

**An Investigation of the Uses of Corporate Reputation: A Managerial  
Perspective in the Taiwanese Pharmaceutical Industry**

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## **Abstract**

*Purpose (mandatory)* The present study develops a conceptual model that examines the underlying mechanisms of the link between the *uses* of corporate reputation and brand image strategy, from the corporate communication perspective. The study incorporates three kinds of uses of corporate reputation: value creation, strategic resources and corporate communication.

*Design/methodology/approach (mandatory)* Using a qualitative approach, in-depth interviews were conducted with top executives in the pharmaceutical industry in Taiwan to investigate the effects of the uses of corporate reputation on brand image strategy from the managerial perspective.

*Findings (mandatory)* Findings provide richness into forming the basis for developing a framework of the uses of reputation, with implications for managers and academics alike.

The qualitative findings generally showed that three dimensions of the uses of corporate reputation (i.e. value creation, strategic resources and corporate communication) are applicable to managers' brand image strategy implementation. For the Taiwanese pharmaceutical industry, the research highlights that value creation herein pertains to the value created for the firm, as (a) cost/sacrifice value, (b) symbolic/expressive value, and (c) experience/hedonic value.

*Originality/value (mandatory)* Reputation is one of the most important concerns for pharmaceutical firms, as it develops and builds trust with key stakeholders. However, in the pharmaceutical industry context, the application and uses of corporate reputation is little researched. A need exists for research that examines the effects of the uses of corporate reputation at the firm level. This study fills this important gap in developing a conceptual framework for the uses of corporate reputation in the pharmaceutical industry. In addition, most studies on the uses of corporate reputation in pharmaceuticals are in the contexts of Western countries, thus, limiting the generalisability. Taiwan is the context for the present study.

**Keywords:** Reputation, brand image, value creation, strategic resources, corporate communication, pharmaceutical industry, Taiwan.

## Introduction

In the pharmaceutical industry, organizations are complex and subject to a number of critical influences, such as regulations and directives, meaning that pharmaceuticals need to actively consider how key stakeholders perceive them. Managers play a particularly important role in building a firm's reputation and brand image (Miller, 2014), as the pharmaceutical brand is built to gain trust from professionals such as physicians and doctors. For example, when managers target their brands to large, well-reputed customers and niche markets with top quality products, these decision makers are highly influential in the representation of the pharmaceutical company and its brand towards its customers. Thus, in the brand development and management strategy, for these pharmaceuticals, intangible assets such as corporate reputation play a crucial role to attain competitive advantage (Hatch and Schultz, 2001; Rao *et al.*, 2004; Tran *et al.*, 2015).

Although separate studies are available on corporate reputation and on how a pharmaceutical company builds or extends its corporate brand (e.g. Argenti *et al.*, 2005), very few studies, linking corporate branding and reputation, are available, and these studies are not specific on how firms *use* their corporate reputation to give more strategic insights to its brand. Dolphin's (2004) study seems to be the most relevant study, giving a review of how firms put the reputation idea into the branding process. However, the concept of the *uses* of corporate reputation in pharmaceuticals still remains unclear as most of the studies regarding this issue were conducted solely from customer perspectives. There is the need for more research that examines the effects of uses of corporate reputation at the firm and management level, raising the question of the applicability of the uses of corporate reputation in the pharmaceutical industry context. Thus, to fill a much needed gap, the present study investigates further the uses of corporate reputation from a managerial perspective and focuses on three kinds of corporate reputation uses, derived from our extensive review of the

literature, namely, value creation, strategic resources and corporate communication (e.g., Chen and Otubanjo, 2014). In addition, most studies on the uses of corporate reputation in pharmaceuticals have been conducted in Western countries, such as the USA, the UK and Germany, thus, limiting the generalisability. In order to bridge this gap, Taiwan, as a country in far eastern Asia, has therefore been selected as the setting of this study. The research question is expressed as follows: How do Taiwanese pharmaceutical companies use their corporate reputation to develop a brand image strategy?

Aiming to examine how pharmaceutical managers make brand decisions based on corporate reputation using the unique context of Taiwan, the study contributes to the brand management literature in the following areas: (1) First, the research advances current knowledge by providing alternative insights from practitioners to the uses of corporate reputation. The study adds views from top management executives on the uses of corporate reputation to possible outcomes of a brand image strategy. (2) Second, relevant mechanisms underlying the relationships between the uses of corporate reputation and the design of a brand image strategy are investigated in a non-Western context. That is, the research shows how each dimension of the uses of corporate reputation affects the design of brand image strategy in the pharmaceutical industry in Taiwan. Implications exist as to how managers may use corporate reputation in a more specific branding-oriented approach in the pharmaceutical industry.

The rest of the article is arranged as follows: First, we review the literature on corporate reputation and its concepts. Following this is a presentation of the method and data analysis employed. Subsequently, we present and critically discuss our findings from the qualitative study. Finally, we conclude the present study on reputation with implications for theory and practice, and offer directions for future research.

