



Pharma RepTrak® 2016

The World's Most Reputable Pharmaceutical Companies

May 2016

About Reputation Institute

The World's Leading Research and Advisory Firm for Reputation

Founded in 1997 by Dr. Charles Fombrun and Dr. Cees van Riel, we help organizations answer the questions:

- What is my reputation and how does it compare?
- How can I improve it?
- Who is doing it well?

RepTrak® Framework

We measure the reputations of thousands of the world's most prestigious companies annually using our RepTrak® framework – the world's largest and highest quality normative reputation database.

Continuous Reputation Measurement & Guidance

We provide continuous reputation measurement, benchmarking and consulting services to hundreds of the best-known companies globally to help them protect their reputations, analyze risks and drive competitive advantage.

Reputation Management Best Practices

Through our Reputation Leaders Network, we bring executives from 100+ global member companies together to advance the practice of reputation management collectively and for their organizations.



Kasper Ulf Nielsen

Executive Partner

knielsen@reputationinstitute.com

Agenda

- About Reputation Institute
- The 2016 Global Pharma RepTrak®
- Building a Strong Reputation Across Countries and Dimensions
- Drivers of Reputation and Support
- Driving Business Success Through Reputation

Welcome to the Pharma RepTrak® 2016

- The Pharma RepTrak® is a study that Reputation Institute conducts annually to measure the reputation of pharmaceutical companies with a global footprint in product distribution and high familiarity with general public in 15 countries
- In 2016, the Pharma RepTrak® measures 14 companies with over 23,000 ratings collected in Q1, 2016
- Respondents are qualified at 2 tiers:
 - **Familiarity:** Respondent must be “somewhat” or “very” familiar with companies
 - **RepTrak® Pulse:** 75% completion of pulse rating to be included
- The results tell us:
 - Which pharmaceutical companies are best regarded by the general public
 - What drives trust and support with general public
 - How the top companies are living up to public expectations
- Study components:
 - **RepTrak® Pulse**
 - **Dimensions of Reputation and Drivers of Reputation**
 - **Supportive behaviors such as willingness to trust or buy**
 - **Brand expressiveness**
 - **Data by demographic cuts**



AUSTRALIA • BRAZIL • CANADA • CHINA • FRANCE • GERMANY
 • INDIA • ITALY • JAPAN • MEXICO • RUSSIA • SOUTH KOREA •
 SPAIN • THE UNITED KINGDOM • THE UNITED STATES

Why Measure Reputation?

The success of your company depends on getting people to support you.

Reputation is an
emotional bond...



...that ensures

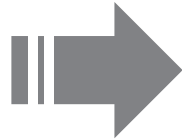
- Customers **buy** your products...
- The general public **recommend** your company...
- Policy makers and regulators give you a **license to operate**...
- The financial community **invest** in you...
- The media **report** favorably on your point of view...
- Employees **deliver** on your strategy...

The RepTrak® Model Summary

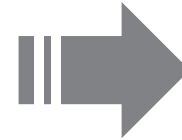
The RepTrak® System measures a company's ability to deliver on stakeholder expectations on the **7 key rational dimensions of reputation**



REPUTATION DIMENSIONS



REPUTATION (RepTrak® Pulse)



A company that delivers on expectations in the 7 domains will earn **support from its stakeholders**



SUPPORTIVE BEHAVIORS

Reputation Institute – Pharma RepTrak® 2016

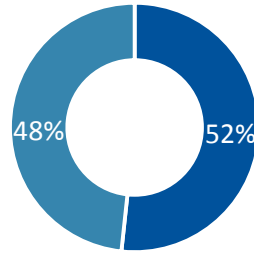
2016 Pharma RepTrak®

Who is the General Public?

Somewhat or very familiar with the pharma companies



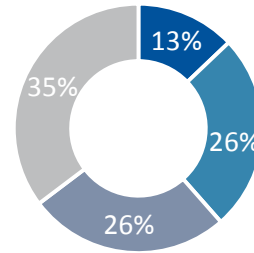
Gender



■ Male ■ Female

Balanced female-male ratio

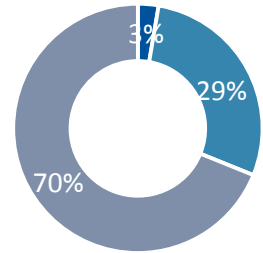
Age



■ 18-24 ■ 25-34 ■ 35-44 ■ 45-64

61% are 35 or older

Income



■ Low ■ Middle ■ High

70% with high education

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SPAIN • THE UNITED KINGDOM • THE UNITED STATES

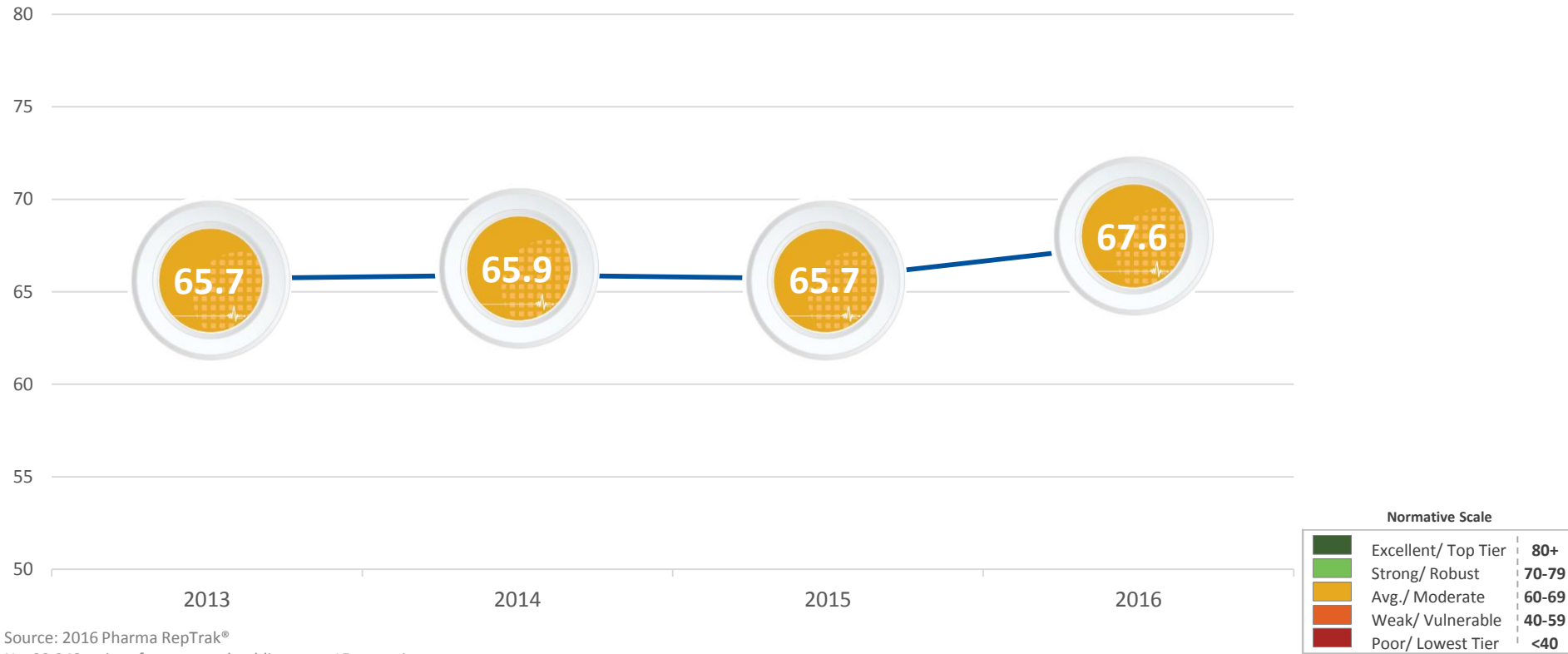
Global Reputation Summary

- The overall reputation of Pharma companies is average but improving
 - However, the reputation is still very polarized - 37% perceive the industry as having an excellent reputation, and 35% perceive it as weak or poor
 - With the younger generation (18-24 years old) the reputation is much lower leaving a risk for the industry
 - With the high income group the reputation is much higher and at a strong level (71.4)
- The perception of pharma companies are improving on all 7 dimensions – and for the first time its strong for Product/Services and Financial Performance
 - However, 44%-55% are still uncertain about what the individual companies are doing on the 7 dimensions exposing the industry to a large reputation risk.
- Compared to other industries Pharma is still lagging behind in terms of both familiarity and reputation

Global Reputation Summary

- The key drivers of reputation are for Product/Services, Governance, and Citizenship – they make up 46% of reputation
 - The drivers are consistent across emerging and developed markets and have been consistent over the past 3 years
 - However, there is a gap between performance and importance – the industry has its weakest scores for Governance and Citizenship
 - This is a key focus area for the companies who wants to improve reputation
- Bayer has the best reputation among pharma companies with a strong score
 - Bayer is the only company to break the 70 mark indicating a strong reputation
 - 4 other companies follow with high average scores: Abbott Laboratories, Novo Nordisk, Roche, and Merck who all have a reputation score between 68.7-68.3
- Across the 7 dimensions of reputation Bayer and Novo Nordisk stands out
 - The two companies win the 7 dimensions
 - Bayer is number one for Product/Services, Financial Performance, Leadership, and Workplace
 - Novo Nordisk wins the dimensions of Innovation, Governance, and Citizenship

Pharma Reputation Development 2013 – 2015 : Pharma Reputation Improves in 2016

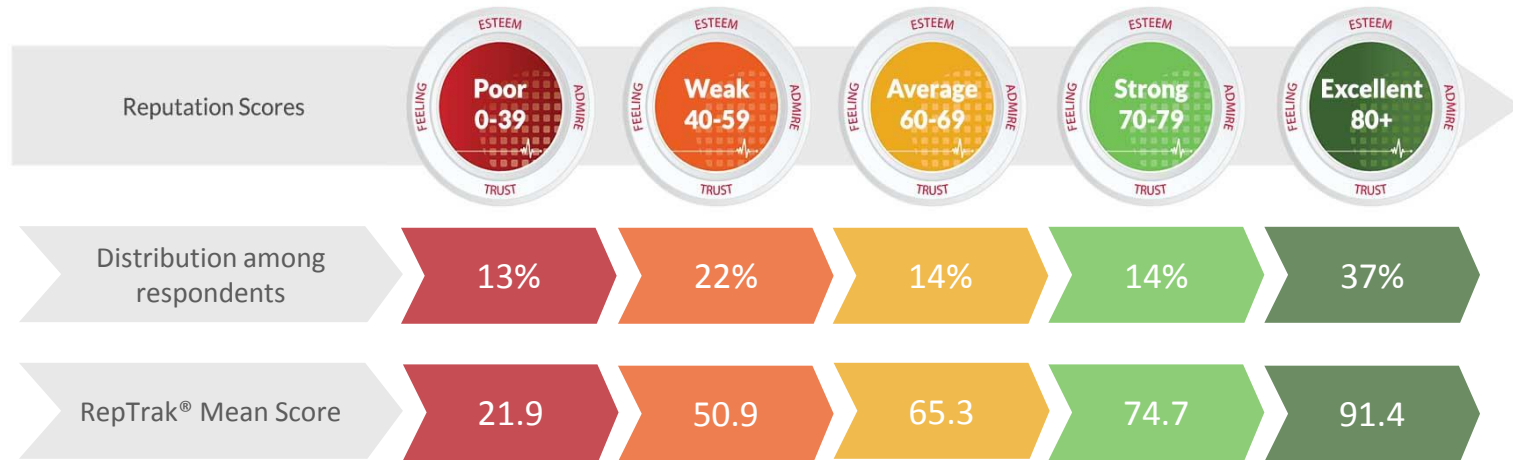


Source: 2016 Pharma RepTrak®

N = 23,243 ratings from general public across 15 countries

Globally RepTrak® Pulse scores that differ by more than +/- 0.3 are significantly different at the 95% confidence level

