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Study for Providing Insights for Planning Strategies on the Basis of Consumer Behavior and Consumer Perception of Pharmaceutical Companies

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Abstract:
India is slowly acclimatizing to e-commerce rapidly with increasing internet diffusion. Digitalization has shown noteworthy improvement almost in every sector. Several traditional health companies have moved few of their services online. The competition has intensified in recent past, differentiating on online information system and superior customer service quality.E-pharmacies are likely to create a win-win situation for the stakeholders in the value chain.

The online marketing of pharmaceutical industry has remained un-penetrated in spite of having high potential. Offline medical stores continue to dominate the distribution channel due to their established network. The traditional option of retail pharmacy has remained the first choice of customers.

Retail market has observed some changes in Consumer behavior in recent past. This research study attempts to study the changes in Consumer behavior and suggest strategies to be adopted by manufacturers & marketers.

Keywords: *Consumer Perception, E-Pharmacies, Offline Medical Stores.*

INTRODUCTION

India is slowly acclimatizing to e-commerce rapidly with increasing internet diffusion. Digitalization has shown noteworthy improvement almost in every sector. Several traditional health companies have moved few of their services online. The competition has intensified in recent past, differentiating on online information system and superior customer service quality.

The online marketing of pharmaceutical industry has remainedun- penetratedin spite of having high potential. Offline medical stores continue to dominate the distribution channel due to their established network. The traditional option of retail pharmacy has remained the first choice of customers. However, e-pharmacy trends have shown the potential to grab faster shift of the market from an unorganized sector to an organized sector and provide a wider assortment of product accompaniments to enable greater access.

The Indian e-pharmacy market is expected to grow at a considerable pace. Online pharmacies, one of the verticals of e-commerce, are starting to gain momentum in India and have incredible growth potential. E-pharmacies are likely to create a win-win situation for the stakeholders in the value chain. Consumers can access a wider range of genuine products at reasonable prices and pharmaceutical companies can reach out to a wider audience.

The Indian pharmaceutical sector was valued at US$33 billion in FY17 and is projected to grow at a compound annual growth rate (CAGR) of 19% to reach US$ 65 billion by 2021.Although unorganized retail pharmacies dominate the market, consumers' are likely to shift towards modern pharmacy retail outlets due to growing

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health awareness and knowledge about additional services offered by organized players.

The Central Drugs Standard Control Organization which works as the regulator for pharmaceuticals and medical devices in India along with the health ministry have initiated measures to facilitate access of medicines and has encouraged entrepreneurs to sell medicines online. Factors contributed to rise of e-pharmacies are like:

- Increasing internet penetration in India.
- Ageing population
- Rising spending power

Online pharmaceutical companies in India			
1. Justrelief.	6. Dawailo.	11. Heycare	16. Apollopharmacy
2. Netmeds	7. Savemymeds	12. Rxmedikart	17. Pharmeasy.In
3.Buydrug.In	8. Medidart.Com	13. Aemed.In	18. Easymedico
4. mChemist	9. Zigy	14. Med-X.In	19. Medplusmart
5. Express.Co.In	10. 1mg	15. Justmed.In	20. Meramedicare

E-Pharmacies concerns:

The relevance of fulfillment of delivery of medicines is closely tied up with speed of delivery.Insufficient infrastructure and network planning has led to high lead time in Indian e commerce ecosystem. Immediate deliveries are rare and cost ineffective. Following are the major concerns of E-Pharmacy

- Fear of Dispatch of outdated, substituted, or counterfeit medications
- Minors or children ordering controlled substances without adult supervision.
- Potential lack of confidentiality
- Lack of customized packaging for online delivery
- Lack of information to distinguish between legal on-line pharmacies and illegal commercial sites selling pharmacy
- Poor Service Quality. Frequent Delays

Objectives of the study:

Due to introduction of on line pharmaceutical retailing the Retail market has observed some changes in Consumer behavior in recent past. Hence this research study was an attempt to study thechanges in Consumer behavior and suggest strategies to be adopted by manufacturers & marketers.

ResearchMethodology: The nature of the research study was a descriptive research for which the data was collected by conducting structured interview of sales/ marketing personnel, retailers, consumers purchase department of promoters & builders through the structured questionnaires from the selected retail showrooms.

Two questionnaires were designed one for the consumers and other for the sales persons as respondents. 76 Sales persons were contacted personally and 900 consumers were contacted through an e-mail questionnaire both using convenience sampling.