## Literature review

One of the most cited definitions of corporate reputation was put forward by Weigelt and Camerer (1988) in the strategic management field. These authors argued that corporate reputation is an attribute or a set of attributes ascribed to a firm and inferred from the firm's past actions. In other words, corporate reputation is the belief of market participants about a firm's strategic character (Weigelt and Camerer, 1988). Another important definition, which has been cited in many works is that presented in the work of Roberts and Dowling (2002). They contend that corporate reputation is the public's cumulative judgement of firms, over time. Researchers have discussed corporate reputation as a history of customer perception about the firm, such as the collective beliefs that exist in the organisational field about a firm's identity and prominence (Rao, 1994; Rindova and Kotha, 2001), media visibility and the business favour gained by a firm (Deephouse, 2000).

In the branding literature, corporate reputation is also found as a signal of a firm's actions to its customers (i.e., Fombrun and Shanley, 1990; Herbig *et al.*, 1994). Brand managers send, seek for and interpret cues to try to understand the beliefs, attitudes, or intentions of market participants (Herbig and Milewicz, 1993). According to attitude theories such as the expectancy-value theory (Fishbein and Ajzen, 1975), market participants (e.g. consumer, retailer, supplier, etc.) make decisions by selecting the alternative which is perceived to be most promising and is likely to lead to the most favourable outcomes for them. Consistent positive signals about a company's products or services quality can enhance its credibility (Herbig *et al.*, 1994) and positively influence customers' attitudes as well as purchase intentions (e.g. Campbell, 1999; Goldberg and Hartwick, 1990). In contrast, less positive or negative signals can render opposite results, especially when signals are sent out inconsistently (e.g. LaBarbera, 1982).

An extensive review of the theoretical literature from various academic areas (i.e. public relations, marketing, management, economic, sociological, finance and accounting) indicates a strong overlap in the theoretical concept building of the uses of the concept of corporate reputation among business organizations. Attention is drawn to the emergence of a number of conceptual overlaps in the literature concerning use of corporate reputation. Mainly, the uses of corporate reputation are categorized into three groups: value creation, the influence on competitor's actions and the development of relationships with stakeholders.

**Value creation.** Scholars state that corporate reputation is used and presented to stakeholders as a corporate valuable or as an intangible asset that creates value in the future (Fombrun, 1996). Dierickx and Cool (1989) contend that corporate reputation is used as an asset, which cannot be bought, and thus is not easy to imitate or substitute.

**Strategic resource.** Roberts and Dowling (2002) claim that corporate reputation is commonly used as a defence strategy to ward off competitors. Moreover, corporate reputation is commonly used as a means of highlighting and signifying (Herbig and Milewicz, 1993) a firm's beliefs, attitudes and intentions to market participants – and thus interpreted by stakeholders. Consequently, firms aspire to achieve competitive advantage by deploying strategies that will effectively differentiate them from competitors (Beatty and Ritter, 1986).

**Corporate communication.** Lerbinger (1965) argues that corporate reputation is used to communicate a firm's social responsibility activities to stakeholders within the business environment. Moreover, corporate reputation is used as a means of shaping the perception of shareholders and stakeholders, suggesting that a firm's corporate reputation commonly

shapes the opinions and perceptions of shareholders and stakeholders alike (Brammer and Pavelin, 2006).

On the whole, our review of the literature indicates that corporate reputation is drawn to protect firms from excessive interpretation among stakeholders. It is observed that a corporate reputation helps customers to select the best choice among many alternatives in the market and serves as a value signal that enables customers to gauge the merits of a product or service, especially in situations where customers are overloaded with information or in cases where there is inadequate information about a product (Fombrun and Shanley, 1990; Fryxell and Wang, 1994). Fombrun and Shanley (1990) indicate that corporate reputation is used for influencing consumer choices. Scholars support this idea, arguing that corporate reputation is used by consumers to make purchasing decisions (Landon and Smith, 1997) and contend that a good corporate reputation enables the generation of increased customer loyalty (Eberl and Schwaiger, 2005; Roberts and Dowling, 2004).

Based on the literature review, the study identifies three major gaps in the general management literature, namely that (1) few studies link corporate branding and the uses of reputation, specifying on how firms use their corporate reputation to give more strategic insights to its brand (Dolphin, 2004), (2) the concept of the uses of corporate reputation still remains unclear as most of the studies were conducted solely from customer perspectives, and not from the managerial perspective, and (3) most studies on the uses of corporate reputation in pharmaceuticals have been conducted in Western countries, such as the USA, the UK and Germany, thus, limiting the generalisability. The present study explicitly aims to address these gaps. In the subsequent sections, the uses of corporate reputation are explored in the pharmaceutical industry in Taiwan, followed by discussions and implications for management. The methodology behind this exploration is presented next.



