

Identification of Factors Affecting Retail Marketing Strategies of Unorganized Pharmacy Stores

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ABSTRACT

Background and Objective: The marketing strategies used by retail stores cannot be adopted by a unorganized retail pharmacy store as such since it operates within a regulatory environment. In consideration of this in continuation of our previous study, an attempt has been made to identify factors which may be beneficial to unorganized retail pharmacy store. **Method:** A questionnaire consisting of twenty nine questions were designed. The responses were obtained unorganized retail pharmacy of Malwa Region of M.P. Total 145 unorganized pharmacy stores were randomly selected for the present study. The obtained responses were subjected to factor analysis. **Results:** The factor analysis identified four factors, have been termed as branding, customer service, ancillary services & Products and competitive pricing. **Conclusion:** It was found that among the four factors, customer service is one of the significant factors which affect the sustainable growth of the retail unorganized pharmacy store.

Key-words: Unorganized retail pharmacy, marketing strategies, customer service, branding.

I INTRODUCTION

The pharmaceutical sector in India is one of the fast growing sectors and retail pharmacy store is a live link between intermediate customer and customer/consumer. Retail pharmacy business is considered one of noble profession throughout the world. The increasing population, awareness about health issues, health insurance and Ayushman Bharat (Health Insurance Scheme of Government of India) scheme keep on retail pharmacy business lucrative. The retail pharmacy store operates under the regulatory environment; therefore, marketing strategies used by other business cannot be adopted in toto. Further, entry of organized and e-pharmacy are going to be a challenge before the unorganized retail pharmacy. A lot of studies have been made on marketing and sales strategies of retail business, but so far, few studies on unorganized pharmacy store were reported. (Chaganti, 2007, Ganesan et al., 2011, Ganjre 2011)

In a study, Ayub et al. (2017) described that deficiency of employees in Food and Drug Administration department as well as on line pharmacy are the challenges. It was reported that it is difficult to keep watching approximate 90 million unorganized retail pharmacy stores. Similarly, the convince provided by the online pharmacy is also affects the business. Ayub et al. (2017) also reported consumer behavior and preference to a particular unorganized retail store. It was observed that geographical location and word to mouth publicity were the factors which contributed significantly. Further, preference among the nearby store was found to be affected by competitive price and availability of FMCG products. According to Rabbane et al. (2015), the employee of retail store had a significant effect on customers perceived value, trust and loyalty. Hamil et al. (2014) has reported that non replacement and non availability of expected brands were the major problems before the more

experienced retail pharmacy. The high over the counter sale and good rapport with nearby physician were found to be significant prospect of retail pharmacy. Bonnal et al. (2014) has described that competence, personnel relation, listening skill and stock of medicine were the key parameters for customer satisfaction. According to a study conducted by Sreedhara et al. (2013), unorganized retail pharmacy store never relied upon the big promotional activities. Linu et al. (2013) described that patients were satisfied with the availability of medicine, time taken for billing and dispensing, approach to pharmacist and location of the retail pharmacy. The interesting observation was that most of the customers were dissatisfied on services such as advices on current health problem, general advice on medicine and counseling services on side effects of drugs. Naryan et al. (2011) reported that availability and professional knowledge of pharmacists need to be enhanced and dress code for a pharmacist may create a professional image in society. Ganesan et al. (2011) has described that consumer/customer would rely on the community pharmacist's choice when purchasing a non prescription medicine. Tripathi (2009) revealed that customers prefer to purchase medicines always from the same retail pharmacy that is situated at 0 to 3 km from their residence. In a study, Tripathi et al. (2009) has reported that choice of retail pharmacy is decided by family not an individual. Patil et al. (2008) has suggested that in the present scenario pharmacist must get involved in the patient counseling, drug information, advice on drug therapy in pregnancy, advice on smoking and drinking.