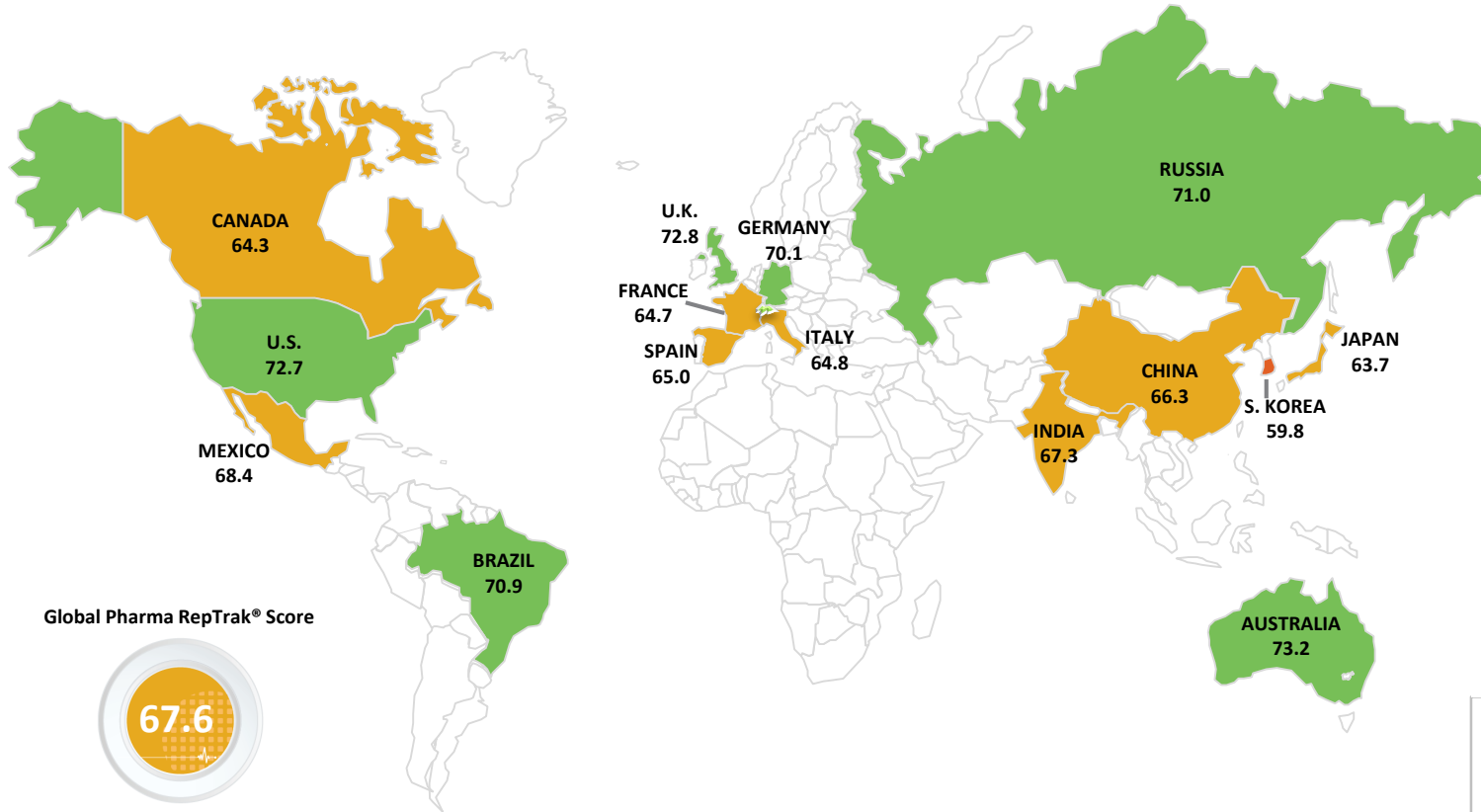
Global Pharma's Mixed Reputation: 37% perceive the industry as having an excellent reputation, and 35% perceive it as weak or poor



Normative Scale

Excellent/ Top Tier	80+
Strong/ Robust	70-79
Avg./ Moderate	60-69
Weak/ Vulnerable	40-59
Poor/ Lowest Tier	<40

Pharma Enjoys Best Reputation in the UK and US, and Poorest in South Korea

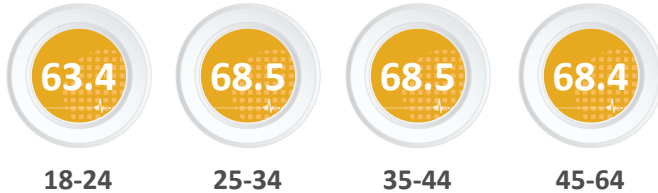


- Pharma reputation increased 3 points in the UK ,4 points in Germany and 5 points in Brazil, moving from an average to a strong reputation
- India = 5 point increase
- China = 6 point increase

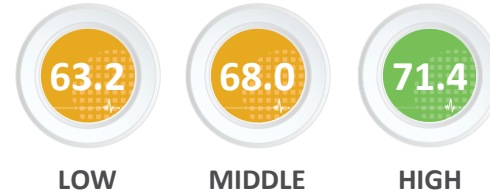
Normative Scale		
Excellent/ Top Tier	80+	
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Reputation Dashboard for Pharma across segments

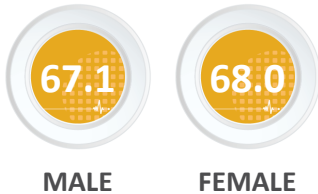
AGE



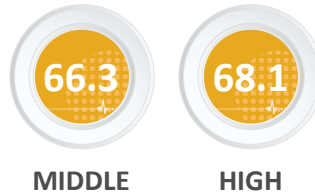
INCOME



GENDER



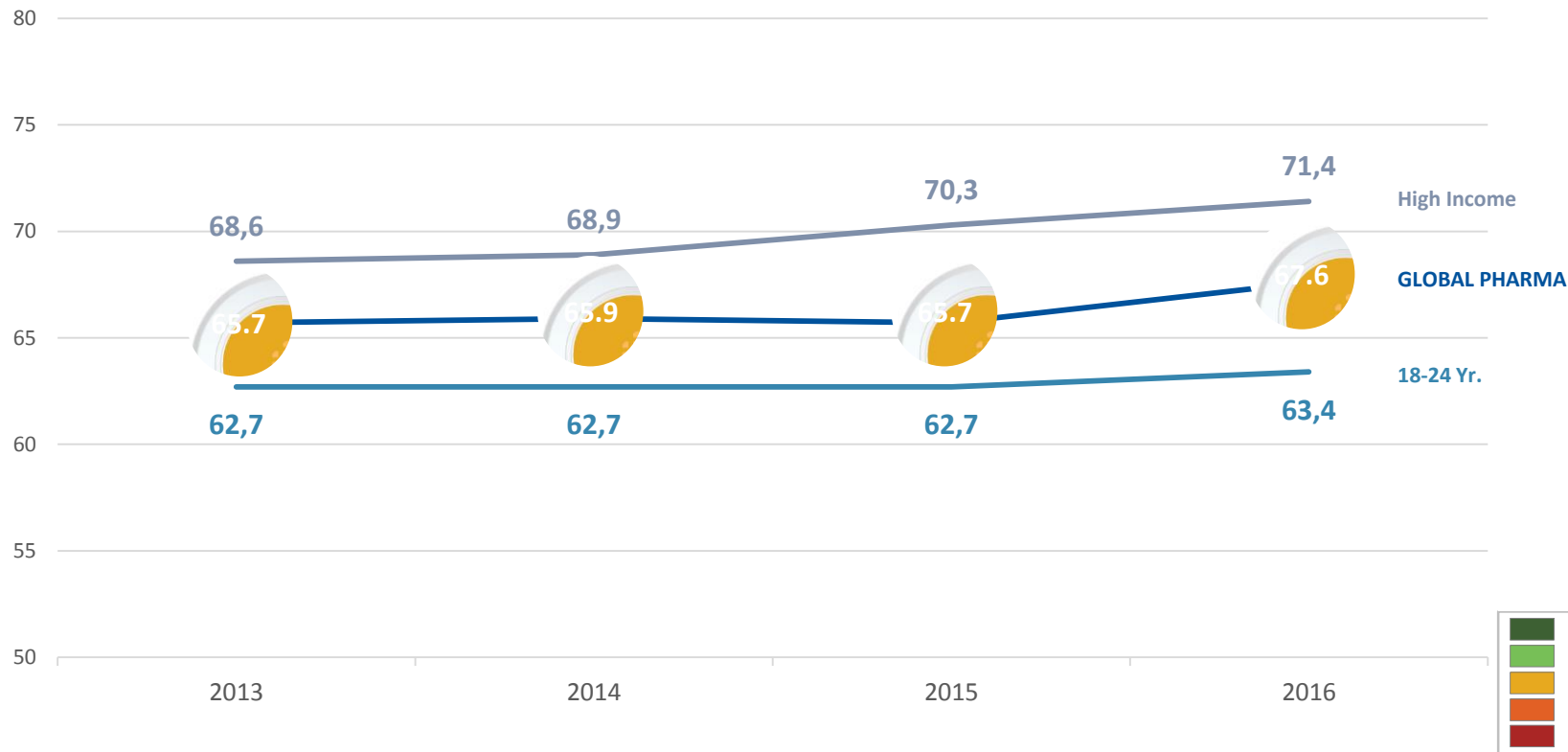
EDUCATION



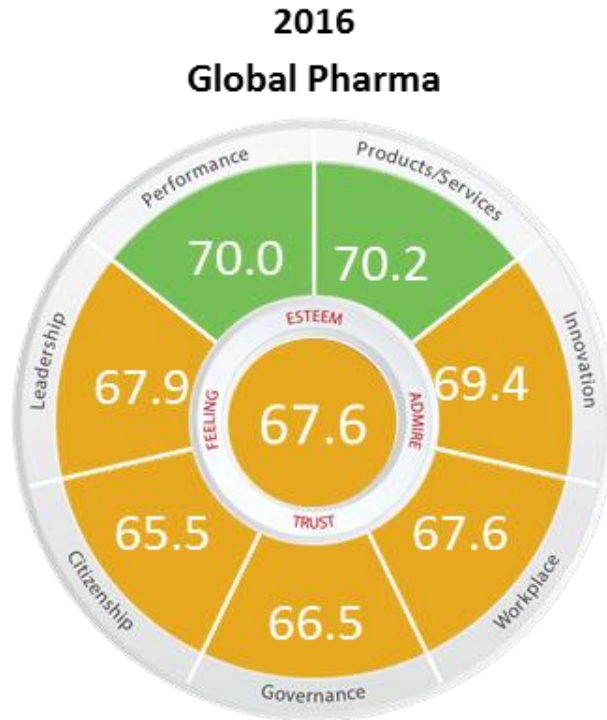
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Pharma Reputation Development 2013 – 2015 : Pharma Reputation Improves in 2016



Pharma has a “high average” to “strong” perception across the 7 dimensions.