## **Method**

### ***Research setting***

The pharmaceutical industry was chosen because reputation building is particularly important for senior executives in pharmaceutical firms. Medicines are vital for human life and the trust arising from corporate reputation thus plays an important role in the general perception among individuals. Furthermore, a pharmaceutical firm can use its reputation to signal to its customers about its new technology, the standards they require, or just to build trust within its customers.

In accordance with the research objective, the researchers intend to empirically test the model in a non-Western setting in order to examine the validity of Western-developed theories. Taiwan has been selected as the setting of this study because its oriental culture (which is mainly followed by Chinese culture) is clearly different from Western culture (Hofstede, 1980). For example, with regard to the distribution of power, Taiwan has higher inequality between people and organizations than those most developed countries (Hofstede, 1980). In addition, compared to developed countries, Taiwanese have high uncertainty avoidance, implying that Taiwanese people have a higher tolerance for ambiguity, and less emotional resistance to change. Taiwan has a very low score for individualism when compared to Western countries (Hofstede, 1980). In addition, the values and norms of Taiwanese employees have a strong root in Buddhism and Taoism, which is different from those in Western countries, which are mainly Christian—Catholic or Protestant (Hofstede, 1980).

The Taiwanese generic medicine market is getting stronger and more solid. In the 1990s, Taiwan pharmaceutical companies were consistently among the top ten-ranked in the US market. In the past few years, many companies have been turning to Taiwan to seek new technologies and to reduce costs. This indicates that Taiwan's own pharmaceutical industry

technology has greatly improved and is reaching international standards (Swinbanks and Cyranoski, 2000). This trend in turn encourages competition in the Taiwanese pharmaceutical industry. Companies in Taiwan, especially in the pharmaceutical industry, therefore increasingly recognise the importance of the uses of a firm's reputation.

### ***Data collection and sample***

Qualitative research is more suitable when there is a need for unfolding what surrounds a phenomenon (Carson *et al.*, 2001). A considerable number of studies have used qualitative methods to gain insights into the reputation phenomena being investigated (e.g. Arnould and Price, 1993; McGuire *et al.*, 1990; Thompson, 1997; Weigelt and Camerer, 1988). The objective of this study is to investigate the effects of the uses of corporate reputation on brand image strategy in the pharmaceutical industry from the managerial perspective. The research was conducted using in-depth interviews with managers in the pharmaceutical industry in Taiwan. Fourteen brand managers from pharmaceutical companies in Taiwan participated as respondents. These respondents were selected because they have experience in implementing brand segmentation and positioning strategies in their pharmaceutical company and were able to provide information about how their firms' current situation affect the corporate brand strategy. Following the literature search to generate and develop the interview questions, a guide was developed and in-depth interviews with experts were conducted. A list of questions was designed on the basis of the reviewed literature and the research question, consisting of several open-ended questions (see Table 1 for the full list). The following protocol was used: First, following a brief presentation of the study, each topic, as identified from the literature were presented, and the interviewees were allowed to talk freely about their experiences. The profile of interviewees and details about interviews appear in Table 2.

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Following Miles and Huberman (1994), the researchers extracted themes from the interview data by using data reduction and display functions in Nvivo 7.0 software. A coding scheme was designed based on literature and transcripts. Data were grouped according to relevant codes. Next, the findings from the interviews on the uses of corporate reputation are presented.

## **Findings**

### ***Interview results on value creation***

In general, the experts clearly expressed that value creation is an important part of corporate reputation. Experts discussed the importance of the ability to create value for the uses of corporate reputation in pharmaceutical companies as follows:

“Brand value could be considered as a brand reputation that people recognize.

Employees’ commitment toward this company, in fact, is actually the strength to support a brand value from inside out.” (Manager in company F)

“What we value the most is the remedial effect of the medicine. It is fair to say that medication from original pharmaceutical companies is usually more expensive. Lots of people believe that an expensive drug guarantees its effects. However, I focus more on the efficacy of the medication.” (Manager in company A)

Additionally, the value created by the firm helps a firm to establish their marketing plan. The following comment of an interviewee reflects these points:

“A big pharmaceutical company tends to convince customers by its company image and value of performance. The medication which comes from a big, famous company is always more expensive than medication produced by pharmaceutical companies in Taiwan. For doctors and patients, what really matters about a medicine is its remedial effects, not its country of origin. International pharmaceutical companies spend lots of money on building company images compared with pharmaceutical companies in Taiwan.” (Manager in company A)

Another finding suggests that several different aspects of value can be created for the customers based on different customer characteristics. However, the managers had different opinions about which type of value creation is the most important. The most commonly given answer, functional value created by their firm, is the most popular strategy in the pharmaceutical company. For others, experiential value creation is an important aspect in forming the corporate reputation of Taiwanese pharmaceutical companies. The following statement illustrates this:

“The offshore pharmaceutical companies, compared with local pharmaceutical companies in Taiwan, give less focus on the value of medical efficacy. The offshore pharmaceutical companies, instead, may focus more on customers’ thoughts toward their products. Their marketing strategy emphasizes the value of experience and happiness.” (Manager in company I)

### ***Interview results on strategic resources***

The research reveals that a firm with a good reputation has some strategic advantages. It is agreed by the experts that the use of corporate reputation as a strategic resource is important. A good corporate reputation attracts good salespeople, helps a company to launch

its new products into the market, helps a firm to merge with other smaller pharmaceutical producers or to expand the market, to co-operate with and add more sales channels to the company and aids in raising funds. The following statements illustrate this:

“A company with a good reputation is more likely to succeed in introducing to the market their new product. From sales department’s point of view, product launch can easily impress the market if the product is from a reputable company. [...] The potential meaning of using the corporate reputation as a strategic resource could be expanded in breadth and depth beyond its literal meaning.” (Manager in company F)

“I suppose that good company reputation can boost product sales and push products into markets more quickly. A firm’s reputation can affect other substantial elements of marketing strategy, including human resources, retailers and product price.” (Manager in company I)

Hence, a good corporate reputation can effectively enhance throughout the organisation, and also enable a new product’s entry to the market. It makes the firm easier to sell products to its customers. Moreover, a good corporate reputation also makes it easier for the firm to sell products to distributors. For example:

“A company can use customer loyalty as a part of a marketing strategy. I can rely on the reputation of my company. My company is attractive to distributors because of its good reputation. In other words, distributors will be more confident and interested to do business with a company with a good reputation.” (Manager in company B)

### ***Interview results on corporate communication***

The research undertaken reveals that a firm's corporate reputation encourages greater commitment from employees and internal communication within the company. The following statement illustrates this:

“I have spent my most valued 30 years in this company. There must be a reason for me to stay for such a long time. And this reason is the commitment to this company. I am proud of the company because I was in a reputable company.” (Manager in company A)

Moreover, a firm's corporate reputation cannot only be used to communicate with its stakeholders, but also builds the relationship between the firm and its customers. That is, the corporate reputation also builds external communication with the stakeholders. An example was given by one of the experts, who mentioned about how a firm with a good corporate reputation can influence its customers and also make customers have a better perception of the company and its FABs (Features, Advantages and Benefits):

“The ways we use to communicate with consumers includes building a relationship between company and consumers. A well-reputed company gains more trust from the customers. This helps to strengthen the relationship between the company and the customers. If you have a strong relationship with customers, you will have more resources to market your products and achieve your sales target.” (Manager in company H)

It is important that a good corporate reputation can tighten the relationship between the company and its customer via improved communication. However, some time is needed for a customer to recognize a firm as a “well-reputed” firm:

“A company with a good reputation can always influence customers’ decisions. But it could take a lot of effort for the company to establish its reputation. The establishment of company reputation could require 10 or 20 years of hard work.” (Manager in company B)

“Our firm’s corporate reputation with a good manufacturing history, a reputable product experience, helps the communication with our customers.” (Manager in company F)

### **Brand Image Strategy**

Following the data analysis, findings about the brand image strategy are thematically divided into brand segmentation, brand differentiation and brand position, (e.g., Chen and Otubanjo, 2013; Chen *et al.*, 2015). These are presented sequentially next.

#### ***Interview results on brand segmentation***

Segment development is important in implementing a firm’s brand image strategy. However, segmentation is based on differentiating the needs of the customer. Similar factors of target segments of customers enable managers to implement a strategy, but there are different ways of implementing segmentation within one organisation. According to the manager in company F:

A: “I prefer using diseases for market segmentation. I mean that diseases are used for identification of niche products. For example, every patient with cancer will visit an oncology department. This is a good example of using disease for market segmentation because it uses differences between products to introduce a new product. It won’t be difficult to identify niche products as long as you think about many different factors, not just only one factor.” (Manager in company F)

Moreover, some companies use different channels of distribution to implement segmentation strategy, such as hospitals, clinics and pharmacies. The following statement illustrates this:

“Market segmentation can be done via pointing out the distribution channels. The large corporations have their own hospital channels to promote their products. That is how they can produce the best outcome via proper allocation of their staffs and use of the existing resources.” (Manager in company I)

Other interviewees suggested that there are many other factors, such as whether there is a focus on R&D, that decide the type of segmentation. Besides R&D, different channels of distribution can be the basis of brand segmentation. The following statement illustrates this:

B: “The distribution channel for these products will be hospitals since the price of our products is relatively high. Hospitals normally can accept products with a higher price range.” (Manager in company E)

### ***Interview results on brand differentiation***

To enable a good brand image strategy, brand differentiation has to be applied well. However, achieving brand differentiation is very difficult in this particular industry. There is a standard procedure (bioequivalence and bioavailability, as explained in the following paragraph) that has to be followed during production in the pharmaceutical industry. Thus, in the end, it is not possible to distinguish between original and generic products. The following statement illustrates this:

“... If the difference does not exceed a certain level, you conclude that there is no significant difference between these two products but you still cannot claim these two products are exactly the same.” (Manager in company E)



Even if it is hard to implement brand differentiation strategy in this industry, there are two ways of implementing brand differentiation strategy: product oriented and customer based. First, the product packaging can make the company image; this can be behind the logic of brand image strategy making. For example:

“There are so many things to be done to differentiate your drug products, including dosage, product features, packaging, drug in tablet or liquid form, flavours, clinical evidence and approval certificate by Health Department etc. We can apply and combine these products features and the use of end users to differentiate our brand.”

