for Commerce, Pharmaceutical exports from the country have recorded growth rates of 21.61 per cent, 14.37 per cent and 28.54 cent, respectively, in the three consecutive years of 2006-07, 2007-08 and 2008-09. Pharmaceutical exports during April-December 2009 were worth US$ 6.3 billion, according to the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers.

Growth

The domestic pharma market will outshine the global market, growing at a compounded annual rate of 12-15 per cent as against a global average of 4-7 per cent during 2008-2013; according to a study by market research firm IMS, released in October 2009.

According to detailed research by Angel Broking in October 2009, socio-economic factors such as rising income levels, increasing affordability, gradual penetration of health insurance and the rise in chronic diseases would see the Indian formulation market touch US$ 13.7 billion by 2013, at a CAGR of 12.2 per cent over the period from fiscal year 2008 to 2013. The domestic formulation industry had registered a CAGR of 14 per cent during FY2003-08 from around US$ 3.9 billion to US$ 7.7 billion, outpacing the global pharma industry growth rate of 7 per cent. According to a report published by RNCOS in April 2010, called 'Booming Pharma Sector in India', the industry is projected to continue growing at a CAGR of around 13 per cent during FY 2011-FY 2013. The formulations industry is expected to prosper parallel to the pharmaceutical industry. It is expected that the domestic formulations market in India will grow at an annual rate of around 17 per cent in FY 2010, owing to increasing middle class population and rapid urbanisation.

Pharmaceutical Retail

According to a report titled 'India Retail Research 2009' released in August 2009, pharmacy retail is growing at the rate of 20-25 per cent annually and the organised pharma retail market size has the potential to grow to US$ 9 billion by the year 2011. The size of India's pharmacy retail market is estimated at US$ 4.5 billion, which is dominated by 12-15 big players. Medicine retail chain Guardian Life care plans to double the number of its stores to 400 over the next two years with an investment of US$ 21.7 million.

Diagnostics Outsourcing/Clinical Trials

According to the latest research published by RNCOS, titled 'Indian Diagnostic Market Analysis' in January 2010, the Indian diagnostic services are projected to grow at a CAGR of more than 20 per cent during 2010-2012. Furthermore, according to

Hari Bhatia, Co-Chairman & Managing Director, Jubilant Organosys, the contract research and manufacturing (CRAM) sector is growing at 15 per cent to 20 per cent.

Generics

Indian generic drug makers received half a dozen more approvals from the US Food and Drug Administration (FDA) in 2009, over the previous year. Dr Reddy's Laboratories received the highest number of tentative and final approvals in 2009 at 32, followed by Aurobindo at 26 and Wockhardt at 23. According to Union Minister of State for Chemicals and Fertilisers, India tops the world in exporting generic medicines worth of US$ 11 billion and currently, the Indian pharmaceutical industry is one of the world's largest and most developed. Moreover, the Department of Pharmaceuticals is working with the vision to make India one of the top five global pharmaceutical innovation hubs by 2020.

Research & Development

The search for innovative drug molecules and better technologies by pharmaceutical MNCs is expected to offer a windfall for the smaller research-oriented Indian firms. With their drug pipelines drying up and more blockbuster drugs going off-patent, MNCs are looking at alliances for drug co-development, buying or licensing out innovative molecules which can further be developed into finished drugs.

Government Initiative

100 per cent FDI is allowed under the automatic route in the drugs and pharmaceuticals sector including those involving use of recombinant technology. According to Mr Ashok Kumar, Pharmaceuticals Secretary, the government is planning to set up a US$ 430.5 million corpus fund for the pharma industry soon. The fund would be set up with the help of the government and the industry and will be used for helping the pharma industry in R&D. According to the Union Minister of State for Chemicals and Fertilizers, the Department of Pharmaceuticals has prepared a "Pharma Vision 2020" for making India one of the leading destinations for end-to-end drug discovery and innovation and for that purpose provides requisite support by way of world class infrastructure, internationally competitive scientific manpower for pharma R&D, venture fund for research in the public and private domain and such other measures.

Investment

- The drugs and pharmaceuticals sector has attracted foreign direct investment (FDI) worth US$ 1.67 billion between April 2000 and February 2010.
- The total plan outlay for the Department of Pharmaceuticals for 2009-10 is US$ 36.5 million.

Road Ahead

According to a new report published by PricewaterhouseCoopers (PwC) in April 2010, India will join the league of top 10 global pharmaceuticals markets in terms of sales by 2020 with the total value reaching USD 50 billion by then.

2.3.2 Role of Pharmaceutical Industry in GDP of India

The Role of Pharmaceutical Industry in India GDP is immense. The varied The Role of Pharmaceutical Industry in India GDP is immense. The varied functions such as contract research and manufacturing, clinical research, research and development pertaining to vaccines are the strengths of the Pharma Industry in India. Multinational pharmaceutical corporations outsource these activities and help the growth of the sector.

Some Facts

- The Pharmaceutical Industry in India is one of the largest in the world
- It ranks 4th in the world, pertaining to the volume of sales
- The estimated worth of the Indian Pharmaceutical Industry is US$ 6 billion
- The growth rate of the industry is 13% per year
- Almost most 70% of the domestic demand for bulk drugs is catered by the Indian Pharma Industry
- The Pharma Industry in India produces around 20% to 24% of the global generic drugs
- The Indian Pharmaceutical Industry is one of the biggest producers of the active pharmaceutical ingredients (API) in the international arena
- The Indian Pharma sector leads the science-based industries in the country
- The pharmaceutical sector has the capacity and technology pertaining to

complex drug manufacturing

- Around 40% of the total pharmaceutical produce is exported.
- 55% of the total exports constitute of formulations and the other 45% comprises of bulk drugs.
- The Indian Pharma Industry includes small scaled, medium scaled, large scaled players, which totals nearly 300 different companies
- There are several other small units operating in the domestic sector

Pharmaceutical Industry in India-Growth

- As per the present growth rate, the Indian Pharma Industry is expected to be a US$ 20 billion industry by the year 2015.
- The Indian Pharmaceutical sector is also expected to be among the top ten Pharma based markets in the world in the next ten years.
- The national Pharma market would experience the rise in the sales of the patent drugs The sales of the Indian Pharma Industry would worth US$ 43 billion within the next decade
- With the increase in the medical infrastructure, the health services would be transformed and it would help the growth of the Pharma industry further.
- With the large concentration of multi national pharmaceutical companies in India, it becomes easier to attract foreign direct investments .
- The Pharma industry in India is one of the major foreign direct investments encouraging sectors. The Indian Pharmaceutical Industry is one of fastest emerging international center for contract research and manufacturing services

or CRAMS

- The main factors for the growth of the CRAMS is due to the international standard quality and low cost
- The estimated value of the CRAMS market in 2006 was US$ 895 million.
- Indian already has the biggest number of US FDA.
- Around 50 more new manufacturing units are to be set up in accordance to the USFDA and UK Medicines and Healthcare Regulatory Agency (MHRA) standards.
- With all these development India is posed to become the biggest producer of drugs in the world.
- Some of the major domestic players in this sector are Paras Pharma, Bal Pharma, Unijules Life Sciences, Flamingo Pharma, Venus Remedies, Surya Organics and Chemicals, Centaur Pharma, Kemwell, Coral Labs
- The contract manufacturing market in India pertaining to the multinational companies is expected to worth US$ 900 million by the year 2010. India has the advantage of the cost, as the cost of labor, the cost of inventory is much lower than other places
- The multinational companies, investing in research and development in India may save upto 30% to 50% of the expenses incurred
- The cost of hiring a research chemist in the US is five times higher than its Indian counterpart.
- The manufacturing cost of pharmaceutical products in India is nearly half of the cost incurred in US.

- The cost of performing clinical trials in India is one tenth of the cost incurred in US.

2.3.3 Pharmaceutical Industry Trends- Global Scenario

If present industry overview is taken into consideration then the global pharmaceutical market in 2010 is projected to grow 4 - 6% exceeding $825 billion. The global pharmaceutical market sales is expected to grow at a 4 - 7% compound annual growth rate (CAGR) through 2013. This industry growth is driven by stronger near-term growth in the US market and is based on the global macroeconomy, the changing combination of innovative and mature products apart from the rising influence of healthcare access and funding on market demand. Global pharmaceutical market value is expected to expand to $975+ billion by 2013. Different regions of the world will influence the pharmaceutical industry trends in different ways.

Asia Pacific Pharmaceutical Market

The pharma market world over will experience significant shifts. Asia-Pacific region will emerge as the fastest growing pharmaceutical market over the recent past. The reason for this positive shift can be attributed to the low costs and favorable regulatory environment. This region has experienced important developments regarding contract manufacturing, especially in generics and APIs. An increased R&D activity in the region has helped Asia-Pacific pharmaceutical industry to achieve an estimated market size of around US$ 187 Billion in 2009. Here, the pharmaceutical industry is expected to grow at a CAGR of around 12.6% during 2010-2012. Pharmaceutical sales are growing at a fast rate in India, China, Malaysia, South Korea and Indonesia due to the rising disposable income, several health insurance schemes (that ensures the sales of branded drugs), and intense competition among top pharmaceutical companies in the region (that has boosted the availability of low cost drugs). China's pharmaceutical market will continue to grow at a 20+ % annually, and will contribute 21% of overall global growth through 2013.

Middle East Pharmaceutical Market

The Middle East combined with the African Pharmaceutical market is projected to grow at a CAGR of around 11% during 2010-2012. The development of infrastructure and rapidly changing regulations in this region are being seen as the cause of its growth. Also there is a high prevalence of diseases and huge population base that increases the overall pharmaceutical sales in this part of the world. Presently South Africa, Saudi Arabia and Israel dominate the region's pharmaceutical industry due to their better infrastructure and regulatory environment. However, The Middle East pharma market depends on imported pharmaceutical drugs and therapeutics. The governments of countries in this region are taking measures to raise their domestic production through heavy investments in the pharmaceutical industry. How far they are successful in the attempt of becoming considerable pharma production center remains to be seen.

2.3.4 Pharmaceutical Drugs Trends

Anti-Diabetic Drugs and those for cardiovascular diseases are expected to see the fastest growth in 2011. Cardiovascular patients will increase to 251 million in 2010, with the greatest rate of growth forecast for the US market. This is due to the changes in demographics and lifestyle that will boost the cardiovascular sales. However, the growth rates will be limited by continued patent expiries for major products and due to the lack of novel therapies. The anti-hypertensive drugs will dominate the global cardiovascular market with a market share of nearly 50%. In the list of top pharmaceutical companies in India it is not the Indian companies but also the MNCs that are becoming the part of the race. Indian pharmaceutical market in 2008 was $7,743m and if compared to year 2007 it was 4% more than that. It is expected that Indian pharmaceutical market will grow more than the global pharmaceutical market and will become $15,490 million in 2014. Today Indian pharmaceutical industry is the second most fastest growing industry displaying the revenue of Rs 25,196.48 crore and growth of 27.32 percent.

Top pharmaceutical companies in India are also acquiring the small companies worldwide to further expand the market. Pharmaceutical drugs injections, tablets, capsules; syrups are the products of pharma companies in India along with many more.

2.4 Indian Pharma Industry: SWOT analysis

It is often said that the pharma sector has no cyclical factor attached to it. Irrespective of whether the economy is in a downturn or in an upturn, the general belief is that demand for drugs is likely to grow steadily over the long-term. This section gives a perspective of the Indian pharma industry by carrying out a SWOT analysis (Strength, Weakness, Opportunity, and Threat).

Strengths:

1. Indian with a population of over a billion is a largely untapped market. In fact the penetration of modern medicine is less than 30% in India. To put things in perspective, per capita expenditure on health care in India is US$ 93 while the same for countries like Brazil is US$ 453 and Malaysia US$189.

2. The growth of middle class in the country has resulted in fast changing lifestyles in urban and to some extent rural centers. This opens a huge market for lifestyle drugs, which has a very low contribution in the Indian markets.

3. Indian manufacturers are one of the lowest cost producers of drugs in the world. With a scalable labor force, Indian manufactures can produce drugs at 40% to 50% of the cost to the rest of the world. In some cases, this cost is as low as 90%.

4. Indian pharmaceutical industry posses excellent chemistry and process reengineering skills. This adds to the competitive advantage of the Indian companies. The strength in chemistry skill help Indian companies to develop processes, which are cost effective.

Weakness:

1. The Indian pharma companies are marred by the price regulation. Over a

period of time, this regulation has reduced the pricing ability of companies. The NPPA (National Pharma Pricing Authority), which is the authority to decide the various pricing parameters, sets prices of different drugs, which leads to lower profitability for the companies. The companies, which are lowest cost producers, are at advantage while those who cannot produce have either to stop production or bear losses.

2. Indian pharma sector has been flawed by lack of product patent, which prevents global pharma companies to introduce new drugs in the country and discourages innovation and drug discovery. But this has provided an upper hand to the Indian pharma companies.

3. Indian pharma market is one of the least penetrated in the world. However, growth has been slow to come by. As a result, Indian majors are relying on exports for growth. To put things in to perspective, India accounts for almost 16% of the world population while the total size of industry is just 1% of the global pharma industry.

4. Due to very low barriers to entry, Indian pharma industry is highly fragmented with about 300 large manufacturing units and about 18,000 small units spread across the country. This makes Indian pharma market increasingly competitive. The industry witnesses price competition, which reduces the growth of the industry in value term. To put things in perspective, in the year 2003, the industry actually grew by 10.4% but due to price competition, the growth in value terms was 8.2% (prices actually declined by 2.2%)

Opportunities

1. The migration into a product patent based regime is likely to transform industry fortunes in the long term. The new patent product regime will bring with it new innovative drugs. This will increase the profitability of MNC pharma companies and will force domestic pharma companies to focus more on R&D. This migration could result in consolidation as well. Very small players may not be able to cope up with the challenging environment and may yield to giants.

2. Large number of drugs going off-patent in Europe and in the US between 2005 to 2009 offers a big opportunity for the Indian companies to capture this market. Since generic drugs are commodities by nature, Indian producers have the competitive advantage, as they are the lowest cost producers of drugs in the world.

3. Opening up of health insurance sector and the expected growth in per capita income are key growth drivers from a long-term perspective. This leads to the expansion of healthcare industry of which pharma industry is an integral part.

4. Being the lowest cost producer combined with FDA approved plants, Indian companies can become a global outsourcing hub for pharmaceutical products.

Threats:

1. There are certain concerns over the patent regime regarding its current structure. It might be possible that the new government may change certain

provisions of the patent act formulated by the preceding government.

2. Threats from other low cost countries like China and Israel exist. However, on the quality front, India is better placed relative to China. So, differentiation in the contract manufacturing side may wane.

3. The short-term threat for the pharma industry is the uncertainty regarding the implementation of VAT. Though this is likely to have a negative impact in the short-term, the implications over the long-term are positive for the industry.

2.5 Applying Porter's Model to Pharmaceutical Industry:

Pharma Industry currently ranks high among India's technology-based industries with a wide-ranging capability in the composite field of drug development and manufacturing. It ranks very high in terms of technology, quality and in the range of medicines manufactured. From simple drugs to sophisticated antibiotics and composite cardiac compounds, almost each and every type of medicine is now produced indigenously.

Rivalry within the industry:

Despite certain consolidation taking place, the pharmaceutical market remains very fragmented market share of the world largest pharmaceutical companies is only around 8%. Additionally, there is a significant amount of excess capacity in all parts of the value chain and therefore further consolidation of the industry seems to be inevitable. Consequently, the rivalry within the industry is and will remain very high.

Bargaining power of suppliers:

Traditionally, the power of “standard” suppliers in pharmaceutical industry (supply of basic chemical entities, packaging materials, etc) has been relatively week. Currently, with drying pipelines and emerging sources of potential breakthrough molecules (e.g. biotechnological research companies) the bargaining power of these “new” suppliers is growing.

Bargaining power of buyers:

The role and structure of buyers is changing and their bargaining power increasing. For many years and in most countries physicians have been the principal targets for pharmaceutical companies. They played roles of influencers, gatekeepers and also decision makers. Now, as the result of government efforts the power between the key stakeholders within the health care network is shifting and pharmaceutical companies will have to take account of a broader range of stakeholders, including payers, patients, nurses and pharmacists.

Threat of new entrants:

The pharmaceutical industry is probably the most research-intensive industry the U.S. research based pharmaceutical companies spend on average up to 20% of their income on research and development, which is significantly more than the overall industry average of 3,8% . R&D intensiveness makes the entry of a new significant player into the market very difficult, almost impossible. Other significant barriers to entry are selling power and share of voice. Sales forces have increased in size tenfold in the last 10–15 years and they represent the single most expensive part of the marketing mix in any global pharmaceutical company.

Threat of substitution:

The threat of generic substitution of original medical compounds is significantly increasing. Generics are drugs based on molecules that are no longer protected by patents, and therefore can be produced by any company with facilities to do so. Both governments and consumers favour generics as means of reducing the costs of medicines and there is therefore pressure on doctors to prescribe cheaper generics, rather than original brands. As a result, the growing number of products are switched to OTC (over the counter) status due to pharmaceutical companies' desire to defend their products as their patents expire.

Largest Global Pharmaceutical Companies:

The following is a list of the twelve largest pharmaceutical companies ranked by revenue as of July 2009 in the Fortune Global 500.

Table 2-4 Top Global Pharma Companies

Rank	**Company**	**Global 500 rank**	**$ millions**	**% change from 2007**	**$ millions**	**% change from 2007**
1	Johnson & Johnson	103	63,747	4.3	12,949	22.4
2	Pfizer	152	48,296	-0.3	8,104	-0.5
3	GlaxoSmithKline	168	44,654	-1.7	8,439	-19.1

4	Roche Group	171	44,268	9.8	8,288	1.9
5	Sanofi-Aventis	181	42,179	5.5	5,637	-21.8
6	Novartis	183	41,459	4.2	8,195	-31.4
7	AstraZeneca	268	31,601	6.9	6,101	9.0
8	Abbott Laboratories	294	29,528	13.9	4,881	35.3
9	Merck	378	23,850	-1.4	7,808	138.4
10	Wyeth	401	22,834	1.9	4,418	-4.3
11	Bristol-Myers Squibb	435	21,366	7.0	5,247	142.4
12	Eli Lilly	455	20,378	9.4	-2,072	-170.2

Source: Fortune Magazine: From the July 20, 2009 issue

The above Table 2-4 depicts the list of largest pharmaceutical companies ranked by the revenue. Johnson and Johnson is ranked at the topmost among the pharmaceutical companies globally. Whereas, Pfizer and GSK has ranked at second and third position respectively. Eli Lilly has been ranked at 12th position.

2.6 Leading Pharmaceutical Companies in India

Ranbaxy Laboratories Ltd

With a 2007 turnover of Rs 4,198.96 crore (Rs 41.989 billion) by sales, Ranbaxy is the largest pharmaceutical company in India.

Dr Reddy's Laboratories

With the turnover of Rs 4,162.25 crore (Rs 41.622 billion), Dr Reddy's Laboratories is the second largest pharmaceutical company in India.

Cipla Ltd

With the revenue of Rs 3,763.72 crore (Rs 37.637 billion) Cipla is the third largest pharmaceutical company in India.

Sun Pharma Industries

Sun Pharma Industries is the fourth largest pharma company in India with the total revenue of Rs 2,463.59 crore (Rs 24.635 billion) and led by Dilip Sanghvi.

Lupin Labs

Lupin Labs has the total revenue of Rs 2,215.52 crore (Rs 22.155 billion

Aurobindo Pharma

Sales revenues stood at Rs 2,080.19 crore (Rs 20.801 billion) makes it the sixth largest pharmaceutical company in India.

GlaxoSmithKline Pharma (GSK)

GSK is the seventh largest pharma company with the total sales revenue of Rs 1,773.41 crore (Rs 17.734 billion)

Cadila Healthcare

Eight largest company has the total sale revenue at Rs 1,613.00 crore (Rs 16.13 billion)

Aventis Pharma

Aventis Pharma has the revenue of Rs 983.80 crore (Rs 9.838 billion) and the ninth largest pharmaceutical company in India.

Ipca Laboratories

Revenue of Rs 980.44 crore (Rs 9.804 billion) makes Ipca India's 10th largest pharma firm by sales.

2.7 Pharmaceutical Marketing

As in other industries, marketing plan for advertising or promoting products is crucial to pharmaceutical industry too. However, the pharmaceutical marketing strategies (as well as advertising strategies) are different from other businesses because pharmaceuticals or drugs can negatively affect both- the end consumers or the patients and the health care profession. Also, the advertising strategies included in the marketing plan of any pharmaceutical company are not 'direct to consumer'. Any pharmaceutical marketing strategy targets the health care professionals or the Doctors who in turn prescribe the drugs to the patients (end consumers) liable to pay for the products. However, a few countries (till date two countries- New Zealand and United States) allow Direct-to-consumer advertising (DTC advertising) for pharmaceutical products. The pharmaceutical companies traditionally adopt four major marketing strategies for promoting their products

- Giving drugs as free samples to doctors;
- Providing details of their products through journal articles or opinion leaders;
- Gifts that hold the company logo or details of one or multiple drugs; and
- Sponsoring continuing medical education.

Pharmaceutical representatives, also popularly known as medical representatives, are the major pharma marketing strategy for marketing drugs directly to the physicians. Typically, the expense of this sales force of any pharmaceutical company comprises anything ranging from 15-20% of annual product revenues. However, with changing imes and new developments, the pharmaceutical industry faces some very serious strategic issues.

Pharmaceutical Marketing Strategies- Why Needed?

While most of the pharmaceutical companies successfully employ a host of marketing strategies to target various types of customers, the current business and customer trends are continuously creating new challenges as well as opportunities for increasing profitability. If the pharmaceutical companies want to improve their Return-On-Investment (ROI), they have to adopt new communication technologies (digital media) along with their conventional sales force of medical representatives. They really need to adopt this multi channel marketing strategies for the following reasons.

- The concept of blockbuster drugs is dying out for big pharmaceutical companies where 2-3 drugs were good enough to pay back the whole investment for a larger number of manufactured drugs. Now the limited prospective for blockbuster drugs (thanks to low investment on R&D and patent expiry) makes it essential to focus on more specialized drugs sold in lower volumes. And when there are low volume products, sales driven marketing strategy (with high cost of sales force) is not feasible.
- As far as small pharma companies are concerned, they already have small sales force. However, with the use of digital media, having a lower investment cost (both for the company and its targeted customer) they can easily get return on investment.
- Customer behavior (doctors behavior) is rapidly changing. Doctors, who are getting more and more busy with increasing patients, can be hardly seen by the medical representatives. They are more inclined towards Internet for obtaining relevant information. It is the time for pharmaceutical companies to build their marketing strategies around this digital media. Website marketing, online marketing, blogs, social media, forums, chat rooms and any other such media is an influential means to present the company's products and offers through opinion leaders.

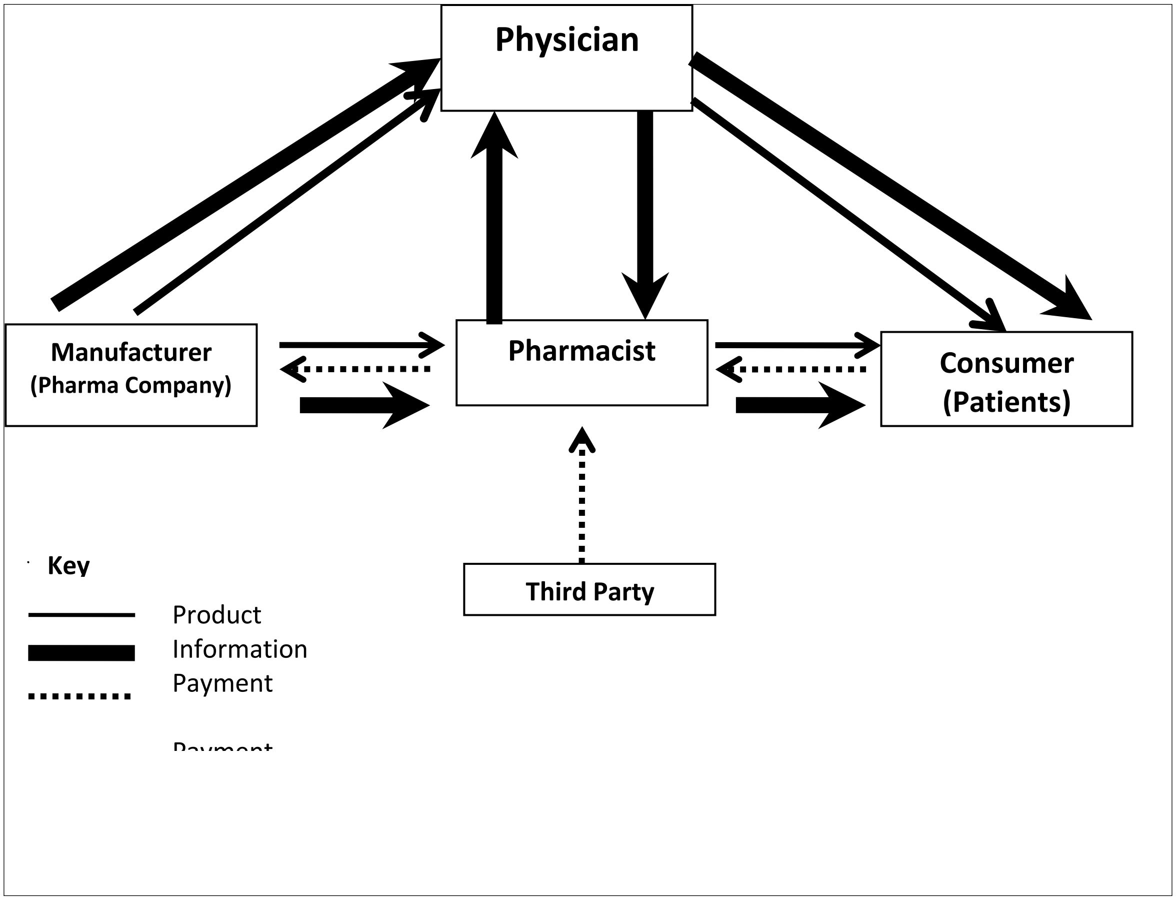
Right Pharmaceutical Marketing Strategy

The right marketing strategy for any pharmaceutical company would be to build on proven strategic marketing principles, along with a focus on changing customer behavior. Use of digital media through Internet marketing plan is the best marketing strategy that can provide the basis for a changed business model. However, there should be some planning for using digital media for marketing too. It should be a multi channel marketing strategy but should identify the target audience. Every digital media used for all people cannot be called the right marketing strategy. The focus should be on the high value customer segment for pharmaceutical products. The global pharmaceutical market research has been done by many companies and almost all of the market reports indicate a significant growth of pharma market in 2010. The forecasting indicates pharmaceutical market growth of about 4 - 6% in 2010.

2.7.1 Movement of economic resources in Pharma Market

The exchange process of prescriptions is unique from most consumer products. The prescription drug demand curve is derived by the physicians rather than the actual user of the products. The product is selected is based on the disease condition of the patient. The prescriber considers the effectiveness and safety profile of the product. Because prescriber has no financial stake in the purchase, their decision is often not sensitive to price. The prescription is then purchased at pharmacy when it is either paid in cash by third party agent. The complexity of the pharmaceutical market is depicted in below mentioned figure, which describes the flow of information, product and money between the manufacturer, physician, pharmacist, third party and the consumer (patient).

Figure 2-1 Movement of Economic Resources in the Pharmaceutical Market



Source: Researcher own study

Research based companies have always relied on three pillars that were believed to ensure their long time success strong R&D, aggressive defense of patents and powerful sales force as the dominant promotional tool (Moss & Schuiling, 2003). Sales push was preferred to marketing pull and consequently the sales force related costs represented approx. 50% of all marketing expenditure (James, 1992). It is firmly believed across the industry that although the most expensive, well educated and committed sales force is the most effective marketing vehicle when it comes to influencing the prescribing behaviour of physicians. It is also believed that there is a positive direct correlation between the sales force size and market share of individual top companies (Coles et al., 2002). Therefore, increased competition has recently called for further sales force expansion in the U.K. it is now estimated that there is one medical representative for every three General Practitioners (Butler, 2002). Marketing has played inferior role in companies' "promotional activities" and was seen to support the predominant sales activities. But it seems that sales efforts are reaching a certain saturation level as the industry consolidates and it will not be possible in the future to rely so much on merely increasing the numbers of sales representatives promoting a product (Moss & Schuiling, 2003). Likely consequent changes in business structure from traditional pharmaceutical business to 21st century business (Viitanen, 2004). The role of marketing in the industry is and will always be different from consumer goods markets. Since also distribution is usually standardized companies focus mainly on promotion it is not rare that in medical marketing literature and also within pharmaceutical companies "communication mix" is called "marketing mix", as if the other 3 Ps (product, price, place/distribution) didn't exist (Bates & Bailey, 2003). The role of medical marketing has historically been to prepare sales messages and detail aids that would enable the sales force to get the marketing messages across to targeted physicians. This was accompanied by traditional tools like advertising, publications in medical journals or opinion leaders' management. As the landscape of the market changes (increased competition, less R&D effectiveness, complex and sophisticated customers) so the industry approach to marketing must change.

2.8 Pharmaceutical Branding

The function of marketing in pharmaceutical industry is increasing and inspiration by successful brands known from consumer goods market influenced pharmaceutical companies enough to switch their attention to branding initiatives. Still there is little evidence that pharmaceutical brands represent anything more than product only. It has been tested by extensive review of available literature as well as by primary research focused on drivers of physician's attitudes towards products and their influence on prescribing behavior.

Pharmaceutical companies used to market and sell their products through facts and data. New drugs were easy to differentiate from their competitors and both physicians and patients bought easily up to their advantages in terms of efficacy and/or side effects. But not anymore, since the landscape of the industry is changing, competition intensifies, pipelines are drying up and new drugs don't usually bring breakthroughs in treatment, pharmaceutical companies seek for a new concept to differentiate their products and maximize their lifetime value. Hence branding appeared as an appealing path to follow. It has been proved effective in consumer goods markets so why not in pharmaceuticals? However, there is little evidence supporting the idea that doctors and patients will consider emotional concepts around brands as important as facts and data they have always relied on. Therefore we need to ask: Does branding in pharmaceutical industry really work? Is it valuable for consumer goods only or is it also applicable in such information intensive products as pharmaceuticals?

Branding: Does it exist in Pharma industry?

As Moss (Moss, 2001) states in his discussion about existence of pharmaceutical brands:

“The industry has been successful using product attributes and classical marketing techniques similar to other high-tech industries the focus tends to be blockbuster products not brands”.

It suggests that significant factor here is that short patent protection means brand building does not protect long-term profits in the same way that it does for consumer brands. Other factor cited by Moss is the product attribute trap traditionally high-tech, industrial and pharmaceutical marketing has assumed that customers base their purchase decisions on selection of product attributes only. This assumption stems from the fact that in tightly regulated prescription medicine market, which represents around 90% of global pharmaceutical revenues (Blacket & Harrison, 2001), all information about products have been restricted to doctors and healthcare professionals only. Available research about factors that influence doctor’s prescribing decisions has also indicated that product attributes, especially product’s efficacy and side effects, are largely prevalent. Therefore, branding concept has been largely applied to OTC drugs only and in prescription drugs market. Brands have been debilitated by the practice of referring to brands within and outside the company by their generic names, by using trademarks developed from the generic name of the compound which help to confuse brand recognition among physicians, pharmacists and patients, by the scant attention paid to brand packaging the most visible part of the marketing mix and by assigning the custody of their brand assets to product management rather than brand management”. Although because of already described situation in the industry this practice is slowly changing, it is still prevalent that branding attempts focus more on functional than emotional or self-expressive brand values.