- Across the 7 dimensions Pharma Companies has the strongest perception for Product/Services, Financial Performance, and Innovation.
- The weakest perceptions are for Citizenship and Governance where the scores are only average

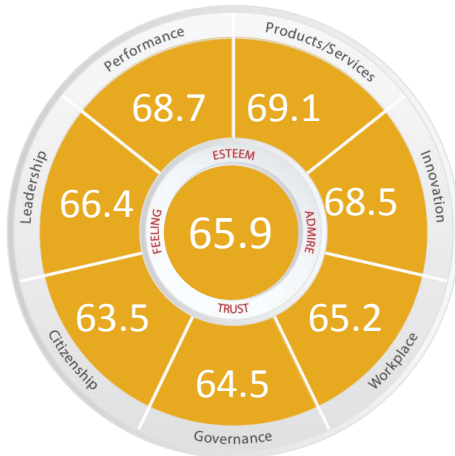
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Globally RepTrak® Pulse scores that differ by more than +/- 0.3 and dimension scores that differ by more than +/- 0.5 are significantly different at the 95% confidence level

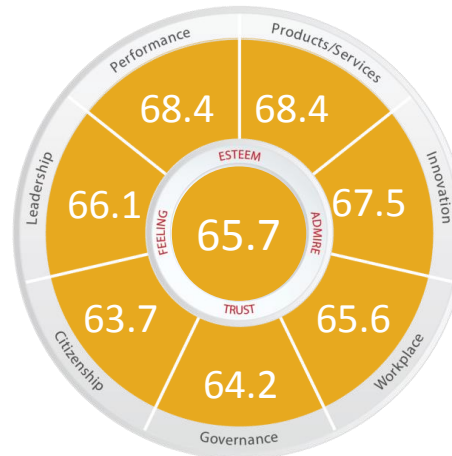
The Reputation of Pharmaceutical companies is improving

2014
Global Pharma



n=20,175

2015
Global Pharma



n=20,789

2016
Global Pharma



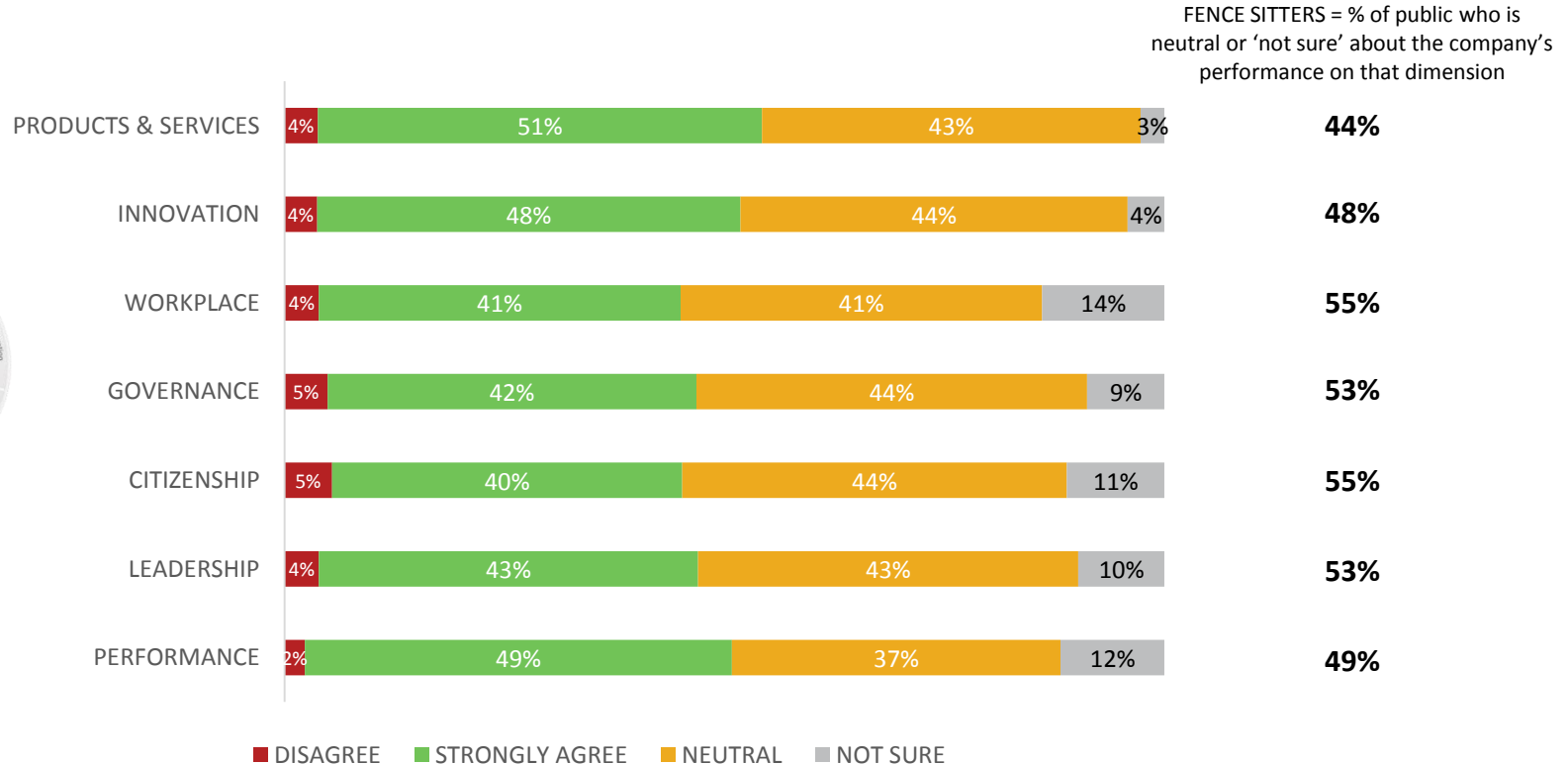
n=23,243

Normative Scale

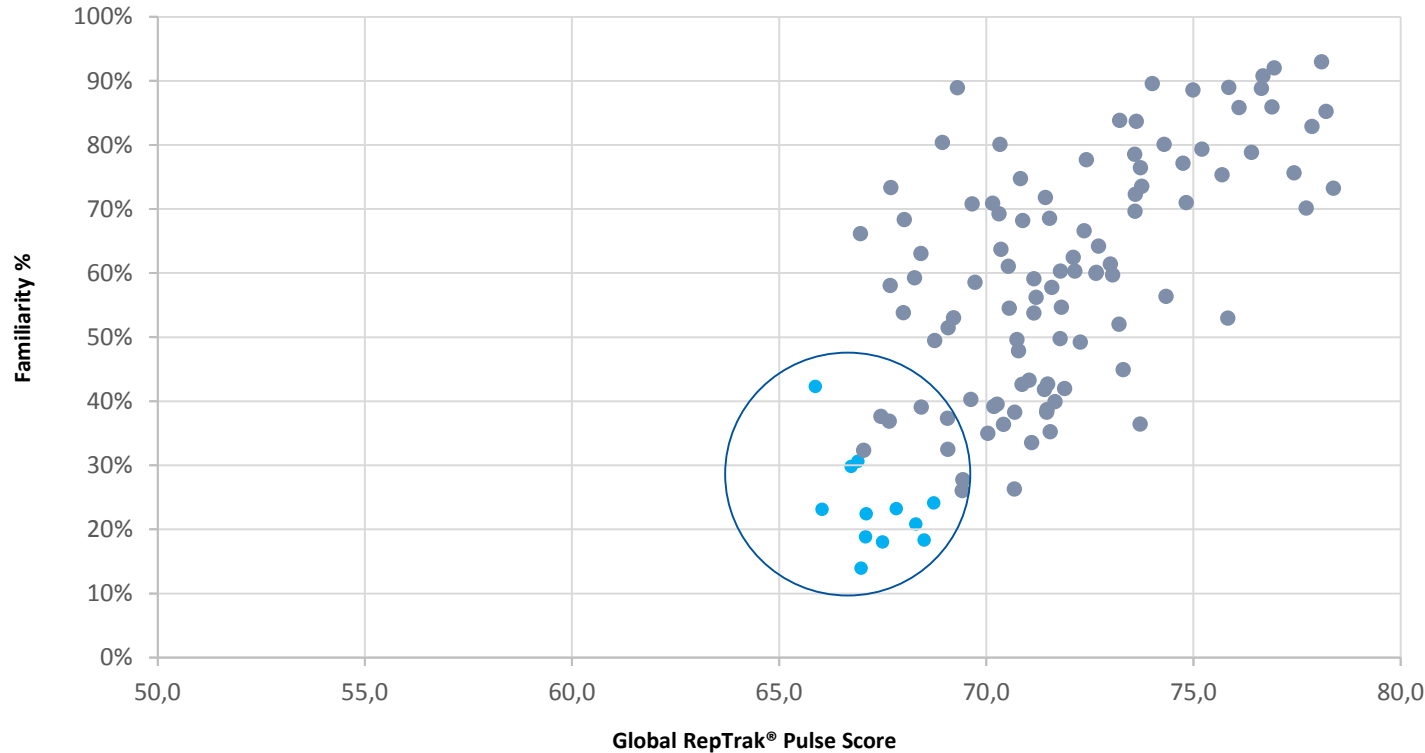
Excellent/ Top Tier	80+
Strong/ Robust	70-79
Avg./ Moderate	60-69
Weak/ Vulnerable	40-59
Poor/ Lowest Tier	<40

Pharma is facing a large Risk or Opportunity:

44%-55% are Uncertain About What Pharma Companies do Across the 7 dimensions



However, as an industry Pharma Companies remains lower compared to the Top 100



Global RepTrak® ●
Pharma Companies ●

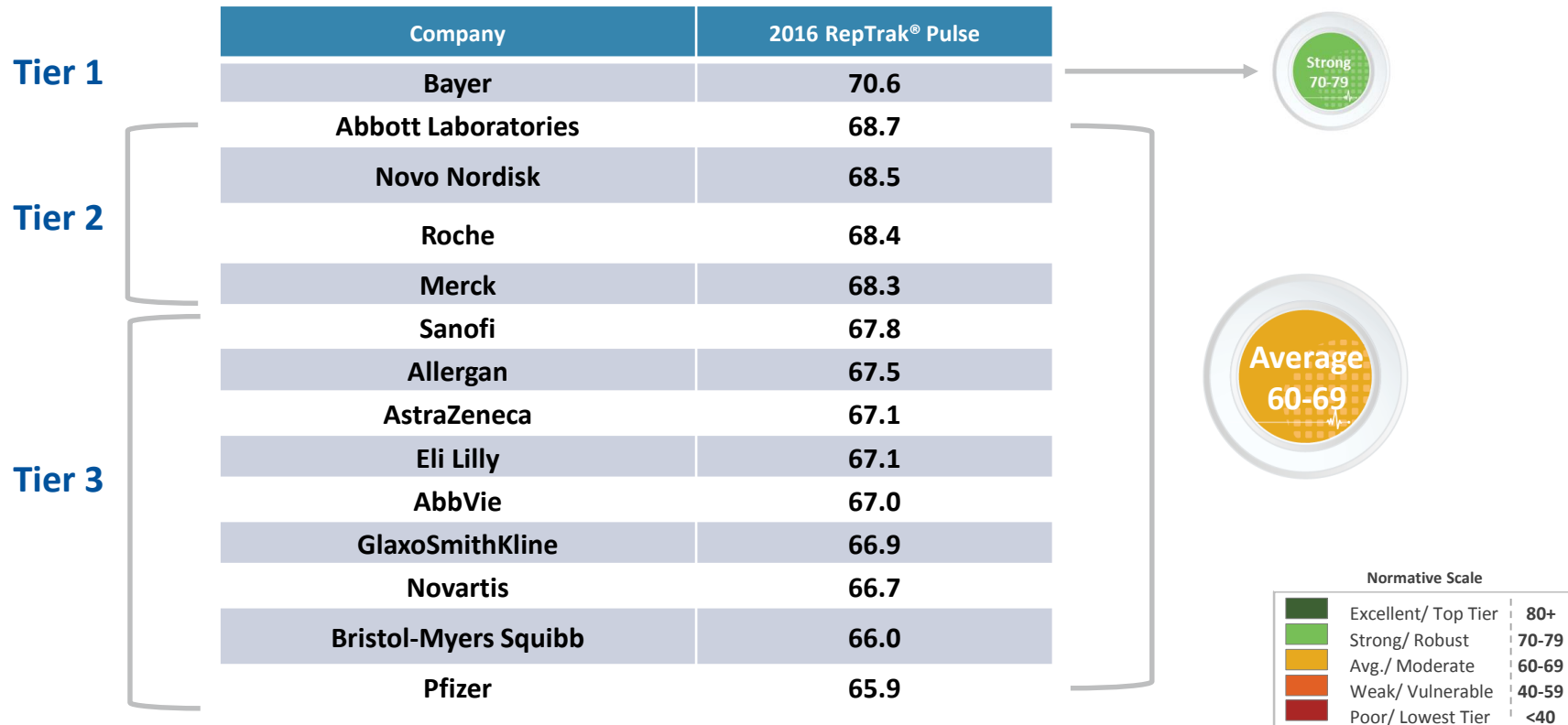
- Compared to the best 100 companies in the RepTrak® the Pharma companies are falling behind both when it comes to familiarity but also reputation