(Manager in company F)

“The product package represents a company’s image. It is not limited to real packaging. A nice looking package of course can attract consumers to buy your products. You can also put a photo of charity events funded by your company such as a running event for cancer patients. You can find many charity events or organizations overseas.” (Manager in company A)

A common way of differentiation for pharmaceutical products is to make them into different forms of a medical product, such as liquid, tablets or capsules. Different forms of the medicine enable different brand image strategies to be applied. The following statement illustrates this:

“No one will care about brand differentiation if your drugs and other competitors’ drugs are both within legal limits. However, there are definitely differences between your products and others. The only job is just you have to know what the difference is and how you can show the brand differentiation to your consumers. For example, if you feel like making a drug as a tablet, capsule or film coating and if is not easy to get the drug to a certain feature, you then turn to make the drug in liquid form, such as

syrup or injections. However, a drug in liquid form is normally unstable. That is what you can use to promote your drug, just like using a slogan ‘our product as a tablet is better and stable’.” (Manager in company E)

In addition to packaging, some creative R&D combine two ingredients into one tablet to enable the consumer to use the medical product more easily – thereby creating a differentiation:

“I don’t know whether you have noticed that only few of the modern drug products contain only one ingredient. Most of the modern drug products tend to combine two ingredients called a ‘combo’.” (Manager in company A)

Second, categorising customers can have an impact on the entire production and marketing scheme. The following statement illustrates this:

“I will differentiate my products for the end users, doctor and pharmacist. No matter whether we differentiate our products for the end users or any other ways, we all want the same result, which is to influence the customers’ behaviour. I will tend to promote sales to the end users and strengthen our aftersales service to achieve this.” (Manager in company F)

The findings reveal that there are different ways to implement customer-based brand differentiation:

“Another way is the signing of contracts. We are very flexible in signing sales contracts. That will make our sales people easily get the sales contract signed by our customers. Our salesman can flexibly change the contract and tailor the contract based on their sales volume....” (Manager in company F)

Some other ways of implementing a customer-based differentiation strategy, include using low prices, spread word of mouth, and using opinion leaders to lead consumer thinking, giving quick results for brand differentiation. For example:

“The best and most direct method to differentiate your brand name is to create the product value by a cheaper price. When your customers can accept your products easily and quickly, they will help to promote your product as a cheap and good product via word of mouth. We can also differentiate our product by hiring an opinion leader in the medical industry to endorse our products with their own good experiences and treatment results. Finally, it is a great advantage for products to be able to sell in 7–11 stores. Then your distribution channel will not be limited to pharmacies. If the products can only be sold in a pharmacy, we can only use the end user, such as a doctor, to help us to differentiate the product.” (Manager in company I)

### ***Interview results on brand positioning***

One of the most important factors in implementing positioning strategy is price. Some companies position their product as a premium product because they have a very good corporate image or appear frequently in commercials. This kind of positioning strategy is based on the corporate image. A respondent illustrates:

“A company with a good reputation can also promote their products more easily by improving company image and by connecting itself to the distributors. For example, we usually advertise in the medical journals or show up at the medical conferences to enhance our reputation. A debut conference and a product commercial are often used to boost customers’ confidence in a new medical product and to position well this product. Thus, it also builds an unseen positioning strategy within customers’ minds.” (Manager in company B)

Another way to position their product at the high-end market is to use ingredients from a certain country. For example, products from the USA, Europe or Taiwan can be positioned for the high-end market and sold for a high price:

“We prefer ingredients for medicine production from Europe and India, and we would rather not use ingredients from China. People can find out the differences between ingredients from different regions when testing these ingredients. The medical ingredients from China may survive testing on effects, but these ingredients always fail impurity tests.” (Manager in company A)

Some companies implement their positioning strategy by basing it on medical effectiveness. This positioning strategy is based on customer needs:

“A company needs to take all aspects, such as efficacy of the medicine, of one medication into consideration before doing product positioning. Anti-wrinkle products with good effects on skin could be an example for product positioning. Medication with good efficacy will be recognised as a high-end product, even if producing expense of this medication is not high.” (Manager in company B)

However, there are companies, which are more manufacturer-oriented and would rather position their products as good quality by focusing on customer relationships. Statements from the managers illustrates this:

“I’d rather do business with small firms. A company is more likely to make the profit from the business with small firms, and this sort of business allows the company to make bigger profit from the products they have sold.” (Manager in company E)

“A good post-sale service is required after the value of one product is recognized by customers. A good post-sale service is to strengthen customer’s faith in the product

value and to influence doctors' prescriptions. This is to enlarge the market share of a single product." (Manager in company I)

## **Discussion**

Despite the importance of corporate reputation, the concept of the uses of corporate reputation is not well defined in the brand management literature. In this study, an analysis of the uses of corporate reputation and its conceptualizations has been provided. Moreover, the dimensions of the construct were found in the literature (Dickson and Ginter, 1987). Even there, insufficient empirical research has been done on investigating the uses of corporate reputation from the managerial perspective, especially in relation to the brand strategy implementation. This study therefore attempted to gain meaningful degrees of understanding of the uses of corporate reputation construct by using qualitative interviews with executives. The conceptual model arising from the interviews is shown in Figure 1.

The qualitative findings generally showed that three dimensions of the uses of corporate reputation (i.e. value creation, strategic resources and corporate communication) are applicable to managers' brand image strategy implementation for the Taiwanese pharmaceutical industry. The findings were somewhat consistent with other studies on brand image strategy (Knox and Bickerton, 2003), but extended these studies in several ways.

Some issues can be observed, as follows: First, the operationalisation of the uses of corporate reputation construct was shown to depend on the geographical settings (e.g. country, culture, industry, etc.). For instance, when the pharmaceutical managers in Taiwan were asked to explain how the brand image strategy is applied, more emphasis was placed on sales experiences rather than a holistic brand experience. Findings suggest that the uses of corporate reputation are recognised as an important concept in Western countries as well as to Taiwanese companies. Taiwanese show a similar understanding about the overall concept

to those reported in the literature, but place more weight on different domains in the interviews. In addition, the findings reveal that the dimensions and the consequences of the uses of corporate reputation may be effectively used in other management and organisational areas as well. An example is the applicability of the strategic resources tactics with a firm's corporate reputation. A respondent suggested that the uses of a firm's reputation would "gain the firm more opportunity for strategic alliance or business cooperation". Based on the Taiwan market environment, this argument would be appropriate only for huge generic pharmaceutical companies, mainly due to the differences in the corporate strength and a combination of each company's different core values.

A pharmaceutical company that implements brand segmentation strategy signals that the firm has solid and strong marketing capabilities. When such a company achieves brand segmentation effectively, it suggests, to a certain level, that it can manage its company reputation successfully. For marketing managers in a pharmaceutical company, the reputation should be utilised to establish a solid and strong image in its customers' minds. Specifically, the current research highlights that value creation herein pertains to the value created for the firm, as (a) cost/sacrifice value, (b) symbolic/expressive value, and (c) experience/hedonic value. *Cost/sacrifice value* suggests that the firm competes by offering economic value, such as low prices, value in use, life costs by minimizing psychological investment of customers (ease of use, ease of doing business, simplicity, availability, accessibility) (Wong and Saunders, 1993). In other words, personal investments of customers (time, effort, energy) are minimised and customer risk (personal, technological, strategic) diminished. The *symbolic/expressive value* refers to the organisation that competes using their reputation to enhance their self-identity, self-concept, self-worth; by creating personal meaning, or by facilitating self-expression (Wong and Saunders, 1993). Finally, experience/hedonic value relates to the way in which firms use their reputation to create sensory value or appeal to the

senses. That is, the firm may create appropriate emotions (fun, pleasure, excitement, relaxation, etc.) in order to facilitate social relationships (bonds, attachments, togetherness) and epistemic value (knowledge, novelty, fantasy) (e.g., Wong and Saunders, 1993).

A pharmaceutical company's value creation ability can be used as a statement of its corporate reputation. It may become known for creating functional value with a high standard of product; it may also create a good impression through the use or the purchasing of its product or via its customer service; it may also be known for having the long history or having an iconic impression in the industry, or for saving the customer's money or having the lowest cost for its product (Hallier-Willi *et al.*, 2014). The value created for the customers is judged by the customers to be helpful in their lives. The customers, who benefit from the value that a firm has created for them, will thus appreciate the company as reputable and trustworthy.

In summary, this research makes several theoretical contributions. First of all, the findings advance current knowledge by adding alternative insights to the *uses* of corporate reputation from top executives. The study adds views on the uses of corporate reputation to possible outcomes of brand image strategy. Additionally, relevant mechanisms underlying the relationships between the uses of corporate reputation and the design of brand image strategy are investigated in a non-Western context. That is, this research illustrates how each dimension of the use of corporate reputation affects the design of brand image strategy in the pharmaceutical industry in Taiwan.