I. Observations and Finding:

a. Awareness of on line retail pharmacy companies

When awareness of online companies was tested it was found that Pharmeasy.In (31%), Apollo pharmacy (17%), Just relief.(14%)and m Chemist (11%)were the major players in the sector having awareness in double figures all others had negligible contribution to awareness.

b. Possibilities of buying online pharmacy

Graph 1: Online pharmacy purchase possibility(Source SPSS Data Analysis: Frequency)

It was observed that 43 % of consumers were somewhat sure to buy pharmacy online, 8 % were not sure 26% said that there was somewhat possibilities and 23% said that on buying pharmacy online. No consumer stated that he was absolutely sure to buy on line pharmacy .The reason may be attributed to the fact that online pharmacy purchase is relatively new type of purchase &it does not give the actual feel of the product consumers have no experience of the purchase even from friends & reference groups.

Table 1 Online pharmacy purchase possibility versus Age, Sex & Marital Status[Source SPSS Data Analysis: Cross tabs]

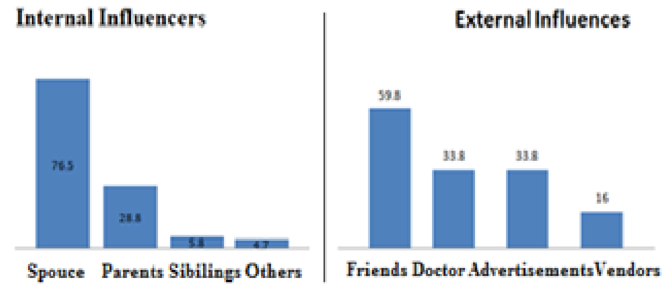
Online furniture Purchase Possibility	Age					Sex		Marital Status			Total
	Below 25	25-35	35-45	45-60	60 & above	M	F	Unmarried	Married	Divorced	
SY	63	187	109	18	9	199	187	108	260	18	386
NS	18	18	27	9	0	45	27	0	72	0	72
SN	36	91	63	36	9	162	73	18	163	54	235
AN	27	127	36	0	17	91	116	45	153	9	207
Total	144	423	235	63	35	497	403	171	648	81	900

Table 2. Online pharmacy purchase possibility against Income, Education, Family Size [Source SPSS Data Analysis : Correlations]

		Education			Annual Income				Family size						Total
		UG	Grad.	PG	less than 2 lakh	2-4 lakh	4-6 lakhs	6-10 lakh	2	3	4	5	6	more than6	
Online furniture Purchase Possibility	SY	18	286	82	31	121	170	64	18	36	170	126	0	36	386
	NS	0	72	0	2	34	27	9	18	0	45	0	9	0	72
	SN	27	181	27	7	21	162	45	0	0	163	63	0	9	235
	AN	27	127	53	7	48	117	35	0	36	63	80	10	18	207
Total		72	666	162	47	224	476	153	36	72	441	269	19	63	900

It was observed that the possibility of buying online pharmacy was maximum in age groups below 25 (43%), 25-35 (44%)and35-45(46%),in gender group, male(40%) female(46%).

When Marital status was tested against purchase possibility it was found that married(63%)consumers preferred online purchase than bachelors(40%).Maximum tendency was observed in Income groups 4-6lakhs(43%),in graduates (41%) post graduates(51%) in education groups and in Family size 4(38%),Family size 5 (46%) group.



c. Influencers to purchase decision

Table 3 Influencers to purchase decisions[Source SPSS Data Analysis: Frequency]

Spouce			Parents		
	Frequency	%		Frequency	%
Yes	712	76.5	Yes	304	28.8
No	188	20.2	No	596	64
Total	900	96.7			
Siblings			**Others**		
	Frequency	%		Frequency	%
Yes	54	5.8	Yes	44	4.7
No	810	87	No	820	88.1
Total	900	96.7	Total	900	96.7

Friends			Doctors		
	Frequency	%		Frequency	%
Yes	557	59.8	Yes	315	33.8
No	343	36.8	No	585	62.8
Total	900	96.7	Total	900	96.7
Advertisements			**Vendor**		
	Frequency	%		Frequency	%
Yes	207	22.2	Yes	144	16
No	693	74.4	No	756	80.71
Total	900	96.7	Total	900	96.7

It was observed that out of 900 cases,76.5%, respondents stated that their purchase was influenced by Spouce ,28.8 % by their parents, 5.8% by their siblings and 4.7% by their relations other than these. This indicated that though max no. of customers visiting the sites were young they were only the tip of the iceberg and the purchase decision was influenced to a great extent by their parent staying within the family.