Reputation Institute – Pharma RepTrak® 2016

The Best Reputation in Pharma




Best Reputation in Pharma – 3 Tiers of Reputation - from Strong to Average

Bayer – Only Pharma Company with a Strong Reputation , and Leader 5th Year in a Row



All RepTrak® Pulse scores that differ by more than +/- 0.9 are significantly different at the 95% confidence level

Pharma RepTrak® 2016 vs 2015

2016	
Rank	Company
1	Bayer 
2	Abbott Laboratories 
3	Novo Nordisk 
4	Roche
5	Merck 
6	Sanofi 
7	Allergan
8	AstraZeneca 
9	Eli Lilly
10	AbbVie
11	GlaxoSmithKline 
12	Novartis 
13	Bristol-Myers Squibb
14	Pfizer 

2015	
Company	
Bayer	
Roche	
Abbott Laboratories	
Eli Lilly	
GlaxoSmithKline	
Bristol-Myers Squibb	
Novo Nordisk	
AstraZeneca	
Pfizer	
Sanofi	
Merck	
Novartis	

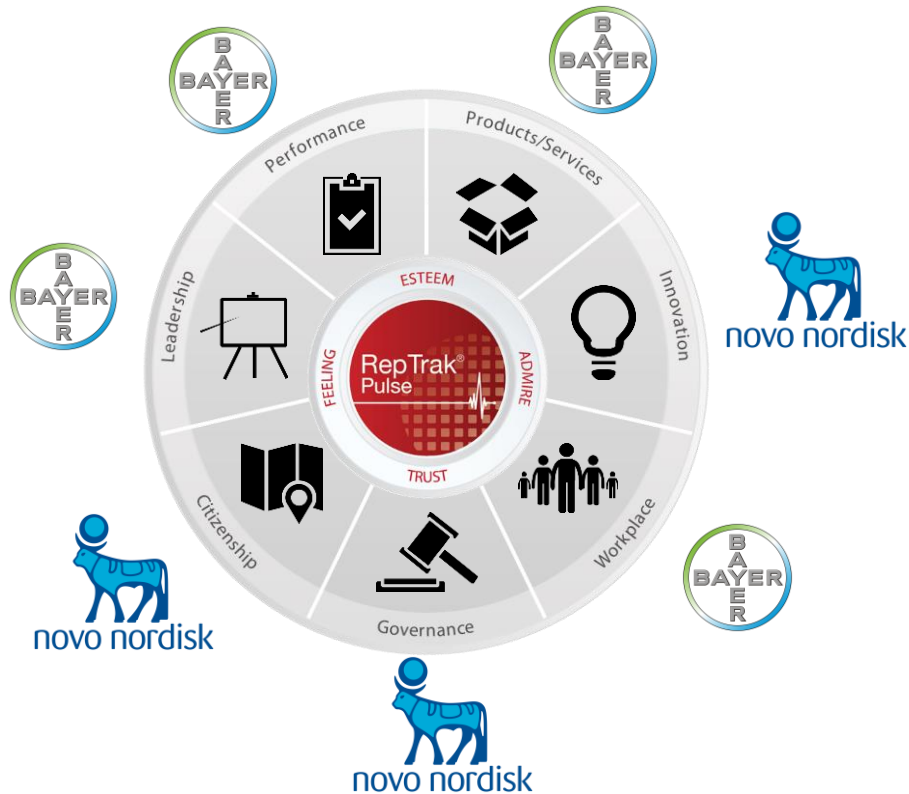
- Allergan and AbbVie are new-comers to the study
- The industry is experiencing a positive lift in 2016
- Roche, Eli Lilly and Bristol-Myers Squibb's scores did not increase significantly, but still did increase positively
- Merck has the highest improvement of 4.2 points



Reputation across Age Groups

Company	2016 RepTrak® Pulse	18-24	25-34	35-44	45-64
Bayer	70.6	69.8	70.6	72.1	70.7
Abbott Laboratories	68.7	63.1	70.2	69.0	69.9
Novo Nordisk	68.5	64.8	68.3	69.2	70.0
Roche	68.4	66.3	70.4	69.6	67.6
Merck	68.3	64.1	68.1	69.8	69.7
Sanofi	67.8	58.7	70.5	68.6	68.2
Allergan	67.5	62.3	68.2	68.7	67.3
AstraZeneca	67.1	63.1	67.6	66.6	69.4
Eli Lilly	67.1	61.9	66.9	69.7	67.1
AbbVie	67.0	61.1	67.0	68.7	69.5
GlaxoSmithKline	66.9	62.5	68.2	68.4	67.7
Novartis	66.7	63.0	68.9	67.2	66.6
Bristol-Myers Squibb	66.0	62.2	67.6	67.5	66.6
Pfizer	65.9	65.0	66.1	64.1	67.0

2 Companies Win the 7 Dimensions – Bayer and Novo Nordisk



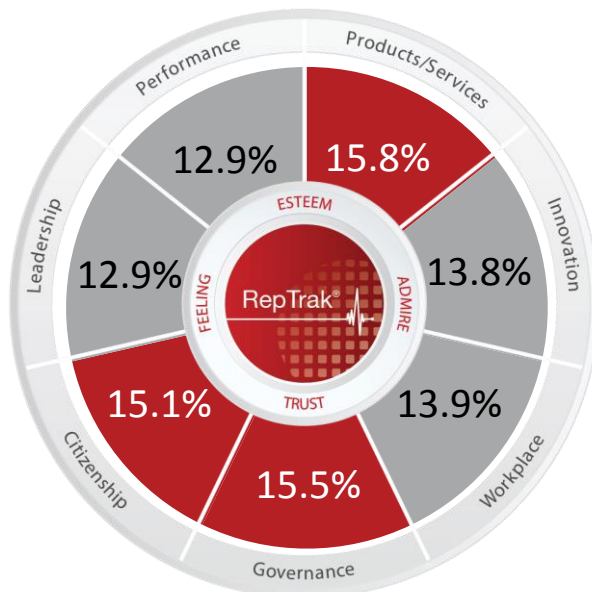
- Novo Nordisk leads in Innovation, Governance and Citizenship
- Bayer leads in Products & Services, Workplace, Leadership and Performance

Reputation Institute – Pharma RepTrak® 2016

Drivers of Reputation

Products/Services, Governance and Citizenship are once again the key drivers of Reputation for Global Pharma

2016 Global Pharma RepTrak® Drivers

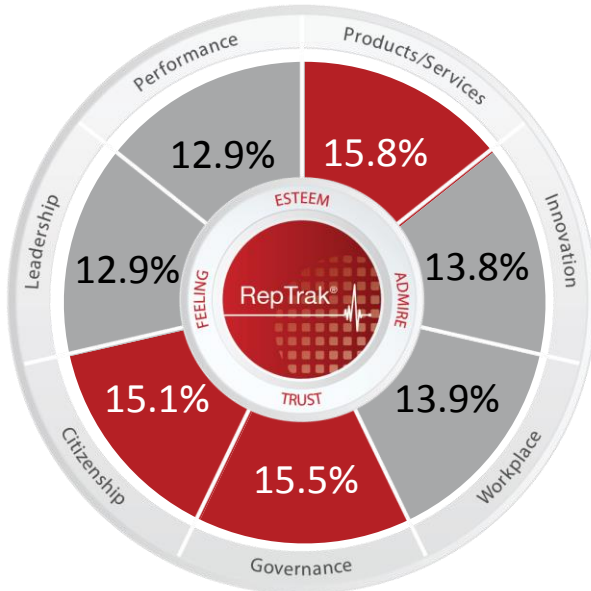


Factor Adjusted Regression
N = 21,000
Adj-R² = 0.732

- **Product/Services:** Offers high quality products and services – it offers excellent products and reliable services
- **Innovation:** Is an innovative company -- it makes or sells innovative products or innovates in the way it does business
- **Workplace:** Is an appealing place to work -- it treats its employees well
- **Governance:** Is a responsibly-run company -- it behaves ethically and is open & transparent in its business dealings
- **Citizenship:** Is a good corporate citizen -- it supports good causes & protects the environment
- **Leadership:** Is a company with strong leadership -- it has visible leaders & is managed effectively
- **Performance:** Is a high-performance company -- it delivers good financial results

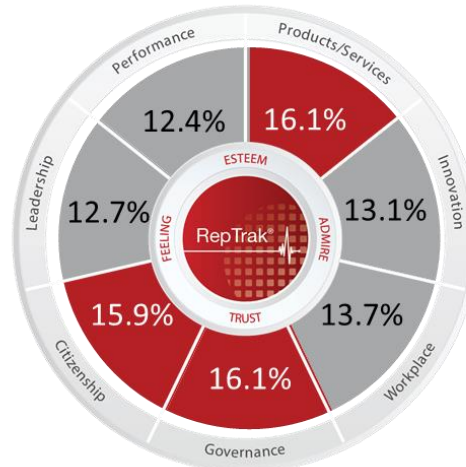
Reputation Drivers have been consistent across last 3 years

2016 Global Pharma RepTrak® Drivers



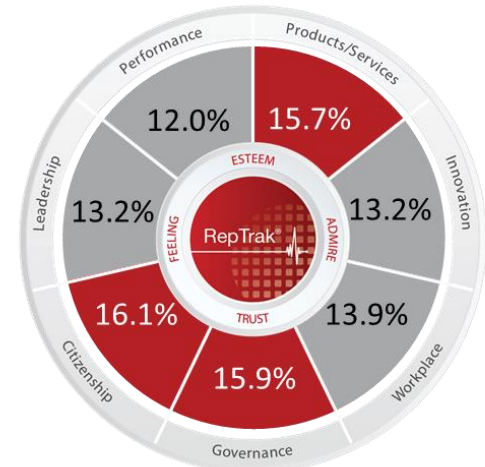
Factor Adjusted Regression
N = 21,000
Adj-R² = 0.732