"...marketing is no longer a mere component of the pharmaceutical business process where profits were the natural reward for scientific and management skills. Rather, marketing is now the central business philosophy as success can no longer be guaranteed by pursuing old rules and approaches. Branding improves the effectiveness and efficiency of marketing by encouraging customer loyalty, enhancing price and margin, and providing opportunities for brand extension."

The Economist Intelligence Unit Special Report No R201, 1992

The Economist Intelligence Unit Special Report on pharmaceutical industry from 1992 first recognized branding as an important source of competitive advantage for pharmaceuticals. It has seen pharmaceutical brands as product attributes together with names, packaging, distribution and promotion.

The role of brands in the industry has been identified as:

1. **Prevent commoditization**

Unlike patents, brands have no finite life. Therefore, brands, unlike mere products, can bring profits even after patent expiration.

2. Differentiation

The increasing clinical similarity between many new products has created perceptions among customers of product parity. This has intensified buyer switching and increased role of price in the buying decision. Brands enhance the ability of prescribers, buyers and users to interpret and process information, gain confidence and provide the rationale in their decisions.

3.Enhance payback

Brand can widen the window of opportunity in terms of time and hence increase the payback related to the branded product.

Prevailing reason for branding has been largely seen as defense against generics. Barbara Sudovar (Sudovar in Murphy, 1992) states that as long as generics are sold, the development of trademarks for new pharmaceutical products will be one of the most important tasks facing the industry. Nevertheless, probably no drug brand is so powerful as to protect the brand against the persuasiveness of a substantially lower priced generic product. Branding in the pharmaceutical industry seems to be also important because it could represent a source of relationship with the customer, competitive differentiation, crossing the borders of countries and markets, influencing behaviour or attitudes and customer loyalty (Blacket and Harrison, 2001.

Factors influencing prescribing habits and behaviour

Demand for pharmaceuticals is driven be both physicians and patients. Albeit recent developments in the marketplace, medical practitioners still play in many ways simultaneously roles of users, influencers, gatekeepers and deciders while patients perform the role of buyers and users (Abratt & Lanteigne, 2000). Physicians seem to be influenced by two general areas of endeavor marketing factors (sales representatives, advertising, price of the product to the patient, trade shows & symposia) and professional factors (journals, prior experience and education, opinion leaders' influence, recommendations by colleagues, demands by patients). Namely the role of sales representatives seems to be very important (Abratt & Lanteigne, 2000). One of the main sources of influence is the medical practitioners' own training and clinical experience. Also recommendations by colleagues in informal discussions were found to be very important influence factor (Abratt & Lanteigne, 2000). Various studies suggest that physicians are more focused on functional product benefits and emphasized efficacy and safety as the most influential ones (Viitanen, 2004; White & Johnson, 2001).

Drivers that have impact on physicians' opinions and likely future prescription behaviour clearly shift in time:

- Before physicians have had any personal practical experience with the product their opinion is formed by information they get. They don't make clear difference between individual sources of information (literature, congresses, information from company's representative). Majority of respondents stated that they welcome producer's representatives calling on them before product launch. They said that "representative's visit enables the first contact with product and company and it could be very important". Interestingly, some are influenced by their colleagues who could not have had an opportunity to try the product as well.

- Since launch seem to be navigated by their own clinical experience. Even in time they have little, anecdotal experience they claim to believe more in it than in results of large randomized double-blind trials. They stated that “information create expectations that are or are not matched by their real clinical experience”. Some of them emphasized that “cumulative negative experience in the early usage phase can harm the product in their eyes significantly”. Importance of typical information channels (company, literature, congresses) decreased, results suggest that direct information from producer could be preferred to literature and congresses. Influence of colleagues was seen as more important than in the pre-launch phase. Local prescribing habits were seen as unimportant.
- In late post-launch phase respondents insisted that they are directed predominantly by their own clinical experience. Vast majority agreed that the influence of company, literature and congresses is low from these sources they regarded sales representatives as somehow influential because “they remind them the product”, “suggest ways how to use it” and “inform them about new indications”. Importance of colleagues’ opinion further increased while local prescribing habits were still seen as of little importance.

- Do physicians trust or distrust some medications and why?

  According to previous studies depicts that doctors in day-to-day practice they many times prescribe drugs that they trust without thinking about their functional benefits, i.e. on intuitive and emotional his/her doctor were then seen as recognition of them as professionals. For the others major reason of potential distrust was negative clinical experience followed by misleading communication from producer. Some mentioned the fact that they have negative opinion on products, which they are pushed to prescribe two respondents even stated that “company’s representative can’t help the product much but definitely can hurt it”. Respondents didn’t like companies’ representatives’ overpromise or hide product’s liabilities.

- How do physicians decide between generic products?

  According to previous study, the doctors prefer originals to generic products. Some of them considered price while their clinical experience (they saw all generics as identical) and producer did not seem to play an important role in decision making process. The reasons were similar to those in consumer goods markets: first to market, easy name, friendly sales representative, by chance, conservativeness, etc.

According to Customer/product life cycle model physicians’ attitudes toward medications and consequent prescribing behaviour are developed during three phases. During Pre-launch phase physicians get plenty of information and they create certain level of expectations. Based on these expectations physicians use the product in Experimentation phase and this first anecdotal experience can be very important for their future prescribing behaviour. It seems to be in this phase when “brand promise” delivered in Pre-launch phase is fulfilled or not. In the case that clinical experience matches the expectations physicians start to use the product repeatedly and go into

Familiarity phase. Through long-term positive experience trust in pharmaceuticals seems to develop. Emotional enough itself trust is shown to be influenced by other emotional (satisfied patients, trustworthy communication from producer) and self-expressive (recognition as professional) benefits associated with the product. According to Customer/product life cycle model theory suggests that pharmaceutical brand could convey both functional and emotional/self expressive sets of benefits, i.e. that pharmaceutical brand is more than product and its functional characteristics. Nevertheless, non-functional pharmaceutical brand is likely to develop `differently than the same of consumer goods products it seems to be built predominantly on long-term positive experience. Marketing role in this process should lie in finding relevant product position and building brand identity compliant with real product capabilities. Resulting marketing communication should create relevant expectations and underpin physicians' clinical experience and in these ways help to create the non-functional brand through repetitive usage and experience. These findings have come out form qualitative research and they need to be proved by collection of quantitative data. Nevertheless, this research must be organized differently than existing quantitative studies that focus on functional product benefits mainly and don't avoid possible respondents' self-stylization. Development of better definition of pharmaceutical brand and its measurement should focus the future research in the right direction.

Pharmacy and physician are among the integral components of health care delivery system. Drugs are the basic tools available to a physician in treatment of an illness. Thus, the knowledge about old and newer drugs is a must for a physician. Virtually, daily a pharmaceutical weapon is added to the physician's therapeutic armamentarium.

The information about a new drug is mostly provided by the pharmaceutical industry, through its sales representatives, brochures, banners etc (Verma, 2004). The interaction between physicians and pharmaceutical industry shares some common interests like:

(a) Use of drugs in treatment and care;

(b) Monitoring of the drug use; and

(c) Innovation of new drugs.

However, both parties have different emphasis and focus on different stakeholders. Physicians are primarily interested in patient care and scientific advances, while industry is more interested in commercial outcome (Komesaroff and Kerridge , 2002). Physicians are the most important players in pharmaceutical sales. They write the prescriptions that determine which drugs will be used by the patient. Influencing the physician is key to pharmaceutical sales success. Pharmaceutical companies try to influence prescription pattern of doctors in favor of their brands by offering various kinds of promotional inputs like samples, gifts and sponsorships etc. (Arora and Taneja, 2006). Interaction of the medical professional with the pharmaceutical industry starts as early as in medical school. The physician and sales representative meet about 4 times a month (Ziegler et al, 1995). If we take the case of the country Canada, on an average 6 gifts are received per year by physicians with average value of $60. Eighty per cent of residents take pharmaceutical industry paid meals about 14 times in a year in Canada (Hodges, 1995). The expenses for travel, stay and even local sight seeing are paid directly to the tour operator by the pharmaceutical company or travel ticket and hotel accommodation are booked by the company in the name of the physician. The expenses of not only the physician but also of their spouse and family are borne by the pharmaceutical companies (Mehta, 2000).

The policies adopted by the pharmaceutical firms may include extravagant marketing practices like: (a) Offering vacation/travel expenses; (b) Gifts of substantial value; (c) Lavish meals and entertainment; (d) Offering cash/commission for prescribing a particular brand/drug; (e) Offering money for drug trial; (f) Samples and promotional material; and (g) CME funding and honoraria (Wazana, 2000). Business houses or corporate bodies run pharmaceutical firms. They spend huge amount of money in interacting with the physicians. This is not done as an act of generosity, but it is a well planned marketing strategy employed by the pharmaceutical industry to bolster their bottom lines. During the period 1981-1988, 25 largest US drug manufacturers introduced 348 drugs. Out of these only 3% drugs had important potential contribution to existing therapies whereas 84% had little or no potential contribution (Randall, 1991).

Very few studies have been conducted to find out the influence of promotional tools on physicians prescribing behaviour. Researchers have reviewed major studies conducted in this area. Social scientists describe and the pharmaceutical industry follows the, *"norm of reciprocity"* i.e., the obligation to help those who have helped you, as one of the fundamental guiding principle of human interactions. It is not surprising, therefore, that pharmaceutical companies rely on this principle of human nature by giving gifts to physicians in hope that they will prescribe their firm’s product in return (Verma, 2004). The act of receiving gifts and other benefits from the pharmaceutical firm by physicians establish relationship with the giver and assume certain social duties such as: grateful conduct, grateful use, and reciprocation. It is bound to compromise the physician's decision making. Further, it is also unrealistic to expect the pharmaceutical industry that contribute large sums of money in different manner to physicians, will not influence their attitude and behavior towards them. Since no profit minded company would distribute gifts and other freebies out of disinterested generosity. In the context of medicine, however, many feel that the act of accepting a gift has far reaching ethical consequences that put the "gift" at too great a price (Randell,1991). Physicians have regular contact with the pharmaceutical industry and its sales representatives, who spend a large sum of money each year promoting to them by way of gifts, free meals, travel subsidies, sponsored teachings, and symposia. Attending sponsored CME events and accepting funding for travel or lodging for educational symposia was associated with increased prescription rates of the sponsor's medication. Attending presentations given by pharmaceutical representative speakers was also associated with non-rational prescribing (Wazana, 2000 b). Researchers explored in a cross section of survey that doctors who are frequently in contact with drug representatives are more willing to prescribe newer drug. Such doctors do not like ending consultations with advice only and are more likely to prescribe a drug that is not clinically indicated (Chris et al, 2003). A study conducted in Haryana state of India explored that doctors considered regular visits by good personality medical representative as best tool of promotion. Good quality literature, journals and sponsorship for conferences or personal tours were considered preferable promotional tools by physicians in comparison to organisation of free camps, personal gifts, medicine samples or any other incentive (Arora and Taneja, 2006). A study conducted in West Virginia reported that the most commonly received gifts reported by the study physicians were trinkets (77·4%), followed by books (41·7%) and meals (41%). The mean ratings of the constructs indicated that the physicians slightly agreed that pharmaceutical companies give gifts to physicians to influence their prescribing, moderately disagreed that they do so as a form of professional recognition of physicians, and strongly disagreed that their prescribing behaviour could be influenced by the gifts they receive (Madhvan et al, 1997). Evidence supports that drug company sponsorship of travel expenses change the prescribing behavior of physicians. These doctors who avail the travel expense are 4.5-10 times more likely to prescribe the company's product after such sponsorship than before (Orlowski, 1992).

Importance of Customer Satisfaction in Relation to Customer Loyalty and Retention:

The importance of customers has been highlighted by many researchers and academicians. Zairi (2000) said "Customers are the purpose of what we do and rather than them depending on us, we very much depend on them. The customer is not the source of a problem, we shouldn't perhaps make a wish that customers 'should go away' because our future and our security will be put in jeopardy". That is the main reason why organisations today are focusing on customer satisfaction, loyalty and retention. According to Hansemark and Albinsson (2004), "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire". Customer loyalty, on the other hand, according to Anderson and Jacobsen (2000) "is actually the result of an organisation creating a benefit for a customer so that they will maintain or increase their purchases from the organisation. Oliver (1997) said that customer loyalty refers to "a deeply held commitment to re-buy or re-patronise a preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behaviour". True customer loyalty is created when the customer becomes an advocate for the organisation, without incentive". According to Hoyer and MacInnis (2001), customer retention is "the practice of working to satisfy customers with the intention of developing long-term relationships with them". Zineldin (2000) said that retention can be defined as "a commitment to continue to do business or exchange with a particular company on an ongoing basis".

Customer satisfaction

Many researchers have looked into the importance of customer satisfaction. Kotler (2000) defined satisfaction as: "a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". Hoyer and MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. There are many factors that affect customer satisfaction. According to Hokanson (1995), these factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service.

In order to achieve customer satisfaction, organisations must be able to satisfy their customers needs and wants (La Barbera andMazursky, 1983). Customers' needs state the felt deprivation of a customer (Kotler, 2000).Whereas customers' wants, according to Kotler (2000) refer to "the form taken by human needs as they are shaped by culture and individual personality".

Effect of Customer Satisfaction on Profitability

Customer satisfaction does have a positive effect on an organisation's profitability. According to Hoyer and MacInnis (2001), satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth.

Coldwell (2001): "Growth Strategies International (GSI) performed a statistical analysis of Customer Satisfaction data encompassing the findings of over 20,000 customer surveys conducted in 40 countries by InfoQuest. The conclusion of the study was:

- A Totally Satisfied Customer contributes 2.6 times as much revenue to a company as a Somewhat Satisfied Customer.
- A Totally Satisfied Customer contributes 17 times as much revenue as a Somewhat Dissatisfied Customer.
- A Totally Dissatisfied Customer decreases revenue at a rate equal to 1.8 times what a Totally Satisfied Customer contributes to a business".

Zairi (2000): "There are numerous studies that have looked at the impact of customer satisfaction on repeat purchase, loyalty and retention. They all convey a similar message in that:

- Satisfied customers are most likely to share their experiences with other people to the order of perhaps five or six people. Equally well, dissatisfied customers are more likely to tell another ten people of their unfortunate experience.

- Furthermore, it is important to realise that many customers will not complain and this will differ from one industry sector to another.
- Lastly, if people believe that dealing with customer satisfaction/complaint is costly, they need to realise that it costs as much as 25 percent more to recruit new customers".

Aaker (1995) said that the strategic dimension for an organisation includes becoming more competitive through customer satisfaction/brand loyalty, product/service quality, brand/firm associations, relative cost, new product activity, and manager/employee capability and performance

Consequences of Customer Satisfaction and Dissatisfaction

The consequences of not satisfying customers can be severe. According to Hoyer and MacInnis (2001), dissatisfied consumers can decide to:

- Discontinue purchasing the good or service
- Complain to the company or to a third party and perhaps return the item, or
- Engage in negative word-of-mouth communication.

Customer satisfaction is important because, according to La Barbera and Mazursky (1983), "satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase".

Effect of Customer Satisfaction on Customer Loyalty and Retention

However, Bowen and Chen (2001) said that having satisfied customers is not enough, there has to be extremely satisfied customers. This is because customer satisfaction must lead to customer loyalty. Bansal and Gupta (2001): "Building customer loyalty is not a choice any longer with businesses: it's the only way of building sustainable competitive advantage. Building loyalty with key customers has become a core marketing objective shared by key players in all industries catering to business customers. The strategic imperatives for building a loyal customer base are as:

- Focus on key customers
- Proactively generate high level of customer satisfaction with every interaction.
- Anticipate customer needs and respond to them before the competition does.
- Build closer ties with customers.
- Create a value perception".

Sivadas and Baker-Prewitt (2000) said "there is an increasing recognition that the ultimate objective of customer satisfaction measurement should be customer loyalty". Fornell (1992) said "high customer satisfaction will result in increased loyalty for the firm and that customers will be less prone to overtures from competition". This view was also shared by Anton (1996) who said that "satisfaction is positively associated with repurchase intentions, likelihood of recommending a product or service, loyalty and profitability". Loyal customers would purchase from the firm over an extended time (Evans and Berman, 1997). Guiltinan, Paul and Madden (1997) said that satisfied customers are more likely to be repeat (and even become loyal) customers. Sivadas and Baker-Prewitt (2000): "Satisfaction also influences the likelihood of recommending a departmental store as well as repurchase but has no direct impact on loyalty. Thus satisfaction in itself will not translate into loyalty. However, satisfaction will foster loyalty to the extent that it is a prerequisite for maintaining a favourable relative attitude and engage in negative word-of-mouth communication.

Customer satisfaction is important because, according to La Barbera and Mazursky (1983), “satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase”.

Day (1994) said that the identification and satisfaction of customer needs leads to improved customer retention. Clark (1997): “Customer retention is potentially one of the most powerful weapons that companies can employ in their fight to gain a strategic advantage and survive in today’s ever increasing competitive environment. It is vitally important to understand the factors that impact on customer retention and the role that it can play in formulating strategies and plans”.

2.9 Industry Champions

The following companies are the most admired in their sector, according to their peers.

Table 2-5 Most Admired Company in the Sector

Company	Industry	Overall score
Abbott Laboratories	Pharmaceuticals	6.68
Adobe Systems	Computer Software	7.31
Aetna	Health Care: Insurance and Managed Care	6.79
Alcoa	Metals	7.24
Apple	Computers	7.95
Aramark	Diversified Outsourcing Services	6.60
Archer Daniels Midland	Food Production	7.20
Automatic Data Processing	Financial Data Services	6.69
Avnet	Office Equipment and Electronics	6.55
BASF	Chemicals	7.04
Becton Dickinson	Medical and Other Precision Equipment	6.90
Berkshire Hathaway	Insurance: Property and Casualty	7.12
BMW	Motor vehicles	6.94
C.H. Robinson Worldwide	Trucking, Transportation, Logistics	7.14
Caterpillar	Industrial and Farm Equipment	7.06
Cisco Systems	Network and Other Equipment	7.83

Coca-Cola	Beverages	6.98
Costco Wholesale	Specialty Retailers	6.67
CVS/Caremark	Food and Drug Stores	6.67
DaVita	Health Care: Medical Facilities	6.54
E.ON	Energy	7.06
EMCOR Group	Engineering and Construction	6.42
Exxon Mobil	Petroleum Refining	7.36
FMC Technologies	Oil and Gas Equipment, Services	7.94
FPL Group	Electric & Gas Utilities	7.05
General Electric	Electronics	7.07
Goldman Sachs Group	Megabanks	7.66
Google	Internet Services and Retailing	7.70
Herman Miller	Home Equipment, Furnishings	6.39
IBM	Information Technology Services	7.60
Intel	Semiconductors	7.96
International Paper	Forest and Paper Products	6.12
Marriott International	Hotels, Casinos, Resorts	7.81
McDonald's	Food Services	8.08
McKesson	Wholesalers: Health Care	7.28
Medco Health Solutions	Health Care: Pharmacy and Other Services	6.57
Nestlé	Consumer Food Products	7.63
New York Life	Insurance: Life and Health	6.72
Nike	Apparel	8.15
Northern Trust	Superregional Banks	6.94
Occidental Petroleum	Mining, Crude-Oil Production	7.27
Philip Morris International	Tobacco	7.72
Procter & Gamble	Soaps and Cosmetics	7.94
Robert Bosch	Motor Vehicle Parts	6.90
Robert Half International	Temporary Help	6.12
Singapore Airlines	Airlines	6.68
Sysco	Wholesalers: Food and Grocery	7.77
Toll Brothers	Homebuilders	6.77
United Technologies	Aerospace and Defense	7.32
UPS	Delivery	8.20
Verizon Communications	Telecommunications	6.67
Visa	Consumer Credit Card and Services	7.21
W.W. Grainger	Wholesalers: Diversified	7.55
Wal-Mart Stores	General Merchandisers	7.14
Walt Disney	Entertainment	8.00

Source: Adopted from Fortune Magazines, March 22, 2010 issue

World's Most Admired Pharmaceutical Companies

Table 2-6 Most Admired Pharmaceutical Companies

Company	Industry	Overall score
1	Abbott Laboratories	6.68
2	Johnson & Johnson	6.67
3	Novartis	6.61
4	Roche Group	6.19
5	GlaxoSmithKline	5.94
6	AstraZeneca	5.93
7	Amgen	5.91

Contenders

Company	Industry	Overall score
8	Merck	5.89
9	Sanofi-Aventis	5.54
10	Bristol-Myers Squibb	5.40
11	Eli Lilly	5.20
12	Boehringer Ingelheim	5.13
13	Pfizer	5.06

Source:http://money.cnn.com/magazines/Fortune/mostadmired/2010/industries/43.html

CHAPTER 3

9 LITERATURE REVIEW

9.1 CORPORATE BRANDING

9.2 Corporate branding in Pharmaceutical Industry

9.3 Corporate brand image and reputation

- 9.3.1 The image concept
- 9.3.2 How are images created?
- 9.3.3 Corporate reputation
- 9.3.4 How is corporate reputation created?
- 9.3.5 Benefits and key drivers
- 9.3.6 Corporate image and reputation in the Pharmaceutical Industry
- 9.3.7 Recent studies on corporate image building in Pharma Industry

9.4 Customer/brand loyalty

- 9.4.1 Benefits of brand loyalty
- 9.4.2 How is loyalty created?
- 9.4.3 Customers' brand choice
- 9.4.4 Customer satisfaction and loyalty
- 9.4.5 Drivers of Customer Loyalty
- 9.4.6 Customer loyalty in the pharmaceutical industry
- 9.4.7 Summary of key findings

3.1 Corporate Branding:

"… I have always believed that the company name is the life of an enterprise. It carries responsibility & guarantees the quality of the product…"

Akio Morita[5]

There is a paradigm shift from Product Brand Management towards Corporate Brand Management. One of the reasons for its growing popularity is its strategic role and importance in gaining competitive advantage and in strategic management decisions. A major difference between product and corporate branding is that the latter requires greater focus within the organisation. One of the implications of this is that corporate marketing necessitates not only a planning perspective which addresses the matching of external opportunities with core competencies, but also considers the integration of internal activities to ensure cohesion and therefore consistency in delivery.

3.1.1 Concept of Brands

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

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).

[5] Quoted by Akio Morita - Japanese businessman and co-founder of Sony Corporation

In other word, brand is a name, term, design, symbol, or any other feature that identifies a seller's offerings as distinctive from those of other sellers. A brand can help in the identification of one item, a family of items, or all the items that a seller may possess (Bennett, 1988). Several types of brands exist, and the concept of the brand has numerous perspectives. Brands are both the mark on the product and the overall value of both functional and emotional nature (Kapferer, 2001). An elementary explanation can be that brands associate a mark (i.e., a name) with an offer of value. The functional and emotional values of a brand can be described as a promise of future satisfaction (Berry, 2000). A brand has the potential to transform a product that is similar to others into something that is unique (Salzer-Morling & Strannegard, 2004). In totality, the brand is a bundle of benefits that a customer obtains when purchasing an offering from a firm, both tangible and intangible. The tangible part of a brand may include the physical attributes and product features, the logo, packaging, trademark, and performance characteristics. Intangible may include the key associations that consumers have with the product and perceptions of its reliability or the augmentations such as customer support. In developing a brand and managing it, key essentials involve certain benchmarks coupled with the use of valid measures to determine the success of the brand.

The future of many companies lies in brands (Urde, 1994). Companies today are beginning to realize that capitalizing on one of the most important assets they own, the brand, may help them to achieve their long-term growth objectives not only more quickly, but also in a more profitable way. Such organisations are now regarding their products and services as more than just a thing" a customer buys. All this clearly makes sense because brands stand for what the company is, what it does and not only what a company sells. Brands are now being used as a focal point in the formulation of corporate strategy, an important precondition for a new direction brand orientation is created. Well-known and strong brands have a huge potential for increasing the ability of companies to compete as well as generating their growth and profitability. Understanding of this immense potential will make brands paramount in the formulation of corporate strategies and as a source of sustained competitive advantage. Brands have become a part of our lives and are omnipresent. They help consumers to remove cluttered with innumerous brands, it act as risk reducers, reduce purchase dissonance, and have self expressive benefits (Aaker 1996). Brands are often referred to as the most valuable asset for a firm (Keller & Lehmann, 2003). Much evidence exists to support this, especially when one examines the price paid for companies with strong brands. For instance, Kraft was purchased by Philip Morris for $13 billion, six times its book value (Kohli & Takor, 1997). The value of future purchases by loyal customers and the possibility to use the Kraft brand for new products were mentioned as factors to justify the acquisition.

3.1.2 Corporate branding - definitions and concepts

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; Sandstrlm, 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).

3.1.3 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?

According to Schmitt (1999) everything will soon be a brand. 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 skepticism 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 Kapferer 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 corporate branding with a broader scope involving the whole company, internal and external stakeholders, social responsibilities and trustworthiness.

3.1.4 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. Sandstrlm (2003) summarises the differences between product and corporate branding and his comparison is based on the work of Schultz et al. (2000), Keller (1997), Olins (1990) and Doyle (2001).

3.1.5 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).

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.

Table 3-1 Corporate Branding Vs Product Branding

How Corporate Branding differs from Product Branding		
Subject	**Product Brand**	**Corporate Brand**
Focus attention on	The product	The company
Managed by	Middle Manager	CEO
Attract attention & gain support of	Customers	Multiple stakeholders
Delivered by	Marketing	Whole company
Communication Mix	Marketing communication	Total corporate communication
Time Horizon	Short (Life of the product)	Long (Life of the company)
Importance to company	Functional	Strategic
Source: Adopted from Balmer (2001)quoted in Mary Jo Hatch & Majken Schultz (2001)		

Mary Jo Hatch & Majket Schultz (200; Bringing the Corporation into Corporate Branding; European Journal of Marketing, Vol. 37, No. 7/8, 2003, pp.1041- 1064

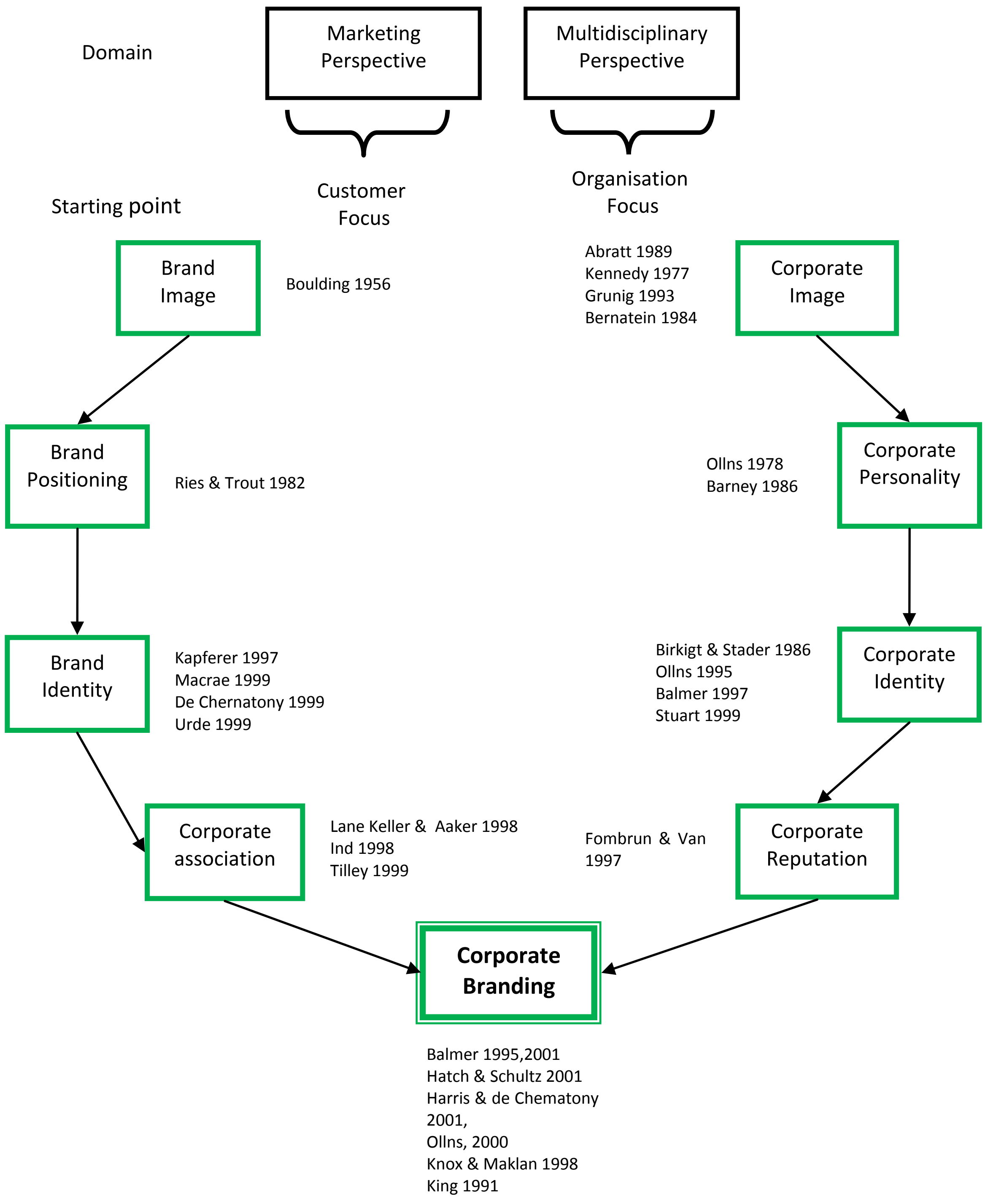
Focus attention is shifted from Product Branding to Corporate Branding i.e., from a specialized sense to undifferentiated sense. In case of product brand, it includes only the product & its attributes, benefits etc. But, along with the shift towards Corporate Branding, the transparency of the organisation also increases, as it includes the entire stake holders. Second, in an organisation, the brand manager is responsible for branding of product. So, it is the task of middle level manager. But, when it is Corporate Branding, crucial strategies are very important. So it is only the top management, corporate people & CEO, who take the ultimate decision. Any little problem here can deviate the firm from equilibrium point. Every minute decision is important at this stage. Third, the area of targeting is concentrated in Product Branding. Complete customer oriented focus is important. But Corporate Branding has a wide view. Along with customer view, all the other stake holders are viewed & targeted here. It is an integrated approach. All stakeholders are the part of growth; so, in corporate branding, the stake holders get special attention. Forth, it is the Marketing Department who look after the Product Branding. Integration also important in case of Corporate Branding, but its among all the Departments of the organisation, like Marketing Department, Finance Department, Human Resources Management Department, Strategic Department, Production Department, Communication Department etc. From top level to bottom level suggestions and opinions are collected and the process move forward. As, the foundation of corporate branding is based on vision, culture & image the overall in depth observation is important. So, the Corporate Branding is delivered by the whole company. Fifth, different Advertisements in different media are a common way of communication. Mass media are also used for communicating the mass about the product brand or the corporate brand. But along with the external communication, internal communication is also very important in case of corporate Branding. Internal communication includes the communication with employees, who are a major part of Corporate Branding. Finally, Corporate Branding includes all the stake holders of the company. So, it is not concentrating on more part of the organisation as sales or marketing; it includes a long term development approach. Here, the whole company is supporting its product and promoting the overall growth.

