Ipsos Global Reputation Centre – Reputation Snapshot for the Pharmaceutical Sector

Four times a year, the Ipsos Global Reputation Centre conducts research on the issues impacting various business sectors and the reputations of companies in those sectors. In this installment, we look at companies in the pharmaceutical sector.

The key findings:

• While favorable at a global level, the image of the pharmaceutical industry is weak, if not clearly negative in many key markets, including the U.S., Canada, China, Germany, and Spain.

• Negative industry perceptions by consumers are often accompanied by the desire for more regulation, which is particularly strong in France, Russia, and China.

• Attitudes toward leading companies do not always reflect attitudes toward the industry. In the U.S. and China, leading global pharmaceutical companies have succeeded in establishing an image that rises above that of the overall industry. However, this is not the case in many countries, especially in Sweden, France, Italy, and Korea.

• Leading pharmaceutical companies tend to be better perceived when it comes to the quality of their products and their industry leadership than on being good citizens.

• Globally, consumers are fairly unanimous in singling out what pharmaceutical companies can do to better demonstrate their corporate citizenship: develop innovative drugs to fight diseases, ensure the safety of drugs produced in other countries, and develop assistance programs that provide less expensive drugs to low-income families.
View of Pharmaceutical Industry as a Whole Generally Favorable Among Global Consumers

On average, consumers across 24 countries are more likely to view the pharmaceutical industry favorably (40%) than unfavorably (18%). Globally, the pharmaceutical sector is the fifth best-rated sector among 22 industries when it comes to consumer favorability.

Views of the Pharmaceutical Industry Differ Widely Across Countries

In several major markets, more consumers have an unfavorable opinion of the pharmaceutical sector than have a favorable opinion. Countries where the industry shows a "net negative" favorability score include the U.S. as well as Canada, China, Germany, and Spain. Furthermore, favorable views are only very slightly more prevalent than unfavorable views in Australia, France, Hungary, Japan, Russia, South Korea, and Sweden.

In contrast, the industry is viewed more positively in Argentina, Belgium, Brazil, Italy, Poland, South Africa and far more so in India, Indonesia, Mexico, and Saudi Arabia.

In general, favorability tends to be lower in long-time industrialized countries than it is in emerging markets, but the presence of China in the "net negative" group suggests that attitudes are not just a reflection of the country’s level of economic development.
Overall Views of Pharmaceutical Industry May Not Translate to Individual Companies

Overall opinions of the industry do not necessarily foretell opinions of individual pharmaceutical companies. When comparing average favorability scores for 11 global pharmaceutical companies with favorability scores for the industry “overall”, three groups of countries emerge:

- Those where the image of leading pharmaceutical companies mirrors the image of the industry
- Those where individual companies tend to have a better image than does the industry overall
- Those where the industry overall has a better image than do individual companies

At a global level, there is a strong correlation between favorability toward the pharmaceutical industry and that of the major players in the sector. This pattern is seen in many different countries ranging from some places where ratings of the industry and of leading companies are equally low (e.g., Canada) to others where they are equally high (e.g., Mexico and India).

However, there are markets where individual pharmaceutical companies tend to be better rated than the industry as a whole. This is notably the case in China and the U.S. and, to a lesser extent, in Germany, Spain and Russia. In these countries, leading pharmaceutical companies enjoy a reputation premium over the industry overall and can leverage this stronger position to “rise above the fray” when they need get their message across or defend their interests.

In contrast, there are other markets where consumers have a more favorable perception of the pharmaceutical sector as a whole than they do of individual companies. The list includes countries where the industry’s image is weak (Sweden, France, Italy, Belgium, and South Korea) as well as two where it is strong (Indonesia and Saudi Arabia).
Diverse Attitudes Towards the Regulation of Pharmaceutical Industry

Attitudes towards the regulation of the pharmaceutical industry are diverse and vary widely across markets. Across 24 countries, exactly one half of all consumers surveyed consider that the amount of regulation of the pharmaceutical sector is about right. However, nearly one third (32%) say there is too little regulation, with only 18% saying there is too much of it. Overall, pro-regulation sentiment toward the pharmaceutical industry is only slightly less prevalent than it is for the banking, insurance, consumer packaged goods, and food & beverage sectors.

Perceptions about the need to further regulate pharmaceutical companies differ widely from one country to the next.

Consumers saying there is too little regulation of the pharmaceutical industry represent a majority in France, Russia, Germany and a plurality in China. They also outnumber those who say the industry is overregulated by wide margins in Italy, South Korea, Canada, Spain, Sweden, Belgium, Australia, Turkey, and Great Britain. In contrast, fewer than 20% of consumers in Japan, India, Indonesia and Mexico are of the opinion that the pharmaceutical industry is not sufficiently regulated. Interestingly, the U.S. is the most “average” country when it comes to the prevalence of all views.

