

Legal limits on marketing? CSR is a good bet Pharmaceutical companies can build brand recognition by helping society By Meltem YAMAN

(Based on the paper - how to make brand management in an industry with legal limitation in branding - presented at the annual meeting of the association, of collegiate Marketing Educators in Houston, Texas)

Pharmaceutical companies have strict legal limits on marketing, but that shouldn't stop them from building brand recognition. A lot can be done within these constraints, and it boils down to running a clean and ethical business that seeks to do good for society.

This is a strategy that can be used by any company – and should be – to create trust and respect for their brands. But in the business of prescription drugs, it's even more important because of the tight regulations on how products can be promoted. Companies can get penalized for influencing doctors to prescribe their drugs over the equivalent generics, such as by sending them to exotic locales for congresses.



Within these limits, companies have to be creative to reach their target consumers – and ethical. This isn't just about marketing a drug, it's about building trust in a brand and helping society.

To do this, the first step is to adhere to Global Compact, a United Nations initiative for encouraging corporate social responsibility. It consists of 10 principles for protecting human and labor rights, promoting environmental responsibility and steering clear of corruption.

Corporate Governance

The second step is to improve corporate governance. The principles of how businesses are expected to operate to ensure proper governance have emerged from a series of reports since the 1990s, including the Cadbury Report in the U.K. and the Sarbanes-Oxley Act in the U.S.

These principles aim to change the marketing approach of companies so it is more ethical, and not just about pleasing shareholders. Companies must recognize that they have legal, contractual, social and market-driven obligations to non-shareholders, including employees, investors, creditors, suppliers, local communities, customers and policymakers.

In practice, this means companies should have integrity and be transparent when choosing corporate officers and board members, and they should create a code of conduct that will allow these leaders to promote ethical and responsible decision-making.

Companies should also be transparent by clarifying and making publicly known the roles and responsibilities of the board and management, as this provides the stakeholders with a level of accountability. The companies, too, should implement procedures to independently verify and safeguard the integrity of their financial reporting. Disclosure of material matters concerning the organization should be timely and balanced so that all investors have access to clear, factual information.

Doing these things well has become all the more important with a system of ratings of corporate governance, such as that of the Organisation for Economic Co-operation and Development (OECD). The ratings provide a view into how companies are doing at upholding these principles.

Social Media

With the advances in computing, the internet and social media, companies have to work even harder to sustain good reputations because they are so much more exposed to the public.

In the U.S., for example, The Harris Poll has become a key measurement of people's perception of corporate reputation since it was started in 1999. Amazon.com, the online retailer, scored highest in 2017 in the poll, which measures how well companies are doing – or how poorly – on supporting good causes, environmental responsibility and community responsibility.

In its first years, the poll found that companies that acted in a socially responsible manner were well perceived by the public. But now they need to do more. They must also create social value, as well as be known for treating their employees and customers well, being ethical and providing affordable and accessible products and services.

New Marketing Channel

For pharmaceutical companies, the growing importance of corporate social responsibility (CSR) has opened a new marketing channel.

With CSR, companies can make a difference in society, and in so doing their brands can score high with consumers on such things as admiration and trust of the company and its products, good value, and the perception that it would be a good place to work because it treats its employees well.

How can this be done?

One example is of a pharmaceutical company that sought to spread awareness about a newly identified disease. The company prepared a presentation about the disease for an international scientific congress attended by medical doctors. With the talks at the event and the subsequent coverage in the press and scientific literature, awareness was raised about the disease, and a link to the brand and the drug maker was created in people's minds. All



of the stakeholders benefited from the project, and the process continues today with an annual congress and even a scientific publication on the disease.

Another example is from France's Sanofi, a leading maker of insulin. As a social responsibility project, the company created a competition for university students in Turkey to come up with ideas on how to make the lives of diabetics easier.

Many students used the social media in their projects, helping to drum up awareness. The jury, made up of diabetics and their family members, university professors and other experts in the disorder, selected 10 projects to compete for the prizes, and these students were brought together for an awards ceremony in a luxury hotel. This gained attention with the public, universities and people with diabetes, helping to improve Sanofi's recognition as a trusted and preferred choice for treating the disorder.

Health issues are critical for society, and any wrong implementation can cost people their lives. This is reason enough for the pharmaceutical industry to be as ethical, constructive, careful and responsible as it can be. By doing so, the good thing is that they're not only helping society, but also bolstering their brand and corporate reputation.

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More about us: www.alexanderhughes.com

Media contact: Valeria Brancato – v.brancato@alexanderhughes.com

Réjane Campisi-Barea - r.campisi@alexanderhughes.com