

Factors affecting consumer purchase decisions marketing essay



Introduction

In contrast to United Kingdom and other developed nations, the drug market in India is not strictly differentiated into prescription drugs and over-the-counter (OTC) drugs. Practically, almost any medication available in market can be obtained without a prescription (Kamat and Nichter, 1998,). However, while prescription drugs can only be only be purchased at a pharmacy counter, OTC medicines may be purchased from a variety of outlets including a pharmacy store, supermarkets, a grocery or cosmetic store to a neighbourhood general store. Such drugs generally comprise of analgesics, cold and flu tablets, muscle rubs, digestive pills, vitamins or health supplements, and antiseptic creams or other medicated skin ointments and for each of these categories a number of alternatives are available ranging from popular brands to unbranded products and from allopathic medicines to traditional Indian or herbal remedies. Concurrent with the increasing number of options in the OTC medicine segment, the trend in self-medication with OTC drugs is also rising in India due to a number of reasons including the changing lifestyles, rapid urbanization and rising disposable incomes (Euromonitor International, 2009). According to the Datamonitor report (2009), the Indian OTC drug market grew by 6.3 percent in 2008 to reach a value of \$1.8 billion and is estimated to reach the value of \$2.3 billion by 2013.

Considering the huge and increasing potential, along with the stiff competition, in the OTC drug market, it has become imperative for pharmaceutical marketers to spend a substantial amount of money and time to develop effective marketing strategies specifically targeted at the OTC

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consumers (Kavanoor, et al., 1997). Since such consumers depend on certain information cues, like advertising and price of the product, it is necessary for the drug marketers to have an in-depth understanding of the factors affecting the purchase decisions of consumers, to be able to provide appropriate information cues to the customers which drive consumers to choose one OTC drug over another similar or comparable product. Hence, this research intends to explore and analyze such factors which affect the consumer-purchase decisions of OTC drugs specifically in context of the Indian pharmaceutical market.

Literature Review

Before proceeding to the issues related to marketing of OTC drugs, it is necessary to know the ground realities of the Indian pharmaceutical market, which differentiate it with the pharmaceutical markets of other countries.

The first difference is in the inherent meaning of ‘over-the-counter’ drugs in the Indian market and although OTC drugs are the drugs which are legally allowed to be sold ‘over the counter’ without requiring the prescription of a registered medical practitioner, in India, all drugs not included in the list of ‘prescription only’ are regarded as OTC or non-prescription drugs. ‘

Prescription only’ drugs are the drugs which fall under the schedules H and X of the Drugs and Cosmetics Act and its Rules and are not advertised to the public voluntarily by the pharmaceutical industry (Bhangale, 2007).

However, there is another category of drugs registered as Ayurvedic medicines or medicines based on natural or herbal ingredients which, although regulated by the Drugs and Cosmetic Act and its Rules, does not require a drug license and hence, can be sold at non-pharmaceutical outlets

(Bhangale, 2007), as well as, advertised in television and other medias, along with other OTC drugs.

A rapidly growing Indian economy, with a real GDP growth of 8% in 2008 (Euromonitor International, 2009), and penetration of information medias even in rural areas of India has encouraged consumers from all economic and social strata to switch to self medication by OTC products for most common ailments. A factor which facilitates such transition is the availability of such products in smaller pack sizes which induces consumers, especially those of lower or middle income groups, to try these products. Another reason for the popularity of OTC drugs is the low doctor to patient ratio in India, especially in rural areas where OTC drugs offer a convenient solution to common problems such as aches, fever and minor cuts and wounds and save the consumer from the traditional approaches of obtaining medication after consulting with a medical practitioner. However, due to an unorganized retail environment and lack of strict enforcement of regulations on ‘prescription only’ drugs, consumers have easy access to prescription drugs without a prescription, which affects negatively on the sales of OTC products. Low price and easy availability of generic drugs also affects consumer choices in relation branded and comparatively higher priced OTC products (Euromonitor International, 2009).