Despite a growing consensus about the benefits of corporate brand management (Fombrun and Rindova, 1998; Greyser, 1999), there remains considerable uncertainty over what this means in terms of management practices and the study of this emerging phenomenon. Kevin Lane Keller (1999) comments that many organisations are unsure what they should do to manage their corporate brand, whilst Ind (1998a) and Balmer (1998, 2001b) both highlight the current confusion in the field and stress, the need to understand the disciplines involved in managing and developing a corporate brand. Davidson (1999), in turn, calls for the macro management of the brand by senior management. This suggests that there is a clear need to establish a new agenda and set of practices for brand management at an organisation level. Our stimulus to explore these practices was further encouraged by two convergence trends. The first of these is the convergence between product and corporate branding. Over the past few years there has been increasing external demand for transparency and accountability of the organisation's policies and practices behind the product brands they market (Mitchell, 1999). During this period there have been a number of high profile examples (e.g. Nike, Shell, Monsanto) where adverse publicity surrounding the actions of an organisation has an immediate and dramatic effect on the brand at a product level and the short term ability of the corporate brand to deliver economic value. The stronger links between product and corporate brand are also reflected in the latest survey of the world's most valuable brands (Clifton and Maughan, 2000) where 19 of the top 20 companies listed share the same corporate and product brand name. This trend shows signs of accelerating with the recent emergence of new internet 'dot.com' brands where the corporate entity is very often the product or service. The second area of convergence linked to corporate branding relates to the academic literature. In a previous paper (Bickerton, 2000), it is argued that developments in organisation theory, starting from corporate image (Abratt, 1989) through to the current focus on corporate reputation and corporate branding, have mirrored developments of the brand concept in the marketing literature.

3.1.6 Contributions to Corporate Branding

The above mentioned figure traces the development of these concepts from a starting point of corporate image through successive organisational constructs, which reflect growing insights into the nature of organisational branding. Each of these stages represented a widening of the impact of the organisation brand from corporate image and the customer (Abratt, 1989; Grunig, 1993) to the broader definition of corporate personality and its relationship to the employee (Olins, 1978; Barney, 1986). The next stage of this development was the recognition of the need to create favourable perceptions beyond customers and employees to include all stakeholder audiences with the introduction of corporate identity (Birkigt and Stader, 1986; Olins, 1995; Balmer, 1997). More recent work in the organisational field focuses on corporate reputation (Fombrun and Van Riel, 1997; Rindova, 1997) and the need to satisfy the commitment of multiple stakeholders through the management of the corporate brand (Balmer, 2001a; Hatch and Schultz, 2001). In contrast, the marketing perspective (also shown in figure) has evolved from the principle of the primacy of customer.

Figure 3-1 Assemblage of contributors towards corporate branding



This views the brand as a strategic resource, which can be used to guide the business processes that generate brand value for customers (Macrae, 1999; Urde, 1999). Much of the debate in the marketing field over the last 40 years has been on the mix of elements that not only delineate marketing as a discipline but also help to operationalise the role and function of marketing.

The goal of branding as it has evolved over this period has been to explore ways to add value to the basic product or service and thus create brand preference and loyalty. Early attempts at brand management concentrated on creating a positive brand image (Boulding, 1956) in the mind of the consumer. This relatively simplistic idea was superseded by the development of brand positioning (Ries and Trout, 1982). This recognized the fact that consumer choices are made on the basis of comparison and led branding practitioners to concentrate on creating a unique positioning of their brand in the minds of existing and potential customers (Kevin Lane Keller, 1999). This concept of positioning also linked with the term Unique Selling Proposition, and together with the 4Ps, have been the main building blocks of product brand marketing practice since the early 1960s.

There has been a growing body of work which points to the inability of these positioning tools to cope with the substantially changed environment that organisations now face (Christopher, 1995; Mitchell, 1999). This created a need to deepen the marketing view of the brand to encompass organisational attributes (King, 1991) and to shift focus from the integrity of the product brand to the organisation and people behind the brand. In response to these views, Kapferer (1997) claims that we have now entered a new age of brand identity, which can be viewed as comprising six variables: physique; personality; culture; relationship; reflection; self image. These variables define the brand and delineate the boundaries within which it can change and develop. Support for this wider mix of variables also comes from Ind (1998b) and empirical work by Lane Keller and Aaker (1992) which points to the increasing importance of corporate associations. This highlights the fact that future marketing success rests upon the development of skills in brand building that harness all organisational assets and competencies to create unique products and services (Tilley, 1999). The key to convergence of these two domains is, therefore, to recognize the legitimacy of both an 'outside in' customer focus and an 'inside out' organisation focus. However, we also argue that the main constraint to further convergence between marketing and organisation theory in this field is essentially the difference in starting point. So, there is a need to conjoin some of these ideas and models to help resolve the divergence in theory development. To do this, the authors first review the key models which describe corporate branding and corporate brand management practices before discussing them in the context of their empirical studies.

3.1.7 Conceptualization of Corporate branding philosophy:

The concept 'company brand' came into prominence since the early 1990s when several branding and communication consultants started to assess it. Researchers argue that the company brand is most important and that the CEO is responsible for this brand. Company brands received little attention until 1995 when a new, more encompassing and strategic- sounding synonym appeared: the corporate brand (Balmer & Gray, 2003). Ever since a distinct literature has emerged in relation to corporate brands and this reflects the growing importance accorded to the corporate brand as a discrete branding category: a category that is distinct from product and service brands (Aaker and Joachimsthaler, 2000; Aaker 2004; Argenti et al 2004;

Balmer 1995, 2001; Hatch and Shultz 2001, 2003; Kapferer 2002; King 1991; Knox and Bickerton 2001; Holt et al 2004; Balmer and Gray 2003; Schultz and Hatch 2003; and Urde 1994). The corporate brand concept over time has exhibited tremendous interest but is a relatively new topic in the academic literature. The word corporate has been derived from the Latin word corpus, meaning "body" (Kapferer, 2001). A brand on the top level is not confined to a single company; there are a number of corporate entities such as corporations, subsidiaries, and networks. This increased interest in corporate brands came from a desire to increase the meaning and depth of business (Kapferer, 2001; Knox & Bickerton, 2003). In Western economies, brands were traditionally developed for packaged goods and used to differentiate between products (Kapferer, 2001). However, firms have realized the power of using the company as a master brand, which has long been adopted in the East. The established concept for the company brand is the corporate brand (Balmer & Gray, 2003). The corporation is a strong candidate for a brand as it conveys credibility, authenticity, ethics, and expertise. As the corporation itself becomes the focus, the values it represents become key elements of differentiation strategies (Hatch & Schultz, 2003). It is claimed that a strong corporate brand will create positive customer perceptions of existing products and new product extensions.

For many companies their core competency appears to rest not so much on what they make but on what they brand as an organisation (Olins 2000). Executives of major corporations such as Nestle and Proctor and Gamble regard their corporate brands as key strategic assets (Hall 1997) and have realized that raising the corporate umbrella in certain markets can create value (Smith 1998). Balmer and Gray (2003) have argued that corporate brands are strategic resources of critical importance and have marshaled the theory of the resourced based view of the firm to support their hypothesis (Grant, 1991 and Peteraf, 1993). Corporate brands can be a key component of an organisation's strategy: the successes of Samsung and Toyota have, to a large part, been attributed to their corporate brands (The Economist, 2005 a,b). They also facilitate ease of entry into overseas markets as the examples of IKEA and Starbuck's are illustrative (Aaker and Joachimsthaler 1999; Bartlett and Nanda 1990; Fang 2004; Kling and Goteman 2003; Larsson, et al 2003). In addition, corporate brands can accord a competitive advantage in business-to-business contexts (Will Man, 1997). Recently, it has been argued by Balmer (2005) that the value of corporate brands can be seen in terms their crucial role as currencies, languages and navigational tools. As currencies they have a worth in one or more markets (local, national, regional and global). Brands like KFC, McDonalds, and Sony are global brands and are seen to have an international currency." They can also operate at a more local level such and include small to medium sized entities. As languages, corporate brands (as a form of communication) can transcend linguistic and cultural boundaries. Prominent (global) corporate brands in this regard include Heinz, Microsoft and the BBC.As navigational tools, corporate brand identities are of importance to numerous stakeholder groups including customers, employees, business partners, and shareholders. In their totality such groups comprise a corporate brand community. However, the brand is "consumed" by different groups in different ways including purchase, employment, and association."Even though the definition might still be relevant, it does not cover the intangible aspects that are important for creating value and building relationships (Aaker, 1996). Whereas, de Chernatony (2001b) defines a corporate brand as "a cluster of functional and emotional values which promises stakeholders a particular experience". The definition focuses on the intangible attributes (i.e., functional and emotional values) of the brand, which are more relevant as compared to tangible attributes. The first definition considers brands for products; the other definition can be applied to the product or corporate level. Several authors stress that there is a move in both practice and in theory from product brands toward corporate brands (Knox & Bickerton, 2003; De Chernatony, 2001; Harris & de Chernatony, 2001; Leitch & Richardson, 2003).

Conceptualization of Corporate branding philosophy:

Table 3-2 Corporate branding philosophy

Authors	**Definition**
Margulies (1977)	To manage the sum of all the ways a company chooses to identify itself (i.e. company name, logotype, graphic system) to all its publics.
Gregory (1991) .	To use corporate image advertising to solve certain corporate problems like mergers, acquisitions and takeovers, deregulation and overseas competition
Fombrun (1996) Van Riel and Balmer (1997)	To acquire a reputation that is positive, enduring and resilient. To establish a favorable reputation with an organisation's stake-holders which is hoped will be translated by such stake holders into a propensity to buy that organisation's products and services, to work for or to invest in the organisation.
Balmer (1998)	To acquire a favorable image and reputation through the management of philosophy and ethos, personality, people, product, price, place, promotion, performance, perception

	and positioning.
Maathuis (1999)	To create and maintain a favorable reputation of the company and its constituent elements, by sending signals to stakeholders using the corporate brand.
Keller (2000)	To build strong, favorable, and unique associations about the corporate brand in memory of consumers, customers, employees, other firms or any relevant constituency to the corporate brand entity.
Hatch and Schultz (2001)	To align vision (i.e. top management's aspirations for the company), culture (i.e. the organisation's values, behaviors, and attitudes), and image (i.e. the outside world's overall impression of a company).
Kernstock et al (2004)	To establish, build and manage the corporate brand, to design the brand architecture, as well as to manage the company's brand port-folio.
Landor Associates (2004)	To develop both a corporate brand (all the characteristics of a company, tangible and intangible, that make the offer unique) and a brand identity (its outward manifestation).

Source: Adopted from Bilal Mustafa Khan

Knox and Bickerton (2003) opine that a corporate brand is "the visual, verbal and behavioral expression of an organisation's unique business model". This all encompassing definition reflects the fact that the corporate brand is expressed in numerous ways, not only through marketing activities and programs. It falls under the strategic school of corporate brand literature, which focuses on strategy, culture, and communication (Balmer, 1995). The corporate brand concept has evolved from marketing and organisation research, in which corporate identity is closely related to the corporate brand (Knox & Bickerton, 2003). Ind (1997) argues that corporate brands are not only about visual representations like name and logo but also history, values, reputation, and staff. The holistic perspective on brand management is shared by Harris and de Chernatony (2001), who argue that all members of an organisation must behave according to the brand identity. Riel and Balmer et al (1997) define the corporate brand as "an organisation's ethos, aims, and values that create a sense of individuality which differentiates a brand." Similarly, Einwiller and Will (2002) define corporate branding as "a systematically planned and implemented process of creating and maintaining favorable images and consequently a favorable reputation of the company as a whole by sending signals to all stakeholders by managing behavior, communication, and symbolism". Even though brands tend to have universal definition, the execution of corporate brands and products brands are not. A key difference between a corporate brand and a product brand is that responsibility for the former lies at a higher level in the organisation (Balmer, 2001). The corporate brand is communicated to stakeholders through various facets, while a product brand is primarily communicated to customers through advertising (Hatch & Schultz, 2003). Another important difference is that product brands tend to become similar over time (Aaker, 2004). An organisation, on the other hand, is uniquely different from other organisations. The real challenge is how to make these organisational characteristics relevant to customers. Hatch and Schultz (2003) opine that corporate branding takes on strategic importance relative to the functional (marketing and sales) importance typically accorded a product brand. The key advantage and importance of corporate branding lies not only in its positioning of the company, but in creating internal arrangements (e.g. physical design, organisational structure, values and culture) that support the meaning of the corporate brand.

Corporate brands rest on the successful interplay between strategic vision, organisational culture, and corporate image. Similarly, Harris and de Chernatony (2001) claim that one of the key differences between managing product brands and corporate brands is that the latter requires greater focus within the organisation and thus greater coordination of activities. Balmer and Gray (2003) stated that King was being ahead of his time when he in 1991 wrote about the corporate brand (although he used the term company brand). King (1991) posits that many managers are not used to thinking of companies as brands. He argues that for a product-based brand, like Coca Cola, the 4P framework (marketing mix) is sufficient if conducted properly. However, when the company is the brand, there are far more touch points. Each stakeholder is extremely critical and relevant, and more channels of communication are used. Any information about the company, from employee behavior to general publicity, will influence the brand. The major challenge is to present the corporate brand coherently and consistently. This is extremely challenging as compared to creating a classic, product-based brand (King 1991).

3.1.8 Value of the Corporate Brand

One of the most valuable strategic resources that a firm has is the corporate brand which if managed properly can create a sustainable competitive advantage (Aaker, 1996). With a planned approach, employees are more likely to understand brand objectives and their role in building the brand (de Chernatony, 2001). Einwiller and Will (2002) view planning as the most important aspect in building a corporate brand. Brands can create tremendous value in the form of brand equity for both the organisation and its customers (De Chernatony, 2001). Aaker (1996) defined brand equity as “the added value with which a brand endows a product.” Davis (2000) opines that the brand is the most powerful weapon that the firm has at its arsenal. Corporate brands can be used as master brands (Aaker, 2004) and in majority of the cases have a longer life than product brands (Hatch & Schultz, 2003). The concept of the corporate brand has recently been raised to prominence in both academic and practitioner fields, with a number of authors pointing to the potential economic value inherent in managing and developing the brand at the level of the organisation (Fombrun and Van Riel, 1997; Greyser, 1999; Aaker and Joachimsthaler, 1999). As Hatch and Schultz (2003) comment, product brands live in the present while corporate brands live both in the past, present and the future. Differentiation is not enough in business today, it is also important that the sender of a message represents the real source (i.e., the company behind the brand), which is the case for the corporate brand (Kapferer, 2001). Businesses that come from a corporate body reassure stakeholders in insecure times (Kapferer, 2001). Moreover, as businesses are becoming more global, firms tend to emphasize corporate brands instead of product brands (Hatch & Schulz, 2003). The increased use of the corporate brand is also a response to the imitation and homogenization of products as well as the fragmentation of markets. The corporate brand can be envisioned as a strategic resource that propels the business and creates value. A general advantage to corporate brands is the economies of scale that it generates in all aspects of communication, compared to the promotion of individual line brands (de Chernatony, 2001; McDonald et al., 2001). As a result of strong brand values, higher prices can be charged for products, and sales volumes are likely to increase (Treffner & Gajland, 2001). It is easier to introduce new services under the existing brand name, but it can be difficult to enter new markets if the brand does not fit the new customer segment (McDonald et al., 2001). In addition, if a new line fails, then more damage could occur than with a firm that practices individual branding. The power of the corporate brand is clearly demonstrated by Interbrand's list of the world's 100 strongest brands, of which a vast majority is corporate brands. By creating clusters of functional and emotional values for their brands, firms can add value to the lives of customers (de Chernatony, 2001). Customers generally do not create relationships with individual products or services, but it might do so with a brand (which represents a set of promises) (Davis, 2000). Kapferer (2001) argues that customers consume all facets of the brands identity: physical aspects, personality, and implicit relation. Consumers perceive the brand's identity through its relation to the outside world and through their self-image. Through this identity, the brand tries to achieve a strong emotional bond to the consumer, which gives the brand a special quality. Consequently, the brand becomes a guarantee of quality and reduces the perceived risk of purchasing the service. The art of creating strong brands with compelling functional and emotional values is usually described in the context of a brand building process. Corporate branding is defined different with product branding based on three core attributes: intangibility, complexity and responsibility (Ind, 1997).

3.1.9 Characteristics of Corporate Brand

Corporate brands have unique characteristics that require different a different approach to manage them as compared product brands. Corporate branding seeks to create differentiation and preference, but this is more complex as it is done at the level of the organisation. Furthermore, managing brands at the corporate level require interactions with multiple stakeholders, not just consumers (Balmer & Gray, 2003).

Corporate brands are not only about visual representations, like name and logo, but also history, values, reputation, and people (Ind, 1997). Balmer (2003) claims that corporate brands require a major reappraisal of branding and the marketing discipline in general. He argues that corporate brands are fundamentally different from product brands; that corporate brands are aimed at multiple stakeholders rather than customers; and that the traditional marketing framework must be revised. Ind (1997) opines that the corporate brand is defined by complexity, intangibility, and responsibility. Corporate Brands are less tangible than at the product brands, since they represent a varied and diverse set of attributes. External stakeholders perceive the firm through its organisational image. To influence this image, the company must be consistent and create tangibility for intangible elements. The complexity of the corporate brand depends on the number of people, divisions, and products involved. In an organisation different cultures may also co-exist. Even a company like Unilever, that used to rely on individual brands, has started to defend itself against own-label brands by including its corporate name on its products. This leads to economies of communication. When the corporate name is used on products, the experience of using that product will heavily impact a customer's attitude toward the organisation. Still, a number of other factors will influence attitudes, such as advertising, public relations, direct marketing, and employee behavior. A structure and system that encourages convergence through a shared vision is necessary to achieve consistency; the corporate brand can act as the glue that makes this possible. The third characteristic of corporate brands is responsibility. Corporate brands have a social responsibility, since consumers are not only buying products, but also a set of values. According to Balmer and Gray (2003), the value of the corporate brand comes from its ability to differentiate itself in the mind of stakeholders. The corporate brand stands for values that provide quality, consistency, and trust for stakeholders. The corporate brand can also be used for product extensions, but the underlying values of the corporate brand will decide how far it can be extended. An example of a corporate brand with values that have enabled it to be stretched far is Virgin. Corporate brands work wonders facilitating excellent relations with both investors and venture partners. Moreover, it can be bought and sold as a transferable asset and the financial value of corporate brands can be enormous, as shown by Coca-Cola. Furthermore, the corporate brand has an important role in the recruitment and retention of employees. A strong corporate brand motivates its employees and helps the human resource department to select, train, and motivate employees. Finally, it can help a company to survive a crisis, thanks to a positive reputation and trust from stakeholders.

Framework for understanding corporate branding as underpinned by processes linking strategic vision, organisational culture and corporate images. These three elements form the foundation of corporate branding and are defined as:

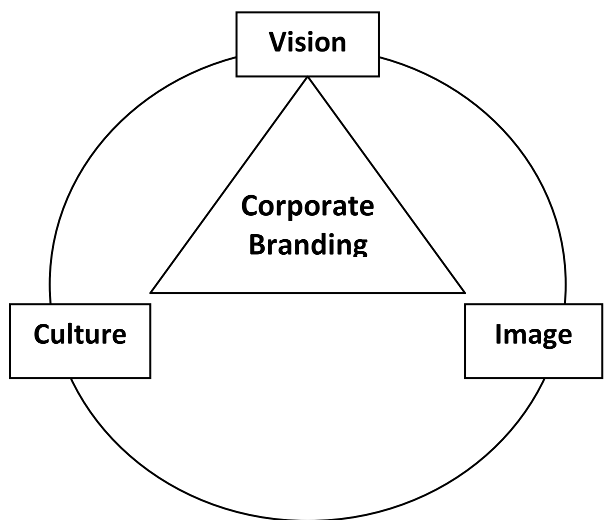
(1) Strategic vision- The central idea behind the company that embodies and expresses top management's aspiration for what the company will achieve in the future.

(2) Organisational culture- The internal values, beliefs and basic assumptions that embody the heritage of the company and communicate its meanings to its members; culture manifests itself in the ways employees all through the ranks feel about the company they are working for.

(3) Corporate images - Views of the organisation developed by its stakeholders; the outside world's overall impression of the company including the views of customers, shareholders, the media, the general public, and so on.

How these elements interconnect in the corporate branding process is

Figure 3-2 Elements of Corporate Branding



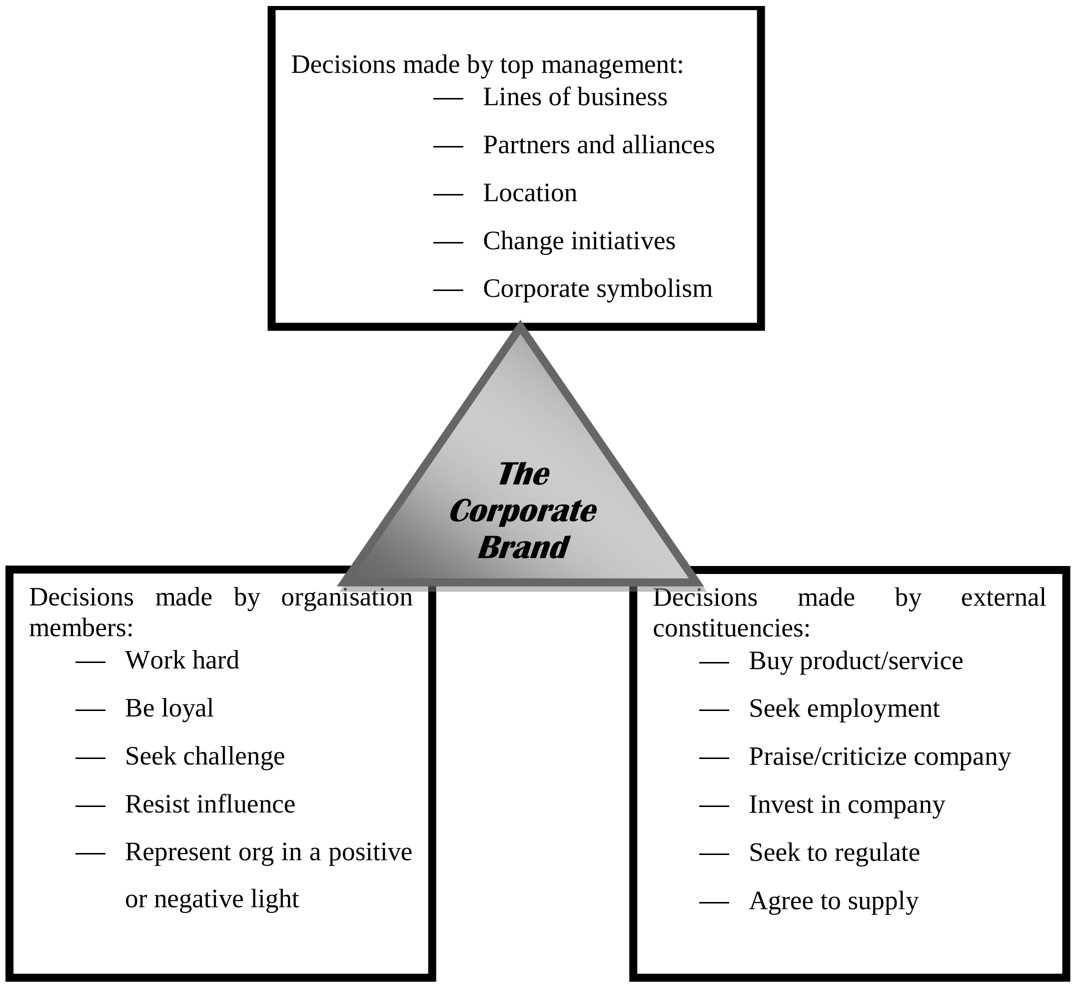
(Hatch and Schultz as cited in Guzman, 2003)

Hatch and Schultz (2003) propose a cross-functional approach that integrates the whole corporation as displayed in the figure 3-3. They argue that the involvement of multiple stakeholders and the different interfaces of corporate brands highlight the relational nature of corporate branding. The framework they propose links strategic vision, organisational culture, and corporate image. Strategic vision is the central idea behind the company; it should clearly express the company's future goals. The vision must also connect to the heritage of the company. Organisational culture is explained as: the internal values, beliefs and basic assumptions that embody the heritage of the company and communicate its meanings to its members; culture manifests itself in the way employees all through the ranks feel about the company they are working for.

3.1.10 Framework for corporate branding

A strong corporate brand acts as a focal point for the attention, interest and activity stakeholders bring to a corporation. Like a beacon in the fog, a corporate brand attracts and orients relevant audiences, stakeholders and constituencies around the recognizable values and symbols that differentiate the organisation. But corporate branding is not only about differentiation, it is also about belonging. When corporate branding works, it is because it expresses the values and/or sources of desire that attract key stakeholders to the organisation and encourage them to feel a sense of belonging to it. It is this attraction and sense of belonging that affects the decisions and behaviours on which a company is built (Figure 3-4).

Figure 3-3 Successful corporate brands tap the attractive force that draws stakeholders to the organization



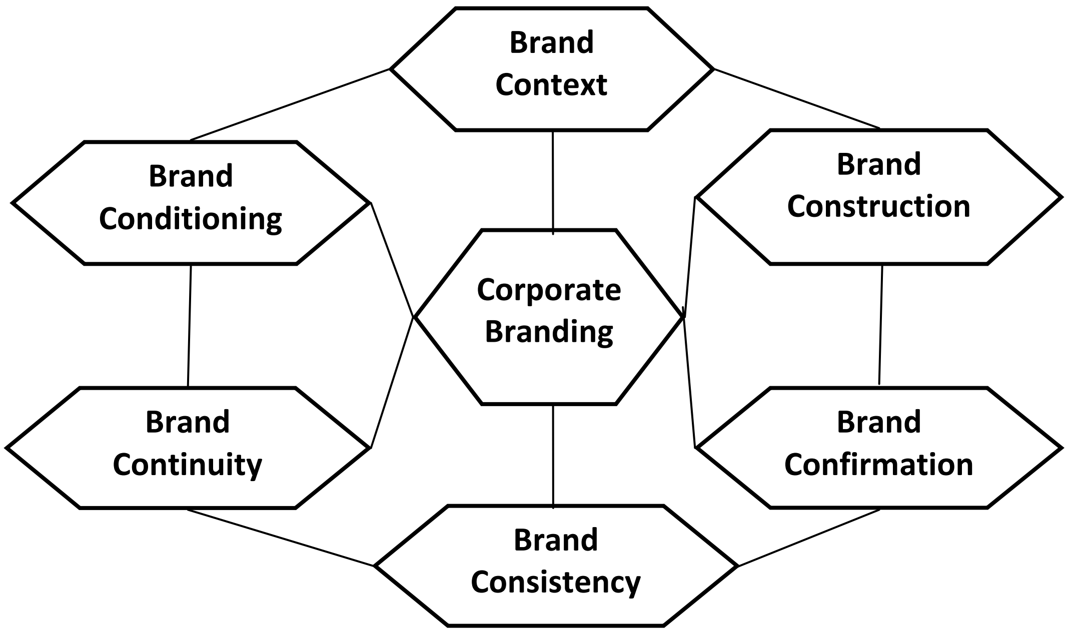
Adopted from Mary Jo Hatch & Majken Schultz (2001)

Mary Jo Hatch & Majken Schultz (2001) discusses that strong corporate brand taps this attractive force and offers symbols that help stakeholders experience and express their values and thereby keep them active. One example of a corporate brand which has had this attractive force is the UK-based company Virgin. This company has garnered a certain amount of respect in the UK as the result of its demonstrated ability to extend its brand identity as challenging and cheeky to such different products and services as music (Virgin), soft drinks (Virgin Cola), insurance (Virgin Direct), airline transportation (Virgin Atlantic and Virgin Express) and most recently, though not yet convincingly, rail travel (Virgin Trains). This corporate brand is associated with the consistent use of the Virgin name, the Virgin red and white colours and the Virgin graffiti-style typeface. Olins (2000) argues that this consistent association of a visual identity has allowed Virgin to transfer its brand values across business fields dominated by big, bureaucratic players, making it possible to create the experience of 'I am on your side against the fat cats'. Such a blending of corporate and cultural values with marketing practices is the hallmark of corporate branding, and it is this concern with values that brings corporate branding practice into direct contact with organisational culture, as well as with strategic vision and corporate images.

Moreover the success in building a corporate brand ultimately depends on the people involved in the process (de Chernatony, 2001). A challenge in the brand building process is to develop a common understanding of the core nature of the brand. Management must ascertain that the values of employees are aligned with the brand values; otherwise, the firm will send out inconsistent messages about the brand. According to Balmer and Gray (2003), the corporate brand is the most important brand, and it is the CEO who is ultimately responsible for it. However, all personnel assume general responsibility for the corporate brand (Balmer, 2001). Furthermore, de Chernatony (2001) claims that the responsibility of brand management has shifted from brand managers to brand teams. A brand team is suitable for corporate brand building, since it relies on the coordination of the whole company. Corporate brands not only focus on customers but require a more balanced approach to satisfy different stakeholders as mentioned in figure 3-4**.** The staff plays a crucial role in building the brand as their behavior is the greatest influence in forming brand perceptions among stakeholders (de Chernatony & Segal-Horn, 2003). Consumers form their opinions about the corporate brand through a number of associations. The firm has to ensure and influence all those associations that are relevant for their stakeholders through communication. When building a corporate brand, associations connected to the corporation are especially useful, since these types of associations reflect the unique characteristics of the corporation (Aaker, 2004). Corporate brand must be translated internally through the mission, goals, values, and culture of the organisation. The link between the organisation and the customer is envisioned in the corporate brand identity. A single mother brand will integrate brand building resources and is a preferable strategy when feasible (Aaker, 2004). Brand audit should be conducted to measure the effective of brand management. Customers' awareness and perception toward brand should be studied after period of time. Brand audit usually is carried after carrying the marketing communication strategy. The effectiveness of the communication strategies should be studied; the perception of customers toward the brand should be measured. Brand audit ensures the company is going in the right direction of brand building process.

3.1.11 Six ‘conventions’ of corporate branding

Figure 3-4 Six Conventions of corporate branding



Adopted from Simon Knox and David Bickerton (2001)

A convention is defined as the ‘prevalence of certain accepted practices, which offer a constraining influence’. It becomes evident that these six conventions link both to aspects of existing models and frameworks as well as providing new, practical guidelines for managing the corporate brand, as discussed by Simon Knox and David Bickerton (2001).

