Original Research Paper

Commerce

PROBLEMS OF RETAIL MARKETING OF PHARMACEUTICAL PRODUCTS – A STUDY WITH REFERENCE TO VIRUDHUNAGAR TALUK

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KEYWORDS :

Introduction

Among all the major industries in India, textiles and pharmaceuticals are surely the leaders. The Indian government has listed the pharmaceutical industry as an intellectual industry and investment in research and development has been enhanced. The pharmaceutical products account for 8 percent of the global pharmaceutical sales and India is the fifth largest producer of bulk medicines in the world. The Indian pharmaceutical industry today is in the front rank of India's science based industries with wide ranging capabilities in the complex field of drug manufacturers and technology. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. In this paper, an attempt has been made to highlight the various problems encountered by the retailers in the study area. The researcher has taken into account the major problems faced by the retail pharmaceutical sector, chief the problems relating to location, purchase of drugs, differential price fixing, severe price falling and so on. In order to ascertain the current position, the researcher has drawn 40 sample chemists by using a proportionate random sampling method, according the study area is divided such as urban, semi-urban and rural.

Statement of the Problem

For a pharmaceutical retailer, it is very difficult to retain the potential buyers. Because, the buyers are scattered according to their convenience of purchasing. In order to keep possession of their sales volume, the retailer has to face a stiff competition in the pharmaceutical sector. The emerging retail segment has thrown all marketing techniques haywire. A re-look is required as retail segment is not only emerging as an influencer but also as a potential market. Hence, there is an imperative need to undertake a study of this nature to find out the real causes far the problems in wholesale and retail marketing of pharmaceutical products and to offer suitable solutions to overcome the problems identified.

Scope of the Study

The present study covers Virudhunagar area. For the purpose of study, the areas are divided in to Rural, semi urban and urban areas. The researcher has interested to study marketing practice of pharmaceutical products. Regarding marketing of pharmaceutical products, the marketing mix namely 4P's like Product, Price, Place and Promotion have been covered. Medical Science liaisons play a significant role in Pharm's sales and marketing practice. It's main objective is to create a professional standard and ethical code of conduct. Future its aim is to increase the market share by influencing prescriber behavior, increasing script yield and ensuring formulary acceptance.

Review of Literature

Mr.T. Jeyamani has submitted a thesis entitled, "A study on the Retail marketing of pharmaceutical products in Sivakasi". He has studied that the allopathy medical traders have faced stiff competition from fellow traders and most of the consumers face the problem of non – availability of drugs and changing the prescribed drugs frequently.

Tamil Nadu chemists, a monthly magazine published in December 2003. It deals with the present trend of pharmaceutical Distribution set up, history of pharma channels, an overview of pharma industry and future prospects and perils.

Mr. Janechin, a president of medical science Liaisons published in September 2004 a report on "Marketing practice of pharma industry" He has stated in his report that MSLS play a vital role in pharma sales and marketing practice.

The MSLs' president (2005) said the need for professional standard and ethical code of conduct. Further the goals MSLs are attained through the following ways such as Influencing prescriber behaviour, Increasing script Yield and ensuring formulary acceptance.

Objectives of the Study

To evaluate the problems relating to the retail marketing of pharmaceutical products.

Methodology

The study requires a selection of suitable place. Hence, Virudhunagar area has been selected since the researcher belongs to this area and has interested to study the retail marketing of pharmaceutical products. Moreover, there is a heavy concentration of retail units in Virudhunagar area

Sources of Data

The primary data were collected from the wholesale and retail pharmaceuticals in Virudhunagar through interview schedules. The secondary data were collected from encyclopedia, retail pharmaceutical merchants Association reports, magazines, journals, and standard books.

Sampling Design

In the study area, there are only three wholesalers. It is proposed to collect data from all the three wholesalers through interview schedule method. Hence census method is adopted for collecting data from the wholesalers.

There are 121 retail pharmaceuticals operating in the study area. The whole Taluk is divided into three categories namely, Urban, Semi-urban and Rural area. Accordingly 33% retail shops were selected by adopting proportionate random sampling technique. The following table represents the retail pharmaceutical outlets.