### ***Managerial implications***

By recognising the effectiveness of the uses of corporate reputation in pharmaceuticals and from the brand manager's perspective, the management team can devise their branding and marketing plans more successfully. In order to create an effective brand

image strategy, the manager can concentrate on particular aspects of ways to build the firm's reputation (e.g. value creation, strategic resources and corporate communication), in order to create effective tools for their brand image strategy. These managers may enhance their competitive advantage by using their reputation values related to (a) cost/sacrifice, (b) symbolic/expressive, and (c) experience/hedonic, as explained above.

A firm can apply the following activities to improve its segmentation strategy and build best practices: First, a firm should strive to enhance its value-chain activity and make it consistent with experiential value creation—for example, integrating the medicinal material supply with innovation, R&D, manufacturing, and after-sales service. Second, the firm should allocate resources to be more consistent with experiential value creation. Third, the firm should try to enhance the customers' self-identity. The firm should communicate more effectively with shareholders and other stakeholders to shape their perceptions about the firm and to build customer relationship. Fourth, the firm should negotiate with competitors to take advantage of joint resources and to ensure its product suits the market better. The firm should also negotiate with the government to affect policies and build important government ties.

The qualitative data show that when pharmaceutical company managers use value creation and corporate communication to implement their brand differentiation strategy, they reach their targets more effectively. Firms can implement the strategy in based on emotional characteristics, and based on knowledge sharing in order to induce value co-creation of their services. Finally, a firm can undertake activities to monitor their best practices in order to achieve a better brand positioning strategy. These activities include (1) entering new market earlier, (2) managing the marketing system more efficiently, and (3) maintaining customer relationships. These activities give the brand a clearer brand image, and provide customers with a more thorough understanding of the firm and the brand by effectively transferring the product or brand information to the consumers.



## Conclusion

This exploratory qualitative study provides richness of data forming the basis for developing the concept of the uses of reputation. The study provided a better understanding of the research question: how do Taiwanese pharmaceutical companies use their corporate reputation to develop brand image strategy? The interview findings added new knowledge on how corporate reputation is used in practice and how the brand strategies operate practically.

The findings of this qualitative study have addressed the issues of corporate communication and corporate branding in the pharmaceutical industry. A pharmaceutical company that develops innovative products based on a sound scientific approach usually enjoys a high reputation while also producing generic products. The pharmaceutical industry faces considerable pressure from ethical groups. Workplace health and safety concerns are stressed more highly in the pharmaceutical industry than in any other industry (Brammer and Millington, 2005), and this industry has significant social externalities (Brammer and Millington, 2005). That is, intangible assets, such as corporate reputation, tend to be more important for pharmaceutical companies than for other types of companies. For western-based theories, the study shows that these are also partially applicable to the Taiwanese context. More research is warranted to study the differences, perhaps in a longitudinal study.

Finally, prior research argues that in addition to a pharmaceutical firm's corporate reputation, corporate branding and communication needs managing explicitly. For example, Moss (2007) report that pharmaceutical companies engage in corporate branding issues and focus their branding activities on products and product attributes. To manage corporate communications efficiently, Dolphin and Ying (2000) suggests that a pharmaceutical company must improve their understanding of the potential of branding issues and thus ensure consistency of its communication message to a wide range of stakeholders. The

present study provides evidence on the possible link between corporate reputation influences brand strategies and vice versa.

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Figure 1 Conceptual Model of the Uses of Reputation and Brand Image Strategy