First convention: Brand context setting the coordinates

King (1991) and Balmer (1995) both identified the need for corporate branding practices to be multidisciplinary, combining elements of strategy, corporate communications and culture. This view has been further refined by Hatch and Schultz (1997, 2001) who point to the interplay of three variables vision, culture and image as a context for corporate branding. Evidence from all three of our studies suggests that these variables do, indeed, form part of the strategic setting which organisations use to review the current strengths and weaknesses of their corporate brand. However, initial cross-case analysis of the data suggests that a fourth variable should also be introduced to make the context more complete. This is the competitive landscape for the organisation.

Second convention: Brand construction – the corporate brand positioning framework

The Simon Knox and David Bickerton's literature review and interpretation of existing conceptual models stresses the need to create a brand framework that combines 'inside out' and 'outside in' elements from common starting points (Van Riel, 1995). Van Riel defines the concept of common starting points (CSPs) as the central values of an organisation which form the foundation for all corporate communication. Ries and Trout (1982) refer to these values as brand positioning. Thus, there is a need for management to address two important questions: what CSPs make up the corporate brand framework and how can they be used to position the brand?

Third convention: Brand confirmation - articulating the corporate brand proposition

The corporate brand positioning developed during the brand construction phase needs to be consolidated and articulated to the rest of the organisation and external audiences. This calls for the development of a series of agreed statements that describe the corporate brand proposition. Evidence from Simon Knox and David Bickerton the fieldwork suggests that this process must be inclusive for the senior management team involved and is best conducted in an iterative style, via a series of small working groups. Such an approach ensures management buy-in and begins the process of developing an agreed corporate language for all organisation communications. Adoption of an agreed corporate brand positioning (figure) and common starting point, based upon customer value, gave the management team in each organisation a process for the development of these corporate brand statements and, ultimately, the brand proposition.

Fourth convention: Brand consistency – developing consistent corporate communications

Consistency has been widely acknowledged as a core principle of successful brand development (Olins, 1995). Further, the literature also acknowledges the pivotal role of communication in creating this consistency (Van Riel, 1995) and concentrates on this aspect of corporate brand management (Birkigt and Stader, 1986). Evidence from our study indicates that an organisation needs to divide its channels of stakeholder communications according to their levels of formality, by identifying both key formal communication channels and other informal mechanisms commonly found in organisations (e.g. e-mail, bulletin boards). This was seen as a necessary first stage in conducting a more rigorous audit of stakeholder communications. As an integral part of our study, content analysis (Krippendorf, 1980) was applied to measure the consistency of formal corporate brand communications. This approach, which relies on quantified data analysis techniques, enables managers to measure and monitor the output of all corporate brand communications against the brand statements created in the preceding brand confirmation stage.

Fifth convention: Brand continuity – driving the brand deeper into the organisation

One of the main conclusions from the study of Simon Knox and David Bickerton is that managers need to adopt a more holistic approach to corporate branding which also encompasses the business processes associated with value delivery. In this way, brand confirmation is reinforced throughout the organisation by broadening the corporate brand managers' remit to include both changes in communications and the business processes engaged in value delivery.

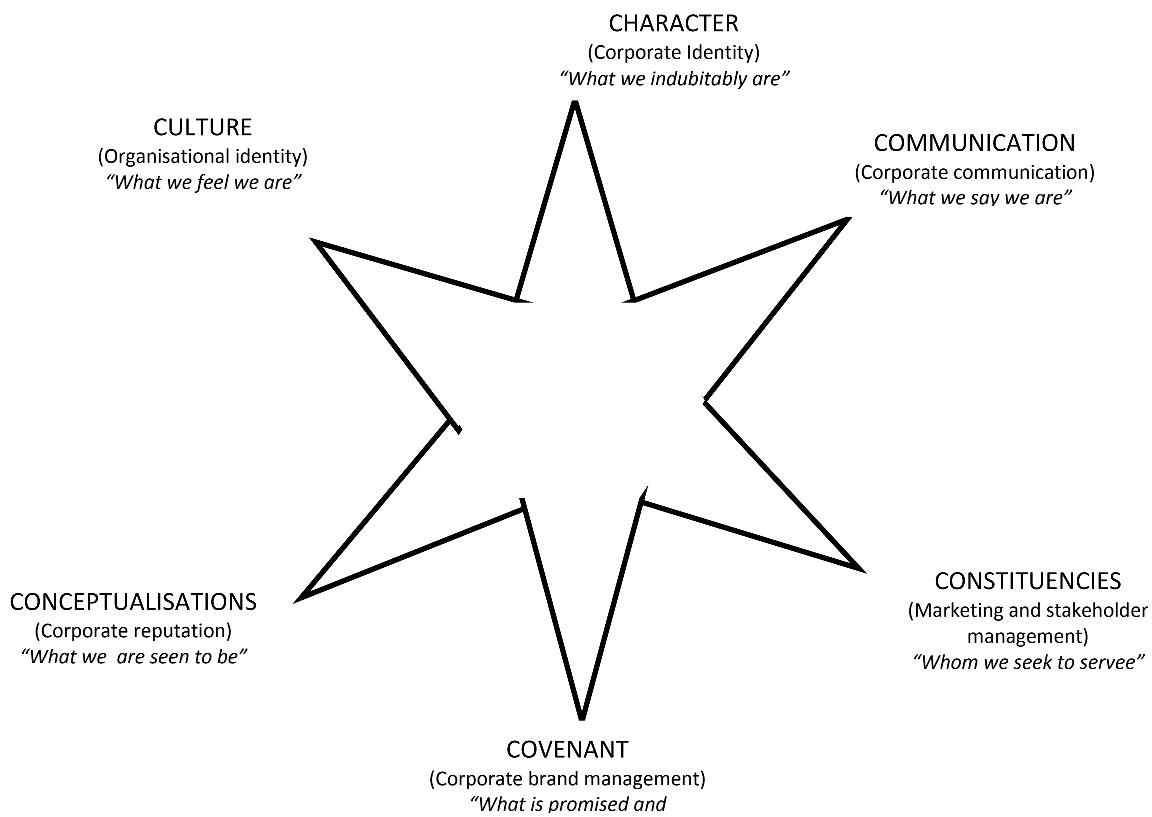
Sixth convention: Brand conditioning – monitoring for relevance and distinctiveness

A final stage of corporate brand management identified in the study centres on the ability of an organisation to review its corporate brand on a continuous basis. Evidence from of the organisations studied by Simon Knox and David Bickerton points to the need for regular auditing through its cycle of development and renewal. This finding, which supports the view of Abratt and Mofokeng (2001) that corporate brand management is a continuous process rather than a series of one off events, highlights the need for management to check on the brand's condition for relevance and distinctiveness at regular intervals. Evidence from the work of Simon Knox and David Bickerton has also led to propose a more holistic definition for the corporate brand as 'A corporate brand is the visual, verbal and behavioural expression of an organisation's unique business model'.

3.1.12 6 Cs Corporate Marketing Mix

There are six elements (6Cs) of Balmer's (2006) corporate marketing mix cited above and elucidates the importance of each element by ascribing a key question which underpins each of the six elements.

Figure 3-5   6 Cs Corporate Marketing Mix



Adopted from Balmer (2006)

The disciplinary foundations for each of the six elements are additionally outlined. Again, we reiterate that we regard corporate marketing as more of a philosophy rather than a function. For this reason the mix elements should be seen as informing an organisational-wide philosophy rather than as encompassing a mix of elements to be orchestrated by a department of corporate marketing. In essence, the philosophy of corporate-level marketing should permeate how people in the organisation think and behave on its behalf.

.**Character**

Those factors that, in their totality, make one entity distinct from another. These includes the key tangible and intangible assets of the organisation as well as organisational activities, markets served, corporate ownership and structure, organisational type, corporate philosophy and corporate history.

Culture

This refers to the collective feeling of employees as to what they feel they are in the setting of the entity. These beliefs are derived from the values, beliefs and assumptions about the organisation and its historical roots and heritage. Individuals may, in part, define themselves in terms of organisational membership and may, in turn, feel that they, as individuals, share common values with the organisation. Culture is important since it provides the context in which staff engages with each other and with other groups such as customers: employees represent the "front line" of the organisation.

Communication

Corporate communications relates to the various outbound communications channels deployed by organisations to communicate with customers and other constituencies. At its most comprehensive (total corporate communications) it also takes into account the communications effects on management, employees and product behaviour and word-of mouth and media/competitor commentary.

Conceptualisations

This refers to perceptions (conceptualisations) held of the corporate brand by customers and other key stakeholder groups. The latent perception of the organisation held by the above will affect their view of and their behaviour towards the organisation. Such conceptualisations of the organisation will, of course, differ between different groups and account needs to be taken of this.

Constituencies

Corporate marketing recognizes takes that many customers also belong to one or indeed many organisational constituencies or stakeholder groups (employees, investors, local community, etc.) and also comes with a realisation that the success of an organisation (and in some cases a “license” to operate) is dependent on meeting the wants and needs of such groups. Also see ArthurW. Page’s legendary statement on public permission and approval in Greyser et al. (2006, p. 904).

Covenant

A corporate brand is underpinned by a powerful (albeit informal) contract, which can be compared to a covenant in that customers and other stakeholder groups often have a religious-like loyalty to the corporate brand. Whereas legal ownership of a corporate brand is vested in an entity, its emotional ownership (and therein its substantial value) resides with those who have a close association with the brand (Balmer, 2005). Of course, different groups and individuals may have different expectations associated with the institutional brand.

3.1.13 Benefits and precautions corporate branding:

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

Benefits of corporate branding by Mottram (1998) are as follows.

- 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.

3.1.14 Advantages of Corporate Branding

Broader Interaction:

Corporate Branding includes all its stake holders, along with the customers. It means, with the satisfaction of the customer, it also look after the growth of all the other aspects of the organisation. It is the aim to be unique among all the other players of the market. A long term focus on all the stakeholders, regulatory & others will help the corporate to create a relationship with them. A good relationship always a base of growth of an organisation. So, it's a journey with all the associated blanket members to cover a broader area of interaction.

Advertising Efficiency:

Corporate houses manufacture a number of products / services. For all products & brands, the costs of advertising (making & delivering) become much higher than the cost of production & delivery of only corporate brand. So, corporate branding is the other name of advertisement & cost efficiency. We can take the example of TATA. They produce number of product and services; but, when they are going for the advertisement of only TATA Brand name, the brand value is increasing. At the same period of time, the value of the different products and services of TATA are also increasing, because all these products or services are very much attached with its corporate brand name – TATA.

Overall Growth:

Finally corporate branding is helpful for overall growth of the organisation. A long term established vision is here for a corporate that vision is translated into culture and the corporate move for the overall growth of the organisation through corporate branding. When the organisational culture maintains the right meaning of the vision, it creates a good organisational image. This image helps to bind its entire stakeholder under one umbrella, with single tune. A togetherness feeling emerges from this and that leads to the overall growth of the organisation.

Competitive Advantage:

Corporate branding is advantageous in gaining competitive advantage. It is as because, the products are under one brand name and that brand name means something significant; like – 'Himalaya' means Indian green Ayurved Concept. So, when a customer finds a product under this brand, they can easily recognize it with its major benefits.

Attracting Human Resource

It is the time of high attrition. If a company can retain its employees as well as attracting new potential employees, it is doing really something good. When a company is going for corporate branding, it creates its image. This image is advantageous in retaining and attracting new employees. And, employees love to work with highly reputed companies; as they know, its going to make their future. So, it is advantageous for the corporate itself.

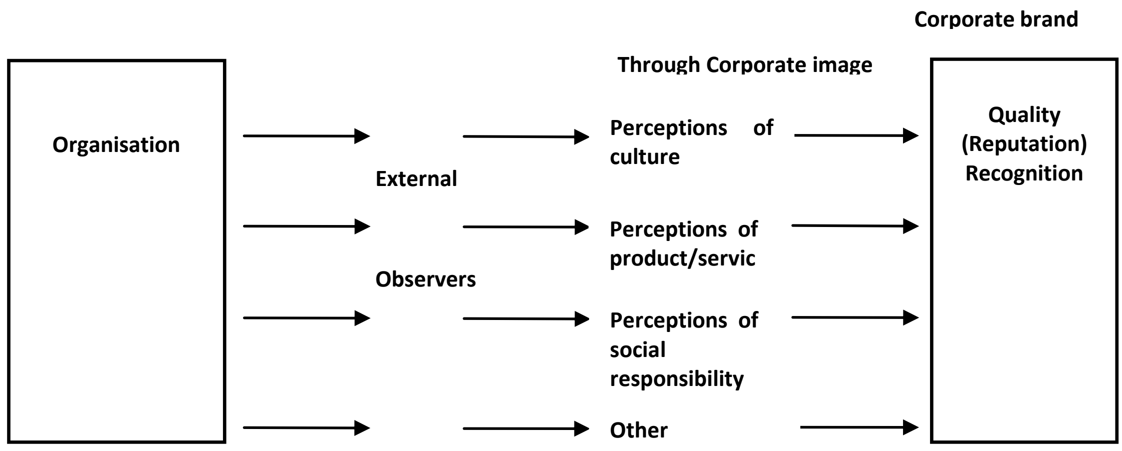
3.1.15 Building a Corporate Brand

Companies are now moving from product branding to corporate branding (Aaker, 1996; de Chernatony, 1999; Hatch and Schultz, 2001, 2003; Keller, 2003). Corporate branding goes far beyond the well-established tradition of product branding: It does not explicitly deal with product features, but rather transports a well defined set of corporate values (Aaker and Joachimsthaler, 2000; Hatch and Schultz, 2003; Schultz and de Chernatony, 2002). The general aim of corporate branding is to build a sustainable bond between the branded company and its customers through a clear value proposition (Schultz and de Chernatony, 2002). A number of models of the branding process exists in the literature, however they have generally been criticized for the lack of empirical testing (Daffey & Abratt, 2002; Grace & O'Cass, 2002). Aaker's (1996) brand identity planning model (see Figure) focuses on building the brand identity, i.e., the core nature of the brand. Since all brands have an identity, the framework is applicable to any type of brand. Although Aaker (1996) does not explicitly discuss which type of brand is most relevant for his model, he uses corporate brands as examples when describing this process. Aaker's model has three general steps: strategic brand analysis, brand identity system, and the implementation of the brand identity. Aaker proposes the use of a strategic brand analysis as a starting point in planning brand identity. This analysis consists of the analysis of customers, competitors, and the firm itself. Customer analysis includes factors such as motivation, trends, needs, and segmentation. The firm must determine the functional, emotional, and self-expressive benefits that customers seek. It is also necessary to conduct an analysis of current and future competition. Brand positions as well as the strengths and weaknesses of competitors are important inputs. The key to differentiating the brand lies in knowing how competitors are perceived among customers. Another important issue is how competitors want to be perceived which for instance is seen in their advertising. The strategies employed by competitors can be analyzed through a positional map that groups competitors with similar strategies (Jobber, 2005). Groups of well-positioned companies should be avoided if possible. A well-known strategy is to attack competitors on their weakest points. The self-analysis of the firm should include an assessment of the existing brand image, the brand's heritage, and its strengths and weaknesses (Aaker, 1996). Strengths and weaknesses are analyzed for the brand and for the organisation behind the brand. The desired identity must be supported by the capabilities of the organisation. The second step is called the brand identity system. Brand identity, either core or extended, consists of a unique set of brand associations that represent what the brand stands for and imply a promise to customers (Aaker, 1996). The core identity is described as the central, timeless essence of the brand and is usually constant when the brand travels to new markets and products. Extended identity adds flexibility, texture, and completeness to the brand. The identity of the brand is based on the brand as product, organisation, personality, and symbol. Product associations are used on a tactical level as part of the marketing mix. Organisational associations, on the other hand, are usually strategic. The personality expresses the soul of the brand and may be both strategic and tactic. The symbol works as an anchor for other associations, for example, the swoosh of Nike is mostly strategic. Brand associations can be described as the link between a brand and a certain characteristic (Keller, 2003). In this way, the customer holds information about a brand, the brand is differentiated, and positive feelings might be created. Brand identity establishes a relationship to customers through functional, emotional, or self-expressive benefits (Aaker, 1996). This is called a value proposition. Functional attributes in the value proposition are rational and look for the function or value for money for the customer. Emotional attributes relate to how the customer feels, while self-expressive attributes relate to how the customer would like to be perceived by others. After the identity has been decided, it needs to be implemented. The brand identity is implemented through the brand position which is explained as "the part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands" (Aaker, 1996). A brand position can be expressed in one or several statements which will guide the company's communication. Not all elements of the brand identity have to be communicated (i.e., positioned). When searching for a short positioning statement, it is easy to focus on the product attributes, neglecting the brand personality, organisational associations, or brand symbols. To differentiate the brand, product attributes are often not enough, since competitors are likely to emphasize this and they are also relatively easy to copy. In using product attributes, it is assumed that the customer is rational, but this is often not the case. This also limits potential brand extensions. Brand position is usually narrower than brand identity, which means that the position might be changed without changing the identity or value proposition. When choosing identity attributes for positioning, the company must look at the core identity. The unique and valuable aspects of the brand identity should be included in the positioning in order to create consistency. The extended identity enables the positioning to be implemented in different ways. The point of leverage on which positioning builds ,can be based on an element from the extended or the core identity. Benefits from the value proposition can also be used for the brand position. Moreover, the target audience that is selected as a result of the brand's position might be a narrower group then the brand's target market. Another strategy is to differentiate between primary and secondary audiences; the position should include both without being in conflict. Finally, the plans are executed, including media selection and the creation of advertisements. Communication also needs to be monitored by a tracking stage (Aaker, 1996). Although the general brand building processes by (Aaker 1996) can also apply to corporate brands, a few researchers explicitly concentrate on corporate brand building processes. The internal corporate brand building process describes the relationship between the organisation and the brand. This process begins with the company's mission, which describes the overall goals and should be integrated with the core values. A brand vision should be challenging, inspiring, and describe the future of the brand. Organisational values can be associated with the origin, founder, or a dramatic event for the company; they lay the foundation for core values, are primarily internal, and can also be communicated externally. Core values summarize the identity of the brand, guide company efforts, and translate into customer value. Combined, mission, brand vision, organisation values and core values form the value base. Brand architecture dictates how the company organizes its brands. Product attributes build the core values into the product. Brand personality reflects the core values, described as human traits. Through positioning, the brand forms an efficient communication strategy. The goal of the process is to create internal brand identity, meaning that the organisation understands and is committed to its brand (Urde, 2003). In contrast to Urde (2003), who bases his model on brand management theory, Knox and Bickerton (2003) use a corporate brand theory that is influenced by corporate identity studies. A limitation with the early macro models within corporate identity/corporate brand studies is the lack of explanation and connections of the constructs, including corporate personality, identity, image and culture. Therefore micro models have been created to better guide corporate brand management. While these models reflect the challenges facing management, they are still conceptual, which should encourage researchers to conduct empirical studies. Knox and Bickerton (2003) suggest such an empirical-based model, highlighting important practices in the process of corporate brand management. The key step in building a corporate brand is to define the brand context. Corporate branding practices have been advised to follow a multidisciplinary approach that combines strategy, culture, and corporate communications (Knox & Bickerton, 2003). The three elements that set the context for the corporate brand are vision, culture, and image (Hatch & Schultz, 2001). From these elements, the company can analyze the strengths and weaknesses of the brand. According to Hatch and Schultz (2003) corporate branding is dependent on the successful interaction between three components called “strategic stars” which are strategic vision, organisational culture and corporate image.

3.1.16 Customer Satisfaction and Retention

Many authors establish the link between customer satisfaction and retention. One example is the study developed by Hart and Rosenberg (2004), which shows through the application of the model created by Andreassen and Lindestad (1998) in the store retailing context. Their studies focus on how the total effects of corporate image, direct and indirect, on customer loyalty are more much substantial and the influence that corporate image has on core service and satisfaction perceptions. Alternatively, Ranaweera and Prabhu (2003) carry out an insight suggesting that customer satisfaction implies other elements like trust and switching barriers, in the case of service companies, having strong positive effects on customer retention. Nevertheless, it concludes that both elements have to be pursued through planned differentiated and independently strategies.

Figure 3-6 Model of relationship between external perceptions and corporate brand, taken by Kowalczyk and Pawlish (2002:171)



Adopted from Kowalczyk and Pawlish (2002:171)

Taking into account that one of the sources to gain customers trust is the employee that provides them the daily service, Davies et al (2003) argue that the market orientation requires a high degree of contact between customers and customer facing employees, and the empowerment of these employees to adapt to customers‟ needs, rather than necessarily stick to a set of centrally defined rules. Hatch and Schultz (1997) have a similar stance, cited by Kowalczyk and Pawlish, 2002) who pointed that since culture is deeply embedded in organisational behaviour, brand values based on credible cultural expression will serve to produce genuine coherence between the promise and the performance the corporation delivers. In addition, Kowalczyk and Pawlish (2002) assumed that distinct perceptions conceptualized the relationship between culture, reputation and corporate branding, as it is illustrated in Figure 3-7. Therefore, the members of the organisation are conceived as vital builders of the corporate reputation. “A companies reputation sits on the bedrock of its identity the core values that shape its communications, its culture and it decisions.” (Fombrun, 1996). Moreover, it is undoubted that the internal and external relations are collapsing together in organisational practice, thus they also indicate a need to combine knowledge and skills to deal successfully with these change (Hatch and Shultz, 1997). In addition, in the study undertaken by Kowalczyk and Pawlish (2002) six of the largest firms in Silicon Valley were assessed. It was founded that might be a relationship between the external perceptions of organisational culture and corporate branding as measured by reputation. The conclusions referred that in those specific companies, the corporate brand may partially reflect external perceptions of culture

3.1.17 Corporate Branding Progression

Urde (2003) states that corporate brands must reflect the organisation's core values. In other words, an organisation's core values should be the guiding light of the brand-building process, both internally and externally. They must be built into the product, expressed in behavior and reflected in communications. Core values bring continuity, consistency and credibility in the building of a corporate brand.

The following are the four steps involved in better corporate branding development

- Discovery,
- Strategy,
- Communication, and
- Management

Discovery Process

The first step in the discovery process is to understand the prospective audiences of the business and what each of their experiences has actually been. Understanding the image, reputation and perceptions that each audience maintains about the company helps the management to learn what needs to be capitalized or corrected in order to organize the brand as an asset. For example, Philips is a hi-tech global company with a traditionally low profile. People know the brand name, but they may not know what Philips provides in the way of its total brand range. The global brand campaign "Let's make things better" has raised its profile and provided it with a more focused and distinctive personality and through this campaign, it has made the people aware of the wide range of its products.

The computer industry is the most competitive one in the world, having always been dominated by giants like IBM. But Acer Computers, a Taiwanese company, has become the third largest manufacturer of Personal Computers (PCs) in the world, creating a respected brand. How has the company managed to break away from the "Made in Taiwan" image, which like many countries in Asia has been associated with sub-standard products? The answer is, of course, the careful construction of a strong brand image by its CEO Stan Shah.

Strategic Process

The strategic process should be planned, focused and integrated throughout the organisation. Corporate brand strategy establishes direction, leadership, clarity, purpose, integration and energy. The key part of the strategic process is to distil the essence of the brand down to something that can be translated throughout the company: to marketing, business process, vendor relations, financial analysis and customer service. It should express what the people experience when they interact with the company.

LG Electronics India Pvt. Ltd., a wholly-owned subsidiary of LG Electronics, South Korea, was established in 1997 after getting clearance from the Foreign Investment Promotion Board (FIPB). Within a period of five months, it was able to complete a nationwide launch, while most other companies took two years for doing the same. Other companies had ignored the Eastern India; however, LG continued their distribution efforts in this region. Currently, 20% of its turnover comes from the Eastern India.

Communication Process

Transition from brand strategy to communications includes understanding the market leverage that the company has, the customer base, the opportunities that exist in the market that other companies aren't taking advantage of and the history and philosophy of the organisation.

Communicating with the target audience the company's core value and purpose is essential in today's competitive environment to build a long-lasting relationship. Communication of a company's core values includes, incorporating and reiterating the importance of corporate brand image in all company forums, beginning from hiring and employee induction programs to internal meetings, company manuals and ongoing training programs.

Nike, a world leader in sports products, is best-known for its advertisement and promotion strategies to build the corporate brand. Nike's advertisements never mention the product by name, instead, Nike relies on the `Swoosh' symbol or a well-known phrase like "Just Do It" to sell its products. Nike illustrates how a company can establish its corporate image and its audience are among the most loyal of customer segments.

Management Process

Every decision taken at the strategic level should support the growth of the corporate brand. Building a corporate brand is a deep-rooted exercise, in order to be successful it should be linked to the culture of the organisation and, there has to be a compromise between the culture of the organisation and the brand image. That is exactly what the world-class companies are doing. According to Keller (2003), "cultural facet provides the link between brand and firm, particularly when they bear the same name (e.g., IBM, Nestle, Sony, etc.)" A brand's degree of freedom largely depends on the corporate culture, of which the brand becomes the most visible sign.

The yellow rose was adopted by Jet Airways as its corporate symbol to convey the values of warmth and friendliness in its culture as a service organisation. The public launch was preceded by an extensive internal communication program and campaign involving launch conferences across India that were led by the entire top management team of the airline.

Corporate brand is a business asset, which can and should be managed over time in the same manner as any other long-term asset. It is potentially a strong tool for realigning a corporate strategy and ensuring that the corporation, regardless of industry and size, can leverage on the untapped internal and external sources. If the corporate brand is the focal point, the company will ride all those waves and become even stronger over time. Therefore, a well-drafted and professionally-managed corporate branding strategy and the implementation plan can help to drive profitability and shareholder value aligning the interest of the stakeholders, the management and the company.

3.2 Corporate branding in Pharmaceutical Industry

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.

Branding in the pharmaceutical industry has been equivalent to product lifecycle 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. 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*, Stibel and Kapoor (2002) summarise the arguments for corporate and product branding. Stibel and Kapoor claim that despite the arguments for product branding a strong corporate brand clearly have 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 the entire sales representative 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 representatives 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).

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 will automatically drop brands post-patent. Sue Cleverly, healthcare researcher for Taylor Nelson Sofres[6], 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, doctor's propensity to prescribe generics varies greatly 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

[6] Taylor Nelson Sofres (TNS) is one of the world's leading market research groups. They provide Industry Sector Insight, and Innovative Market Research Solutions, to many of the world's leading companies.

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. 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?

3.3 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)

3.3.1 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 individuals perceptions of an organisation and that persons behaviour towards the organisation, and that a favourable image provides an organisation with a distinctive competitive advantage (Biel, 1992).

3.3.2 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 organisational 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). 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.

3.3.3 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 ratings 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 organisations past behaviour. These two characteristics distinguish it from the corporate image concept (Balmer and Greyser, 2003).

3.3.4 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 organisations reputation than its economic standing. Some of these non-economic factors include the outside perception of a firms 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).

3.3.5 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. 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.

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.

Credibility – A key driver in corporate reputation

Several writers including Greyser, (1999) and Sandstrom (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, Schutltz and de Chernatony (2002) stress that there is a growing global skepticism 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.

3.3.6 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 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). 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 organisation 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. These findings seem to correspond well with the findings of Keller and Aaker (1997) and Aaker (1996).

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.

3.3.7 Recent studies on corporate image building in Pharma Industry:

The promotional objectives of many pharmaceutical companies are geared either to generating product awareness, supplying information, repelling competitive actions, building name familiarity or to developing brand or corporate image (Smith, 1991). Of these, interest in corporate image appears to be receiving increasing attention. This may be because corporate image can be both a strategic asset (Clarke, 1997; Dowling, 1993), a source of competitive advantage (Hall, 1993; Fill and Markwick, 1997), and an investment in the future (Perish, 1996), particularly when there is little or no difference between competitor brands. There are a number of major benefits for pharmaceutical companies (and others) that might arise from the development of a strong and sustainable corporate image. The first, of course, might be to increase sales (Smith, 1994; Dowling, 1986). A strong favorable corporate image can add value to a company's products and may serve as a form of corporate endorsement. Several studies demonstrate that corporate image affects buyer's judgments about products and can encourage favorable responses (Belch and Belch, 1989; Wansink, 1989; Keller and Aaker, 1992; Perish, 1996). Similarly, others demonstrate this effect for related constructs such as advertiser reputation (Goldberg and Hartwick, 1990) and corporate credibility (Keller and Aaker, 1992) Smith (1994) identifies further benefits such as the support it lends to new product development by providing a positive corporate platform for launching new products into the market. He argues that corporate image management can also be used to strengthen financial relationships by helping to raise the corporate profile and visibility within financial circles. Higgins and Bannister (1992) claim that it can increase a company's valuation or share price, particularly during a takeover. In addition, it can be used to harmonize employee relations. Studies show that a managed identity can enhance member and non-member organisational affiliation (Dutton et al., 1994; Dowling, 1986) and help an organisation achieve its goals. A strong corporate image can help attract higher quality employees and help cushion the impact of crises through a presumption of innocence (Smith, 1994). This last point has been proven to be of particular concern to pharmaceutical companies, as they can sometimes face accusations of non-ethical behavior (Schwartz, 1994). Influencing the way in which an organisation is perceived and the corporate associations that are made is undoubtedly a critical aspect of an organisation's strategic management although the frequency with which corporate image studies are implemented suggests that management may not share this view. The importance of managing corporate image within the pharmaceutical industry Images are inherently multidimensional and it is unlikely that all stakeholders will share the same image at any one point in time and there is little agreement about which dimensions should be measured in such studies. However, the images held of an organisation are contextually constrained by the impressions held of the wider industry and its constituent organisations. Clarke (1997) suggests that the dimensions of an image can vary in importance across industries and even within organisations. It follows therefore that any image measurement exercise should include all or at least several of the key organisations in any particular market. Over the last decade there has been a number of changes in the external environment, many of which have led to pharmaceutical companies making a number of internal adjustments. Of the many influences there are two that can be identified as primary drivers for the increased attention to corporate image: Consumerism and Structural Flexibility.

Consumerism

In most countries consumers/patients do not make decisions about which drugs they need. In recent years, however, with the rise in consumerism and the call by patients for more information and more active participation in their treatments, there has been an increase to the attention given to patients and patient groups by pharmaceutical companies, especially in the USA (Safian 1994; Gebhart 1997). Pharmaceutical companies have begun to consider the `articulate consumer' as an influential group and have started to try to gain their support (Williams and Hensel, 1995).

Despite the fact that in the US the use of corporate identity targeted at patients and consumers has been implemented for some years, it was not until June 1996 that a pharmaceutical company promoted its corporate identity on broadcast media (television), aiming to appeal not only to people working in healthcare, but also to the general public and shareholders (Pratley, 1996). With the increasing incidence of litigation against healthcare organisations, the development of the articulate consumer has helped focus attention on the significance of corporate image programs. Poovala et al. (1997) considers the rise of influential new customer groups and in particular the business administrators with whom pharmaceutical companies must now communicate. While doctors are already aware of the companies and have well-formed ideas about their products, new economic decision makers, buyers and policy makers have concerns and issues that go far beyond scientific and technical information. These customers rely to a significant degree on the comfort and sense of Fill and Diminopolu trustworthiness which attaches to the name of the organisation (Keenan, 1993). Recently there have been some radical structural changes in the industry, which have impacted on industry participants and caused them to consider the way they are perceived more seriously. The level of merger and acquisition activity has grown considerably and the industry has become more concentrated and globalized. Some key mergers include SmithKline and Beecham, Glaxo and Burroughs Wellcome, Upjohn and Pharmacia AB and more recently Zeneca and Astra. The emergence of these new company groups, their name, structure and purpose together with their product portfolios have to be communicated, particularly to doctors. Through globalization and attempts to get closer to the needs of the market and to allow management greater autonomy, there has been a move towards decentralization. While many organisations such as Glaxo Wellcome have been able to operate highly decentralized organisations and manage their corporate image (Ind, 1990), globalization might cause identity problems as subsidiary organisations spawn different country specific images.

