

Consumer Perception about E-Pharmacies in Indian Retail Pharmaceutical Sector

Author(s):

Dr. Tejas N Dave,

Associate Professor, School of Liberal Studies, Pandit Deendayal Energy University,
Gandhinagar Contact

Dr. Ashvin R Dave,

Professor, School of Liberal Studies, Pandit Deendayal Energy University, Gandhinagar Contact

Dr. Ashwin H Parwani,

Assistant Professor, School of Liberal Studies, Pandit Deendayal Energy University,
Gandhinagar Contact

Dr. Ashish B Joshi,

Professor, School of Liberal Studies, Pandit Deendayal Energy University, Gandhinagar Contact

Dr. Rajesh Patel,

Principal & Dean, Smt. S.S. Patel Nootan Science & Commerce College, Sankalchand Patel
University, Visnagar, Gujarat

Abstract

In last three decades, the world economy has observed paradigm shift because of information technology revolution. This information technology revolution has brought markets and consumer closer. This has also given more power to consumers as they have accessed of multiple markets. At macro level, governments have also promoted digital platforms in developed and developing economies to provide better quality products and services to their citizen with reasonable price. This development has also pressurized corporate to redefine their business strategies to make it more financially viable and also agile for market requirements. The Indian pharmaceutical markets were known for its offline retail chain for many years. The operational modalities in pharmaceutical market in India are quite different from western countries. In India, normally doctor issues the drug prescriptions for the patient and they get medicine from retail offline pharma stores on the bases of the prescriptions. Like other retail format in India, the Indian pharma retail market is known for its relationship marketing practices. In last two decades almost all types of markets are heavily penetrated by e-commerce platforms in India. This has also forced corporate to restructure their supply chain and target customers through online platforms. In recent years, now many new e-commerce companies have ventured into online

medicine business. Initially, the response was slow but now the market of these companies is expanding at rapid pace, specifically in urban areas. This paper aims to understand consumer perception about online pharmacy business. In primary research, cross sectional convenience sampling designed was used and responses were taken from 246 respondents. The finding of the research suggests strategies for the online companies to make their business model more viable and financially feasible for Indian markets.

Keywords: Indian pharmaceutical industry, E-Pharmacy, Supply Chain Management

Introduction

The internet revolution has changed the business dynamics of many industries in last three decades. This has also given access of multiple markets to corporate for business expansion. Today, goods are moving across the boundaries. The rapid upgradation of e-commerce platforms has also facilitated corporate in expansion of their online business. Looking at the size of the market, India is always being preferred market place for global corporate. There are different terms are used for online pharmacy business globally, like E-Pharmacy, cyber pharmacy, virtual pharmacy etc. Theoretically, these are internet based stores which sell drugs and medicines directly to the customers. The online pharmacy business is very popular and successful in many developed countries. There are many reasons behind this success like consumer acquaintance of e-commerce and m-commerce, state of the art internet infrastructure and high cost of contact in offline markets for consumers. Recent acquisition of PillPack, by Amazon has given clear signal of intense competition in US pharma retail markets in coming years. Nawrat, A. (2021). Indian pharmaceutical retail market is very sizable but very complex in nature. In urban area, it is more organized compare to rural part of India. Compare to other industries, the growth of online pharmacy business was slow initially. But after pandemic, considerable growth has been observed as many customers have shifted to online platform from offline markets. Peermohamed, A., Shah, S. (2021). There are many benefits of web marketing compare to offline marketing like twenty-four by seven services, two-way communication, no barriers of geographical boundaries etc. Rowley, J. (2004). Another advantage of web base marketing and e-commerce platform is its competency to provide wide varieties of communication/advertisement options like blogs, community site etc. Winer, R. S. (2009). The low overhead cost is also one of the main advantages of online purchase. Anand, A., Sethi, N., Sharon, G., Mathew, G., Songara, R., & Kumar, P. (2010). The increase in numbers of internet users and smartphone market expansions are also important driving force behind growth of online markets in India. Priyanka, V. P., & Ashok, B. K. (2016). These contemporary

developments give clear signal of strong prospects for online pharmacy business in Indian markets in coming years.