In consideration of above, we (Sharma et al. 2017) have identified eight factors, which affect the growth of the retail pharmacy store. The factors identified are based on the perceptions of the customers/consumers. In continuation of this, we have conducted a survey based study which was based on responses from the retail pharmacy.

II METHOD

Survey method was used for the present study. For the study, unorganized retail pharmacy stores of Malwa Region of Madhya Pradesh were targeted. Initially, self made questionnaires were designed on the basis of review of literature, discussion with pharmacist, medical representatives and academicians. The questionnaire has two parts namely Part 1 and Part 2. Part 1 consisted of demographic information of respondents (unorganized retail pharmacy) as geographical location (near clinic/hospital or in the colony or near Bank/Post office/Bus Station/ Railway Station/Main Road), duration of the operation (less than one year or 1-5 years or 5-10 years or 10 years and more), average daily sale (Upto Rs. 5000/- or Rs.5001-Rs.15000/- or Rs. 15,000- Rs. 30,000/- or Rs. 30,001 and more), number of branches of retail pharmacy in the city, types of customers (Individual or Institutional or both and urban or rural or both). Part 2 consisted of twenty nine questions. For the purpose of gathering information, total 145 unorganized retail pharmacy stores of Malwa Region were randomly selected. Among the 145 respondents, eight respondents were

denied to share their complete demographic information; hence responses of these eight were not included for the present study. Reliability of the questionnaire was found to be 0.79 with significant validity.

(a) **Factor analysis:** The factor analysis was performed for the identification of the marketing strategies of unorganized retail pharmacy store⁸. The factors were extracted by principle component analysis applying Varimax with Kaiser Normalization rotation method. The Bartlett test of Sphericity was significant at 406 degree of freedom which showed the presence of significant correlation among the variables. Kaiser-Meyer-Olkin (KMO) was also performed for sample adequacy which measures whether the distribution of values is adequate for conducting factor analysis. A high value (0.735) of this statistics indicated that appropriateness of the factor analysis for the data collected. (Table 1) Questions/statement with loading values more than 0.500 were considered statistically significant. (Table 2)

Table 1
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.735	
Bartlett's Test of Sphericity	Approx. Chi-Square	2866.948
	df	406
	Sig.	0.000

Table 2
Factors and questions

S.No.	Factors	Questions/Statements
1.	Branding	The established name of the pharmacy helps in increasing the business of medical store.
		Slogan helps in increasing the business of medical store.
		Logo helps in increasing the business of medical store.
		A printed carry bag or an envelope depicting information of medical store (opening time, information of discount, additional facilities etc.) helps in increasing the business of medical store.
		An own cosmetic brand helps in increasing the business of medical store.
		An own nutraceutical brand helps in increasing the business of medical store.
		It is necessary to analyze strengths/weakness of medical store from time to time.
2.	Customer Service	Your medical store provides services according to customer requirement.
		Follow up of regular customers helps in increasing the business of medical store.
		It is necessary to consult doctor in case of any mistake or doubt in prescription.
		Sending wishes on special occasions of customers like birthday, marriage anniversary and festivals helps in maintaining a bond of customer with the medical store.
		Complaint/suggestion from customer helps in increasing the business of medical store.
3.	Ancillary Services and Products	Pharmacist should be available round the clock on the medical store.
		Providing facilities like weighing machine, blood pressure monitoring and drinking water to the customer helps in increasing the business of medical store.
		Free health check up camp by the medical store helps in increasing the business of medical store.
		Maintaining herbal medicines' stock on medical store helps in increasing the business of medical store.
		Facility of a poly clinic alongwith medical store helps in increasing the business of medical store.
		Sale of generic medicines increases turnover.
4.	Competitive Pricing	Providing more discounts as compared to competitors helps in increasing the business of medical store.
		Bulk purchasing of medicines provides more profit.
		Adopting techniques from other retail business like gift card/ bonus point/ loyalty point etc. helps in increasing the business of medical store.
		Availability of medicines of lower price for customers sensitive to price is beneficial for business.
		Fixing the prices of medicines from time to time by National Pricing Authority of India affects the profit of business.