As noted by Saunders (2009), ‘do-it-yourself’, one of the world’s most popular consumer trends, has successfully permeated the pharmaceutical industry in the form of OTC drugs. OTC drugs reflect a unique aspect of self care where an individual responsibly takes charge of his personal well being by undertaking self recognition of his symptoms and condition and using <https://assignbuster.com/factors-affecting-consumer-purchase-decisions-marketing-essay/>

non-prescription drugs to cure his common ailments (Soller, 1998). However, self care also carries the potential risk of wrong diagnosis by the customer of the symptoms of the ailment he is suffering from and this may lead to the consumption of the OTC drug that has no efficacy in treating that ailment and significantly reduce the repeat consumption of that product, as well as, negative word of mouth publicity for that product, which is another important factor affecting customer purchase-decisions of OTC products. Hence a crucial issue related to the strategic marketing of such drugs is educating the consumers, as well as, providing the correct information about the use of the drug, by advertisements in television and print media, apart from providing packaging of the product which should provide clear information in simple language, and preferably multiple languages, considering the diversity of languages used in India (Paninchukunnath, 2007). Related to these facts is also the issue of ethical marketing and promotional practices and their conflict with commercial interests of the drug manufacturers (Bhangale, 2008,)

Although, conventionally the marketing of drugs had been focussed at health professionals (Auton, 2004), especially the prescription drugs, the focus of OTC marketing is the consumers themselves. Saunders (2009) points out that marketing of OTC products is very different compared to marketing of prescription medicines. He observes that in OTC world, innovation is the key for better marketing, whether in the form of a new dosage or new indication for treatment of a new ailment. For example, presenting the same in drug in the form of liquid-gel rather than the conventional pills or a packaging innovation may immediately push the the OTC product of a specific brand

representing the innovation, way ahead of its competitors in the OTC market. Apart from relying on print and television advertising, OTC marketers frequently use other methods to communication like face-to-face selling, free samples (Szeinbach et. al., 1995) and mass consumer contact programmes like advertising in movie theatres. One particular advertising format in OTC medications advertising is the use of direct comparative advertising and according to Pechmann and Stewart (1990) it accounted to nearly one fourth of all advertisements and is still popular now. However internet marketing has created new marketing opportunities for OTC drugs in the present scenario (Gurau, 2005).

Despite all these marketing techniques, the extent to which such marketing practices affect the choices and purchase decisions of consumers is yet to be confirmed. A detailed analysis of the market trends and the specific value propositions that different consumer groups find most compelling can help in building the marketing focus of OTC drugs around meeting those needs and delivering the identified values (Bhangale, 2008).

Research Question and Objectives

The proposed research question is to analyze the factors affecting the consumer purchase-decisions of over-the-counter (OTC) drugs in Indian market. The objective of the research is to provide an insight on the OTC drug marketing in India by analysing the marketing practices aimed at building brand recognition in target consumers of OTC medicines and the major factors which influence the consumer in buying a particular OTC product and preferring that product over a similar product or prescribed drug. The focus of the research will be on the OTC drug purchasing patterns

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of the consumers in India and the influence of marketing techniques on the choices they make. To assess the factors influencing customers' preferences regarding the OTC medicines questions will be asked about the role of media advertising, word-of-mouth publicity, price and packaging of the product, recommendations of medical practitioners or pharmacists and easy access and availability of the products in stores, which may affect the purchase decisions of the customers.

Proposed Methodology

Although mixed method approach (Bryman and Bell, 2007) of data collection and analysis could prove advantageous, the proposed research is a qualitative study based on social interactionism (Adams et al., 2007), and aims at exploring reality as experienced by the respondents. An interpretive approach will be pursued to allow the multiple perspectives of reality as experienced by different respondents instead of a single reality of positivism, thus allowing the existence of multiple subjective perspectives (Greener, 2008). Considering the limitations of time and the nature of study Cross-sectional design will be used in this research because the intention of this research is to study variations in factors affecting peoples' choices and the possibilities of variation in the majority of variables under study are expected. However, since in cross-sectional design data is collected at a single point in time, it will largely be possible to draw only associations between variables and it would be difficult to certain of the causal relationships between the variables. Also, the effects may be indirect or due to interaction with other variables causing the causal relationships to be ambiguous (Tharenou et al., 2007). Nonetheless most of the variables in the

research are independent variables, like quality or price of the product; hence this should not affect the results of the research greatly. Although there are many facets to the design and categorization of research methodologies, they are mainly differentiated on the basis of the approach to data collection (Lancaster, 2005) and this research would involve data collection by interviews and also secondary data from various electronic or textual sources.