The other major influence was of children in the family in higher age groups. This indicates the entire family is more or less involved in the purchase decision.The entire strategic planning for prospecting an individual customer thus should not be focusing only on youth but on the entire family as a unit.It was noted that major influences 59.8 % were from friends and colleagues,33.8 % Doctors, 22% from Advertisements and 16% from pharmacy vendors. These influences are extremely important from the point of view of strategic planning(Alliances /Contracting) for prospecting potential customers.

d. Market reach of retail outlets

Within 3 Km Radius				
	Frequency	Percent	Valid Percent	Cumulative Percent
00-20	22	28.9	28.9	28.9
20-40	33	43.4	43.4	72.4
40-60	21	27.6	27.6	100
Total	76	100	100	

More Than 5 Km				
	Frequency	Percent	Valid Percent	Cumulative Percent
00-20	18	23.7	23.7	23.7
20-40	21	27.6	27.6	51.3
40-60	36	47.4	47.4	98.7
60-80	1	1.3	1.3	100
Total	76	100	100	

3-5 Km Radius				
	Frequency	Percent	Valid Percent	Cumulative Percent
00-20	15	19.7	19.7	19.7
20-40	61	80.3	80.3	100
Total	76	100	100	

Table 4: % Business versus Market reach[Source SPSS Data Analysis: Cross tabs]

At any moment maximum no. of customers(50% and above) come from the areas in the vicinity (within 3 km radius) of the outlet. This is extremely important for the outlet form the point of view of planning &

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implementation of promotional strategies for the outlet.

e. Consumer perceptions on online pharmacy

Table 5: % e. Consumer perceptions [Source SPSS Data Analysis: Cross tabs]

A. Strongly agree B. Somewhat agree C. Neither agree nor disagree / can't say D. Somewhat disagree E Strongly disagree

Parameter no	Consumer perceptions	% A	% B	%C	%D	% E
1	Customized packages are required for online delivery	27	17	26	19	10
2	Minors or children might order controlled substances without adult supervision	19	12	25	26	17
3	There will be an invasion on Confidentiality of on line pharmacy purchases	10	12	32	13	33
4	On line pharmacy may Dispatch outdated, substituted, or counterfeit medications	21	28	20	22	9
5	Information to distinguish between legal on-line pharmacies and illegal commercial sites selling pharmacy should be easily available	36	20	10	23	11
6	On line pharmacy will have poor service quality and frequent delays	21	26	21	14	18

Consumer behavior of Pharmacy retail market in India has in changed in recent past and is showing a shift in trend form exclusive offline retailing to increasingly on line. This was indicated by perceptions leading to various activities the consumers undertake which are directly or indirectly responsible for pharmacy purchase. The purpose of the study was to test six perceptions leading to change of behavior in light of planning effective strategies

56 % respondents agree that they should get Information to distinguish between legal on-line pharmacies and illegal commercial sites selling pharmacy as it is not easily available be easily available.

- 49 % respondents have expressed their deep concern thatOn line pharmacy may Dispatch outdated, substituted, or counterfeit medications.
- 47 % respondents feel that On line pharmacy will have poor service quality and frequent delays.
- 47 % respondents feel that Customized packagesare required for online delivery.
- 32% respondents feel that Minors or children might order controlled substances without adult supervision.
- 32% respondents feel that there will be an invasion on Confidentiality of on line pharmacy purchases

A. Recommendations & Suggestions:

1. Maintenance of databank for CRM activities: Majority (50%) of consumers at any point of time visiting the outlet come from within 3 kms of radius of outlet. Free delivery is one of the features of after sales service given by almost all the outlets. Researchers feels that there is a need of a data bank to be maintained with this data which provides names addresses, telephone numbers and email addresses of the consumes. Available data can be utilized to retain existing retail consumers and convert more consumers by planning an implementing CRM.

2. Create awareness for on line pharmacy: Online marketing is popular amongst youth this gives an indication to target the young consumer segment The impact of internal and external influencers leads the promotional efforts to be targeting an individual consumer's entire family as a unit. Awareness for Online marketing pharmacies is extremely low (34%) and advertisements need to bedesigned and released increasingly in media selectively according to the type and reach of the target audience.

3. Target Customer on the basis of demographic profile mentioned in the study: Middle income groups (4-5 Lakhs/A),of the age group (25-45years), irrespective of gender have shown a maximum possibility to buy medicines online. This market segment can be targeted in the initial stages and then onwards extended to other market segments.

4. Strategies to be planned and executed on the basis ofexisting perceptionsof consumers

   a. Design newcustomized packagesspecifically required to withstand stress and impacts for online delivery.

   b. Design an order booking system preventing Minors or children who might try to order controlled substances without adult supervision.

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c. Design communications that intend to reassure consumers that there will be no invasion on confidentiality of on line pharmacy purchases, online pharmacies will not in any conditions dispatch outdated, substituted, or counterfeit medications and provide Information to distinguish between legal on-line pharmacies and illegal commercial sites sellingonline pharmacy.

d. Ensure consumer that On line pharmacy will never offer poor service quality or frequent delays through a well-designed network system provided with a product tracking facility

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