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Reputation of Pharmaceutical Companies, While Still Poor, Improves Sharply for Second Year in a Row

Reputations of managed care and health insurance companies also improve, but are still worse than almost all other industries measured

EDITOR

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Every year, Harris Interactive measures the public's perceptions of approximately 20 industries. Specifically, we ask people to say if they think each industry is generally doing a good or a bad job of serving their consumers. It is clear that answers to this question reflect not just the specific wording, but many general public feelings about the different industries. If people feel good about an industry, they tend to say it is doing a good job of serving its consumers and vice versa.

Over the nine years since we first asked these questions in 1997, the overall ratings of pharmaceutical companies, managed care companies and health insurance companies have been among the most volatile.

Until last year, most of the news we brought to the healthcare industries measured was bad. The public seemed to be more hostile to them with each succeeding year. However, that changed in 2005, when public attitudes toward drug companies, managed care companies and health insurance companies improved from what had been their abysmally poor ratings in 2005. These upward trends have continued this year. Nevertheless, in spite of the improvement in their reputations, the pharmaceutical industry, the managed care industry and the health insurance industry are still among the most unpopular of the 21 industries on this year's list.

The big picture; different industries compared

Several industries are widely perceived by three-quarters or more of adults to be doing a good job of serving their consumers. These include supermarkets (91%), banks (80%), computer software companies (79%), packaged food companies (77%), Internet service providers (76%), online search engines (75%) and computer hardware companies (75%).

At the other end of the spectrum, two industries are perceived the most negatively, with only about a third of the public thinking they do a good job of serving their consumers. These are the tobacco industry (34%) and the oil industry (36%).

Hospitals

The great majority of adults continue to give hospitals positive ratings, with 74 percent saying they are doing a good job, and 23 percent saying they are doing a bad job. This gives them a net positive rating (i.e., good job minus bad job) of 51 percent.

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Over the years, hospitals' positive ratings have fluctuated between a high of 59 percent in 2005 and a low of 41 percent in 2001. Therefore this year's rating of 51 percent is not particularly high or low. However, it is a decline of eight percentage points since their highest-ever rating of 59 percent last year.

Pharmaceutical companies

The ratings of the pharmaceutical industry have been the most volatile of any industry. Nine years ago, in 1997, the pharmaceutical industry had a net positive rating of 60 percent. This fell fast over the years until it touched rock bottom at minus four percent in 2004. However, last year, it jumped up to 13 percent and this year it is up sharply again at 25 percent.

Managed care companies and health insurance companies

Health insurance companies and managed care companies such as HMOs have always been near the bottom of the list. At their best, their net positive score was only 13 percent. At the lowest point, the managed care industry had a net negative score of minus 30 percent in 2001, while the health insurance industry had a net score of minus 20 percent in 2004.

Over the years the distinction between health insurance and managed care has, of course, greatly diminished and it now seems that most adults do not distinguish between. This year both have a net score of minus three percent which puts them almost at the bottom of the list, above only oil and tobacco industries.

However, the reputation of the industry has been improving sharply over the last two years. The net rating of managed care companies rose from minus 23 in 2004 to minus 13 last year and to minus three this year.

The rating of the health insurance industry has risen from minus 19 in 2005 to minus three this year, an improvement of fully 16 percentage points.

What's going on, and why

These numbers will probably stimulate some debate. Some commentators may even ask how such unpopular industries, which continue to get a dismal press, can possibly have improved their reputations. Of course, this survey only measures their reputations and does not attempt the much harder task of explaining why their reputations have changed. However, we can speculate as what is going on.

First of all, it is important to recognize that the pharmaceutical, managed care and health insurance industries are stilled rated very near the bottom of the list in terms of public approval. They are not popular, but they have become less unpopular. A plausible explanation of their upward trend is that they have been receiving less unfavorable media coverage and publicity over the last two years than previously.

The lowest numbers for the health insurance and managed care industries came at a time when they were often portrayed as organizations that frequently refused to provide coverage for essential, very important medical care. They "just said no." That kind of media coverage is much less common nowadays.

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In the case of the pharmaceutical industry, the massive decline from plus 60 percent in 1997 to minus four percent in 2004 was surely a direct result of the constant drumbeat of unfavorable publicity about their prices. While drug prices are still a major issue for many people, there has probably been less negative publicity on this issue over the last two years than previously. Another interesting point is that the bad publicity in relation to drug safety problems does not seem to have had much impact.