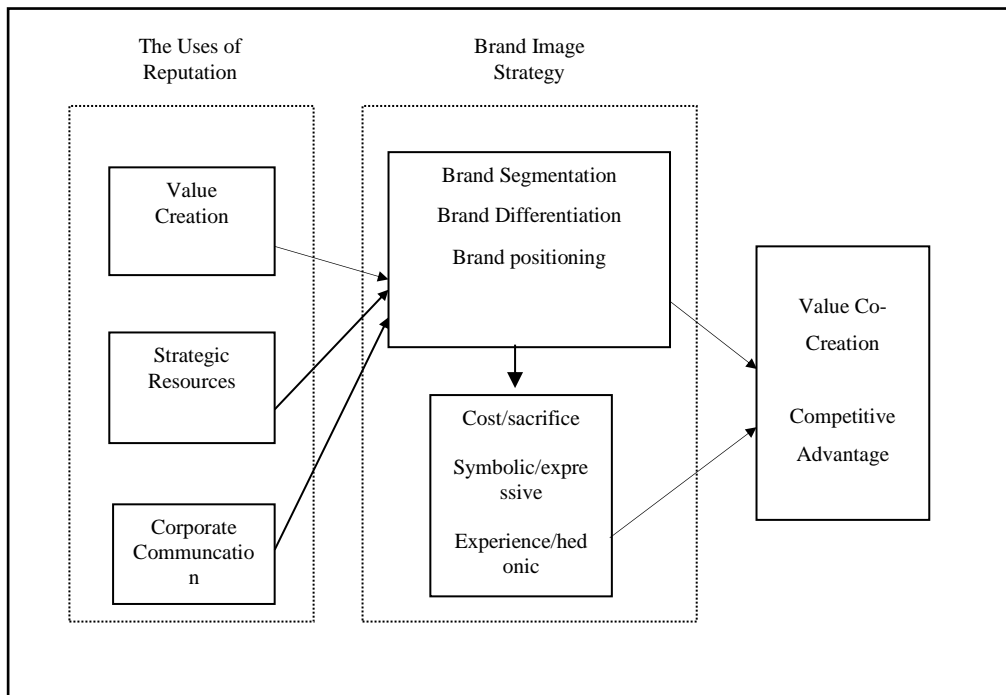


Table 1 Full list of interview questions

<b>Supporting Literature</b>	<b>Qualitative Questions</b>
Ludlow (1997); Kaplan and Norton (2000); Pires and Aisbett (2003); Ulaga (2001); Priem (2007); Payne (2002); Kamakura and Novak (1992)	<ol style="list-style-type: none"> <li>1. Can you suggest the characteristics of value creation which tend to encourage the setting of brand segmentation strategy? And why?</li> <li>2. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand segmentation strategy, what value creation characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?</li> </ol> <hr/> <ol style="list-style-type: none"> <li>3. Can you suggest the characteristics of value creation which tend to encourage the setting of brand differentiation strategy? And why?</li> <li>4. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand differentiation strategy, what value creation characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?</li> </ol> <hr/> <ol style="list-style-type: none"> <li>5. Can you suggest the characteristics of value creation which tend to encourage the setting of brand positioning strategy? And why?</li> <li>6. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand positioning strategy, what value creation characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?</li> </ol>
Birger Wernerfelt (1984)	<ol style="list-style-type: none"> <li>7. Can you suggest the characteristics of strategic resource which tend to encourage the setting of brand segmentation strategy? And why?</li> <li>8. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand segmentation strategy, what strategic resource characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?</li> </ol> <hr/> <ol style="list-style-type: none"> <li>9. Can you suggest the characteristics of strategic resource which tend to encourage the setting of brand differentiation strategy? And why?</li> <li>10. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand differentiation strategy, what strategic resource characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?</li> </ol> <hr/> <ol style="list-style-type: none"> <li>11. Can you suggest the characteristics of strategic resource which tend to encourage the setting of brand positioning strategy? And why?</li> <li>12. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand positioning strategy, what strategic resource characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?</li> </ol>
Reeves, 1961; Ogilvy, 1963; Dickson and Ginter, 1987; Johar and Sirgy, 1989; Sirgy, 1989; Peltier and Schribrowsky, 1997;	<ol style="list-style-type: none"> <li>13. Can you suggest the characteristics of corporate communication which tend to encourage the setting of brand segmentation strategy? And why?</li> <li>14. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand segmentation strategy, what communication characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?</li> </ol>

Vargo and Lusch,  
2004; Flint, 2004;  
Hooley *et al.*, 2004;  
Madhavaram *et al.*,  
2005; Nandan, 2005

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15. Can you suggest the characteristics of corporate communication which tend to encourage the setting of brand segmentation strategy? And why?
  16. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand segmentation strategy, what communication characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?

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17. Can you suggest the characteristics of corporate communication which tend to encourage the setting of brand segmentation strategy? And why?
  18. You, as a brand manager, who is responsible for controlling the quality of a brand in the firm to create brand segmentation strategy, what communication characteristics (of the uses of corporate reputation) would you put more attention to or would like to invest more? And why?
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Table 2 Sample of executives

<b>Intervie wee</b>	<b>The Respondent</b>	<b>The Organisation</b>	<b>Duration (minutes)</b>
1	Vice Executive Officer	A Taiwanese local pharmaceutical manufacturing company (company A)	90
2	Sales Manager	A Japanese original medicine company Taiwan branch (company B)	120
3	Chairman	A Taiwanese local pharmaceutical manufacturing company (company C)	60
4	Manager (Management)	A Taiwanese local pharmaceutical manufacturing company (company D)	90
5	Chief Executive Officer	A Taiwanese local pharmaceutical manufacturing company (company E)	90
6	Chief Executive Officer	A Taiwanese local pharmaceutical manufacturing company (company F)	90
7	Chief Executive Officer	A commercial agent selling European imported raw material medicine and local generic medicine (company G)	120
8	Marketing Department Manager	The largest Taiwanese local pharmaceutical manufacturing company (company H)	90
9	Sales Manager	A Japanese original medicine company Taiwan branch (company I)	90
10	Chairman	A B2B marketing company selling European imported medicine and local generic medicine (company J)	90
11	Sales Manager	A leading American original medicine company Taiwan branch (company K)	90
12	Chairman	A commercial agent selling European imported raw material medicine and local generic medicine (company L)	50
13	Sales Manager	A Japanese original medicine company Taiwan branch (company M)	60
14	Sales Manager	A Taiwanese local pharmaceutical manufacturing company (company N)	60