2015 Pharma Drivers



Factor Adjusted Regression
N = 18,000
Adj-R² = 0.711

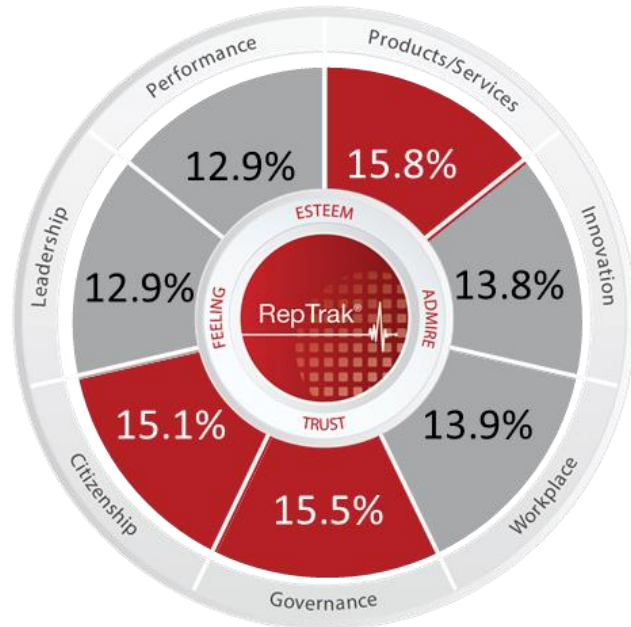
2014 Pharma Drivers



Factor Adjusted Regression
N = 20,115
Adj-R² = 0.704

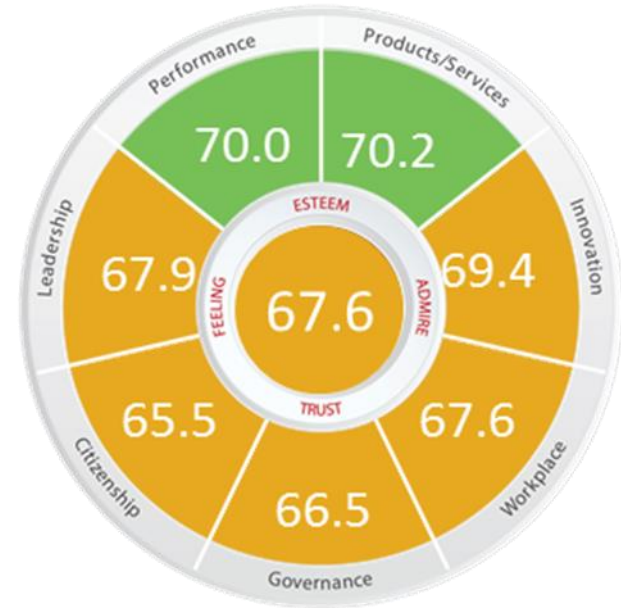
Reputation Issue – Pharma is weakest on top 2 drivers: Governance and Citizenship

2016 Global Pharma RepTrak® Drivers



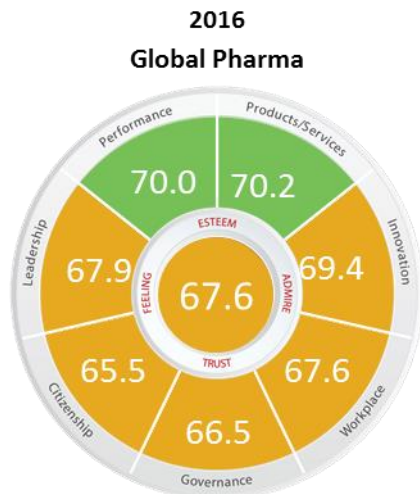
Factor Adjusted Regression
N = 21,000
Adj-R² = 0.732

2016 Global Pharma RepTrak® Scores



n=23.243

Pharma Companies Have the Opportunity to Stand out by Focusing on CSR



	P&S	IN.	W.	G.	C.	L.	P.
Δ score between 1 st and last ranked company in dimension	4.0	3.8	3.8	6.4	6.3	3.9	5.4

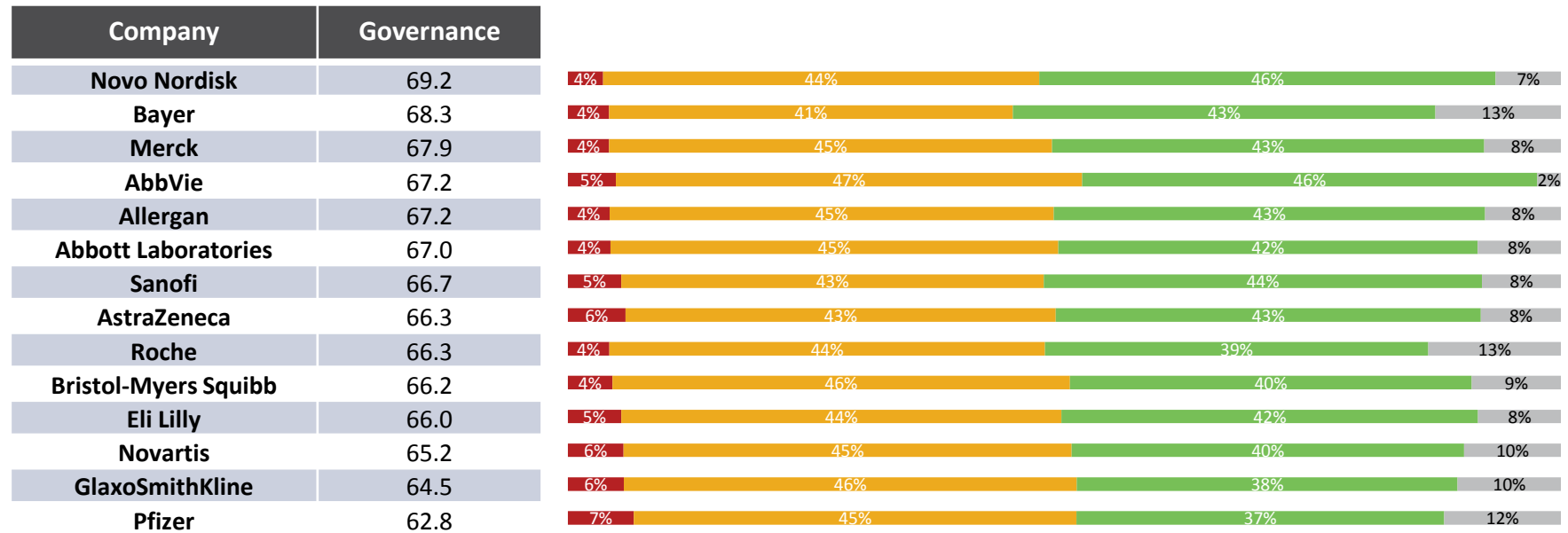
Majority of the pharma companies have average scores across the 7 dimensions with a few exceptions. (ex. Sanofi Products & Services score is 70.1)

The biggest delta for pharma companies' scores appears in the CSR dimensions – governance and citizenship

Consequently, these are dimensions in which the industry as a whole has the lowest scores in and any company who can stand out there would see a competitive advantage

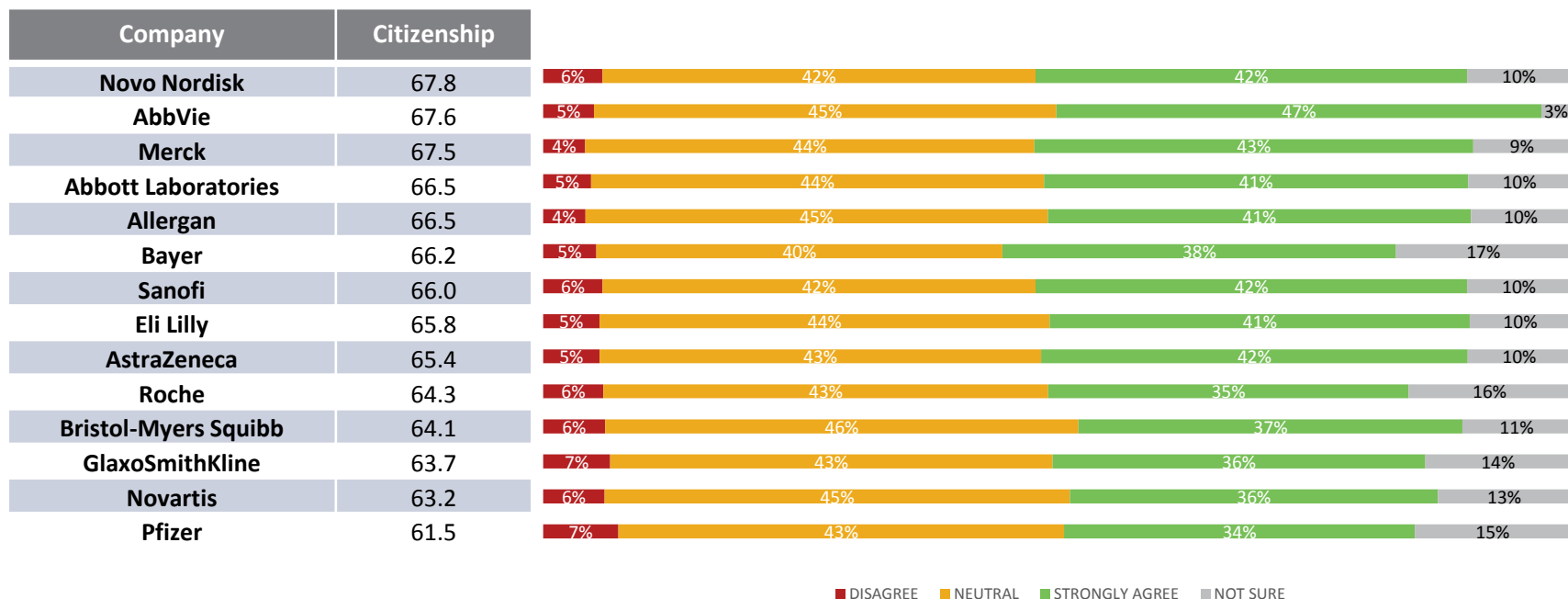
Perceptions for Governance– Key focus area for Pharma companies

Governance: 'Company' is a responsible company -- it behaves ethically and is open and transparent in its business dealings



Perceptions for Citizenship – Key focus area for Pharma companies

Citizenship: 'Company' is a good corporate citizen -- it supports good causes and protects the environment



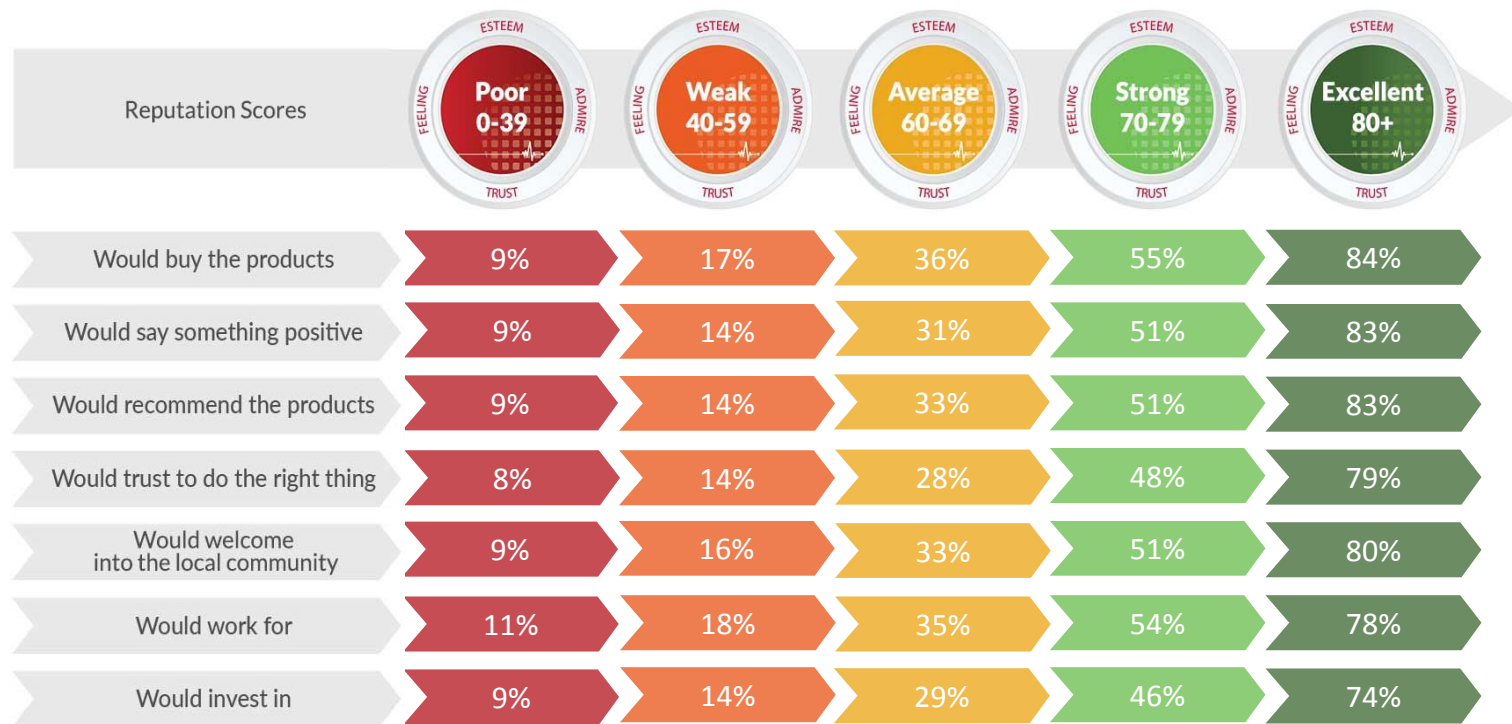
All dimension scores that differ by more than +/- 1.8 are significantly different at the 95% confidence level