TABLE 1
Industries Doing Good Job/Bad Job of Serving Their Consumers
"Do you think …generally do a good or bad job of serving their consumers?"
Base: All respondents assigned (variable base)

		Good Job	Bad Job	Not Sure/ Refused	Good Job Minus Bad Job
Supermarkets	%	91	8	1	83
Banks	%	80	19	1	61
Computer software companies	%	79	12	8	67
Packaged food companies	%	77	18	5	59
Internet service providers	%	76	14	10	62
Online search engines	%	75	8	17	67
Computer hardware companies	%	75	11	15	64
Hospitals	%	74	23	3	51
Online retailers	%	69	13	17	56
Telephone companies	%	67	29	3	38
Airlines	%	66	24	9	42
Electric and gas utilities	%	66	32	2	34
Life insurance companies	%	64	22	13	42
Car manufacturers	%	62	31	6	31
Cable companies	%	61	33	5	28
Pharmaceutical and drug companies	%	61	36	3	25
Investment and brokerage firms	%	59	19	21	40
Health insurance companies	%	46	49	5	-3
Managed care companies, such as HMOs	%	41	44	15	-3
Oil companies	%	36	60	3	-24
Tobacco companies	%	34	59	7	-25

Note: Percentages may not add up exactly to 100% due to rounding.

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TABLE 2
Difference Between Good Job/Bad Job by Industry
"Do you think each of the following generally do a good or bad job of serving their consumers?"

Base: All adults

	1997	1998	2000	2001	2002	2003	2004	2005	2006	Changes 1997-2006	Changes 2005-2006
	%	%	%	%	%	%	%	%	%	%	%
Supermarkets	N/A	N/A	N/A	N/A	N/A	74	79	84	83	N/A	-1
Computer software companies	71*	71	71	72	48	57	62	67	67	-4	-
Online search engines	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68	67	N/A	-1
Computer hardware companies	71*	70	70	71	49	57	64	74	64	-7	-10
Internet service providers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	51	62	N/A	+11
Banks	52	46	49	46	54	50	52	57	61	+9	+4
Packaged food companies	N/A	N/A	N/A	N/A	N/A	58	62	67	59	N/A	-8
Online retailers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	51	56	N/A	+5
Hospitals	57	50	48	41	56	53	49	59	51	-6	-8
Life insurance companies	35	39	39	36	34	29	27	44	42	+7	-2
Airlines	N/A	66	45	15	47	40	61	62	42	-24	-20
Investment and brokerage firms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35	40	N/A	-5
Telephone companies	61	53	32	27	22	20	17	42	38	-23	-4
Electric and gas utilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50	34	N/A	-16
Car manufacturers	44	44	40	40	41	38	44	34	31	-13	-3
Cable companies	N/A	N/A	N/A	N/A	N/A	N/A	N/A	28	28	N/A	-
Pharmaceutical and drug companies	60	50	24	20	30	4	-4	13	25	-35	+12
Managed care companies such as HMOs	13	3	-27	-30	-12	-23	-23	-13	-3	-16	+10
Health insurance companies	13	1	-15	-19	13	-12	-20	-19	-3	-16	+16
Oil companies	24	38	-13	-39	-6	-6	-25	-36	-24	-48	+12
Tobacco companies	-28	-28	-34	-37	-36	-32	-30	-28	-25	-3	+3

Notes:
(1) *In 1997 "computer companies" were rated together (i.e., hardware and software companies were not measured separately).
N/A= Not Asked
(2) The trends for airlines are from 1998, as they were not included in the 1997 survey.

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Methodology

The Harris Poll was conducted by telephone within the United States between April 4 and 10, 2006 among a nationwide cross section of 1,016 adults (aged 18 and over). Figures for age, sex, race, education, and region were weighted where necessary to align them with their actual proportions in the population.

All surveys are subject to several sources of error. These include: sampling error (because only a sample of a population is interviewed); measurement error due to question wording and/or question order, deliberately or unintentionally inaccurate responses, nonresponse (including refusals), interviewer effects (when live interviewers are used) and weighting.

With one exception (sampling error) the magnitude of the errors that result cannot be estimated. There is, therefore, no way to calculate a finite "margin of error" for any survey and the use of these words should be avoided.

With pure probability samples, with 100 percent response rates, it is possible to calculate the probability that the sampling error (but not other sources of error) is not greater than some number. With a pure probability sample of 1,016 adults one could say with a 95 percent probability that the overall results have a sampling error of +/- 3 percentage points. However that does not take other sources of error into account.

These statements conform to the principles of disclosure of the National Council on Public Polls.

About Harris Interactive

Harris Interactive Inc. (www.harrisinteractive.com), based in Rochester, New York, is the 13th largest and the fastest-growing market research firm in the world, most widely known for *The Harris Poll* and for its pioneering leadership in the online market research industry. Long recognized by its clients for delivering insights that enable confident business decisions, the Company blends the science of innovative research with the art of strategic consulting to deliver knowledge that leads to measurable and enduring value.

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