Indian pharmaceutical companies are worldwide known for manufacturing of generic drugs and vaccines at affordable price. In terms of volume of production, it is third in the global market & 14th in terms of value. As per the report of Indian Brand Equity Foundation of August, 2022, the industry will reach to 130 billion US\$ by 2030. Indian pharma companies are dealing in multiple segments like bulk drugs, generic drugs, vaccines OTC medications, third party research & manufacturing etc. (Pharmaceuticals Report, IBEF, 2022) The India is the largest producer of vaccines and its share is 60 percentage as per the data of 2021. The industry is expected to grow at a CAGR of approximately 22% and the medical device industry projected to enlarge up to 25 billion US\$ by 2025. The low cost of production and R&D enhancement have improved the competency of corporate. As per the data of 2019, the cost of production in India is 33% lower than USA. The central government has also announced many schemes to improve overall competency of the Industry. In February, 2021, government had given approval of production linked incentive schemes, from financial year 2021 to 2029. This decision has increased investment influx in this industry. This will also improve the competency in export market of Indian pharma companies. (Pharmaceuticals Report, IBEF, 2022)

Literature Review

The paper of Gray, N. G. (2011) talks about issues and challenges related to risk and benefits of online pharmacy business. The paper also talks about different use of online platform in communication, promotion and marketing of pharmacy business. The researcher has also discussed about factor affecting purchase decision in different consumer segments and associated risk and benefits of online purchase of medicines. The detailed discussion is also presented about regulation of online pharmacy business in this paper. The researcher believes that in countries like USA and Great Britain, governments have taken care of internet pharmacy registration procedure. But due to global access of internet, it is very difficult to protect consumers from counterfeit brands and counterfeit registration and accreditations. In the later part of the paper, the author talks about the consumer E-health literacy in this paper. In the last part of the paper, the researcher discusses about future of online pharmacy and several strategies are presented to make this business more feasible and financially viable for corporate and consumers

The paper of Satheesh, G., Puthean, S., & Chaudhary, V. (2019) discusses about business challenges and opportunities for online E-Pharmacy business in India. In India, still E-Pharmacy business is at infant stage and growth of this business segment is heavily depends on government

regulations and policy decisions. The use of online platform is not very easy in pharma sector as numbers of ethical, social and legal issues are involved. This paper also talks about the role of All India Organization of Chemists and Druggists (AIOCD) and Central Drugs Standard Control Organization (CDSCO) in E-Pharmacy business. This paper also talks about the issues pertaining to medicine cost and its insurance coverage in India. The authors believe that the e-pharmacy can be the potential solution to reduce tangible and intangible cost of the Indian consumers if this business is properly channelized by the government and private companies. The authors also presented comparative analysis between USA and India for e-pharmacy business. They believe that the US government has developed better mechanism to monitor and regulate e-pharmacy business in US markets. The authors also discuss about the various issues pertaining to instruction about dosage, safety and unregulated sales of potential drugs. In concluding remarks authors suggested that the governments play vital role in success of this business segment in India. They need to develop highly integrated system to constantly monitor business practices of this online channels to defend interest of consumer, corporate and society at large.

The paper of Alyahya, M., Dhruvakumar, S., Siddegowda, S. H., Sreeharsha, N. (2020) focuses on digital marketing on the pharmacy community in Saudi Arabia. The paper talks about benefits of online platform of communication and marketing of pharmaceutical products specifically during pandemic time. They say that during pandemic time, government of Saudi Arabia has increased budget for digital healthcare services last year. The researchers have elaborated finding of their primary research in the middle part of this paper. They had conducted primary research to measure impact of digital marketing on pharmacies community in Saudi Arabia. The questionnaire was used for data collection and responses were collected from pharmacy companies and customers. The online platforms were used for data collection. The responses were taken from 55 pharmacies; 35 from metropolitan area and 20 from regional area. The result indicates that the technology awareness and finance play important role in digital marketing. The have also observed that the Covid-19 has forced corporate to focus on digital platform for business generation from different markets. The result also indicates that the many pharmacies have received very good response in OTC and prescription medicine after implementation of online business strategies. The results also communicate that the pharmacies are using different social media platform to promote their online business and almost fifty percentage respondents have given higher importance to the digital marketing in contemporary business environment. In customer survey, responses were taken from 203 respondents. The results communicate that almost 44 percentage respondents have accepted the higher effectiveness of online advertisement pharmacy business. Regarding E-Care programme, majority of respondents have shown their interest and recommend to introduce in Saudi pharmaceutical Industry. In the end note, the researchers acknowledge the importance of digital marketing for Saudi pharmaceutical