Reputation Institute – Pharma RepTrak® 2016

Reputation: The Driver of Support

Reputation Drives Support

- Only Companies in the Strong RepTrak® Pulse Range Achieve Support Above 50%

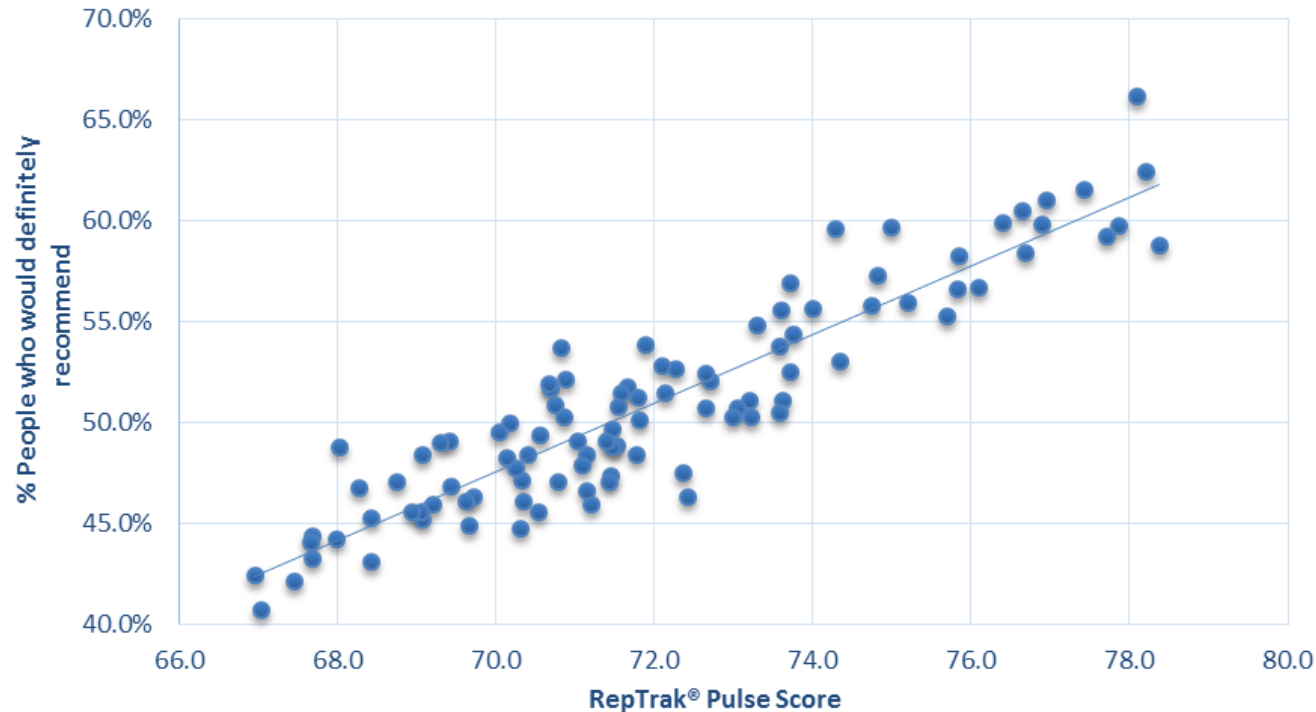


Globally the Impact of Reputation on Support Has Increased

**A 5 point Increase in Reputation
Results in a 8.5% Increase in Recommendation**

$$y = 0.017x - 0.7154$$

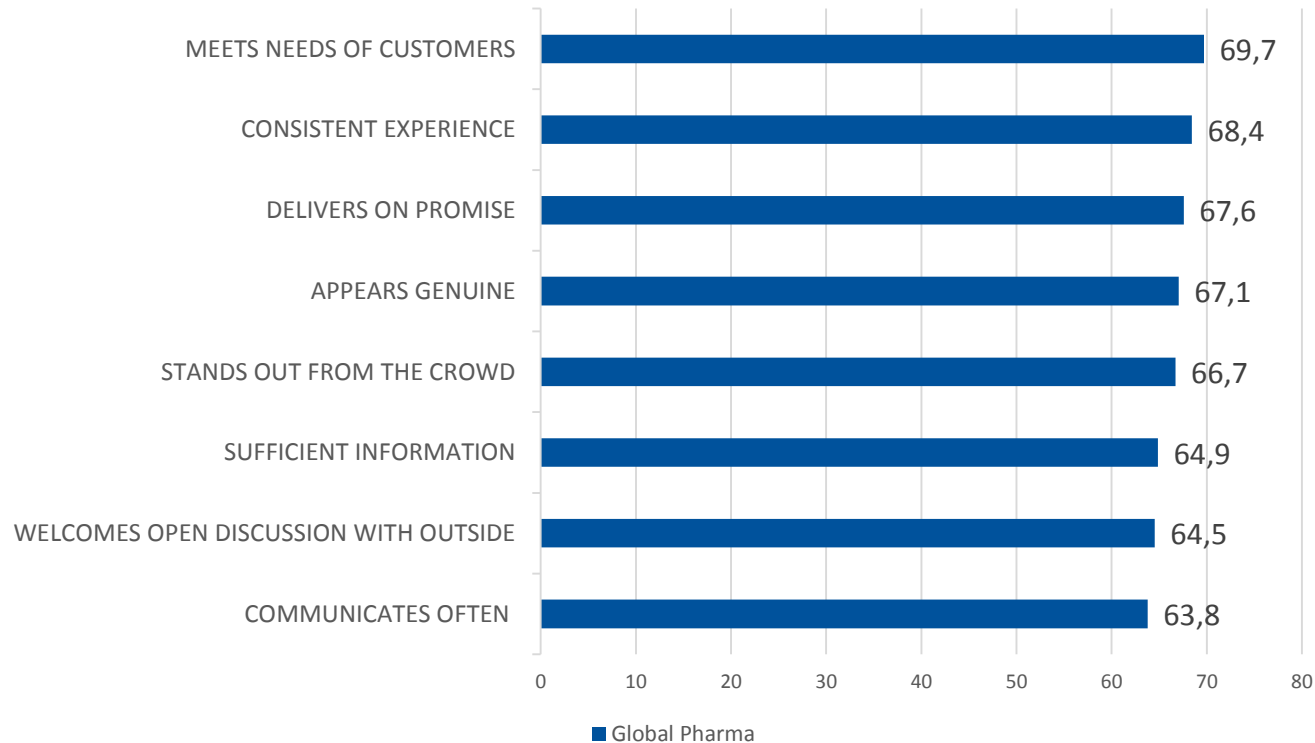
$$R^2 = 0.8444$$



Reputation Institute – Pharma RepTrak® 2016

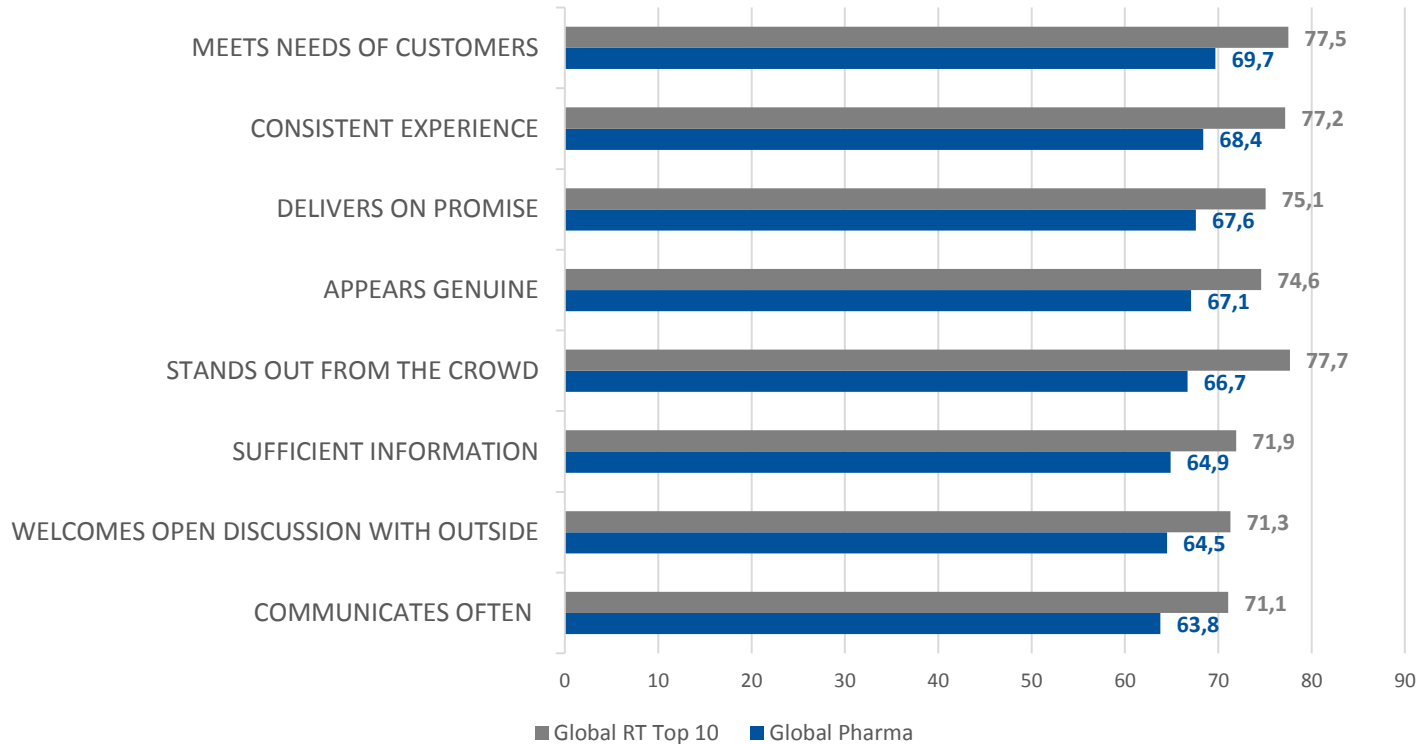
Corporate Brand and Communication

Global Pharma Brand Expressiveness



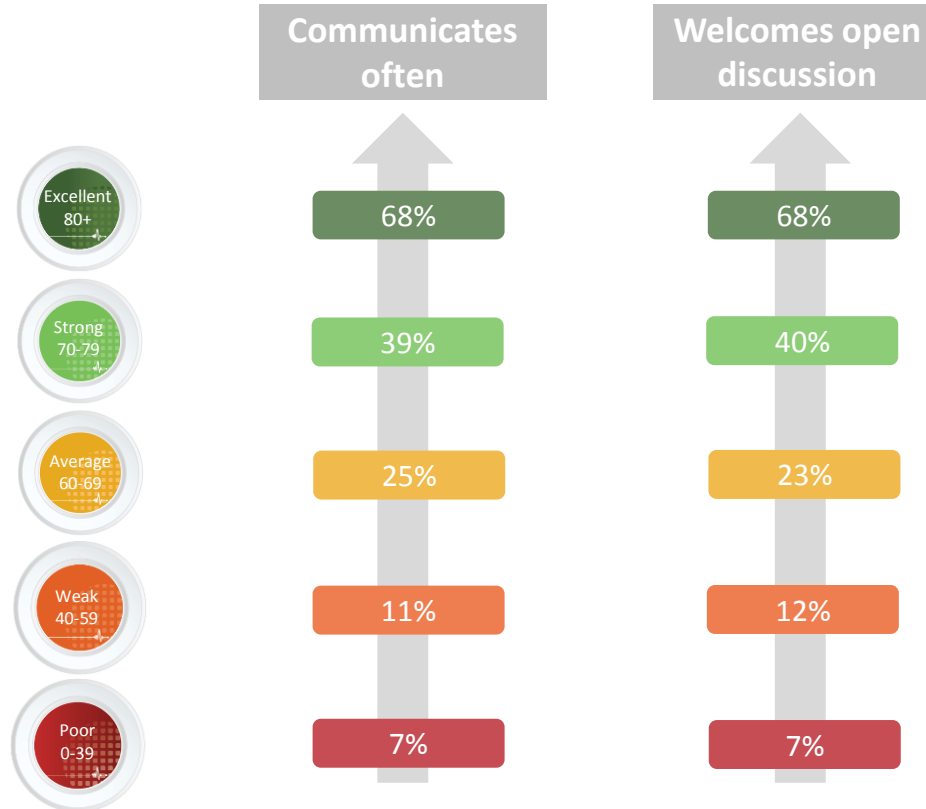
- Demographic differences regarding pharma's brand expressiveness
 - AGE: Respondents between in the age group 25-34 years perceive pharma's brand expressiveness as higher than respondents in the age groups 18-24 and 44-65
 - GENDER: No difference between males and females