Proposed Method

Since the research topic is trans-disciplinary in nature, being related to marketing as well as pharmacy, the process of 'systematic review' (Tranfield, et al., 2003, in Bryman and Bell, 2007), along with information from web sites, including statistical data of OTC drugs in India and behavioural data of consumers, will be used to prepare a list of questions to be asked to the interviewees. Other data, including but not limited to special marketing campaigns and other marketing practices, like media advertising of OTC drugs in India, available on websites or textual data, will also be analysed to help in framing the appropriate questions. Semi-structured interviews will be used to obtain qualitative data which will provide an in-depth understanding of consumer behaviour and preferences (Adams, et al., 2007). Interviews will be conducted over telephone, but if possible face-to-face interviews may be conducted. Qualitative interviews will provide a personal perspective of the interview, regarding what is seen as relevant and important for him while making purchase decisions, flexibility of the process and opportunity to get detailed information pertaining to the research topic (Bryman and Bell, 2007). The interviews will contain elements of oral history

despite the possibility of bias due to inconsistencies in recalling some events, as noted by Grele (1998). Since the interest of the research is in obtaining data pertaining to factors affecting consumer choices, and a consumer may have made a particular choice based on the emotional quotient attached to a particular advertisement on television at a particular point in life or based on a more practical approach of price and quality at another time, nevertheless both factors have been significant in affecting the purchase decisions and hence the research.

Access Issues

Apart from the initial issues of gaining access to an organization, there are also issues related to access to information and people (Lancaster, 2005) as part of the research design. The interviewees would be the general public from different strata of the society in India; however, some of the medical practitioners and pharmacists may also be interviewed. Since the study is based in an Indian context the respondents will be from India. Access to these respondents will be through telephonic interviews and if possible face-to-face interviews may be conducted by either visiting the country for a short duration or over the internet. Access to general public as well as the medical practitioners and the pharmacists would not be difficult even by telephone while staying in UK, owing to the medical background of the interviewer.

Sampling

Since the factors affecting consumer purchase-decisions of OTC drugs in India depend on various factors including the financial status of the consumer, the level of education or whether he is from a rural or an urban area, it is required that the sample may not be biased in terms of including

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respondents mainly from from a specific income level or educational status. Basically the sample of respondents should be representative of the different economical and social, and cultural strata of India. Therefore the preferred sampling technique would be ' quota sample' (Lancaster, 2005) so that a representative number of people from different subgroups of respondents based on age, financial status, social and cultural base as well as representing the major regions of India can be interviewed and the data would not be biased or misleading due to overabundance of respondents from any one the subgroups. The advantage of using the quota sample would be that the most important characteristics of the studied population would match those of the selected sample. However this may require a bigger sample size. The sampling Method would be of non-probability type and hence units would be selected largely on the basis of personal judgement. (Adams, et al., 2007).

Ethical Issues

Conducting a research is almost invariably associated with ethical issues related to data collection, data recording, analysis techniques and the reporting of research findings (Lancaster, 2005). Keeping in mind these issues informed consent will be taken prior to interviewing the respondents who agree to participate in the research voluntarily. Required confidentiality of the information collected by the interviewees will be maintained. To facilitate this, either the specific details of the respondents will be altered or not revealed to preserve the anonymity of the participants without a compromise with the usefulness of the data collected. Apart from this the participants would also be detailed about the purpose of the research, the

method, risks and demands of the research, as well as, their freedom to withdraw from the research and the process to obtain information of the results (Tharenou, et al, 2007).

Limitations and Contingency Plans

Since the study requires a representative sample of the population of India, which is largely diversified on the basis of culture, languages, economic and social criteria, the sample size should be preferably of a large size. Gaining access to a large number of people and interviewing them within a limited amount of time may be difficult. Apart from this, the intended method of gaining qualitative data is through telephonic interviews. However some representatives of certain economic and social background may be difficult to access by telephone and would require face-to face interviews and this may also be necessary to be able to explain such people the intention of the research to comply with the ethical issues as well. However going to India to conduct face-to-face interviews may not be possible due to the requirement of resources like time and finances. In such cases the reliability and validity of the results may be weakened. Another limitation is related to the design of the research which is of cross-sectional type; hence the results may be specific only for a particular range of time. Again, although longitudinal studies would have yielded results which might have depicted changing priorities of the interviewees with time, this is not possible to pursue to time limitations.

However if face-to-face interviews become necessary to gather relevant data then telephonic interviews may be supplemented by face-to-face interviews.

Another option is to include questionnaire surveys in the research
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methodology to increase the sample size and try to include at least one representative in each subgroup of the sample.

Work Plan

April: Framing the interview questions

Identifying potential interviewees

Contacting the potential interviewees

Continuing with the secondary research

May: Conducting interviews

Continuing with secondary research

June: Beginning the processing of data

Start writing the dissertation

Preparation of the first draft

July: consultation with dissertation supervisor

Making necessary amendments

August: Writing the final draft

Submission