Size of the sample

S. No	Area	No. of retail shops	Sample size
1.	Urban area	93	31
2.	Semi-urban area	13	5
3.	Rural area	15	5
Total		121	41

Source : Primary Data.

A study of this nature could not be completed unless the attitude of the consumers are ascertained. Since the customers are infinite, the researcher has proposed to adopt convenient sampling method. Hence, 120 customers were selected for the purpose of fulfilment of the study.

Period of Study

The study covers the period of 5 years from 2012 to 2016.

Field work

The field work of the study was conducted during the month of December 2015 and January 2016. Three different pre-tested interview schedules were prepared for collection of data.

1. For wholesalers
2. For retailers
3. For customers.

Pattern of ownership

Before studying the problems of the retail pharmaceutical sector, it is worthwhile to ascertain the background of the sample units.

Hence their ownership pattern is analyzed and exhibited in Table-1

Table-1 Ownership pattern

S. NO	Nature of ownership	No of respondents	Percentage
1	Sole trader	26	65.00
2	Partnership	14	35.00
3	Joint family	-	-
Total		40	100

Source: Primary Data.

The above table depicts that 65% of the respondents are sole traders and it reveals the confidence of the retailer in investing in pharmaceutical industry. The remaining is found to be partnership business. It is surprising to note that no joint family concern exists in the study area. It is inferred that majority (65%) of the respondents are sole trader and it shows the confidence of the retailer in investing in pharmaceutical industry.

Educational Qualification

The researcher has also elicited information regarding the acquisition of knowledge by the retailers and it is exhibited in Table-2. The purpose of classifying educational qualification is to know whether the retailers having a sufficient knowledge about the marketing of pharmaceutical products.

Table-2 Educational Qualification

S. NO	Educational Qualification	No of respondents	Percentage
1	High School level	3	7.5
2	Higher Secondary level	3	7.5
3	UG level	4	10
4	PG level	4	10
5	Diploma with any one of the above qualification	26	65
Total		40	100

Source: Primary data.

The researcher has analyzed the level of education of the retailers. It is focused that 7.5% of the respondents have studied up to High school level; another 7.5%- higher secondary level; 10% - Graduates; 10% - Post graduates and the remaining 65% of the respondents have studied Diploma course in pharmacy.

About 65% of the respondents have got – Diploma in pharmacy. On the whole, the retailers in the study area are found to have a good educational background.

Prior knowledge on pharmaceutical products

The researcher has brought out the information regarding the acquisition of knowledge by the retailers. The purpose of this classification is made to know the practical knowledge about the marketing of pharmaceutical products.

Table-3 Prior knowledge on pharmaceutical products

S. NO	Ways	No of respondents	Percentage
1	Traditional business	15	37.50
2	Training in other retail shops	20	50.00
3	Any other	5	12.50
Total		40	100

Source: Primary data.

The above Table-3 clearly brings forth the fact that 50% of the respondents are found to have knowledge by working in other retail shops. About 37.5% of them have had this as a traditional business.

It clearly shows that most of the retailers (50%) have adequate training before establishing their pharmaceutical own shops.

Location of the shop

The study has also brought out the information to identify the location of the retail shop because it plays a significant role in establishing a pharma shop. It provides a favourbale condition to easy marketability of the products

Table-4 Location of the shop

S. NO	Location of the shop	No of respondents	Percentage
1	Busy centres	18	45.00
2	Adjacent to hospitals	12	30
3	Attached to the hospitals	5	12.50
4	Rural / remote area	5	12.50
Total		40	100

Source: Primary data.

It is understood from the Table-4 that 45% of the shops have located in the busy centers; followed by 30% nearby the hospitals, 12.5% have attached to the hospital and the remaining 12.5% have located their retail shops at the remote / rural areas.

It is inferred from the above table that 45% of the retail shops have located in the busy centers. It has been proved with the help of following hypothesis

Hypothesis

The hypothesis formulated is that, there is a significant relationship between the location of shop and sales.