Difficulties can arise due to product similarity. As patent protection expires and me too products arrive, so difficulties in terms of meaningful differentiation cause organisations to consider the communication and cost advantages of a stronger corporate image. Associated with these groups is the increasing use of formularies or lists of drugs compiled by doctors who compare prices and therapeutic benefits of various drugs. Whilst these two broad elements might help explain why interest in corporate image has increased, it is important to identify particular target audiences who might benefit from a pharmaceutical organisation's enhanced reputation.

Corstjens (1991) suggests five different target groups :

- Prescribers (development of credibility and trust, risk reduction mechanism for prescribing decisions).
- Stock market (increase of share price, crucial in the case of potential mergers and take-overs)
- Government and regulatory agencies (to be capable of getting speedy regulatory approval)
- Special interest groups, e.g. unions and consumer organisations (to avoid or pre-empt negative actions on their part)
- Employees (for improving organisational identity, loyalty and recruitment)

A further group can be added to this list, namely patients and consumers. This increasingly influential group has become the communication target of a number of pharmaceutical companies in the 1990s, as patients become more actively involved in the decisions about drugs and treatments they are prescribed. Of all these groups prescribers (doctors, physicians) are of direct importance to pharmaceutical companies because of the critical position prescribers have in influencing the flow of product through the marketing channels. The corporate image (of pharmaceutical companies) is important as it impacts on prescribing behaviours, can reduce perceived risk, for both doctor and patient, can impact on the quality and interpretation of subsequent drug based communications and can be used to combat the move towards OTCs. Prescribers are important stakeholders and it is important therefore, from a strategic perspective, to determine the image prescribers have of pharmaceutical companies and to understand the attributes they use to shape their impressions of these organisations. Previous study has shown that a favorable image has a positive impact on prescribing behavior. In a particular survey by Scott-Levin Associate. (Huston, 1993) more than 80 per cent of the prescribers who responded to an open-ended question said that they would prescribe a product from one of their top three companies when choosing among competitors that are `relatively equal' in efficacy, side effects and general drug performance. This study also showed that doctors feel comfortable using products backed by reputable firms which provide education, advice and technical support. At the same time, 20 per cent of the respondents stated that the product comes first and that they base their prescribing decisions on what they learn of each individual product's efficacy rather than the manufacturer's reputation. Industry executives who were questioned in the same survey showed a strong belief (90 per cent) that their company's image does affect prescribing. Their argument was that a strong image gives an edge when there is little difference between products. This is amplified by Holden (1999) who states that ‘although image is not all, it certainly plays an important role’ in decision making by prescribers. Industry competition is extremely fierce and it is difficult to argue that many drugs are unique. Where a choice of drugs has to be made, company image and reputation appears to be of paramount importance. The Scott-Levin survey involved doctors representing all healthcare specialties in the USA. Doctors were asked to rank the five most important qualities of a pharmaceutical company out of a list of 12. The number of mentions was totaled and a qualitative score based on a scale of five was assigned. The results showed that 'strong research and development' was the most important attribute, while 'sensitivity over pricing concerns' was the second most mentioned quality. 'credibility' also proved to be a major attribute of a company's image in doctors' minds whilst 'sales representatives' knowledge' was also a major attribute of a company's corporate image according to this group. Doctors were also asked to list the pharmaceutical companies for which they hold the 'highest regard', irrespective of products. This was an unaided question and the sample doctors received no prompting. Merck was the company mentioned most often, while Lilly, Bristol Myers Squibb and Johnson & Johnson came out second, third and fourth respectively. When doctors were asked to name the three most esteemed companies in the 12 attributes of a company's image, Merck was top in eight, Johnson & Johnson in three and Bristol Myers Squibb in one. The interesting point is that in the categories that doctors perceived to be the most important (`strong R&D', `credibility' and `sales representatives' knowledge') Merck, Lilly and Bristol Myers Squibb came first, second and third, just as in the corporate image ranking.

3.4 Customer/ 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 consumers 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.

3.4.1 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 reinforcement customers receive.

Davis (2000) supports this view, and in an article in *Brandweek* he outlines some very specific benefits tied to loyal customers. 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. Also de Chernatony and McDonald (1998) highlight the importance of loyal customer’s 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 sense 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.

3.4.2 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). 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) argues for the need to turn as many customers as possible into the most valuable categories - the *committed customers* and *the loyalists.*

3.4.3 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). 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 suppliers brand with a well-respected corporate image (de Chernatony and McDonald, 1998).

3.4.4 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:

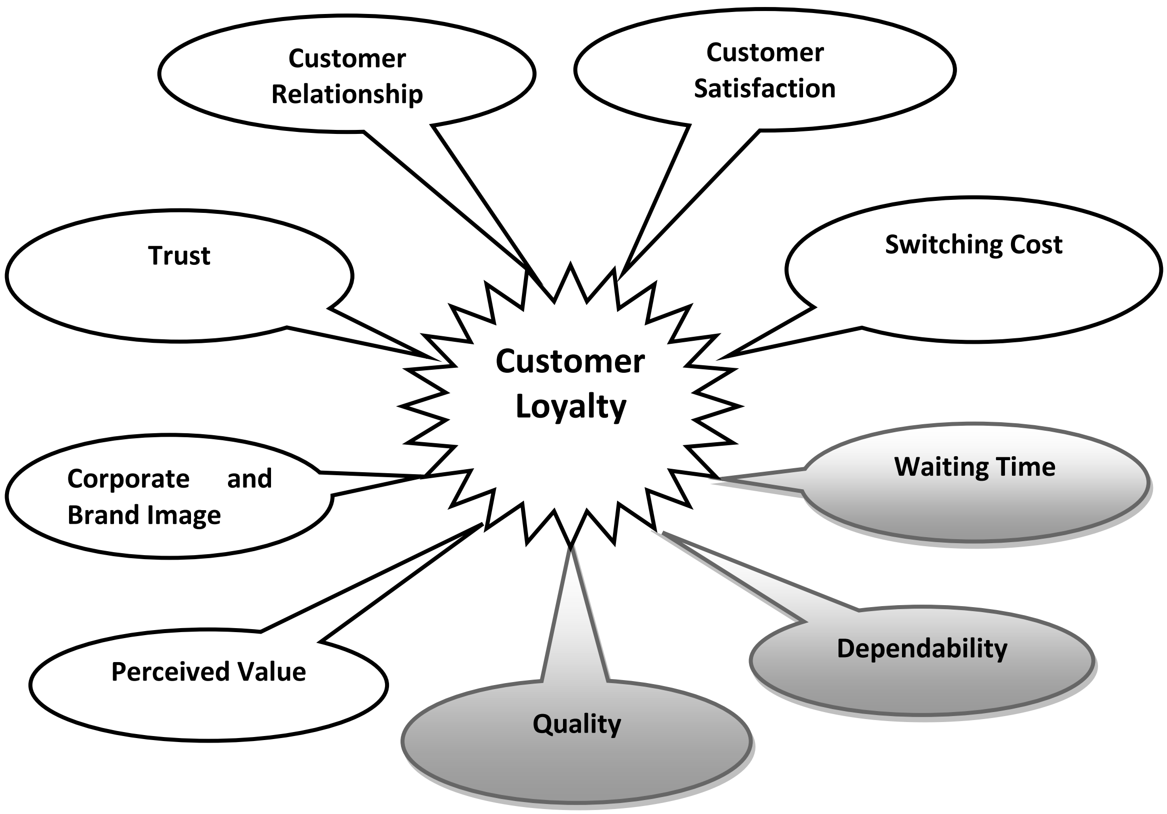
Popular belief and much of the writing and thinking about customers, centres around having them satisfied. The reality is, however, that customers who say they are satisfied are often just as likely to be disloyal as other customers .

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 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.

3.4.5 Drivers of Customer Loyalty

Since customer loyalty has become paramount for organisations, a major concern is to find out the determinants or drivers of customer loyalty. The marketing and service literature abound with studies which pointed out customer satisfaction as one of the prime determinants of customer loyalty (Parasuraman et al., 1988; Anderson and Sullivan 1993; Andreassen and Lindestad, 1998a; Cronin, 2000; McDougall and Levesque, 2000; Chiou et al. 2002; Lin and Wang, 2006; Chi and Qu, 2008; Heskett and Sasser, 2010). Customer satisfaction is considered a strong predictor of behavioural variables such as customer loyalty, word of mouth, repurchase intentions, etc. (Eggert and Ulaga, 2002). Many researchers as well as service profit chain literature have reported that there is a positive correlation between customer satisfaction, customer retention and customer loyalty which ultimately leads to profitability (Heskett et al., 1994; Parasuraman et al., 1988; Anderson and Sullivan, 1993; Hallowell, 1996; Mittal and Kamakura, 2001). Service quality has also been associated with customer loyalty. While some researchers have reported that customer satisfaction exerts a stronger influence on purchase intentions than service quality (Cronin and Taylor, 1992), others provided strong empirical evidence supporting the notion that service quality increases customer intentions to remain with a company. For instance, Buzzell and Gale (1987) have found that service quality results in repeated sales and increased market share, which leads to customer loyalty. A research by Zeithaml et al. (1996) concluded that when organisations enhance the quality of their services, customers' favourable behavioural intentions are increased while unfavourable intentions are decreased simultaneously. Corporate and brand image have also emerged as determinants of customer loyalty (Gronroos, 1988, Andreassen and Lindestad, 1998b). According to Anderson et al. (1994), higher levels of customer satisfaction increases loyalty by building a positive corporate image. Andreassen's study (1999) has also confirmed that there is a positive relation between corporate image and customer satisfaction, which leads to loyalty.

Figure 3-7 Main Drivers of Customer Loyalty



Adopted from Kumar, Batista, and Maull (2011)

Further studies have also concluded that corporate image plays a significant role in developing customer loyalty amongst existing customers (Andreassen and Lindestad, 1998a, 1998b). Perceived value expressed as the ratio of perceived benefits to perceived costs is also considered as a determinant of customer loyalty (Zeithaml, 1988; Costabile, 2000; Lam et al. 2004). Customers develop loyalty towards a particular firm when there is a feeling that they are receiving greater value as compared to competitor firms (Bitner and Hubbert, 1994; Sirdeshmukh, et al. 2002). A study by Lam et al. (2004) showed that customer value positively correlates with customer satisfaction and customer loyalty. Other studies showed that trust directly and positively influences customer satisfaction and customer loyalty (Costabile, 2000; Chiou, 2004). For Gommans et al. (2001) trust is a crucial factor that leads to customer loyalty. This issue was further explored by Lin and Wang (2006) who argued that trusting beliefs lead to positive attitudes (customer satisfaction), which, in turn, influence intention to engage in repeated purchases (customer loyalty). They have also posited customer satisfaction as a mediating variable between trust and customer loyalty. It has been also found that the development of good relationships with customers also plays a key role in generating customer loyalty. For Buttle (1996), marketing concerns have progressively shifted from developing, selling, and delivering products/services to developing and maintaining a mutually satisfying long-term relationship with customers. Enduring relationships with customers provide a unique and sustained competitive advantage that is hardly duplicated by competitors. Such a strategic orientation is reputed to improve customers' satisfaction and loyalty as well as raising financial performance (Andreassen, 1994). Switching cost has also emerged as one of the factors that affect loyalty (Zeithaml, 1981; Gronhaug and Gilly, 1991; Heide and Weiss, 1995). Switching costs involve investment of time, money, and psychological effort. Due to these factors customers are likely to refrain from shifting to another supplier of the same product/service (Guiltinan, 1989; Dick and

Basu, 1994). Lam et al. (2004) have found that switching cost is positively correlated to customer loyalty and it also affects customers' tendency to recommend other customers.

3.4.6 Customer loyalty in the pharmaceutical industry

How is loyalty created?

A key question in this research study 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 portfolio of information that comes from a variety of sources such as the educational training of the doctor, advice from colleagues, scientific journals, government leaflets, practice 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 Medical 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, is heavily dependent on reliability and reputation of the product and corporate brand. Doctors develop an impression of companies based on the experience in dealing with them as well as the general reputation of the company 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. 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 company's 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).

Corporate image and loyalty

In resent 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 resulting prescription behaviour was investigated. In a point-in-time analysis, the paper discusses the extent to which physicians are satisfied with the performance of specific companies and whether there is a causal relationship between the physicians satisfaction perception and the market performance of the company measured by sales and market share. 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 Medical Representative to cultivate the relationship.

The study showed a clear indication of a positive relation between satisfaction with services and financial success. It is conclude that provided adequate product quality, the main factors influencing prescribing behaviour is the level of service quality and the performance of Medical Representatives. The MRs 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?

Relationship of corporate reputation to the success of a brand

Corporate Reputation has never been considered so important than it is today. In the recent years it is not just the markets, which have, nose-dived in the corporate world but it is the corporations themselves. Scandals such as that of Enron and WorldCom have seriously hampered the trust among stakeholder groups and widespread public skepticism about company ethics. If we look at the case of Andersen, the major reason why the company ceases to exist is because of the negative reputation that built up over a short period of time. Since the mid-1980s senior managers have recognized the strategic necessity of building and sustaining a favourable corporate reputation to create corporate competitive advantage. This recognition has been reflected by a wealth of academic publications that have highlighted the value of a favourable corporate reputation as a means of enhancing an organisation's financial value, influencing intention to buy, acting as a mechanism for assuring product/ service quality, influencing customer and employee loyalty, and offering inimitability to the organisation.

Indeed it proven by from many studies that increasing number of companies are aware that a favorable corporate image can provide a company with a distinctive and credible appeal (Worcester, 1986; Hall, 1993; Markwick & Fill, 1997; Greyser, 1999). Companies can no longer rely on their products and services as a means of effective differentiation and added value. This is due partly to the convergence of capabilities and standards of quality and partly due to the increasing requirements for accountability and transparency. Developing a positive corporate image is regarded by many as a more effective form of differentiation and a source of completion. The creation of a suitable image through identity management requires a substantial investment, in both time, management effort and financial resources. The increasing attention given to corporate image is illustrated by the vast amounts of money now being spent by businesses in developing their corporate identities. Mergers or privatization are often the instigating factors for the new identities, but the advent of consumerism in the industry and other pressures mentioned earlier mean that pharmaceutical companies are using their identities more prominently to endorse their products. New audiences provide fresh opportunities for companies to promote their identity. Communicating with multiple audiences, however, also brings an increased risk of communicating inconsistent messages as different audiences need to receive different messages. Efficient identity (or reputation) management is essential to secure a uniform and consistent image. A fragmented image may not only damage reputation but could compromise the whole communication effort. The profound changes in the industry have driven increased company interest in the perceptions held by key stakeholders and the value of a favorable corporate image.

In regard to pharmaceutical companies many now also accept the importance of identifying the key attributes that are used by various stakeholder groups, to form an image of a company. The success of those companies will be based on their ability to formulate marketing communication strategies to communicate consistently and effectively with both existing and newly empowered customer and other stakeholders. As there is always some risk involved in the prescription and use of drugs, the manufacturer's name and drug creator can be an important risk reduction mechanism for a prescriber (Corstjens, 1991). It takes time to create a favorable image and good reputation in the minds of prescribers but, once established, it is generally accepted that it generates a form of competitive advantage. Neadle (1964) found a strong correlation between a favorable company image and the prescribing of its products.

Huston (1993) reported that in a study carried out by Scott-Levin Associates, 80 per cent of general practitioners stated they base their drug selection on their opinion of the manufacturer when choosing between similar brands. The study confirmed that a good image does translate into increased prescribing of a product.

The Relative importance of the attributes of across the countries

The study compiled by comparisons with the surveys conducted in 1993 (USA) and 1997 (Greece) must be made cautiously if only for the significantly different sample sizes and the inherent contextual dissimilarities. Many pharmaceutical company headquarters are based in the USA, and only local subsidiaries of pharmaceutical nationals are based in Greece. Interestingly, the UK market contains a mixture of these two situations. This raises the issue of possible response bias due to `familiarity breeding favorability.' However, the basic results are set out in the given table. Finally, the secondary research data are concerned with the ethical products a company produces; the primary research data may, however, have considerations based on both ethical and OTC products. The corporate images formed by the two stakeholder groups may therefore be influenced by different business sectors of the company. UK general practitioners and pharmacists perceive Drug Effectiveness to be the most important attribute in the formation of corporate image, which corresponds with the perceptions of general practitioners as reported in the 1997 Greek study. Strong R&D was ranked the most important in the US survey, but this may be considered a comparable response as competitive advantage can be created through a constant stream of innovative products. Thus strong R&D will help to ensure the quality and effectiveness of the drugs produced, contributing to the formation of a favorable image. UK pharmacists consider value for money to be the second most important image component, while UK general practitioners consider it fourth in its ability to influence image. In the Greek study, general practitioners ranked the importance of this attribute second, as did the US study termed `sensitivity over pricing concerns.' It is possible that this attribute is not perceived to be as important by UK general practitioners, as they have only recently become actively involved in the management of practice budgets, through primary care groups, and are therefore less aware of individual drug costs. This may become increasingly influential as cost containment pressures, such as formularies, continue. Practices of a similar nature have already been established in the USA and Greece for the past few years, perhaps raising sensitivity to this concern in these markets. Pharmacists, however, will be very much more aware of the cost of individual treatments through the nature of their work and are possibly better placed to make an informed judgment regarding this attribute. UK general practitioners ranked the Relationship with Representative as the second most important attribute. Companies rely on this marketing communications tool, which absorbs most of the promotional spend, to communicate with general practitioners, as they do not have the communication freedom enjoyed in the US market. Representatives have also traditionally been a `source of gifts' to general practitioners, although General Medical Council legislation is now in place regarding this practice (ABPI, 1994), it may however still lead to representatives being perceived as a memorable promotional tool. UK general practitioners and pharmacists consider the Level of R&D Investment as the third most important image component, and US general practitioners consider it the most important influence in image formation; it was ranked fourth in the Greek study. Judgments for this attribute ranking are unlikely to be based on accurate knowledge of the level of R&D investment as mentioned earlier. As most of the Greek companies are only local subsidiaries, R&D is more likely to be carried out at headquarters, generally the USA or UK, and communication of the R&D process may not be as efficient or prominent therefore in Greece. The `credibility' of a company is ranked third in the US survey. Credibility is defined as `worthy of belief' in the English dictionary, and can be applied to the many aspects of the company, regarding, for example, its communications or its ability to innovate. The Greek study ranked `relationship with representatives' third, and the US study ranked `knowledge of sales representatives' fourth. This reflects the considered importance of this promotional tool by all general practitioners, regardless of country boundaries. UK general practitioners ranked the `Cost and effect' of a drug the fourth most important component of corporate image and pharmacists ranked `Efforts to train staff' fourth. US general practitioners ranked the `Knowledge of sales representatives' fourth, not as highly as UK general practitioners. This could indicate that US companies are not as reliant on this promotional tool to reach general practitioners, choosing more cost effective methods of communication. However, it is still considered to be an important influence on corporate image formation. Finally, the least important attribute, as perceived by UK general practitioners and pharmacists, are `Efforts to train staff' and `Relationship with Representatives' respectively. In the Greek study the fifth most important attribute was `Clinical Trials', an attribute not used in this study. It might however, be interpreted under the umbrella of `Level of R&D Investment', thus reinforcing the universal importance of this attribute. Further research in this area would seem necessary, not only to verify these findings but to explore in greater detail the content of representatives visits and their impact on prescribing behavior and perceptions of pharmaceutical companies.

A study by MORI (1995) indicated that pharmaceutical companies need to increase awareness of the industry and its players significantly and improve consumer perceptions of pharmaceutical companies. Public perception of the pharmaceutical industry is that it is greedy and self-serving (Willis, 1999). In 1995, Key Note Consumer Research commissioned Social Surveys (Gallup Poll) Ltd to conduct research into `Attitudes to the Pharmaceutical Industry' (Keynote, 1995). The survey found that 58 per cent of consumers would be prepared to treat themselves for minor illnesses; another indication, therefore, that there are significant commercial opportunities for pharmaceutical companies to promote their corporate identities and attempt to create a favorable image. The survey reported by Huston was undertaken by **Scott-Levin Associates,** and involved 5,317 general practitioners and 16 other stakeholder groups, including pharmacists and consumers. This study was used as a framework in a smaller, yet more recent study of corporate image among general practitioners of pharmaceutical companies operating in Greece (Fill & Dimopoulou, 1999). In the light of the research undertaken in the USA and Greece, and the changing consumer and environmental conditions discussed earlier, it felt appropriate to establish the relative importance of the corporate image components to key stakeholder groups in the pharmaceutical industry, and to evaluate the performance of selected companies against those elements. To accomplish this it was necessary to investigate the images held by both general practitioners of pharmaceutical companies operating in India

3.4.7 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 Medical 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.

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.

CHAPTER 4

10 STUDY DESIGN-METHODOLOGY AND PROPOSITION

STUDY DESIGN-METHODOLOGY AND PROPOSITION

The present research study was undertaken to determine and rank the attributes currently used by prescribers and to develop the findings from the Scott-Levin study. It was decided that rather than attempt a replication of the study it would be beneficial to examine a part of the Indian pharmaceutical market and to consider prescribers' perceptions across those with similar training and cultural backgrounds. This approach allowed for a more contextually consistent and controlled study.

4.1 Research objective

The aim of the research is to further investigate the key issues and opinions derived from the literature review. The main objective of the study is to examine the concept of corporate branding and corporate image attributes and its effect on customer loyalty with reference to pharmaceutical industry.

The research objectives are:

- ✓ To identify the key attributes important to corporate image building (corporate branding) and rank these according to the relevance.
- ✓ To assess the effects of various marketing activities on the physicians prescribing behaviour.
- ✓ To evaluate the effect of a corporate image on customer loyalty.
- ✓ To provide new perspectives in areas of improvements and recommendations.

4.2 Statement of Hypothesis

After literature review and in pursuance of the objectives of the study, the following hypothesis were formulated.

In tune with second objective the following hypothesis were formulated.

H_o: The Physician's prescribing behaviour is not affected by various marketing activities of Pharmaceutical companies.

H_1: The Physician's prescribing behaviour is affected by various marketing activities of Pharmaceutical companies

Therefore, in tune with third objective the following hypothesis was formulated for the study and this particular proposition is the focal point and soul of the entire research study.

H_o: Corporate image and customer loyalty are dependent on each other

H_1: Corporate image and customer loyalty are independent of each other

Thus, in tune with forth objective the following hypothesis was formulated for the study.

H_o: Negative impact on loyalty is not caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives.

H_1: Negative impact on loyalty is caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives

In order to achieve the objective, in depth field research amongst a group of selected General Practitioners were conducted and different statistical methods are used for testing the above hypothesis.

4.3 Research Approach & choice of method

Due to the complexity of the branding issues and the aim to go behind the widespread political correctness characterizing the attitude of general practitioner, a descriptive research method were chosen. The study is based on quantitative questionnaire as this method is perceived to be more appropriate to quantify the exact set of attitudes and depicting ideas and thoughts behind the specific replies.

4.4 Data collection and sample characteristics:

The primary data is collected through the questionnaire. The initial contacts with the physicians were done by doing direct cold calling to their clinics or hospitals. The researcher has briefly explained the purpose of the research study and the subject to be covered, but tried not to go into any details, as it might influence the physician's perception. The questionnaire was got filled in the doctors clinics in order to ensure a relaxed atmosphere and to limit the disruption of their time schedule also to extract qualitative information and to observe the surrounding atmosphere in the clinics or hospital. 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 discussion were lasted for approximately 15 to 20 minutes, and at the end of the personal interview, researcher has given the declaration letter for maintaining confidentiality of the information to the doctors.

The Researcher has also utilized secondary data for building the field research study; various sources are used for collecting the data they are as follows

- ✓ Centre for Monitoring Indian Economy (CMIE)
- ✓ Monthly index of Medical specialist (MIMS India)
- ✓ Express Pharma Magazine
- ✓ Pharmabiz Portal
- ✓ Bulletin of Pharmaceutical Manufacturers Association
- ✓ Circulars of Food and Drug Administration
- ✓ Also the books and periodicals referred from Library of different colleges and management institutes.

4.5 Designing the research instrument:

The research instrument used for the study was the questionnaire and it was designed on the basis of literature finding and inputs from practicing manager of the pharmaceutical industry. The framing of each question's was on the basis of the literature findings to explore the practical thinking on these issues and enable a comparison of real life findings with the theory. Researcher has developed the questionnaire and included target questions (structured and presented to participants with fixed set of choices) address to investigative questions for this specific study. Researcher believes that dichotomous questions and multiple choice questions are appropriate where there are more than two alternatives or where we seek gradations of preference, interest or agreements. In some instances the researcher 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 researcher was aware of not asking leading questions in order to limit any biases. The initial few questions in the questionnaire comprises general questions about branding and customer loyalty, the purpose 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. The questionnaire includes some more specific questions regarding company images, brand attributes, the drivers of customer behaviour and loyalty and the relationship between these issues. The objective 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 any differences and causes. Furthermore, the aim was to determine the underlying beliefs that guide the formation of corporate brand perceptions in the doctor's mind, to what extent they link the corporate perception to products and vice versa, and how this influences their prescribing behaviour and loyalty. The respondents were asked to choose the option for their response. The questions were explained where the respondents did not understand the.

4.6 Sample size and selection

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

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

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

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

4.7 Pilot study

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

4.8 Data Processing and analysis:

Data is processed with the help MS Excel, & MS Word, subsequently questionnaire was tabulated and written down by the researcher and the results were compared and merged. Data were analyzed by preparing response sheet and then by using statistical techniques like graphical analysis, measures of central tendency, measures of dispersion, correlation and regression analysis, t-test and chi-square test for independence and ultimately verified the stated proposition.

4.9 Limitations of the study*:*

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

- Time and budget restricted the number of participants in the present research study leading to a sample size that may not statistically significant.
- The present research is a point in time analysis and thus represents only a snapshot in time on the topic of corporate branding in the pharmaceutical industry.
- Non-availability of some of the data and information required. However every sincere effort has been carried out to collect the required data from different sources.

- Denial of General Practitioners for furnishing the information due to there hectic schedule.
- Due to the word count limit of the thesis it was necessary to leave out some related 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.
- Physical and financial constraints of the individual researcher definitely create certain difficulties for such type of vast research.

Despite the limitations of the research work it is perceived to provide valid and representative data of the study population that is going to contribute to further clarification on the research area.

CHAPTER 5

5 EMPIRICAL DATA ANALYSIS AND INTERPRETATION

EMPIRICAL ANALYSIS AND INTERPRETATION

5.1 Sales data analysis

The pharmaceutical companies) ranking is assessed on the basis of the total sales of pharmaceutical for ten years. This pragmatic sales ranking, which is based on total sales for 10 years, is compared with the field research ranking which is based on corporate image of pharmaceutical company.