companies. They have also acknowledged that the Saudi customers are quite acquaint with this digital marketing and online business platforms. They have suggested that the pharmaceutical companies need to identify business strategies to develop financially viable business model for digital marketing.

Research Methodology

This paper aims to fulfill following objectives through secondary and primary research.

1. To understand contemporary developments in Indian Pharma markets
2. To measure the awareness regarding online pharmacies
3. To understand and analyze consumer’s perception towards online pharmacies
4. To identify critical factors affecting the purchase of medicine online

For the first objective, exploratory research design is used and contemporary information and data were extracted from different secondary sources. For remaining three objectives, the structured questionnaire was developed with open ended and close ended questions and responses were taken from 246 respondents. For primary research cross sectional convenience sampling design was used.

DEVELOPMENT & TESTING OF HYPOTHESES

On the basis of literature review and the variable shown above, the following three hypotheses were tested with Chi Square test. The uniform 0.05 value was taken of level of significance for all hypotheses.

Sr. No	Statement	Result
1	H ₀ : Acquaintance with buying platform (Online / Offline) and age group are independent H ₁ : Acquaintance with buying platform (Online / Offline) and age group are dependent	Chi Square Test Degree of freedom: 2 Level of significance: 0.05 Acceptance limit:5.991 Chi Square : 8.80 Ho is rejected
2	H ₀ : Response of sales promotion on buying platform (Online / Offline) and age group are independent H ₁ : Response of sales promotion on buying platform (Online / Offline) and age group are dependent	Chi Square Test Degree of freedom: 2 Level of significance: 0.05 Acceptance limit:5.991 Chi Square : 16.82 Ho is rejected
3	H ₀ : Trust on buying platform (Online / Offline) and age group are independent	Chi Square Test Degree of freedom: 2 Level of significance: 0.05

	<p>H₁: Trust on buying platform (Online / Offline) and age group are dependent</p>	<p>Acceptance limit:5.991 Chi Square : 8.29 Ho is rejected</p>
--	---	---

Analysis and interpretation

- Total 85% percentage respondents were aware about the online pharmacy platform. Regarding preference and acquaintance with buying platform, the hypothesis was tested and observed that the 20-40 age group people are more inclined towards e-pharmacy compare to 40-60 & 60 and above age group people.
- Regarding online purchase decision, age group and type of illness are important factors in decision making. 67% of respondents of 20-40 age group has shown their willingness to buy medicines from online pharmacy. At the same time, approximately 35 percentage respondents of 40 and above age group have purchased their routine medicine online during pandemic time. Out of this 35 percentage respondents, 48 percentage have shown their willingness to continue with online purchase of medicine. Regarding type of illness and online purchase, 93 percentage respondents want to purchase medicine related to non-terminal illness online. It shows that in case of critical illness, people have more trust on offline pharma stores.
- Regarding impact of sales promotion in online pharmacy, the hypothesis result shows that the age group plays vital role in this sales promotion. The results indicate that the 40-60 years age group respondents (48 %) are more influenced by the special bulk discount of online pharmacy stores. Subsequent questioning during survey, revealed that the many of this age group people are doing bulk buying of their routine medicine related to disease like diabetes, blood pressure, cholesterol etc.
- Regarding trust on online purchase of medicine, the hypothesis result indicates that the 20-40 and 40-60 age group people have more trust on online pharmacy compare to 60 and above age group respondents. Subsequent questioning during survey, revealed that there are many things are involved for respondents in case of trust on online purchase. It is about original brand, timely delivery and fare price of procurement.
- Regarding identifying reasons behind avoiding online purchase of medicine, 73 percentage respondents have raised the point of “non-availability of particular brand at e-pharmacy”. The 70 percentage respondents have also upstretched the point of “easy availability of community pharmacy store in urban area”. The 67 percentage respondents pointed out threat of supply of counterfeit or substandard medicine by the e-pharmacy.