 - MARKETS: Respondents from emerging markets perceive pharma's brand expressiveness as higher than those from developed markets

Compared to the Global Top 10 Companies, Pharma Falls Behind in Communication

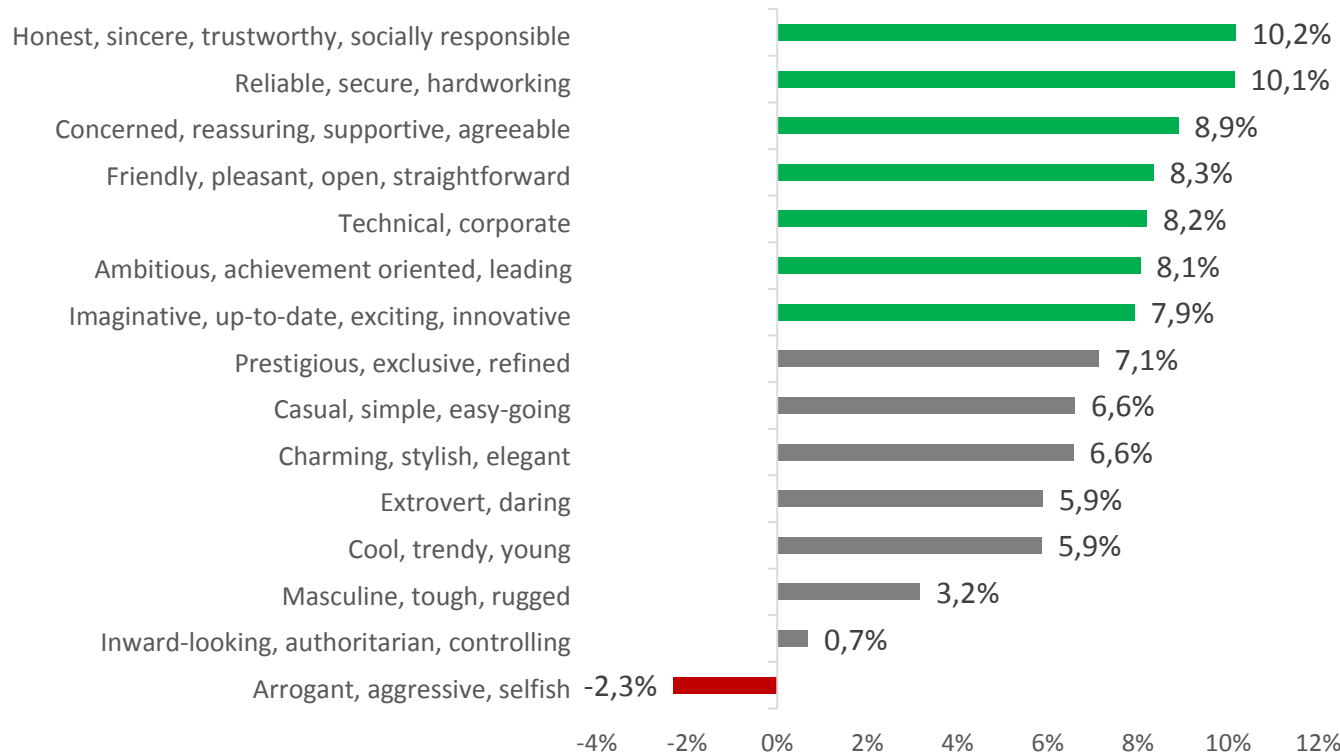


- Individually, all Pharma companies are perceived as similar when it comes to brand communication
- None of the pharma companies are standing out from their industry

Expressive companies that welcome open discussion have better reputations

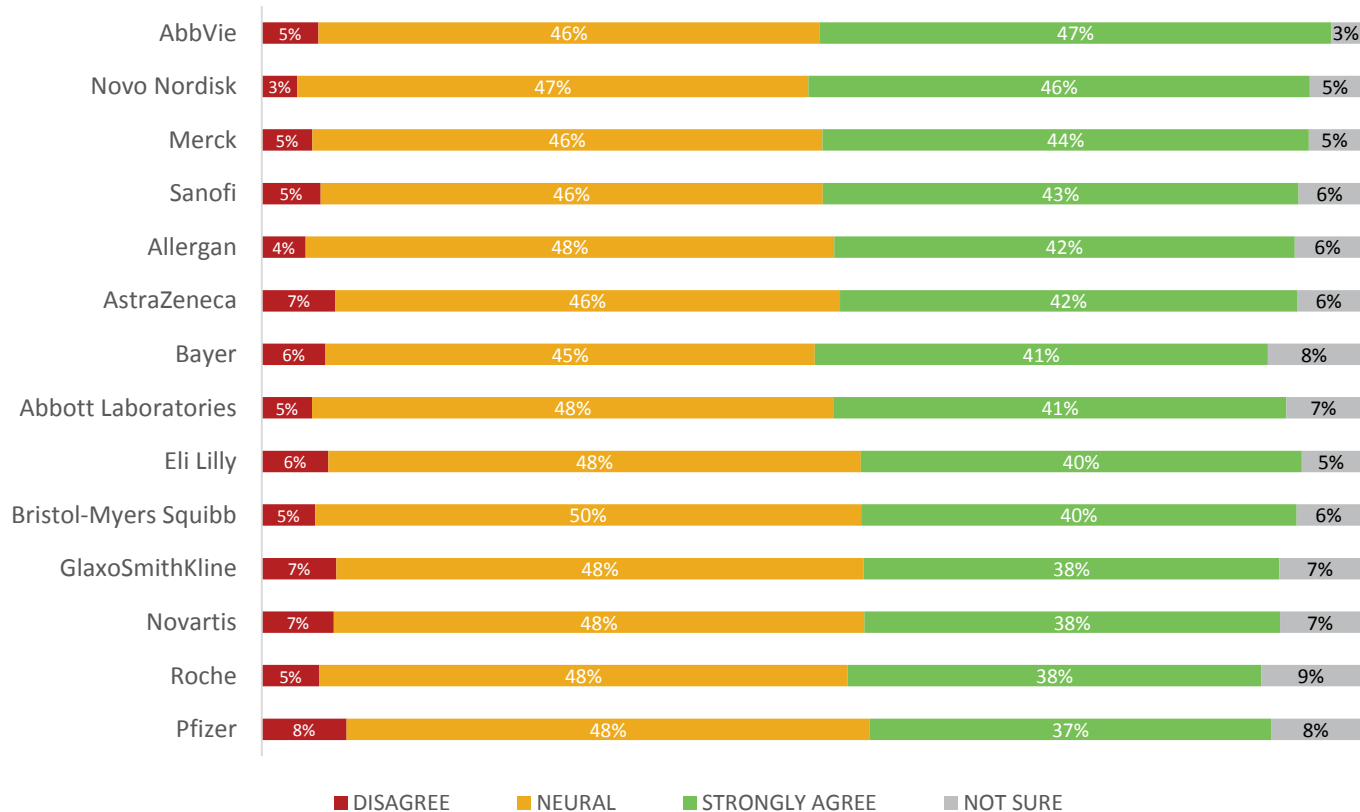


The Impact of Corporate Brand Personality on Pharma Companies



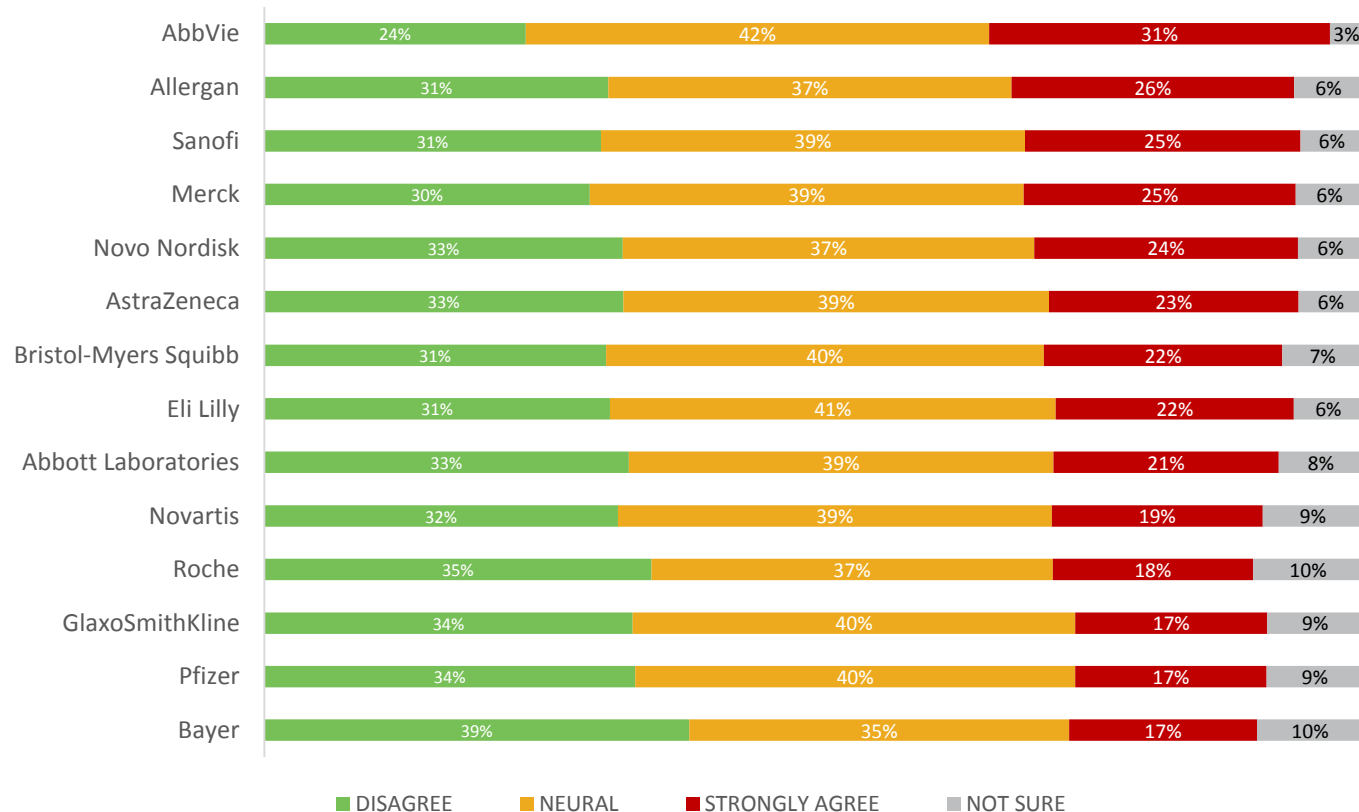
- Being perceived as honest, sincere, socially responsible, reliable and concerned have the highest positive impact on reputation for pharma companies
- The only negative impact on reputation is being perceived as arrogant, aggressive and selfish