Table 5-1 Sales of pharmaceutical companies operating in Maharashtra

Figures are in Rs. Crore

Company Name	Total sales for 10 years	Ranking
Cipla Ltd.	21462.46	1
Glaxosmithkline Pharmaceuticals Ltd.	14451.76	2
Piramal Healthcare Ltd.	12128.18	3
Lupin Ltd.	10911.15	4
Wockhardt Ltd.	8575.39	5
Aventis Pharma Ltd.	7795.05	6
Ipca Laboratories Ltd.	6699.72	7

Novartis India Ltd.	6801.59	8
Pfizer Ltd.	5834.28	9
Abbot India Ltd	4662.19	10

Source: Compiled from Center for Monitoring Indian Economy (Prowess database)

Sales of Pharmaceutical Companies

Figures are in Rs. Crore

Company Name	Mar-98	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08	Total sales	Ranking
Cipla Ltd.	515.92	623.64	771.65	1063.72	1400.72	1572.98	2055.7	2401.17	3103.81	3657.95	4295.24	21462.46	1
Glaxosmithkline Pharmaceuticals Ltd.	762.41	879.51	903.08	952.01	1120.17	1167.89	1209.5	1490.89	1593.86	1710.82	2661.62	14451.76	2
Piramal Healthcare Ltd.	534.64	441.79	489.71	574.63	960.8	1153.92	1444.5	1309.61	1508.46	1708.79	2001.32	12128.18	3
Lupin Ltd.	91.71	109.21	66.26	810.83	878.25	1008.49	1197.3	1218.58	1717.43	2051.7	1761.39	10911.15	4
Wockhardt Ltd.	295.05	403.5	862.87	558.48	649.43	741.64	767.08	881.55	928.36	1078.72	1408.71	8575.39	5
Aventis Pharma Ltd.	565.12	534.96	538.61	419.37	598.03	669.14	709.68	793.56	868.47	951.81	1146.3	7795.05	6
Ipca Laboratories Ltd.	291.72	343.98	368.81	396.08	455.75	519.38	661.31	733.67	820.42	988.64	1119.96	6699.72	7
Novartis India Ltd.	680.68	765.99	845.2	457.74	481.72	488.29	523.1	490.09	543.75	563.9	961.13	6801.59	8
Pfizer Ltd.	167.2	267.9	333.99	374.49	410.33	696.74	588.4	684.83	724.15	791.98	794.27	5834.28	9
Abbot India Ltd	278.33	299.17	329.95	382.43	372.36	425.58	446.78	474.01	471.69	542.62	639.27	4662.19	10
Glenmark Pharmaceuticals Ltd.	80.41	99.37	145.35	192.87	261.36	333.65	381.42	538.13	620.83	838.76	593.91	4086.06	11
Unichem Laboratories Ltd.	159.8	185.03	206.54	249.34	301.77	325.53	387.86	422.02	477.71	562.41	578.67	3856.68	12
J B Chemicals & Pharmaceuticals Ltd.	189.66	154.71	177.22	239.39	283.02	299.04	320.98	377.27	480.99	547.1	576.39	3645.77	13
Merck Ltd.	223.1	260.84	279.8	315.95	341.65	385.56	404.06	418.39	438.09	371.66	567.1	4006.2	14
F D C Ltd.	110.35	141.67	147.69	167.24	202.1	238.16	305.6	354.78	378.73	470.24	526.59	3043.15	15
Wyeth Ltd.	219.51	255.58	261.87	297.01	307.88	335.77	351.88	289.92	315.74	318.62	524.89	3478.67	

Strides Arcolab Ltd.	N/A	107	155.18	174.06	230.14	N/A	275.91	305.93	331.25	455.41	415.45	2450.33	
Elder Pharmaceuticals Ltd.	N/A	136.84	170.62	187.44	201.73	233.43	269.65	304.86	383.05	463.68	361.89	2713.19	
Aarti Drugs Ltd.	124.32	132.42	137.97	149.92	174.61	192.14	237.7	265.27	279.14	313.3	357.65	2364.44	
Ajanta Pharma Ltd.	121.24	139.77	159.7	80.37	73.17	102.44	120.65	178.8	212.37	247.17	335.85	1771.53	
Brabourne Enterprises Ltd.	216.36	244.5	208.07	N/A	328.76	182.26	132.63	138.83	160.78	130.25	298.35	2040.79	
Fulford (India) Ltd.	112.6	128.29	122.7	134.49	140.41	94.7	130.51	131.79	151.97	155.04	291.69	1594.19	
Indoco Remedies Ltd.	N/A	73.09	99.26	123.3	127.73	132.6	147.03	178.43	217.25	270.35	272.05	1641.09	
Kopran Ltd.	N/A	293.3	157.36	200.93	233.89	133.1	151.67	110.43	135.73	N/A	243.35	1659.76	
R P G Life Sciences Ltd.	216.36	244.5	207.74	N/A	328.47	181.39	132.63	N/A	N/A	N/A	212.98	1524.07	
Ankur Drugs & Pharma Ltd.	0	0.05	1.77	4.02	3.86	20.7	61.26	87.52	149.04	376.53	202.07	906.82	
Marksans Pharma Ltd.	12.35	22.4	36.61	54.4	64.07	60.66	80.19	247.59	298.45	240.34	183.18	1300.24	
Zandu Pharmaceutical Works Ltd.	99.32	115.58	109.68	103.06	113.67	113.38	123.91	113.83	129.8	147.35	177.26	1346.84	
Emtex Industries (India) Ltd.	130.51	166.43	208.37	229.33	186.96	165.13	54.96	38.49	40.85	49.41	174.38	1444.82	
Twilight Litaka Pharma Ltd.	30.31	96.69	31.87	48.57	54.81	62.59	61.16	75.5	163.01	202.53	171	998.04	
Parenteral Drugs (India) Ltd.	N/A	64.23	70.77	69.79	89.11	48.38	96.76	105.82	132.3	173.46	154.76	1005.38	
K D L Biotech Ltd.	N/A	N/A	118.07	159.45	170.95	168.94	132	N/A	60.24	N/A	139.37	949.02	
German Remedies Ltd. [Merged]	165.7	200.74	223.45	230.97	222.4	N/A	N/A	N/A	N/A	N/A	127.8	1171.06	
Amar Remedies Ltd.	N/A	4.64	6.76	10.86	17.97	27.15	73.6	82.21	106.78	167.14	117.18	614.29	
Solvay Pharma India Ltd.	N/A	N/A	N/A	74	85.66	68.61	106.94	127.73	141.91	157.49	116.14	878.48	
Wanbury Ltd.	13.3	10.52	10.71	10.43	16.55	25.14	55.15	76.29	115.71	153.57	102.66	590.03	
Merind Ltd.	N/A	230.06	190.82	45.4	69.77	46.09	58.11	55.13	38.11	N/A	95.24	828.73	
Sharon Bio-Medicine Ltd.	N/A	N/A	N/A	N/A	N/A	18.22	19.73	23.66	36.9	89.11	94.54	282.16	
Hiran Orgochem Ltd.	12.71	23.08	28.5	39.42	37.78	30.08	38.75	61.29	121.67	115.41	94.45	603.14	
Mangalam Drugs & Organics Ltd.	N/A	N/A	N/A	N/A	68.64	77.28	80.6	90.22	103.62	88.67	91.8	600.83	

Anuh Pharma Ltd.	16.62	13.08	19.56	31	33.82	37.13	55.55	53.96	82.02	87.4	73.89	504.03	
Syncom Formulations (India) Ltd.	23.64	32.07	44.36	46.92	44.01	34.27	48.41	56.46	57.48	64.43	73.52	525.57	
Fem Care Pharma Ltd.	14.89	21.85	27.45	34.26	35.77	37.12	42.23	48.91	56.12	70.06	72.65	461.31	
Transchem Ltd.	21.2	27.26	40.63	39.88	35.77	45.33	45.36	53.51	63.13	77.88	56.95	506.9	
Vitara Chemicals Ltd.	268.05	199.45	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	55.46	522.96	
Makers Laboratories Ltd.	15.75	24.85	33.73	38.35	36.39	38.04	42.07	42.92	38.18	49.01	51.85	411.14	
Gufic Biosciences Ltd.	N/A	N/A	N/A	22.35	37.75	42.73	48.92	56.03	62.09	55.63	48.96	374.46	
Smruthi Organics Ltd.	12.38	19.28	23.58	32.58	32.39	31.32	36.56	31.44	49.29	53.94	43.7	366.46	
Muller & Phipps (India) Ltd.	20.37	31.55	56.69	45.39	36.77	25.39	23.33	16.77	24.7	43.28	43.47	367.71	
Sanjivani Paranteral Ltd.	8.13	12.38	15.86	20.1	19.08	12.05	13.16	30.81	54.38	69.44	40.21	295.6	
Elder Health Care Ltd.	16.5	15.06	18.26	18.38	14.8	21.47	21.53	23.01	41.35	48.54	28.67	267.57	
Indo Amines Ltd.	2.36	1.69	4.38	4.57	7.09	12.05	21.75	33.28	51.22	74.96	25.05	238.4	
Kilitch Drugs (India) Ltd.	13.34	16.13	14.65	12.89	5.97	9.35	17.97	26.31	29.07	32.38	22.27	200.33	
Jenburkt Pharmaceuticals Ltd.	11.66	13.96	16.13	18.47	20.84	24.69	25.75	26.11	31.63	37.96	15.87	243.07	
B D H Industries Ltd.	21.42	23.74	18	30.19	23.47	20.89	15.18	25.44	25.87	21.35	13.05	238.6	
Eupharma Laboratories Ltd.	N/A	121.75	47.31	31.37	2.87	2.57	N/A	N/A	N/A	N/A	8.44	214.31	
Bliss G V S Pharma Ltd.	2.56	2.33	3.08	2.54	3.18	2.84	3.42	4.63	5.99	62.9	6.13	99.6	
P I Drugs & Pharmaceuticals Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	20.09	26.1	32.64	40.19	5.55	124.57	
Resonance Specialties Ltd.	16.91	28.6	24.54	14.89	12.5	7.42	12.01	11.57	14.92	19.91	5.09	168.36	
Elder Projects Ltd.	7.77	14.43	18.2	20.03	20.63	24.47	24.71	18.27	12.15	3.1	3	166.76	
Veronica Laboratories Ltd.	5.17	7.65	25.54	19.31	22.77	28.43	N/A	N/A	N/A	N/A	1.25	110.12	
Nutraplus Products (India) Ltd.	6.31	6.28	2.18	2	8.17	9.1	10.55	11.13	13.47	15.2	0.28	84.67	
Chemox Chemical Inds. Ltd.	81.98	2.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.26	84.74	

Aarey Drugs & Pharmaceuticals Ltd.	N/A	N/A	N/A	N/A	N/A	0.58	0.1	1.72	25.95	23.04	N/A	51.39	
Gran Heal Pharma Ltd.	21.8	22.75	28.91	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	73.46	
N G L Fine-Chem Ltd.	2.95	0.14	0.22	1.31	0.94	1.45	3.69	10.33	12.12	20.22	N/A	53.37	
Colinz Laboratories Ltd.	2.72	2.99	3.61	4.13	4.27	4.98	5.44	6.33	5.43	6.22	N/A	46.12	
Kappac Pharma Ltd.	5.55	5.21	5.98	6.26	6.77	7.57	6.71	3.52	0.76	0	N/A	48.33	
Auro Laboratories Ltd.	5.96	4.39	7.68	3.96	1.28	1.36	2.03	2.76	4.5	5.17	N/A	39.09	
Principal Pharmaceuticals & Chemicals Ltd.	7.61	10.18	12.28	10.06	1.51	1.3	0.22	0.21	0.26	0.24	N/A	43.87	
P C I Chemicals & Pharmaceuticals Ltd.	22.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22.6	
Chemox Laboratories Ltd.	14.64	2.76	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17.4	
Sarvodaya Labs Ltd.	17.34	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17.34	
Chiplun Fine Chemicals Ltd.	3.29	N/A	2.61	2.72	2.57	2.96	3.1	N/A	N/A	N/A	N/A	17.25	
Emmessar Biotech & Nutrition Ltd.	0.61	0.65	1.37	0.71	1.47	0.96	0.98	0.66	0.57	1.47	N/A	9.45	
Triochem Products Ltd.	5.16	1.13	0.87	0.9	0.57	0.39	0.15	0.29	0.15	0.58	N/A	10.19	
Vardhaman Laboratories Ltd.	0.63	0.47	N/A	0.57	0.42	0.32	0.45	0.43	0.36	N/A	N/A	3.65	
Ebers Pharmaceuticals Ltd.	0.87	0.43	0.14	0.34	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.78	

The brief corporate profile of these companies, which falls in top ten ranking in respect of sales is as follows:

Cipla Ltd

Cipla is the largest pharmaceutical company in India in terms of retail sales. Cipla manufactures an extensive range of pharmaceutical & personal care products and has presence in over 170 countries across the world. Cipla's product range includes Pharmaceuticals, Animal Health Care Products, OTC, Bulk Drugs, Flavours & Fragrances, and Agrochemicals. Cipla also provides a host of consulting services such as preparation of product and material specifications, evaluation of existing production facilities to meet GMP, definition of appropriate plant size and technologies etc. The origins of Cipla can be traced back to 1935, when Dr Khwaja Abdul Hamied set up "The Chemical, Industrial and Pharmaceutical Laboratories Ltd", popularly known by the acronym Cipla,

Cipla's products include:

Pharmaceuticals: Cipla manufactures anabolic steroids, analgesics/antipyretics, antacids, anthelmintics, anti-arthritis, anti-inflammatory drugs, anti-TB drugs, antiallergic drugs, anticancer drugs, antifungal, antimalarials, antispasmodics, antiulcerants, immunosuppressants etc.

Animal Health Care Products: These include: aqua products, equine products, poultry products, products for companion animals, and products for livestock animals. OTC: These include: child care products, eye care products, food supplements, health drinks, life style products, nutraceuticals & tonics, skin care products, and oral hygiene products.

Flavour & Fragrance**:** Cipla manufactures a wide range of flavours, which are used in foods and beverages, fruit juices, baked goods, and oral hygiene products.

GlaxoSmithKline India

Established in the year 1924 in India GlaxoSmithKline Pharmaceuticals Ltd. (GSK Rx India) is one of the oldest pharmaceuticals company and employs over 3500 people. Globally, it is £28.4 billion, leading, research-based healthcare and pharmaceutical company. In India, we are one of the market leaders with a turnover of Rs. 2080 crore and a share of 5.1%. At GSK, our mission is to improve the quality of life by enabling people to do more, feel better and live longer. This mission drives us to make a real difference to the lives of millions of people with our commitment to effective healthcare solutions.

- In India, GSK is one of the market leaders with a turnover of Rs. 2080 crore and a share of 5.1 percent [source: IMS Indian Purchase Audit (IIPA), Dec MAT 2010]
- GSK leads in several therapeutic segments - dermatology, anti-helmentics, hormones [source: IIPA,Dec MAT 2010]
- GSK has 7 products in the top 50 brands, and the top five GSK products are Augmentin, Calpol, Ceftum, Phexin, and Betnesol . [source: IIPA, Dec MAT 2010]
- GSK's vaccines division is ranked first in a fast-growing vaccines market. Some leading products in India are Havrix, Varilrix, Rotarix, Hiberix and Cervarix . [source: Vaccines audit Dec MAT 2010]

- GSK India's R&D centres at Thane and Nashik have been granted recognition by the Department of Scientific and Industrial Research, Government of India
- The number of clinical studies conducted in India is rapidly growing across a range of therapy areas
- GSK India's social responsibility programmes focus on development of under developed villages, women, children and aged, specifically in the areas of healthcare and education.

Piramal Healthcare Ltd,

Piramal Group Company is a globally integrated healthcare company that fulfills unmet medical needs across the world. It has a growth track record of above 29% CAGR since 1988. Piramal Healthcare had consolidated revenues of US$ 656 million in FY2009. PHL is currently ranked 4th in the Indian market with a diverse product portfolio spanning several therapeutic areas. It is also one of the largest custom manufacturing companies with a global footprint of assets across North America, Europe and Asia. At Piramal Healthcare, our core values of Knowledge, Action and Care propel us to improve the quality of lives by democratizing healthcare. Company aim to attain leadership in market share, innovation and profits by:

- Partnering the medical fraternity
- Building strong capabilities to deliver product and process innovations
- Attracting and developing the best in class talent

Lupin Laboratories Ltd.

Headquartered in Mumbai, India, Lupin Limited today is an innovation led transnational pharmaceutical company producing a wide range of quality, affordable generic and branded formulations and APIs for the developed and developing markets of the world. Dr. Desh Bandhu Gupta's vision and dream to fight life threatening infectious diseases and manufacture drugs of highest national priority led to the formation of Lupin in the year 1968. His Vision, his inimitable commitment and verve have steered Lupin to achieving the distinction of becoming one of the fastest growing Generic players globally. Lupin first gained recognition when it became one of the world's largest manufacturers of Tuberculosis drugs. Over the years, the Company has moved up the value chain and has not only mastered the business of intermediates and APIs, but has also leveraged its strengths to build a formidable formulations business globally.

In FY 2011, net sales grew by 20% to INR 57,068 Mn up from INR 47,736 Mn the previous year. The past performance record is best growth numbers in the industry - 27% CAGR in Gross Sales; 32% CAGR in EBITDA and 38% CAGR in PAT, for the last 6 years.

Lupin's world class manufacturing facilities, spread across India and Japan, have played a critical role in enabling the Company realizes its global aspirations. Benchmarked to International standards, these facilities are approved by international regulatory agencies like US FDA, UK MHRA, Japan's MHLW, TGA Australia, WHO, and MCC South Africa.

Wockhardt Ltd.

Wockhardt is a global, pharmaceutical and biotechnology company that has grown by leveraging two powerful trends impacting the world of medicine globalization and biotechnology. The Company has a market capitalization of over US$ 1 billion and an annual turnover of US$ 650 million. Wockhardt's pace of growth and momentum permeates every mindset, system and technology within the organisation.

Wockhardt today, is distinguished by a strong and growing presence in the world's leading markets, with more than 65% of its revenue coming from Europe and the United States. Wockhardt's market presence covers formulations, biopharmaceuticals, nutrition products, vaccines and active pharmaceutical ingredients (APIs).

Aventis Pharma Limited

It was incorporated in May 1956 under the name Hoechst Fedco Pharma Private Limited. Over the years, its name was changed to Hoechst Pharmaceuticals Private Limited, Hoechst India Limited and Hoechst Marion Roussel Limited. Aventis Pharma Limited in India provides medicines for the treatment of patients in several therapeutic areas: cardiology, thrombosis, oncology, diabetes, central nervous system and internal medicine.

Sanofi-aventis, one of the world's leading pharmaceutical companies, and its 100% subsidiary, Hoechst GmbH, are the major shareholders of Aventis Pharma Limited and together hold 60.4% of its paid-up share capital.

Ipca Laboratories Limited

Ipca Laboratories Limited is a fully backward integrated, Indian pharmaceutical company with a strong thrust on exports. It is the largest manufacturers of few APIs which we produce right from the basic stage. APIs and Formulations are produced at world-class manufacturing facilities. These facilities have been approved by leading drug regulatory authorities - US FDA, MHRA UK, TGA Australia, MCC South Africa, WHO Geneva, HPFB Canada, PMDA Japan, WHO Geneva, KFDA Korea, EDQM and LAGeSO Berlin MOH. Today, Company is therapy leaders in antimalarials and rheumatoid arthritis in the Indian market, with a fast expanding presence in international market as well. They have brand leadership in 4-5 therapeutic areas, for both Formulations and APIs. Four of our major branded Formulations are ranked among top 300 brands of India and we have emerged as one among the top exporters of APIs in the world.

Novartis India

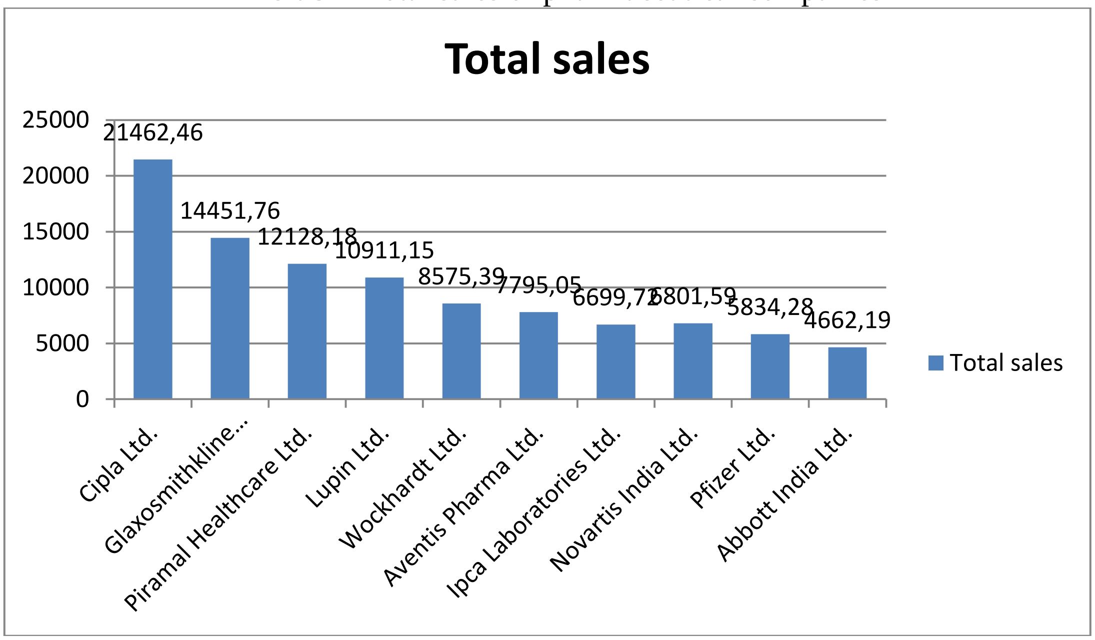
Novartis is a world leader in the research and development of products to protect and improve health and well-being. The company has core businesses in pharmaceuticals, vaccines, consumer health, generics, eye care and animal health.

Headquartered in Basel, Switzerland, Novartis employs nearly 115 000 people in over 140 countries worldwide to help save lives and improve the quality of life. The Group is present in India through Novartis India Limited, listed on the Mumbai Stock Exchange and its wholly owned subsidiaries Novartis Healthcare Private Limited, Sandoz Private Limited and Chiron Behring Vaccines Private Limited.

Novartis was created in 1996 through the merger of Ciba-Geigy and Sandoz, two companies with a rich and diverse corporate history. Throughout the years, Novartis and its predecessor companies have discovered and developed many innovative products for patients and consumers worldwide. The Group operates in India through four entities namely Novartis India Limited, listed on the Mumbai Stock Exchange, Novartis Healthcare Private Limited, Sandoz Private Limited and Chiron-Behring Vaccine Private Limited. In India Novartis has a presence in pharmaceuticals, generics (pharmaceutical products that are off patent), Vaccines, OTC (over-the-counter medicines), eye care and Animal Health.

Inference:

Exhibit 5-1 Total sales of pharmaceutical companies

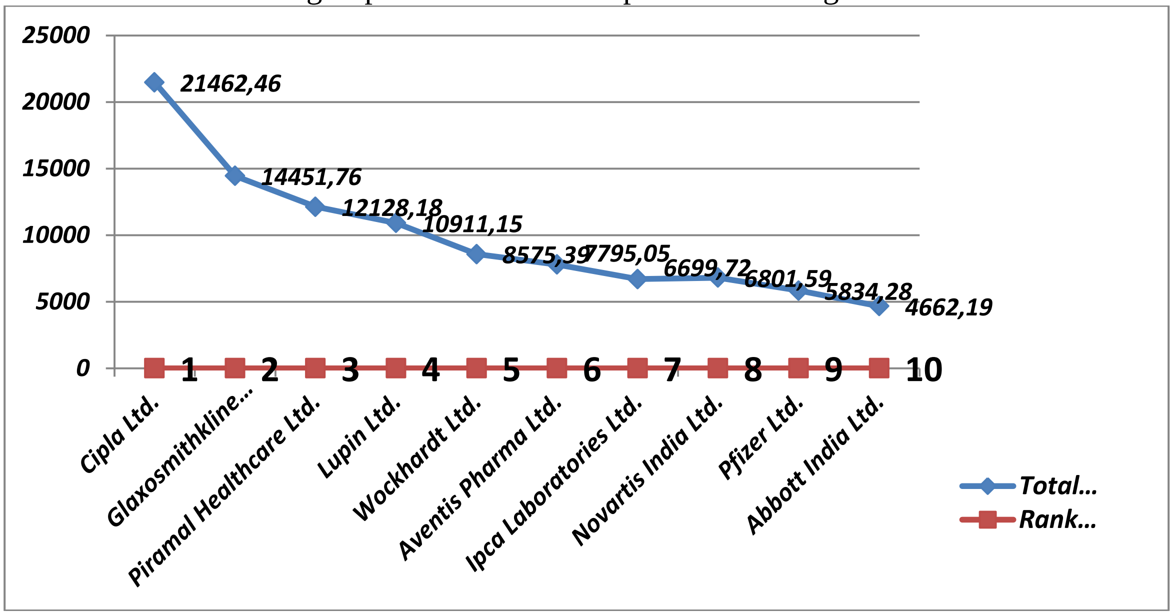


Source: Researcher own study

The complied and tabulated sales data of pharmaceutical companies depicts that Cipla is at the dominating position with total sales 21462.46, GSK has around 14451.76, Piramal Group has 12128.18, Lupin's total sales is 10911.15, Wockhardt with 8575.39, Aventis has 7795.05, Ipca's sales is 6699.72, then Novartis has 6801.59, Pfizer has 5834.28 and Abbott's total sales is around 4662.19. If we take reference of the total sales of each company, it seems that domestic pharmaceutical companies like Cipla, Piramal Healthcare, Lupin has achieved more sales than MNCs like Aventis & Novatis. GSK is quite consistent in achieving sales target comparatively others.

Ranking of pharmaceutical companies according to the total sales:

Exhibit 5-2 Ranking of pharmaceutical companies according to the total sales



Source: Researcher own study

The ranking of the pharmaceutical companies is developed according to the total sales for the ten years, The above chart demonstrates that the domestic pharmaceutical company Cipla rank first in top ten ranking, then multinational corporation GSK rank second, emerging pharma group Piramal healthcare rank third, traditional and brand leader in anti TB drugs Lupin rank forth, Wockhardt is fifth, Aventis is sixth, Novatis and Pfizer rank eighth & nine respectively and finally Abbottt rank last in the top ten listing. This particular ranking of pharmaceutical company (on the basis of total sales) will be reference point for comparing with ranking (On the basis of corporate image) of the field research.

5.2 Validity of the Questionnaire:

Validity of the questionnaire refers to the degree to which we are "measuring what we think of measuring". Insufficient validity means a research error when the research design is not able to accomplish what is required to be done. And high degree of validity reflects to accurate approximation to the real value.

The research instrument used for this research was questionnaire, which was administered during the survey. Before actually initiating the field research, the researcher has validated the questionnaire by following manner.

Face Validity:

This refers to the degree of fit between researcher's perception and the concept of the variables, which are operationalised through the questionnaire. The operational definition look on the face of the questionnaire as through, it measures the concept under study. Experts opinion was taken for establishing their viewpoints, wording and suggestions. The final validity was done through number of validation sessions after revision/refining of the questions.

In the questionnaire, Researcher has introduced the questions associated with the concepts corporate branding, customer loyalty etc. Also there sources of information is studied through one of the question. All of this has been included in the question no. 1,2,4,9 respectively. This part of questionnaire would help to respondent and to researcher to obtain the coordination between researcher's perception and the concept of the variables which have been involved in the study.

Criteria Related Validity:

Refers to the degree to which the measurements with the questionnaire are meaningfully related to the objective of the questionnaire. This validation was done with the active involvement of the experts and language/wording of the questions were corrected/refined.

Here the coordination with criteria is also achieved through the question no 3, 6,7,8,10,14. This section involves respondent's opinion or inclusion criteria regarding the creation of favourable corporate image. Also it involves the some issues/activities which would impact significantly. Moreover the ranking among the leading pharmaceutical companies is obtained from there responses. This section not only includes point regarding the positive/favourable issues for building corporate image but also it involves the responses related to the issues which creates the negative impacts on the corporate image. It also includes the impact of strong image on respondent's loyalty.

Content Validity:

Content validity is guided by the question. 'Is the content of this measure representative of the content, or universe of the content of the properly being measured"? Content validation is essentially judgmental. The experts examined the content of the questions also may be guided by experts. Accordingly the questions are revised/ refined to meet the above two aspects i.e. variables and objectivity.

Basically questions involved are directly or indirectly linked with the objectives of the study. The questions contributing in this section are question 5, 11,12,13,15 respectively. This includes the identification of the key attributes to important to corporate image building (corporate branding) and there ranking as per the relevance, also evaluation of the effects of corporate image on customer loyalty. Moreover it also give idea about effects of the various marketing activities on the physicians prescribing behaviour and finally it provides new perspectives in areas of improvements and recommendations.

5.3 Response Status:

In the following section the inferences in relation to the main questions of the interview will be presented in a condensed form. The finding is based on the frequency of the answers and hence expresses the overall importance sequence of the issues.

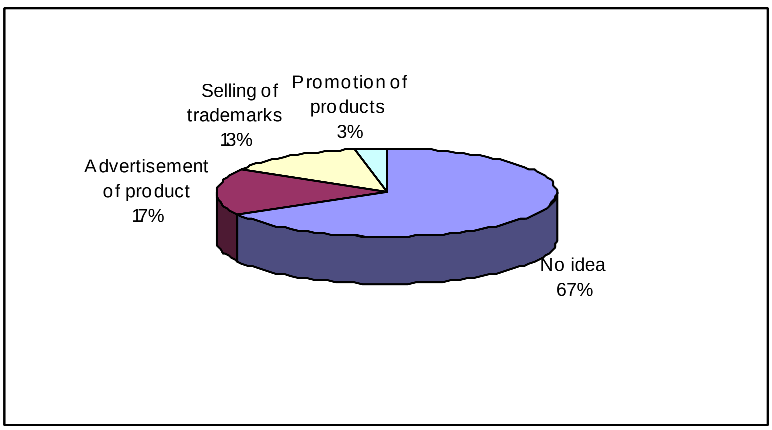
Q1: What do you associate with the term "branding"?

Table 5-2 Associate with the term 'Brand"

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	No idea	67	67.00%	67.00%
2	Advertisement of product	17	17.00%	84.00%
3	Selling of trademarks	13	13.00%	97.00%
4	Promotion of products	3	3.00%	100.00%

Source: Survey

Exhibit 5-3 Associate with the 'Brand"



Source: Survey

The purpose of including this preliminary question was to just to introduce the topic and to know respondents understanding about the buzzword 'branding'. About 67% respondents had 'no idea' of the meaning of the word branding, whereas 17% of the respondents considered it is advertisement of the product and 13% considered that it is selling of trademark.

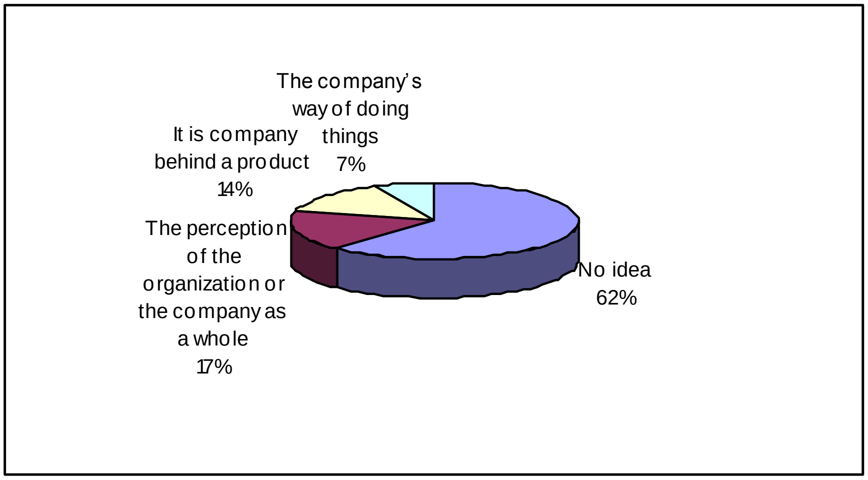
Q2: What do you associate with the term "corporate branding"?

Table 5-3 Associate with the term "Corporate branding"

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	No idea	62	62.00%	62.00%
2	Perception of the organisation or the company as a whole	17	17.00%	79.00%
3	It is company behind a product	14	14.00%	93.00%
4	Company's way of doing things	7	7.00%	100.00%

Source: Survey

Exhibit 5-4 Associate with the term "Corporate branding"



Source: Survey

The intention behind including this question was to introduce the corporate branding and to create background and setting the linkages for the succeeding questions. Nearly about 62% respondents had, no idea of the meaning of the word "Corporate branding', whereas 17% of the respondents considered it as 'company as a whole' and 14% considered as a 'company behind a product'.

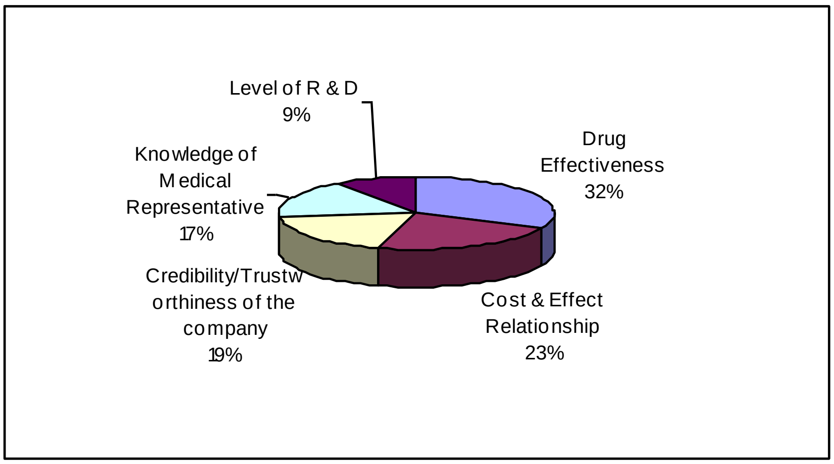
Q3: Please indicate your opinion according to the importance of the following attributes that create a favourable corporate image (corporate branding).

Table 5-4 Attributes that create a favourable corporate image

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

Source: Survey

Exhibit 5-5 Attributes that create a favourable corporate image



Source: Survey

According to the respondents the important attributes for creating a strong corporate image are shown in above table. Respondents considered ‘Drug Effectiveness’ and ‘Cost & Effect relationship’ are most important attributes for corporate image building with 32% and 23% respectively. Thereafter respondents ranked third with 19% to the Credibility/Trustworthiness of the company and ranked forth and fifth with 18% and 10% to the attributes ‘knowledge of Medical Representative’ and ‘Level of R & D’ respectively of the company.