- Regarding identifying critical success factor in online pharmacy business, highest weight is given to better price discount and door step delivery at the convenient time. 32 percentage respondents have also given importance to personalize service like push notification and reminder, personalize product recommendation, feedback etc.

Conclusion

The information technology revolution has changed supply chain structure of many industries. Globally, now corporate are focusing more on supply chain disintermediation and concentrating on direct to consumer business model. The Indian pharmaceutical markets were dominated by bricks and mortar types of store for many years. But in recent past, the scenario has changed and now many industries has observed sizable presence of online / virtual stores. In terms of the size and volume, India is one of the important market for pharmaceutical companies. Today, in online pharmacy many options are available with the consumers. The government has also taken many corrective measures to make this online pharma business more feasible and viable for the corporate. The major challenge for the e-pharmacy corporate is to identify offline / online marketing and communication strategies to switch consumers from offline to online platform, specifically in urban markets where multiple offline retail stores are available in close proximity. Another issues are non-availability of particular brand and supply of counterfeit / lookalike brands. The positive points are good discount, 24X7 services and door step delivery at convenient time with many more personalize value added services through web site and mobile apps.

References:

1. Alyahya, M., Dhruvakumar, S., Siddegowda, S. H., Sreeharsha, N. (2020). Impacts of Digital Marketing on the Pharmacies Community in Saudi Arabia and Determining the Future Model of the Industry: A Cross-Sectional Questionnaire-based Study, *Indian Journal of Pharmaceutical Education and Research*, 2020; 54(4):1193-1206, Original Article | doi:10.5530/ijper.54.4.174
2. Anand, A., Sethi, N., Sharon, G., Mathew, G., Songara, R., & Kumar, P. (2010). Internet pharmacy: Need to be implemented in India. *Chronicles of Young Scientists*, 1(1), 16-16.
3. Gray, N. G. (2011). The Evolution of Online Pharmacies. *SelfCare* 2011;2(3):76-86

4. Nawrat, A. (2021). Enter Amazon Pharmacy: the beginning of a great online pharmacy fight? pharmaceutical technology. <https://www.pharmaceutical-technology.com/features/amazon-pharmacy-disruption-healthcare/>
5. Peermohamed, A., Shah, S. (2021). Online pharmacy firms see massive order surge in second wave, ETtech, <https://economictimes.indiatimes.com/tech/startups/online-pharmacy-firms-see-massive-order-surge-in-second-wave/articleshow/82394940.cms?from=mdr>
6. Pharmaceuticals Report (2022), Indian Brand Equity Foundation. https://www.ibef.org/download/1665992476_Pharmaceuticals-August-2022.pdf
7. Priyanka, V. P., & Ashok, B. K. (2016). E-pharmacies regulation in India: Bringing new dimensions to pharma sector. *Pharmaceutical Regulatory Affairs*, 5(175), 1-7.
8. Rowley, J. (2004) Just Another Channel? Marketing Communications in E-Business. *Marketing Intelligence & Planning*, 22, 24-41. <http://dx.doi.org/10.1108/02634500410516896>
9. Satheesh, G., Puthean, S., & Chaudhary, V. (2019). E-pharmacies in India: Can they improve the pharmaceutical service delivery?. *Journal of global health*, 10(1).
10. Winer, R. S. (2009). New Communications Approaches in Marketing: Issues and Research Directions, *Journal of Interactive Marketing*, Volume 23, Issue 2, May 2009, Pages 108-117, <https://www.sciencedirect.com/science/article/abs/pii/S1094996809000383>