Also of note, more consumers in France, Russia, and China say that there is too little regulation of the pharmaceutical industry than say the same of any of the eight other major sectors. These attitudes likely reflect public outrage over highly publicized scandals involving the sale of unsafe drugs (e.g., Mediator in France) or tainted drugs (e.g., chromium-tainted gel capsules made from industrial waste in China).
The Link Between Attitudes Towards Regulation of Pharmaceutical Companies and Level of Favorability Toward Industry

Consumer attitudes towards the regulation of pharmaceutical companies are intimately related with their level of favorability toward the pharmaceutical industry. More precisely, there is an inverse relationship between the average “net favorability score” of the sector and the percentage of supporters of increased regulation of pharmaceutical companies. A graphic representation where countries are plotted on these two variables shows that the appetite for more government oversight of pharmaceutical companies is highest where the industry is least popular – in continental Western Europe, Russia, North America, South Korea, and China.

To curtail the risk of adverse regulation, pharmaceutical companies as well as industry associations would be well advised to foster more benevolent attitudes from citizens. The question is, what’s the best way to gain popularity? The answer, first and foremost, is to be better known by the public.

Indeed, in companies in the pharmaceutical business, as is seen in nearly all sectors, favorability and its corollary, trust, are largely a function of familiarity. Looking at 11 leading global pharmaceutical across 24 countries, the relationship between familiarity and trust is almost purely linear. Among companies in the pharmaceutical sector (as with companies in a wide range of sectors), the average level of familiarity with a company and the net trust score is highly correlated. On the following graph, one can see that pharmaceutical companies (red dots) are very close to the trend line, which shows results for 70 companies across six sectors.

This means that the more a consumer is familiar with a pharmaceutical company, the more likely they are to like it and have confidence in it. And the way to increase favorability and trust is first and foremost to increase visibility. This usually entails investing in various forms of communications—direct and/or indirect, paid and/or earned—to articulate a relevant and credible message that resonates with the target audience.
Social Responsibility is a Priority for Pharmaceutical Companies

To make themselves better known, industry associations and companies should be mindful to address issues that truly matter to the public. Our research found that consumers across the world are unusually unanimous when it comes to issues pharmaceutical companies should tackle to demonstrate social responsibility.

Chief among top social responsibility priorities are developing innovative drugs to fight diseases and ensuring the safety of drugs produced in other countries, which were both rated as very or extremely important by four out of five respondents in every region. Next, rated as very or extremely important by three out of four respondents and ranking in third place in each region, is providing assistance programs that provide less expensive drugs to low-income families.

As pharmaceutical companies and trade associations seek to raise awareness about their brand name, their values and their programs to gain popularity and influence, they are most likely to see their message resonate if they emphasize their contribution in bringing about medical breakthroughs, the social benefits of investing in new drugs or new techniques that result in treating diseases and saving lives, and their dedication to quality control and public safety.

To highlight the importance for pharmaceutical companies to be more vocal about their contribution to society, one only needs to look at how their perceptions in that area lag compared with perceptions of their products, leadership, and management.

Looking at six key drivers of trust, leading global pharmaceutical companies tend to receive significantly higher ratings on product quality and on their industry leadership than they do on corporate citizenship. In aggregate, 41% of consumers across the 24 countries rate the quality of the products and services of the 11 pharmaceutical companies measured as “above average”. Nearly as many (38%) rate their leadership in the industry as “above average”. Significantly lower proportions of global consumers rate the companies as “above average” when it comes to caring about the planet and the environment (26%), having a strong record of corporate social responsibility (29%) or just making a positive difference in their country (31%).

Q. When it comes to corporate social responsibility, how important is it for pharmaceutical companies in general to address these issues in your country?

% rating company as well above or slightly above average
(Global average for 11 leading global pharma companies)

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<thead>
<tr>
<th>Attribute</th>
<th>Total important</th>
</tr>
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<tbody>
<tr>
<td>High quality products or services</td>
<td>41%</td>
</tr>
<tr>
<td>Leader in its industry</td>
<td>38%</td>
</tr>
<tr>
<td>Well managed</td>
<td>34%</td>
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<tr>
<td>Makes a positive difference in the country</td>
<td>31%</td>
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<tr>
<td>Strong track record of corporate social</td>
<td>29%</td>
</tr>
<tr>
<td>Cares about the planet and our environment</td>
<td>26%</td>
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Q. How does each company or organization compare with other major companies or organizations, based on the following attributes?
Implications

For the pharmaceutical industry, having a poor image is often accompanied by exposure to increased regulation. Hence, both leading pharmaceutical companies and industry associations have an interest in demonstrating that they are aware of consumers’ concerns and are addressing them effectively.

Also, as seen in a number of countries, including the U.S., it is possible for individual pharmaceutical companies to enjoy a solid reputation that stands out from that of the overall industry itself. To grow favorability and trust, pharmaceutical companies first need to make themselves better known to the public. This entails investing in building awareness and familiarity. However, in order to be more trusted, pharmaceutical companies’ communications should emphasize their contribution to society, especially when it comes to innovations to treat diseases and efforts to ensure product safety.

About the Ipsos Global Reputation Centre

The Ipsos Global Reputation Centre helps its clients to identify the issues and actions that build corporate reputation and deliver corporate brand equity. Together with our clients we identify and engage with their key stakeholders including customers and employees as well as influencers such as government and the media — individuals that can impact business performance, license to operate and market competitiveness.

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