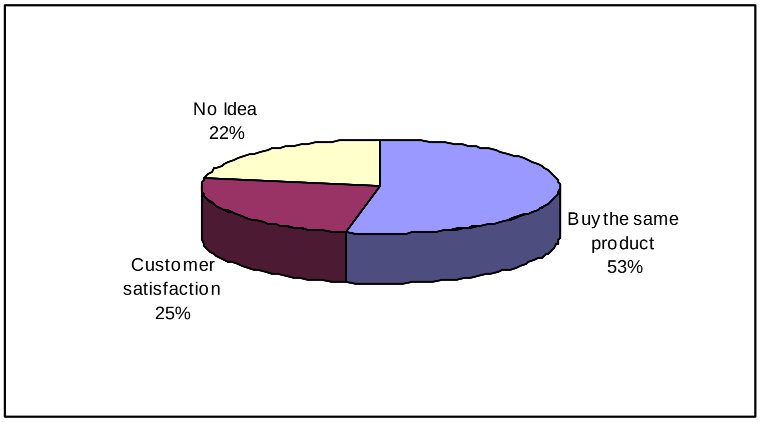
Q4: What do you associate with loyalty?

Table 5-5 Associate with loyalty

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Buy the same product	53	53.00%	53.00%
2	Customer satisfaction	25	25.00%	78.00%
3	No Idea	22	22.00%	100.00%

Source: Survey

Exhibit 5-6 Associate with loyalty



Source: Survey

The respondent's perception of customer loyalty is summarised in above table. All respondents replied to the question, most of the respondents with 53% perceived loyalty to be equivalent to buy the same product's due to familiarity with the product, 25% respondents associated loyalty with customer satisfaction and 22% respondent s have replied that they have no idea about the customer loyalty. Here more than 50% respondents assume that the loyalty means buying the same product.

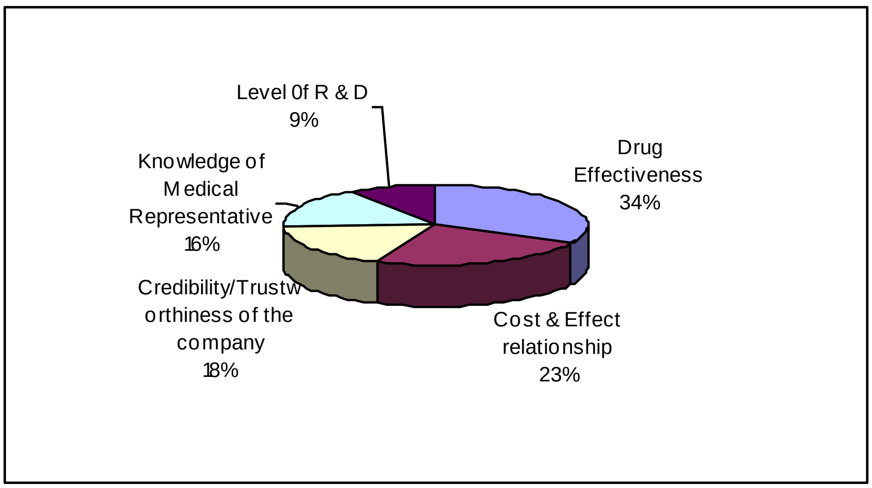
Q5: Please indicate your opinion according to the importance of the attributes you perceive to have a positive impact on your loyalty.

Table 5-6 Attributes which has positive impact on loyalty

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Drug Effectiveness	491	32.73%	32.73%
2	Cost & Effect relationship	351	23.40%	56.13%
3	Credibility/Trustworthiness of the company	277	18.47%	74.60%
4	Knowledge of Medical Representative	245	16.33%	90.93%
5	Level 0f R & D	136	9.07%	100.00%

Source: Survey

Exhibit 5-7 Attributes which has positive impact on loyalty



Source: Survey

According to the respondents the key attributes that having a positive impact on loyalty are summarised as per the importance in table. As per the respondent, 'Drug Effectiveness' with 33% and 'Cost & Effect relationship' with 24%. and credibility of the company with 19% are considered to be important attributes, which have positive impact on customer loyalty. Here the actual factors to be entered while considering corpos, rate image are drug effectiveness, cost and effect relationship and creditability of the company has major contribution i.e. 74.60%. Knowledge of the MR is moderate attributes with comparatively less impact on loyalty. Companies Level of R & D is considered less important attributes for building the customer loyalty.

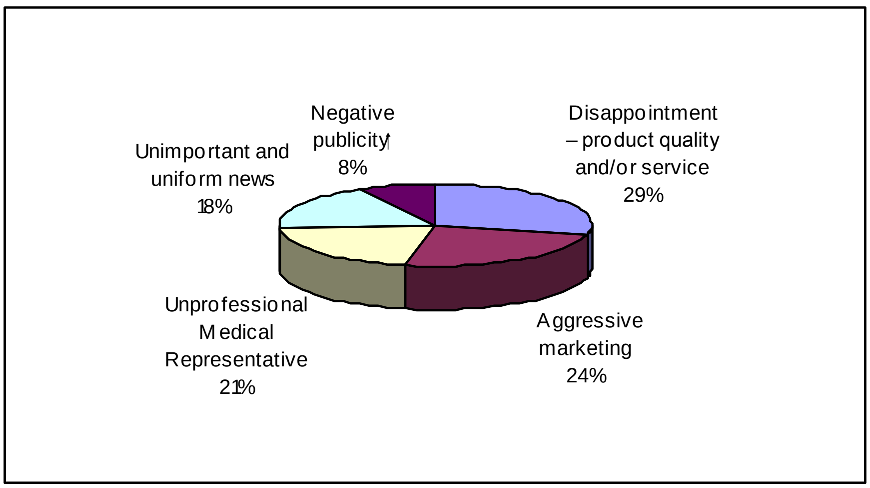
Q6: Please indicate the brand attributes you perceive to have a negative impact on loyalty and rank them accordingly.

Table 5-7 Attributes which has negative impact on loyalty

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Disappointment in product quality and/or service	435	29.00%	29.00%
2	Aggressive marketing	360	24.00%	53.00%
3	Unprofessional Medical Representative	316	21.07%	74.07%
4	Unimportant and uniform news	269	17.93%	92.00%
5	Negative publicity	120	8.00%	100.00%

Source: Survey

Exhibit 5-8 Attributes which has negative impact on loyalty



Source: Survey

The key attributes according to the respondents have negative impacts on loyalty are shown in above table. Respondents response depicts that Disappointment in product quality and/or service, Aggressive marketing, Unprofessional Medical Representative with total cumulative frequency is 74% and these attributes causes negative impact on the loyalty.

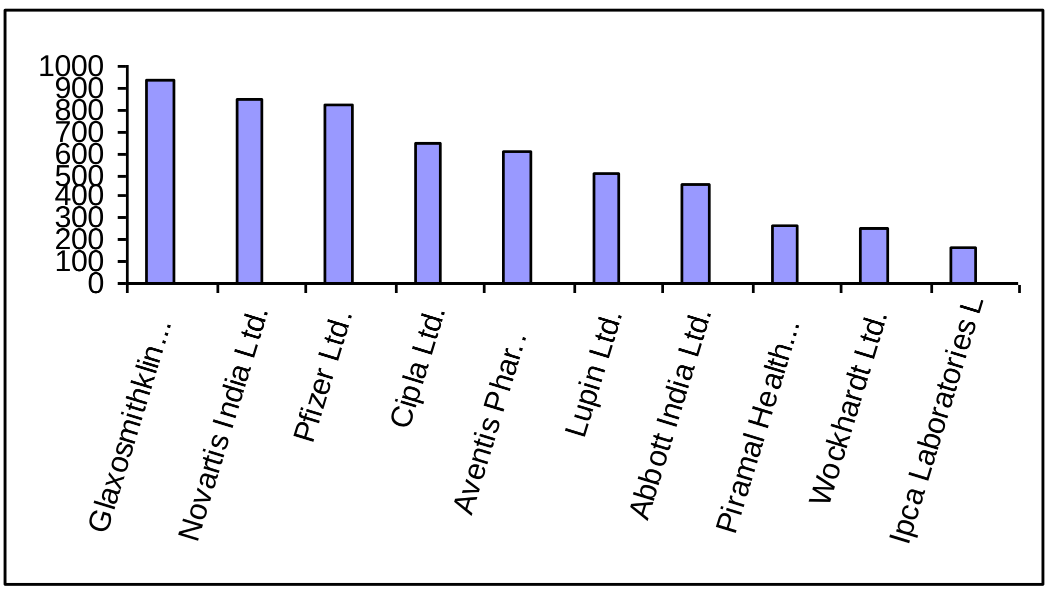
Q7: Which pharmaceutical companies do you think have a strong corporate image (corporate branding)? Please rank them according to their favourable/strong corporate image.

Table 5-8 Pharma Company with strong corporate image

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	GlaxoSmithKline Pharmaceuticals Ltd.	939	17.07%	17.07%
2	Novartis India Ltd.	849	15.44%	32.51%
3	Pfizer Ltd.	823	14.96%	47.47%
4	Cipla Ltd.	640	11.64%	59.11%
5	Aventis Pharma Ltd.	611	11.11%	70.22%
6	Lupin Ltd.	504	9.16%	79.38%
7	Abbott India Ltd.	456	8.29%	87.67%
8	Piramal Healthcare Ltd.	265	4.82%	92.49%
9	Wockhardt Ltd.	247	4.49%	96.98%
10	Ipca Laboratories Ltd.	166	3.02%	100.00%

Source: Survey

Exhibit 5-9 Pharma Company with strong corporate image



Source: Survey

Here more than 50% contribution in the corporate image is given by top four pharmaceutical companies viz. GlaxoSmithKline, Novartis, Pfizer, Cipla. The ranking of these pharmaceutical companies are considered according to the percentage. GSK ranks first, Novartis second, Pfizer rank third, Cipla rank fourth & Aventis is in fifth position with 17%, 15.4%, 15%, 12%, 11% respectively. Ipca rank tenth position with very less i.e. 3% in respect of corporate image.

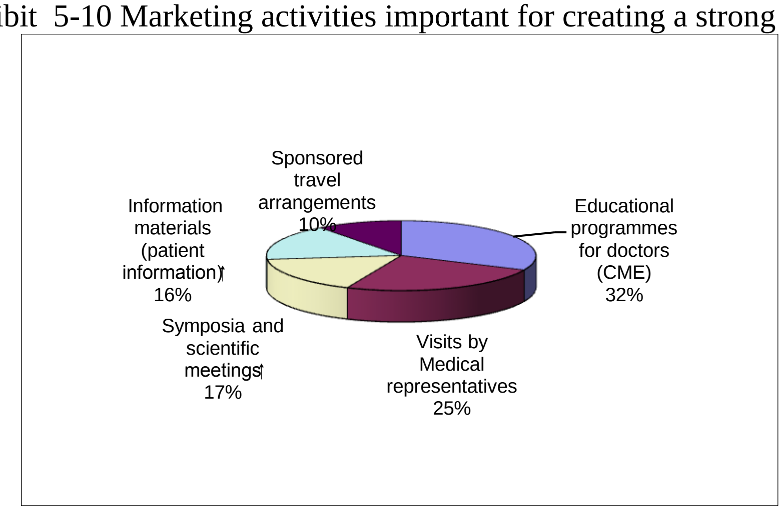
Q8: Please rank the marketing activities carried out by the Pharmaceutical companies that you perceive to be most important for creating a strong brand?

Table 5-9 Marketing activities important for creating a strong brand

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Educational programmes for doctors (CME)	477	31.80%	31.80%
2	Visits by Medical representatives	371	24.73%	56.53%
3	Symposia and scientific meetings□	250	16.67%	73.20%
4	Information materials for the patient (Awareness posters, leaflets of the diseases)	248	16.53%	89.73%
5	Advertisements & mailing	154	10.27%	100.00%

Source: Survey

Exhibit 5-10 Marketing activities important for creating a strong brand



Source: Survey

All respondents ranked Continues Medical Educational programmes are considered to be the most important marketing activities with 32%, Also Frequent visit by Medical Representative with 25%, Symposia and scientific meeting with 17% are considered to be also important activity for creating strong brand. Only two factors such as Educational programmes and visit by MR impacts more than 50% in the building overall corporate image.

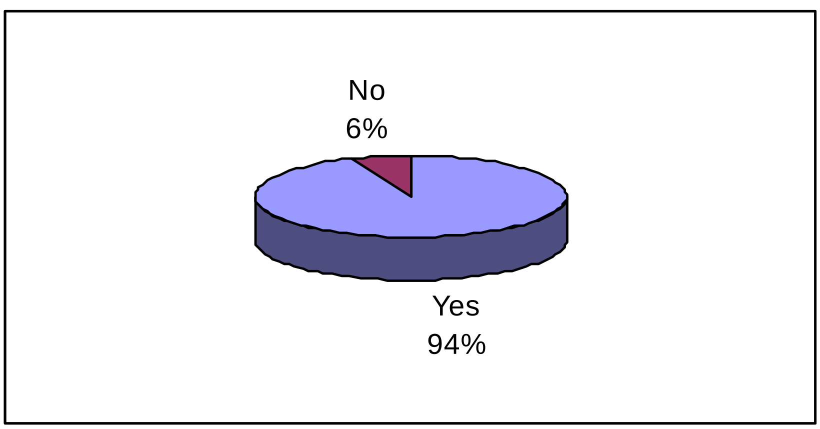
Q9: Most pharmaceutical companies have a website with information about the company, its products and a lot of other information about diseases, diagnosing, treatment options, self-test-programmes etc.
Do you ever use those websites?

Table 5-10 Use of Pharma Companies Website

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Yes	6	6.00%	6.00%
2	No	94	94.00%	100.00%

Source: Survey

Exhibit 5-11 Use of Pharma Companies Website



Source: Survey

The majority of respondents (94%) 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 few respondents (10%) have visited some of the company websites to explore about company and its product and to treatment options .

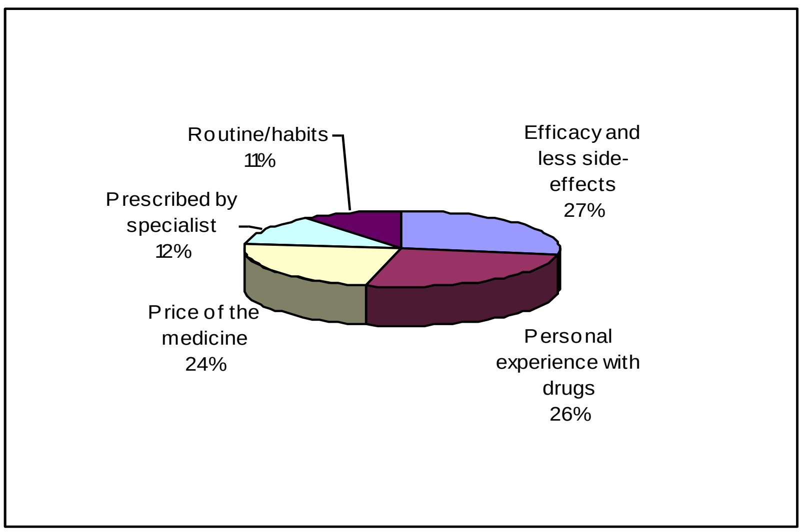
Q10: What determines your prescribing behaviour? Please rank the following factors according to their importance.

Table 5-11 Important Factors for determining prescribing behaviour

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Efficacy and less side-effects	409	27.27%	27.27%
2	Personal experience with drugs	395	26.33%	53.60%
3	Price of the medicine	353	23.53%	77.13%
4	Prescribed by specialist	183	12.20%	89.33%
5	Routine/habits	160	10.67%	100.00%

Source: Survey

Exhibit 5-12 Important Factors for determining prescribing behaviour



Source: Survey

Majority of doctors prescribing behaviour is influenced by the factors like Efficacy and less side-effects, personal experience with drugs with 27% and 26%. Respondents claimed that Price of the medicine is important factor which influence the prescribing behavior with 24%.

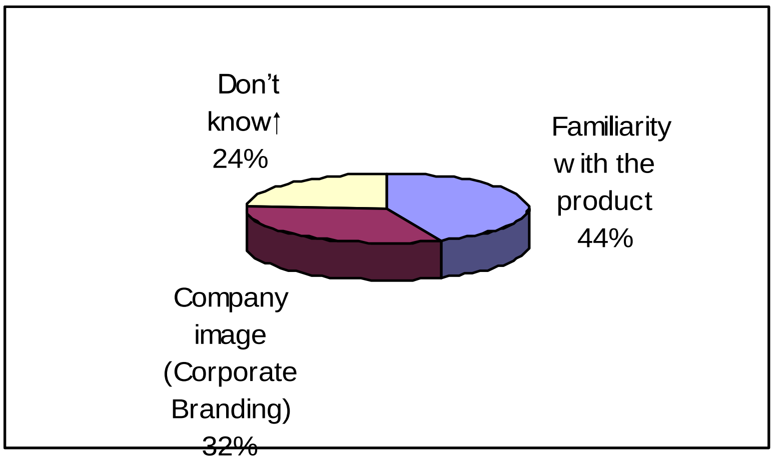
Q11: If the difference between two drugs is minor in relation to efficacy, safety and price, what will then determine your choice? Please select appropriate option.

Table 5-12 Choice to determining Drugs

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Familiarity with the product	44	44.00%	44.00%
2	Company image (Corporate Branding)	32	32.00%	76.00%
3	Don't know	24	24.00%	100.00%

Source: Survey

Exhibit 5-13 Choice to determining Drugs



Source: Survey

The question seemed difficult for the respondents to answer. Respondents stated that familiarity with the products was the relatively important factor with 44% which will determine their choice between the similar medicine. Doctors considered corporate image comparatively less with 32%. Near about 24% respondents did not know what would determine their choice, but some stressed that any price difference would be the decisive factor.

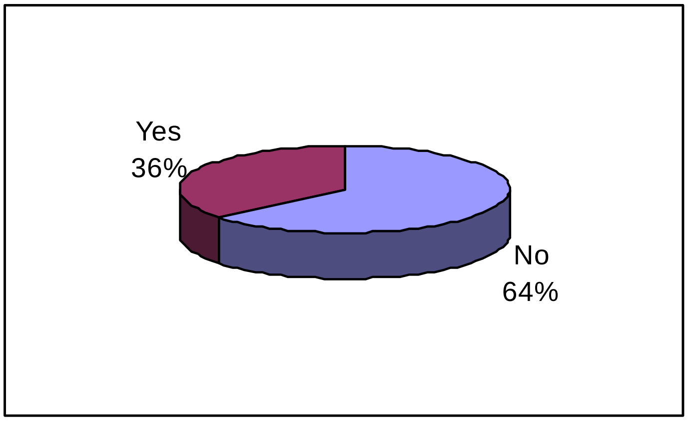
Q12: Do you consider the company image (corporate branding), when choosing between almost similar medicines?

Table 5-13 Consideration of company image for similar drugs

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Yes	36	36.00%	36.00%
2	No	64	64.00%	100.00%

Source: Survey

Exhibit 5-14 Consideration company image for similar drugs



Source: Survey

The Exhibit 5-14 depicts that, near about 64% respondents claimed that they did not consider the company image when choosing between almost similar drugs and 36% respondents claimed that they did to some extent.

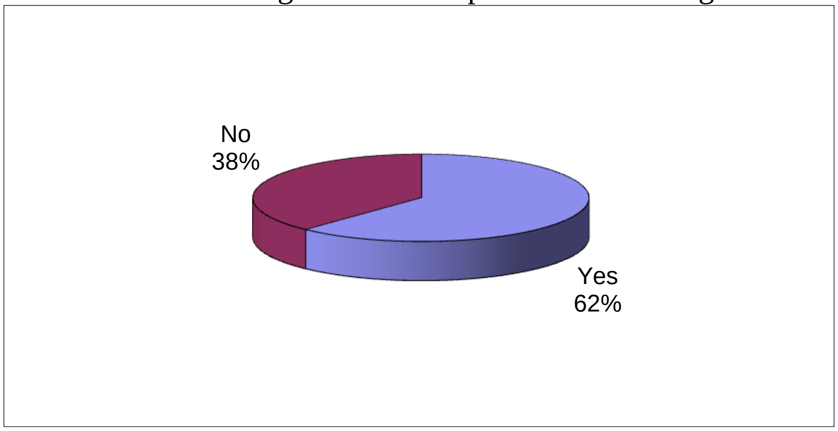
Q13: Does the marketing activities carried out by the pharmaceutical companies has any impact on your prescribing behaviour?

Table 5-14 Marketing Activities impact on Prescribing Behaviour

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Yes	62	62.00%	62.00%
2	No	38	38.00%	100.00%

Source: Survey

Exhibit 5-15 Marketing Activities impact on Prescribing Behaviour



Source: Survey

About 62% respondents believed that company activities to some extent have an impact on their prescribing behaviour. 38% respondents did not believe that company marketing activities have not impact on the prescribing behavior.

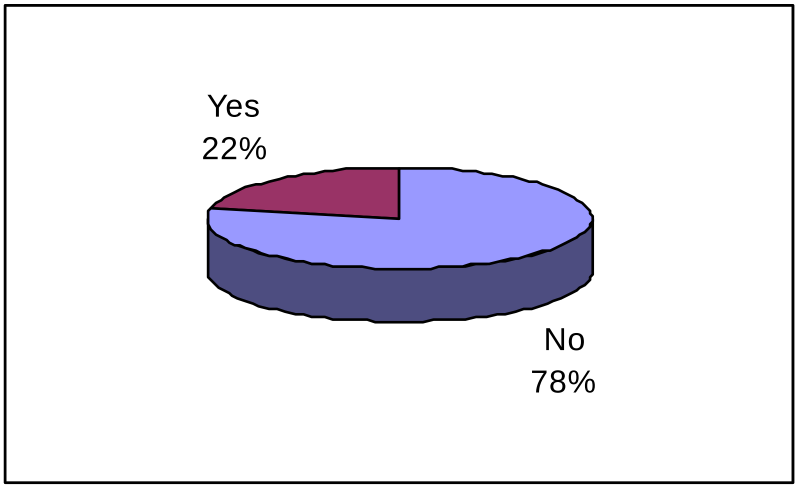
Q14: Will you have a sense of loyalty towards the companies you perceive to be having a positive corporate image (corporate branding)?

Table 5-15 Loyalty towards companies with positive corporate image

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	No	78	78.00%	78.00%
2	Yes	22	22.00%	100.00%

Source: Survey

Exhibit 5-16 Loyalty towards companies with positive corporate image



Source: Survey

About 22% respondents stated that they felt some kind of loyalty towards companies with favourable corporate image, whereas 78% respondents stated that they felt no loyalty at all.

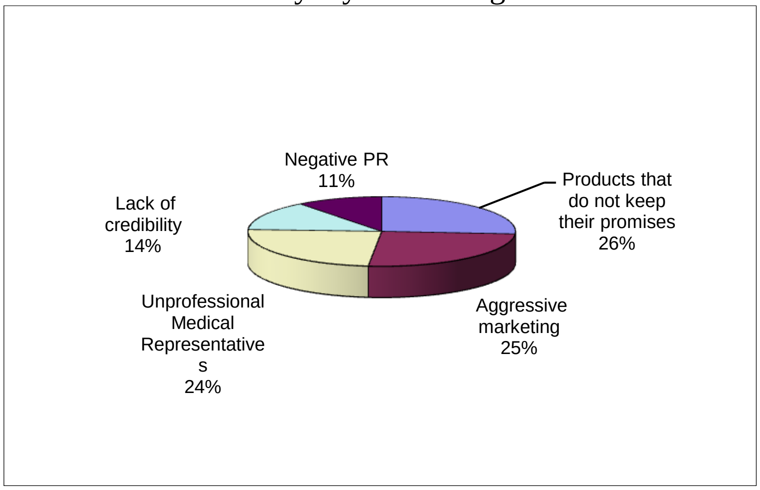
Q15: Let us imagine that you have some kind of loyalty towards a company, what might possibly change this attitude? Please rank them accordingly.

Table 5-16 Loyalty that Change the attitude

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Products that do not keep their promises	393	26.20%	26.20%
2	Aggressive marketing	381	25.40%	51.60%
3	Unprofessional Medical Representatives	363	24.20%	75.80%
4	Lack of credibility	206	13.73%	89.53%
5	Negative Publicity (PR)	157	10.47%	100.00%

Source: Survey

Exhibit 5-17 Loyalty that Change the attitude



Source: Survey

All respondents believed that products that do not keep their promises is the crucial factor with 26% can dilute the loyalty, Also 25% respondents stated aggressive marketing including heavy promotion with biased information, mailings, and advertisements can diminish the loyalty of the customer. 24% respondents stated that Unprofessional behavior of MR can responsible for loosing the loyalty. ,whereas 14% respondents stated lack of credibility in relation to products and the companies' claims/communication about efficacy, safety and competitive stance, and Negative publicity can also demolish the loyalty of prescribers.

5.4 Findings of the field work

The important findings are summarised below

- According to the respondents, “drug effectiveness” and “cost and effect relationship” are the most important attributes in creating corporate image of the pharmaceutical industry.
- As per the doctors, drug effectiveness, cost & effect relationship, trustworthiness of company and Knowledge of Medical Representative are perceived to have significant impact on loyalty of the doctors.
- The factors i.e. Disappointment about product quality and/or service. Also aggressive marketing of pharma companies and Unprofessional Medical Representative leads to negative loyalty.
- It was observed that majority of pharmaceutical companies are suffering from a vague image and lack of clear positioning.
- Educational programmes (Continues Medical Education) for doctors are perceived to be the most important marketing activity of Pharma Company.
- The MNCs like GSK, Novartis, and Pfizer are having good company image. Cipla is the only domestic pharma company appeared on to be on 4^{th} position.
- CME’s and visits of Medical Representative are important for creating strong image.
- IT was surprising that very less number of doctors are using companies websites for getting information on medicines.

- The main drivers of prescribing behaviour are: Efficacy and less side-effects, personal experiences with drugs, Price of the medicine.
- While selecting between almost similar drugs, the doctors choice is based on “familiarity of the dugs” than that of “company image”.
- Doctors do not link the company image and favourable perceptions of company activities to the products they prescribe and vice versa.

5.5 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.

CHAPTER 6

6 SYNTHESIS AND DISCUSSION OF THE RESULT

6.1 Key attributes important to corporate image building

6.2 Effects of marketing activities

6.3 Assessing the effects of a corporate image loyalty

6.4 Perspectives and improvements

6.5 Results and Discussion

SYNTHESIS AND DISCUSSION OF THE RESULT

As a first step, it involved selecting the questions which are designed according to the objectives, thereafter study the appropriate question and testing the align hypothesis by applying statistical techniques like graphical analysis, measures of central tendency, measures of dispersion, correlation and regression analysis, t-test and chi-square test for independence and ultimately verified the stated proposition.

6.1 A) Key attribute important to corporate image building and ranks these according to the relevance.

The above stated objective is studied through the question number 3. The response status for the question is as given below,

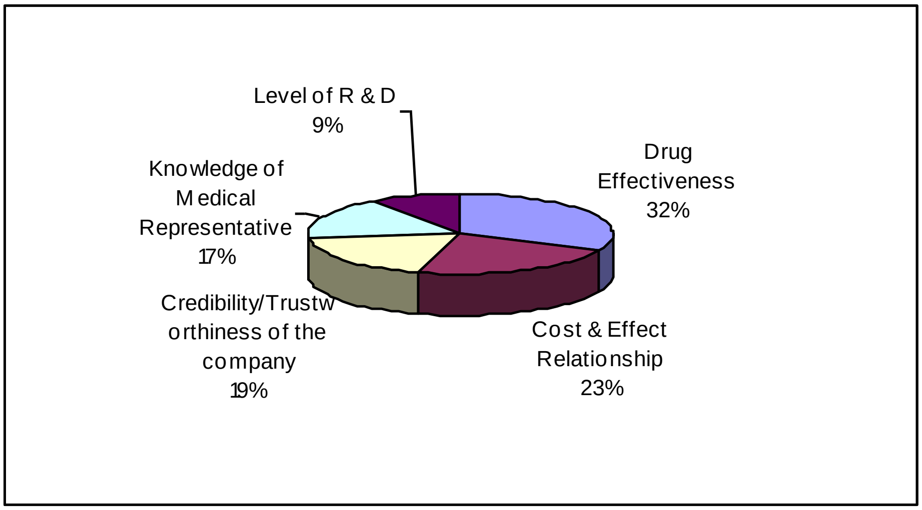
Q3: Please indicate your opinion according to the importance of the following attributes that create a favourable corporate image (corporate branding).

Table 6-1 Importance of the attributes that create a favourable corporate image

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

Source: Survey

Exhibit 6-1 Importance of the attributes that create a favourable corporate image



Source: Survey

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

Hence the details are

Let X1=Customer Loyalty

X2=Drug effectiveness

X3=Cost and effect relationship

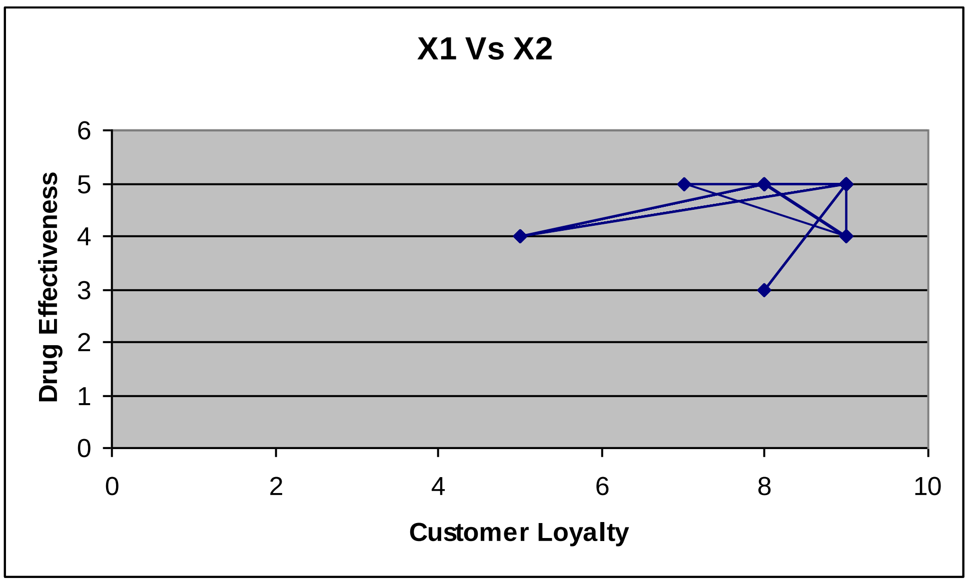
1) <u>Relationship between Drug Effectiveness and Customer loyalty</u>

Table 6-2 Output

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

Here the regression line of X1 on X2 is given by

Exhibit 6-2 Regression line between Customer loyalty and Drug Effectiveness



X1 = (1.47*X2) + 1.17

The above mentioned line of regression indicates the extent of linear relationship among the attribute 'drug effectiveness' and 'customer loyalty' with the help of pure mathematical and statistical approach. The physical significance of the above line which is obtained from sample is that, as the drug effectiveness is increased, customer loyalty is also increased in the same proportionate as mentioned in the above line. Also it offers the scenario about impact or role played by the drug effectiveness on the ‘customer loyalty’. Basically it provides guidelines in order to obtain estimate of the customer loyalty if the calculated or an empirical values of ‘drug effectiveness’ are available in future as well for further study.