II RESULTS AND DISCUSSION

The survey method used was appropriate for the present study. The responses were personally collected, which offers an opportunity to interact with respondents (pharmacist/manager/owner of the unorganized retail pharmacy stores). The approach adopted has served beneficial for obtaining accurate responses. The study was based on twenty nine questions /statements, thus in order to reduce number of variables, factor analysis was performed on SPSS. The Bartlett test of Sphericity was significant at 406 degree of freedom which showed the presence of significant correlation among the variables. Kaiser-Meyer-Olkin (KMO) was also performed for sample adequacy which measures whether the distribution of values is adequate for conducting factor analysis. A high value (0.735) of this statistics indicated that appropriateness of the factor analysis for the data collected. Questions/statements with loading values more than 0.500 were considered statistically significant. The factor analysis has generated four factors, which have termed as branding, customer service, ancillary services and products, competitive Pricing inconsideration of nature of questions/statements.

- (a) **Branding:** Name is a game in every type of business. Similarly branding of retail unorganized pharmacy store has become an important positioning strategy in a cut throat competitive environment in India. Branding of an unorganized retail pharmacy store does not focus on creation of a private label but create unique store identity. In India unorganized retail pharmacy store sells multi brand pharmaceutical products as well as generic formulations. Here, the task becomes more difficult. For creating a brand a lot of continuous efforts are required as customer's memory for a good experience is short, but a negative experience such as non availability of particular brand prescribed by physicians will stay with him forever. This clearly indicates that unique identity of unorganized retail pharmacy store is very important. The Unique identity can be created by adopting level of consistency among the products and services available. This factor consists of seven questions/statements.
- (b) **Customer Service:** A loyal customer is a source of income for many years. The loyal customer keep on purchasing drugs while the customer feels that he/she is getting better value than what could be achieved by switching to another retail pharmacy. In pharmaceutical marketing and selling, customer loyalty can be developed by not only selling quality products but selling in the quantity required, providing advice to patient and taking guidance from the prescriber, if required and information about manufacturing and expiry date of the product. Along with this

continuous follow up to regular customers. This factor consists of five questions/statements.

- (c) **Ancillary Services and Products:** In the present time number of patients suffering from life style diseases such as diabetes, hypertension, and depression are continuously increasing. Simultaneously, health awareness is also increasing. In the light of above facts, it is beneficial to offer ancillary services and products such as full time availability of pharmacist, facilities for measurement of weight, blood pressure and sugar level. More and more customers of India are using herbal medicines for preventive purpose so availability of a good range of herbal medicines helps in increasing and retaining customers. The present customer is more knowledgeable about the branded and generic products since the generic products are cheaper than branded so availability of generic products increases sales volume, however the overall profit decreases. This factor consists of six questions/statements.
- (d) **Competitive Pricing:** Competitive price is the price when an unorganized retail pharmacy calculates its retail price for a product in reference of its competitor's price. Competitive pricing is one of the significant factors which affect the purchasing behaviour, therefore setting the right price is very important. Competitive pricing is based cost of products, services and overhead charges at retail pharmacy. This type of pricing considers a number of factors such psychological behaviour of customer, pricing strategies adopted by competitor, number of competitors in nearby area, ancillary services provided by retail pharmacy and its competitors, availability of pharmacist, availability of range of products etc. This factor consists of five even questions/statements.

III CONCLUSION

The present study identified four factors which could be adopted by an unorganized retail pharmacy store for sustainable growth. An interesting observation was that most of the retail pharmacy store would not emphasize discounts. Although, it is a common perception that by providing an attractive discount, desirable growth can be achieved. It was also observed that customer satisfaction is one of significant factor. As per the regulatory requirement, a pharmacist should be available full time in the retail pharmacy store but in practice the scenario is different. Although, it was observed during the survey, full time availability and competence of pharmacist is a one of the significant variable.

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