Observed frequency

Location of shop					
Opinion of the retailers	Busy centres	Nearer to the hospitals	Attached to the hospital	Rural / semi urban areas	Total
Sales affected	7	8	0	3	18
Sales not affected	11	4	5	2	22
Total	18	12	5	5	40

Expected frequency :

$$E_{11} = \frac{R_1 C_1}{N} = \frac{18 \times 18}{40} = 8.1$$

$$E_{12} = \frac{R_1 C_2}{N} = \frac{12 \times 12}{40} = 5.4$$

$$E_{13} = \frac{R_1 C_3}{N} = \frac{18 \times 5}{40} = 2.25$$

$$E_{14} = \frac{R_1 C_4}{N} = \frac{18 \times 5}{40} = 2.25$$

$$E_{21} = \frac{R_2 C_1}{N} = \frac{22 \times 12}{40} = 9.9$$

$$E_{22} = \frac{R_2 C_2}{N} = \frac{22 \times 12}{40} = 6.6$$

$$E_{23} = \frac{R_2 C_3}{N} = \frac{22 \times 5}{120} = 2.75$$

$$E_{24} = \frac{R_2 C_4}{N} = \frac{22 \times 5}{40} = 2.75$$

Expected frequency in table form

Location of shop					
Opinion of the retailers	Busy centres	Nearer to the hospitals	Attached to the hospital	Rural / semi urban areas	Total
Sales affected	8.1	5.4	2.25	2.25	18
Sales not affected	9.9	6.6	2.75	2.75	22
Total	18	12	5	5	

Observed frequency (O)	Expected frequency (E)	O-E	$(O-E)^2$	$\dfrac{(O-E)^2}{E}$
7	8.1	-1.1	1.21	0.1494
8	5.4	2.6	6.76	1.2519
0	2.25	-2.25	5.0625	2.25
3	2.25	0.75	0.5625	0.25
11	9.9	1.1	1.21	0.122
4	6.6	-2.6	6.76	1.0242
5	2.75	2.25	5.0625	1.841
2	2.75	-0.75	0.5625	0.205
			Total	7.0935

$$X^2 = (\Sigma(O-E)^2 / E)$$
$$X^2 = 7.0935$$

Degree of freedom = (r-1)(c-1)
$$= (2-1)(4-1)$$
$$= (1)(3)$$
$$= 3$$

For 3 degree of freedom @ 5% level is 7.81. Hence, the calculated value is less than the table value. Hence the hypothesis is accepted

Results
There is a significant relationship between the location of shop and sales.

Impact of location
Among the 40 respondents, contacted, 13 respondents have opined that the location of shop affect their business and the remaining 27 informants have felt that the location does not affect their business.

Table-5 Reasons for affecting the location of shops

S. NO	Reasons	No of respondents	Percentage
1	Less number of Doctor's prescription	3	23.08
2	Remote area	7	53.84
3	More number of medical shops	3	23.08
Total	13		100

Source: Primary data.

It is clear from the Table-5 that 23.08% of the respondents feel that their business affected due to less number of doctor's prescription; followed by 23.08% of the informants opined that more number of medical shops and the remaining 53.84% of the respondents said that the shops are located in the remote area.

It is inferred from the table that majority (53.84%) of the respondents expressed that their shops are located in the remote area.

Conclusion
The present paper captioned "problems relating to retail marketing of pharmaceutical products". Most of the retailers are the sole traders, followed by partnership firm. Fifty percentages of the retailers have adequate knowledge and training by working in other retail shops before establishing their own pharmaceutical shops. Nearly half of the respondents' retail shops are located in the busy centres and have opined that their location does not affect the business. The major problems faced by the retailers in marketing the pharmaceutical products are inadequacy of funds, stagnation of stock due to completion of expiry date of the drugs and competition, non-availability of drugs, price fixation due to increasing of tax rate imposed by the government, retail shops with in the dispensaries and short supply of drugs in scarcity times. Since pharmaceutical sector is a growing sector, the problems encountered in the study area may reduce in future.