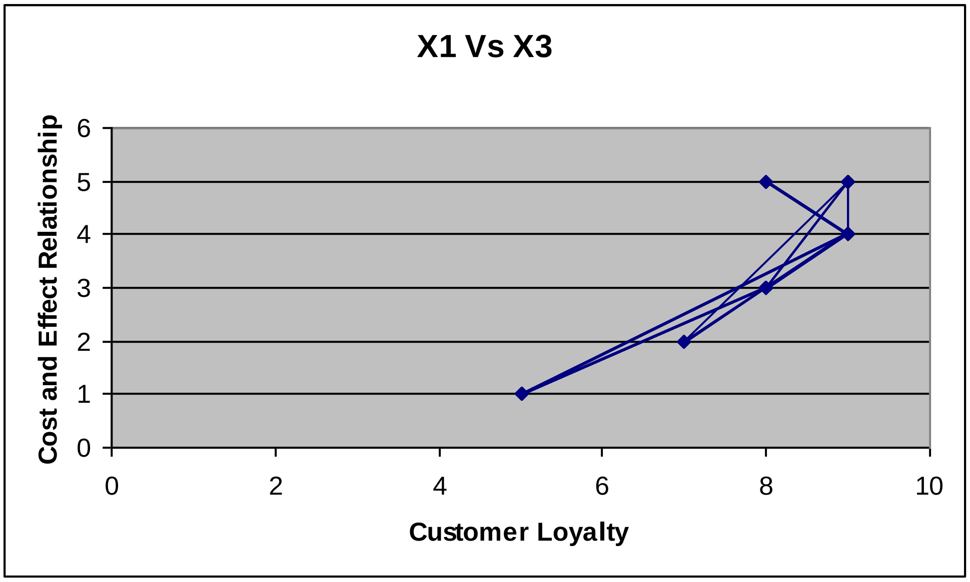
b) <u>Relationship between Cost and effect relationship and Customer loyalty</u>

Table 6-3 Output

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

Here the regression line of X1 on X3 is given by

Exhibit 6-3 Regression line between Customer loyalty & Cost & Effect Relationship



X1 = (1.08*X3) + 4.46

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

Fundamentally it provides guidelines in order to obtain estimate of the 'customer loyalty' if the calculated or an empirical values of 'cost and effect relationship' are available in future as well for further study.

6.2 B) Effects of various marketing activities on the physicians prescribing behaviour.

On the basis of the above objective the hypothesis was designed as mentioned below,

H_o: The Physician's prescribing behaviour is not affected by various marketing activities of Pharmaceutical companies.

The statement of hypothesis depicts that, less than or equal to 50% physician's prescribing behaviour is affected by various marketing activities i.e. $p=0.5$

H_1: The Physician's prescribing behaviour is affected by various marketing activities of Pharmaceutical companies

It means that more than 50% physician's prescribing behaviour is affected by various marketing activities i.e. $p>0.5$

H_o: Corporate image and customer loyalty are dependent on each other
H_1: Corporate image and customer loyalty are independent of each other

Here the stated proposition is studied through the Question number 13 as well as from Question number 8

The response status for the question number 13 as given below,

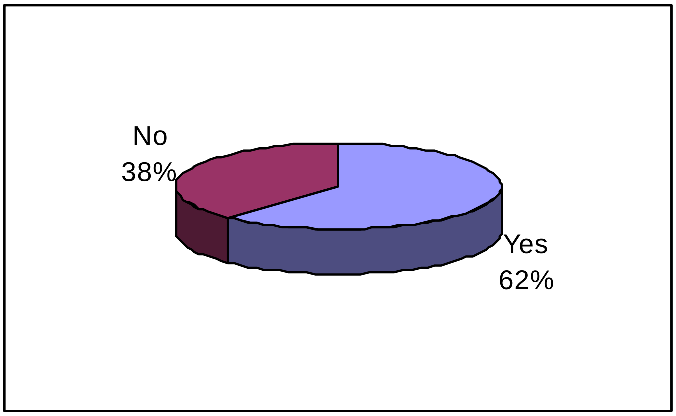
Q13: Does the marketing activities carried out by the pharmaceutical companies has any impact on your prescribing behaviour?

Table 6-4 Marketing activities impact on your prescribing behaviour

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Yes	62	62.00%	62.00%
2	No	38	38.00%	100.00%

Source: Survey

Exhibit 6-4 Marketing activities impact on your prescribing behaviour



Source: Survey

Table 6-5 Administration of Test

Sr.No.	T calculated	Test Statistics	p value	Decision
1	**2.47**	**1.98**	**0.0076**	**Reject H0**

Significance level: $\alpha = 0.05$

Since p value is less than α ($\alpha = 0.05$) hence we reject the null hypothesis, i.e. ***H_o: The Physician's prescribing behaviour is not affected by various marketing activities of Pharmaceutical companies*** is rejected, it means that less than or equal to 50% physician's prescribing behaviour is affected by various marketing activities i.e. p=0.5. In other words, we accept the alternative hypothesis, i.e. ***H_1: The Physician's prescribing behaviour is affected by various marketing activities of Pharmaceutical companies*** *it means that* more than 50% physician's prescribing behaviour is affected by various marketing activities i.e. p>0.5

The above hypothesis can be also studied through the Question number 8

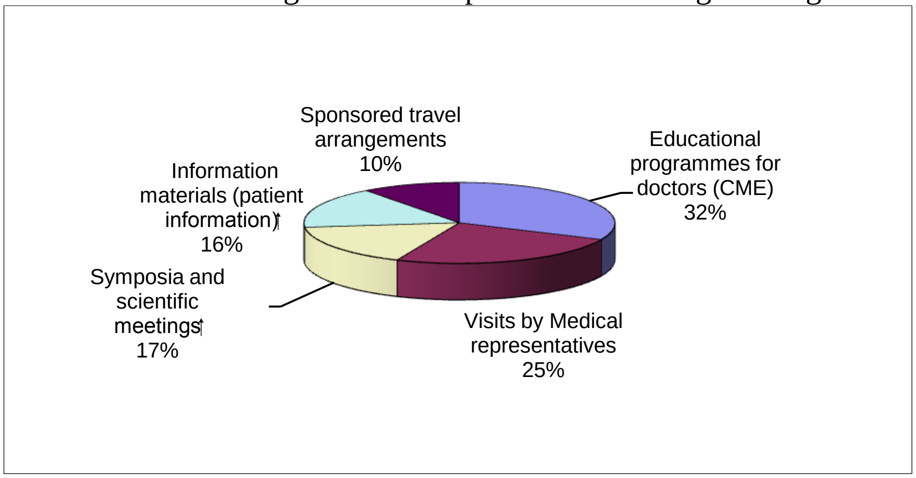
Q8: Please rank the marketing activities carried out by the Pharmaceutical companies that you perceive to be most important for creating a strong brand?

Table 6-6 Marketing activities important for creating a strong brand

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Educational programmes for doctors (CME)	477	31.80%	31.80%
2	Visits by Medical representatives	371	24.73%	56.53%
3	Symposia and scientific meetings	250	16.67%	73.20%
4	Information materials (patient information)	248	16.53%	89.73%
5	Sponsored travel arrangements	154	10.27%	100.00%

Source: Survey

Exhibit 6-5 Marketing activities important for creating a strong brand



Source: Survey

Here the major three factors viz. Educational programmes for doctor (CME), Visits by Medical representatives and Symposia and scientific meetings are considered for analysis the above hypothesis. The combined proportion of the factors is 0.73.

Table 6-7 Administration of Test

Sr.No.	T calculated	Test Statistics	p value	Decision
1	**5.18**	**1.98**	**0.0000**	**Reject H0**

Significance level: $\alpha = 0.05$

Since p value is less than α (α = 0.05) hence we reject the null hypothesis, i.e. ***H_o: The Physician's prescribing behaviour is not affected by various marketing activities of Pharmaceutical companies*** is rejected, it means that less than or equal to 50% physician's prescribing behaviour is affected by various marketing activities i.e. p=0.5. In other words, we accept the alternative hypothesis, i.e. ***H_1: The Physician's prescribing behaviour is affected by various marketing activities of Pharmaceutical companies*** *it means that* more than 50% physician's prescribing behaviour is affected by various marketing activities i.e. p>0.5

Hence it is proved that, there is effect of various marketing activities on the physicians prescribing behaviour.

6.3 C) Assessing the effect of a corporate image on customer loyalty.

The above objective was the focal point of the entire study. According to the objective, the hypotheses was designed is as follows,

H_o: Corporate image and customer loyalty are dependent on each other.
H_1: Corporate image and customer loyalty are independent of each other.

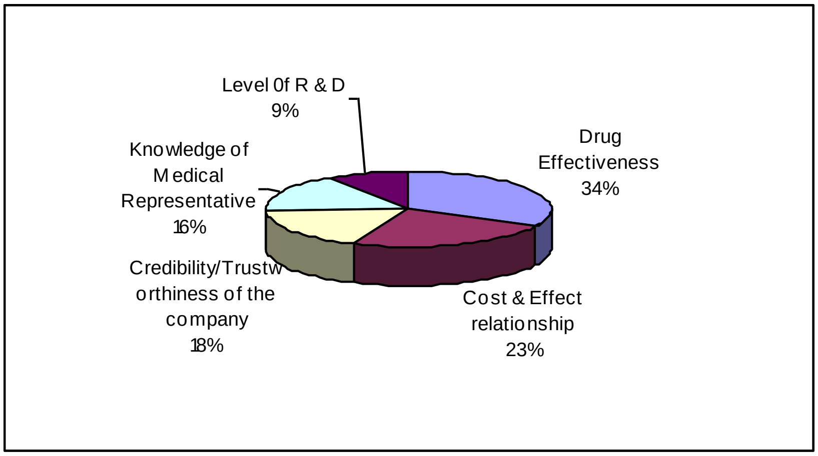
Here the above hypothesis is studied through the Question number 5. The response statuses for the questions are as given below,

Q5: Please indicate your opinion according to the importance of the attributes you perceive to have a positive impact on your loyalty.

Table 6-8 Importance attributes to positive impact on your loyalty
Source: Survey

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Drug Effectiveness	491	32.73%	32.73%
2	Cost & Effect relationship	351	23.40%	56.13%
3	Credibility/Trustworthiness of the company	277	18.47%	74.60%
4	Knowledge of Medical Representative	245	16.33%	90.93%
5	Level of R & D	136	9.07%	100.00%

Exhibit 6-6 Importance of attributes for positive impact on your loyalty



Source: Survey

The researcher has tested the hypothesis by applying chi-square test for independence, The result of the observed frequencies is mentioned in the Table 6-6

Table 6-9 Chi-Square- Observed Frequencies

	Level of R & D	Knowledge of Medical Representative	Drug Effectiveness	Cost & Effect relationship	Credibility/Trustworthiness of the company	Total
Govt	33	35	25	23	19	135
Private Pra	23	160	394	289	214	1080
Private Hosp	80	50	72	39	44	285

The result of the expected frequencies is mentioned in the Table 6-7

Table 6-10 Chi-square- Expected Frequencies

	Level of R & D	Knowledge of Medical Representative	Drug Effectiveness	Cost & Effect relationship	Credibility/ Trustworthiness of the company	Total
Govt	12.24	22.05	44.19	31.59	24.93	135
Private Pra	97.92	176.4	353.52	252.72	199.44	1080
Private Hosp	25.84	46.55	93.29	66.69	52.63	285

Table 6-11 Administration of Test

Sr.No	Chi Square calculated	Test Statistic	p value	Decision
1	**256.19**	**15.50**	**0.0000**	**Reject H0**

Significance level: $\alpha = 0.05$

Since p value is less than α ($\alpha = 0.05$) we reject the null hypothesis, i.e. ***H_o: Corporate image and customer loyalty are dependent on each other*** is rejected. In other words, we accept the alternative hypothesis, i.e. ***H_1: Corporate image and customer loyalty are independent on each other.*** Hence it is proved that, there are no effects of a corporate image on customer loyalty.

6.4 D) Provide new perspectives in areas of improvements and recommendations.

The hypothesis was,

.*H_o: Negative impact on loyalty is not caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives.*

It means that less or equal to 50% negative impact on loyalty is caused by product quality and service disappointments, aggressive marketing and unprofessional medical representatives. i.e. $p=0.5$

H_1: Negative impact on loyalty is caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives

It means more than 50% negative impact on loyalty is caused by product quality and service disappointments, aggressive marketing and unprofessional medical representatives. i.e. $p>0.5$

Here the above case is studied through the Question number 6.

The response status for the questions as given below,

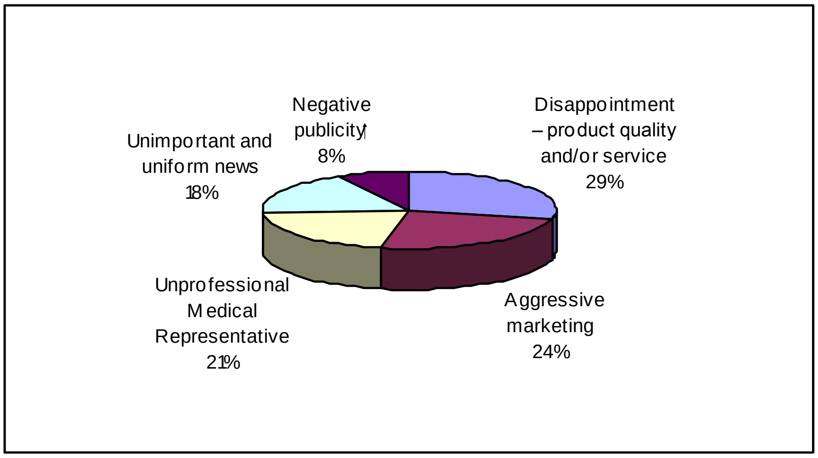
Q6: Please indicate the brand attributes you perceive to have a negative impact on loyalty and rank them accordingly.

Table 6-12 Attribute has negative impact on loyalty

Sr.No.	Details	Frequency	Percentage	Cum. Freq
1	Disappointment – product quality and/or service	435	29.00%	29.00%
2	Aggressive marketing	360	24.00%	53.00%
3	Unprofessional Medical Representative	316	21.07%	74.07%
4	Unimportant and uniform news	269	17.93%	92.00%
5	Negative publicity	120	8.00%	100.00%

Source: Survey

Exhibit 6-7 Attribute has negative impact on loyalty



Source: Survey

Here the major three factors viz. Disappointment in product quality and/or service, Aggressive marketing, Unprofessional Medical Representative is considered for analyzing the stated hypothesis. The combined proportion of all the factors is 0.74.

Table 6-13 Administration of Test

Sr. No.	T calculated	Test Statistics	p value	Decision
1	**5.47**	**1.98**	**0.0000**	**Reject H0**

Significance level: $\alpha = 0.05$

Since p value is less than α ($\alpha = 0.05$) we reject the null hypothesis, ***Ho: Negative impact on loyalty is not caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives*** is rejected. It means that less or equal to 50% negative impact on loyalty is caused by product quality and service disappointments, aggressive marketing and unprofessional medical representatives. i.e. $p=0.5$

In other words, we accept the alternative hypothesis , i.e. ***H_1: Negative impact on loyalty is caused by disappointment in product quality and services, aggressive marketing and unprofessional medical representatives.*** It means more than 50% negative impact on loyalty is caused by product quality and service disappointments, aggressive marketing and unprofessional medical representatives. i.e. $p>0.5$

Hence it is clear that, there will be three major factors viz. product quality and service disappointment, aggressive marketing and unprofessional medical representatives would be new areas of improvement in the upcoming future.

6.5 RESULTS AND DISCUSSION

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 revels that only a few of the respondents had any idea of the meaning of the branding and corporate 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. Very few of the respondents associate branding with advertisement of the product or a selling of trademarks 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). 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. 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 General Practitioners are 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 doctor’s 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 field research depicts that majority of the respondents stresses that in general, drug effectiveness is the most important attribute followed by cost & effect relationship and interestingly none of them mentions any company associated issues as highlighted by the literature. 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. As per the field research which shows the different pharmaceutical companies which has strong corporate brand are: GlaxoSmithKline Pharmaceuticals, Novartis, Pfizer, Cipla, Aventis, Lupin, Abbott India, Piramal Healthcare, Wockhardt, Ipca Laboratories. The literature suggests that personal visits by Medical 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 Medical representatives are highlighted by most of the respondents as a main driver of company image. However, in the literature the main focus is on the positive effects of the attitude (professional behaviour) of the representatives whereas the research shows a predominant focus on the negative effects. In many cases the Medical representative are perceived to be aggressive, too many and with an over familiar attitude delivering uniform. 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 Medical 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.

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 field research result shows that the three most important company activities are educational programmes for doctors, visits by Medical representatives and symposia and scientific meetings and of these the educational programmes (Continues medical education) 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. 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 Medical 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. Also marketing activities like providing information materials for the patient (Awareness posters, leaflets of the diseases) is fruitful for creating strong brand.

The 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. It is surprising that very less respondents use the websites and they do not appear amongst the respondents preferred information sources. Therefore, the researcher believes that this media does not effectively contribute to creation of the desired company images among respondents.

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. According to the respondents the most important factors influencing their prescribing behaviour are efficacy and less side-effect of the drugs, General Practitioners personal experiences with drugs, and the price of the medicine. The prescribing behaviour is also influenced by the specialists , General Practitioners follows the specialist doctors prescription. Also routine (Habits) 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 company image or reputation was not amongst the factors spontaneously mentioned by the respondents as decisive for their choice between almost similar drugs. When asked directly if they consider the company images when choosing between almost similar drugs, majority of respondents said , “No” when asked if company activities have an impact on prescribing behaviour again the majority have accepted that there prescribing behaviour get influenced to marketing activities of pharmaceutical company. However, when asked if the respondents feel any loyalty to companies having a positive image, shown the majority of respondents denied and several referred to the rational nature of their business and that loyalty is reserved for their patients. Few respondents supported the view of Scaritzer and Kollarits (2000) that personal relationship with Medical representatives creates loyalty, but as they keep changing all the times 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.

A) Key attributes for corporate image building:

It is clear that, the attributes identified in the field research that drug effectiveness dominates doctors' choice as a key corporate image attributes. The high rating of this response coincides with the doctors' desire to show objectivity and rationality in their choices. The level of importance that doctors give to this attribute is reflected in the number of them who mentioned it as their first choice. The next most important attribute in the formation of corporate image was revealed to be the relationship between the cost of a drug treatment and its relative effectiveness. This suggests that doctors are sensitive about medical costs, particularly as they are urged to prescribe under controlled measures. The third most important attribute is the Credibility/Trustworthiness which was relatively very less. Forth attributes is knowledge of Medical representative of the company and is the first attribute mentioned that is related to the marketing communications program of pharmaceutical companies. The research and development that the company is known to undertake was ranked fifth in ability to influence the image. Information on R&D is usually communicated by companies constantly providing updates about existing drugs, the release of innovative products and through the provision of information through a variety of promotional tools, such as the sales force, sales leaflets, public relations, advertising, meetings and conferences.

The regression line illustrated indicates the extent of linear relationship among the attribute drug effectiveness and customer loyalty and also between ‘cost and effect relationship’ and ‘customer loyalty’. The physical significance of this line which is obtained from sample is that, as the drug effectiveness increases customer loyalty gets increased. Also ‘cost and effect relationship’ is increased, ‘customer loyalty’ is also increased in the same proportionate as mentioned in the above line. It offers the scenario about impact or role played by the drug effectiveness on the customer loyalty. Therefore it provides guidelines in order to obtain estimate of the ‘customer loyalty’ if the calculated or an empirical values of ‘cost and effect relationship’ are available in future as well for further study.

B) Ranking pharmaceutical companies by corporate image

The important aim of the study is to identify which companies are currently the most successful in creating a competitively favorable corporate image. This was achieved by comparing each company's corporate image. The field research result depicts that The MNC's like GlaxoSmithKline Novartis, Pfizer rank top in the list then indigenous pharmaceutical company Cipla rank forth in the list, Aventis ranks fifth, The traditional Indian pharma company Lupin rank sixth, then Abbott India, Piramal Healthcare, and Wockhardt ranks seventh, eighth and nine position respectively. Ipca Laboratories rank last in the listing. From the data it is clear that doctors have clearly defined images of pharmaceutical companies and it seems that their response is based on their continues interaction through various marketing activities of pharmaceutical company and their previous perception about the pharmaceutical companies.

C) Effect of various marketing activities on the physicians' prescribing behaviour

The field research result which indicates majority of the respondents believed that company activities to some extent have an impact on their prescribing behaviour. Respondents ranked Continues Medical Educational programmes as the most important marketing activities and then visits by Medical Representative and symposia and scientific meeting. The marketing activities like Educational programmes and visit by MR causes major influence on the physicians' prescribing behavior. And through the analysis it is proved that there is significant effect of various marketing activities on the physicians' prescribing behaviour.

D) Evaluate the effects of a corporate image on customer loyalty

The effect of corporate image on customer loyalty is examined by using chi square test for independence. The expected frequencies are calculated from observed frequencies and subsequently determined the p value and compared the result. It was concluded that corporate image and customer loyalty are independent on each other.

E) New perspectives in areas of improvements and recommendations

According to field research result**,** the major three factors viz. Disappointment in product quality and/or service, Aggressive marketing, Unprofessional Medical Representative is considered for analysis. The combined proportion of all the factors is considered. It is concluded that major negative impact is caused by product quality and service disappointments, aggressive marketing and unprofessional medical representatives. Therefore it is suggested that Pharmaceutical Company should concentrate on improving drug quality and put their effort to provide services to enhance the physicians medical knowledge, As per the profile of the doctors they should promote the product rather than being very aggressive in marketing of the medicinal product. Medical Representative are the brand ambassador of the pharmaceutical company, their approach should be professional and well mannered for building up strong relationship with the doctors for long-term mutual benefit

F) Physician prescribing behavior

The result of study depicts that physician prescribing behavior is influenced by the factors like efficacy and potency of the medicines, less side-effects of the drugs, personal experience of the doctors with drugs and price of the medicine. It seems to very much relevant for physicians to consider the above factors in particularly before recommending the medicine to their patient.

CHAPTER 7

7 CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

Corporate branding in the pharmaceutical industry is 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 General Practitioner (GPs) 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 researcher 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 optimizations 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.

The corporate image is strategically important and the images formed, by doctors, of a pharmaceutical company are composed of a number of elements. The strength of the company image held by this key influential audience appears to be directly related to perceived drug effectiveness but a number of other attributes also rank consistently high in the way doctors perceive these organisations. Indeed, it is suggested that drug effectiveness alone is not a sufficiently strong attribute upon which to build corporate image and reputation. Analysis of the strength of these perceptions has enabled a hierarchy of attributes to be determined. In order the five most important attributes are drug effectiveness, cost and effect relationship, credibility/Trustworthiness of the company, knowledge of Medical Representative, level of R & D. It follows that pharmaceutical organisations should consider managing these attributes collectively and that they should be developed as an integrated set of corporate identity cues. The development of common thematic messages that reinforce a company's performance across these attributes appears attractive. A valid communication strategy might involve the company's achievements in R&D, benefit claims related to drug effectiveness and the strength and professionalism of a well managed Medical representative force. Strong corporate images are more likely to be shaped from integrating these elements in a planned approach to corporate communications.

In general it was observed that, pharmaceutical 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 GSK, Novartis, the images of the others are in general perceived to be vague with the respondents not knowing what the companies stand for. The importance of the Medical 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 Medical 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 efficacy and less side effects familiarity with drugs, habit and price of medicine 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.

7.2 Recommendations

The lack of clearly defined corporate images is an issue that needs to be addressed and in relation to this the impact of mergers and acquisitions requires further investigations, 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 positioning, way 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 Medical 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 physician's 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 shows that the physicians do not link the product to the corporation which is alarming as huge amounts of money are spent on corporate branding and this issue needs high priority and more knowledge about what makes the physicians remember the company behind some products and not others are needed. 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 physicians mind that fundamentally links favourable corporate perceptions to the products the benefits of corporate branding of pharmaceutical companies can be achieved.

This study endeavored to help marketing practitioners better understand the key drivers that create and maintain customer loyalty in a highly competitive Pharma market. The results reinforced previous research that suggested corporate image, are strong antecedents for creating customer loyalty. In addition, the empirical findings of this study showed that corporate image plays the most important role in creating and maintaining customer loyalty in Pharmaceutical Industry. Marketing managers should consider the roles of corporate image in creating customer loyalty. The results also showed that customers' sensitivity to customer support services is currently decreasing while their interest in having a high quality products and service is increasing. Successful companies usually offer high value-added services in addition to products at a lower cost. In this way, they are able to profit from the lower cost items while generating superior customer value and loyalty.

7.3 Significant Contribution of the study:

Balmer stated that ‘A strong corporate brand is a source of competitive advantage for firms in the highly competitive, regulative and turbulent environment that faces businesses today’. Researcher believes that the discussion of brand identification can also encourage managers to move on from mere analysis and recording of customer satisfaction levels to devise a process linking them with brand values and corporate communications as they build on the dynamics of brand identification. The researcher recommends to the practicing managers of pharmaceutical industry that they should think beyond the traditional brand when considering their allocation of total promotion resources. The aim of brand identification should eventually be the corporate brand rather than just individual product brands. The reason for that is that companies with a focused product mix targeted to a focused segment are likely to see the benefit of customer company identification with the corporate brand and consequently across its various brands. Additionally, marketers would most likely benefit from strengthening identification by enhancing the level of prestige associated with their brand. Focusing on the visibility and reputation through external communication may positively impact on the prestige of a corporate brand.

Thus for a managerial audience of Pharmaceutical companies, the outcome of this research helps to identify a broad range of issues to consider, including important attributes for creation of corporate image in context of pharmaceutical industry. Indeed the results of this study depicts that pharmaceutical company have fail to focus on building up the corporate image which is has strategic importance for acquiring customer loyalty. Corporate images are bound to the corporation’s discursive history and the social memory of the respective public. They cannot be changed like products or product images, because they have to be based on coherence and consistency between a corporation’s business foundation, its culture and its identity. To communicate this unique and distinct relationship should be the future focus of corporate communication department of pharmaceutical Industry. Thus it is raising the strategic importance of the alignment of corporate and customer perspectives within framework of corporate branding.

7.4 Concluding remark:

The objectives of the research study are nearly met and therefore the researcher considers that in spite of the limitations of the research, it provides some new insights into the impact of corporate branding in the pharmaceutical industry and prospective areas of improvement. The personal objective of the researcher has also been fulfilled. Conducting the research study and writing the thesis has been an interesting and challenging process that has indeed enhanced the understanding of the research topic and improved skills in undertaking a research assignment.

APPENDICES

1: Questionnaire.

2. Declaration letter to the Respondent

Appendix I

QUESTIONNAIRE

Respected Doctor,

I R.R. Chavan, working as an Assistant Professor at JSPM's Department of Management ICOER (BE & MBA), Pune. I am pursuing Ph. D in Management domain from Tilak Maharashtra Vidyapeeth, Pune, entitled "*Impact of corporate branding on customer loyalty through corporate image: A case study of pharmaceutical Industry*". Kindly spare some time to fill up the following questionnaire. Your cooperation is highly appreciated.

Name: Dr ____

Highest Qualification ___________________________

Practicing Status: Govt. Service/Private Service / Private Practice

Q1: What do you associate with the term "branding"?

- ☐ Promotion of products
- ☐ Selling of trademarks
- ☐ Advertisement of product
- ☐ No idea

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

- ☐ Company's way of doing things
- ☐ Perception of the organisation or the company as a whole
- ☐ It is company behind a product
- ☐ No Idea

Q3: Please indicate your opinion according to the importance of the following attributes that create a favourable corporate image (corporate branding).

(1=Least important, 5=Most important)

Level of R & D	1	2	3	4	5
Knowledge of Medical Representative	1	2	3	4	5
Drug Effectiveness	1	2	3	4	5
Cost & Effect relationship (Price Economy)	1	2	3	4	5
Trustworthiness/ Credibility of the company	1	2	3	4	5

Q4: What do you associate with loyalty?

☐ Buy the same product

☐ Customer satisfaction

☐ No idea

Q5: Please indicate your opinion according to the importance of the attributes you perceive to have a positive impact on your loyalty.

(1=Least important, 5=Most important)

Level of R & D	1	2	3	4	5
Knowledge of MR	1	2	3	4	5
Drug Effectiveness	1	2	3	4	5
Cost & Effect relationship (Price Economy)	1	2	3	4	5
Trustworthiness/ Credibility of the company	1	2	3	4	5

Q6: Please indicate the brand attributes you perceive to have a negative impact on loyalty and rank them accordingly.

☐ Disappointment in product quality and/or service ☐

☐ Aggressive marketing

☐ Negative publicity☐

☐ Unimportant and uniform news

☐ Negative Publicity ☐

Q7: Which pharmaceutical companies do you think have a strong corporate image (corporate branding)? Please rank them according to their favourable/strong corporate image.

- □ Glaxosmithkline Pharmaceuticals Ltd.
- □ Abbott India Ltd.
- □ Piramal Healthcare Ltd.
- □ Lupin Ltd.
- □ Aventis Pharma Ltd.
- □ Cipla Ltd.
- □ Novartis India Ltd.
- □ Wockhardt Ltd.
- □ Ipca Laboratories Ltd.
- □ Pfizer Ltd.

Q8: Please rank the marketing activities carried out by the Pharmaceutical companies that you perceive to be most important for creating a strong brand?

- □ Educational programmes for Doctors (CME)
- □ Symposia and scientific meetings□
- □ Visits by Medical representatives
- □ Information materials (patient information)□
- □ Sponsored travel arrangements

Q9: 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 those websites?

- □ Yes
- □ No

Q10: What determines your prescribing behaviour? Please rank the following factors according to their importance.

- ☐ Personal experience with drugs
- ☐ Efficacy and less side-effects
- ☐ Routine/habits
- ☐ Prescribed by specialists
- ☐ Price of the medicine

Q11: If the difference between two drugs is minor in relation to efficacy, safety and price, what will then determine your choice? Please rank them accordingly.

- ☐ Familiarity with the product
- ☐ Company image (Corporate Branding)
- ☐ Don’t know☐

Q12: Do you consider the company image (corporate branding), when choosing between almost similar medicines?

- ☐ Yes
- ☐ No

Q13: Does the marketing activities carried out by the pharmaceutical companies has any impact on your prescribing behaviour?

- ☐ Yes
- ☐ No

Q14: Will you have a sense of loyalty towards the companies you perceive to be having a positive corporate image (corporate branding)?

- ☐ Yes
- ☐ No

Q15: Let us imagine that you have some kind of loyalty towards a company, what might possibly change this attitude? Please rank them accordingly.

- ☐ Products that do not keep their promises
- ☐ Lack of credibility
- ☐ Aggressive marketing
- ☐ Unprofessional Medical Representatives
- ☐ Negative Publicity (PR)

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