Pharma Companies: Who is seen as Honest, Sincere, Trustworthy, Socially Responsible



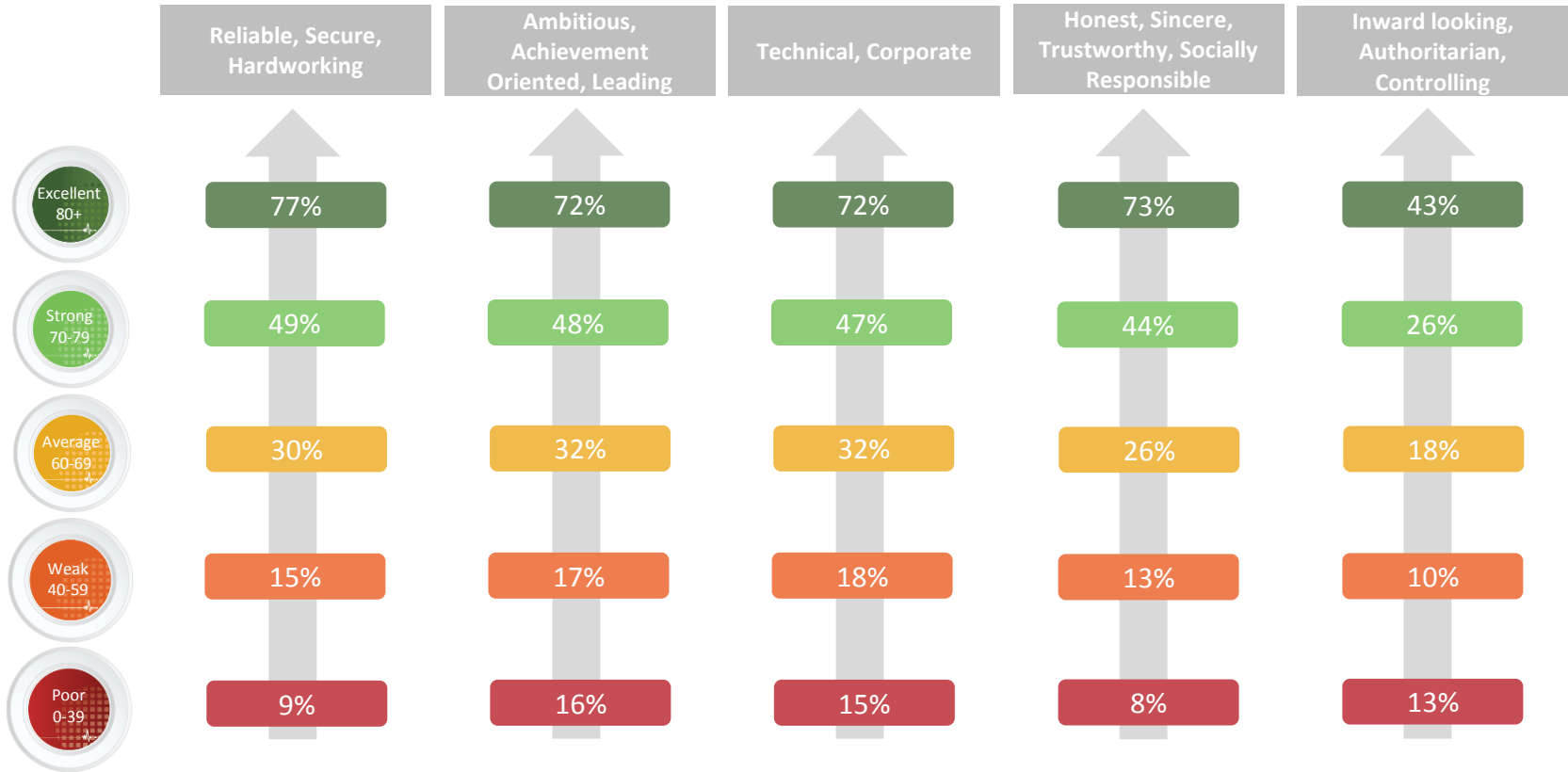
- Individually, all Pharma companies are perceived as similar when it comes to the brand strength attributes
- Abbvie, Novo Nordisk and Merck as seen as most trustworthy and honest

Pharma Companies: Who is seen as Arrogant, Aggressive, and Selfish?



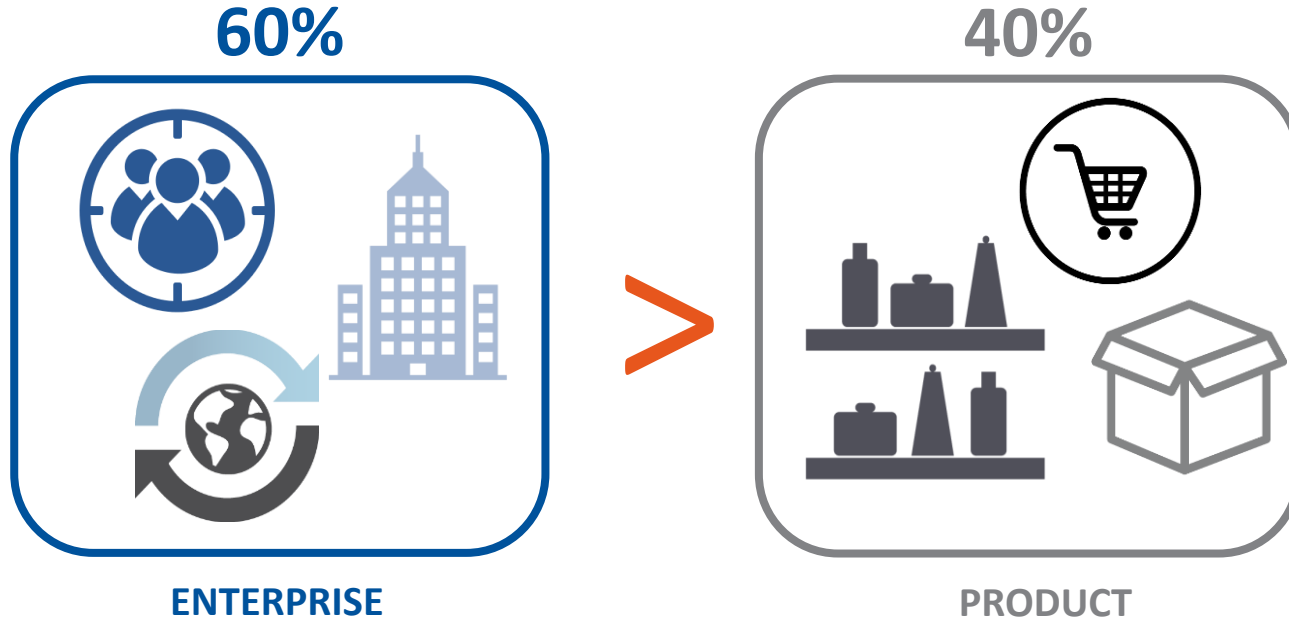
- Individually, all Pharma companies are perceived as similar when it comes to the brand strength attributes
- More than a fifth of respondents strongly agree that Merck, Sanofi, Allergan and AbbVie are arrogant, aggressive and selfish

Your personality matters when it comes to reputation



Pharma Companies Will Benefit from Telling Their Company Story

- Enterprise Drives **60% of Willingness to Support**



SUPPORTIVE BEHAVIORS

RECOMMEND COMPANY • SAY SOMETHING POSITIVE • GIVE THE BENEFIT OF DOUBT • TRUST TO DO THE RIGHT THING • BUY PRODUCTS • INVEST • WORK FOR COMPANY • WELCOME TO THE NEIGHBOURHOOD • RECOMMEND PRODUCTS • RECOMMEND AS AN INVESTMENT

For Pharma Who You Are Carries More Importance Than What You Sell



ENTERPRISE



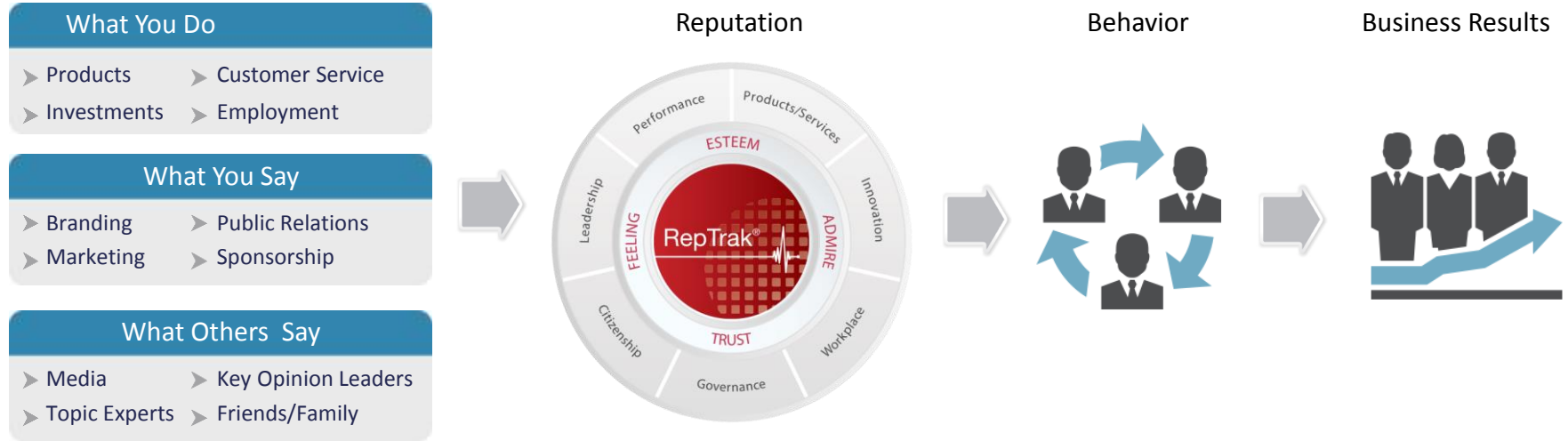
PRODUCT

RECOMMEND PRODUCTS	56.3%	43.7%
SAY SOMETHING POSITIVE	59.1%	40.9%
GIVE THE BENEFIT OF DOUBT	63.6%	36.4%
WORK FOR COMPANY	62.4%	37.6%

Reputation Institute

Driving Business Success Through Reputation Management

Reputation Institute Helps Measure and Manage Your Reputation





Get Your Company's Data

Ask us to be among the first to know your company's 2016 score and ranking.

See how likely your stakeholders are to buy from you, work with you, and invest in your company.

Understand how you can improve your scores and grow your stakeholder support.

Ask us at info@reputationinstitute.com