

Consumer Preferences Towards Retail Medical Outlets in a Private University in Vellore, India.

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Key Words

Customer preferences, Demand, Needs, Competition, Competitive position.

Abstract

Retail medical outlets are considered as one of the most profitable business in today's world. This is an industry with consistent demand and least affected by recessionary trends. But, the competition existing in this field is considered to be a greatest challenge for the retailers. In order to overcome this competition, it is necessary to attract the consumers through knowing their needs and thereby meet the needs and satisfy them to the full extent. This paper, focused on the preferences of university students towards retail medical outlets, aims at providing suggestions to attain a competitive position for a medical outlet.

Introduction:

India is considered by the retailers as a most sought-after market. It is experiencing a boom in the medical retail sector, which has created new demands in retail industry to organize sales in value chain. Retail sales in the pharmacy sector in the country is expected to be around 279 billion Rupees.

Pharmaceutical industry is considered to be the only industry having least impact during any recession or economic meltdown. Because of these advantages, people are more likely to enter this market. But the resultant high competition is also a threat factor. However, for the purpose of yielding decent profits, one way would be to develop a long term plan to attract consumers especially the youngsters. The present study is based on the preferences of the students towards retail medical shops in a university environment. The idea is to suggest the important aspects of shopping behaviour which may help the retailers survive and sustain in the business by generating good revenue.

Objectives

The overall objective of investigating consumer preferences towards retail medical outlets from the perspective of university students will entail the following:

1. To know the private students preferences towards retail medical outlets.
2. To compare the preferences of students towards prescribed medicals and shops with brand name.
3. To study the importance of discounts, credits provided by the retailers.
4. To study the impact on the location of the shop.
5. To study the importance of the ambience of the shop among the consumers.
6. To study the preferred mode of payment by the consumers.

7. To study the consumers preferences towards computerized retails over traditional retails.
8. To study the preferred service expected by the consumers from the retailers.

Review of Literature

Tanuja Singh (2005) has discussed about the preferences of consumers on prescription advertizing over specific branded drugs. It revealed consumers are not influenced by specific branded drugs. Erin E. Baca (2005) discussed in his article about the interests of young consumers and their attitude of seeking additional information's for themselves and their family members. Ramakrishna Dhatrika (2008) explained in his article about the importance of the point of sale system which helps the retailers to improve the operation efficiency. Mukhesh Mathura (2008) in his article enumerated the principles of sentient supply chain methods which when followed helps the retailer in reducing the cost over stock maintenance and meet the demand without fail.

Sastry L.V et al., (2008) , in their article denoted the importance in designing the store accordingly to consumer's preferences in order to attract them which helps in increase the revenue of the store. Anustup Datta (2008) discussed in his article about the dilemma of retailers which was created due to some of the myths and realities related to consumers' expectations and their behaviours. Troy Gross (2008) discussed in the article the importance of communication. It revealed that customer communication is mission critical for any business.

Sudipta K sen (2009) stated in his article about how Indian retailers should stay several steps ahead of their customers in order to meet the demand and retain them.

Karl Mckeever (2009) in his article found that the training is important in order to provide better service which ensures more customers and improves the business for the store. It should be consistent and should be revised when needed.

Sanchari Mukherjee (2008) discussed about some of the innovative strategies helps in boosting profits for the retailers. Strategies should be formulated by considering socio-economic conditions, purchasing power and preferences of the consumers.

Shiraz Dutta (2009) briefed in his article, the importance of adopting the CRM in order to lure their customers, while extending its own brand presence.

Research Methodology

The concept of research refers to a systematic effort to gain new knowledge. The Webster's dictionary gives the meaning of research as follows, "a careful or critical inquiry in order to seek principles and facts; or a diligent investigation in order to investigate and ascertain something".

The research conducted is Descriptive research. The primary data was collected through questionnaires given to sample of 100 scholars of VIT University located at Vellore, Tamil Nadu. The questionnaire was designed and tested before data collection. The Secondary data was collected from journals, magazines, and retail pharmacy owners. The following Statistical Tools are used:

1. Chi-Square
2. ANOVA
3. Kruskal Wallis Test

- 4. Correlation Analysis
- 5. Discriminant Analysis

Data Analysis:

Chi-square test:

Association between age and lead factor in selection of medical shop.

H0: There is no significant relationship between age and factor in selecting medical shop.

Chi-Square Tests

	Value	df	Asy mp. Sig. (2-sided)
Pearson Chi-Square	10.393 ^a	6	.109
Likelihood Ratio	11.142	6	.084
Linear-by-Linear Association	2.119	1	.145
N of Valid Cases	100		

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .50.

Directional Measures

			Value	Asy mp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Lambda	Sy mmetric leadrole	.133	.110	1.151	.250
		Dependent age	.189	.129	1.325	.185
		Dependent	.077	.133	.556	.579
Goodman and Kruskal tau		leadrole	.073	.042		.025 ^c
		Dependent age	.043	.029		.045 ^c

- a. Not assuming the null hy pothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on chi-square approximation

Inference:

Since the computed value (.109) is greater than hypothetical value(0.05). Hence, there is no significance relationship between age and factor in selection of medical shop.The lambda value is 0.189, which shows there is 18.9% reduction in error while testing the hypothesis.

From the study the authors also found that, there is no significance relationship between gender and preferences based on offers provided. The lambda value is 0.189, which shows there is 18.9% reduction in error while testing hypothesis. This study also reveals that there is no significant relationship between education level and preferences towards specialization. The lambda value is 0.123, which shows there is 12.3% reduction in error.

Correlation Analysis

Relationship between age of the respondents and preferred location of medical outlet.

Correlations

		age	location
Pearson Correlation	age	1.000	-.045
	location	-.045	1.000
Sig. (2-tailed)	age	.	.656
	location	.656	.
N	age	100	100
	location	100	100

Inference:

From the pearson correlation(-.045),its shows that there is a negative correlation between age and preferred location of the shop. The authors also found that there is a positive correlation between education level and lead factor in selection of medical outlet. It also infers that, there is a negative correlation and low association between the education level and preferred period of existence.

Anova:

Variance between age and preferred location of retail medical outlet.

H0: There is no significance relationship between age and preferred location of retail medical outlet.

Descriptives

	N	Mean	Sdt. Deviator	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
					Location age 18-20	37		
21-25	48	1.63	.70	.10	1.42	1.83	1	4
21-25	10	1.60	.70	.22	1.10	2.10	1	3
above30	5	1.80	.45	.20	1.24	2.36	1	2
Total	100	1.68	.68	6.80E-02	1.55	1.81	1	4

Anova

		Sum of Squares	df	Mean Square	F	Sig.
location	Between Groups	.499	3	.166	.353	.787
	Within Groups	45.261	96	.471		
	Total	45.760	99			

Inference :

Since the F significant value is (0.787) is greater than the hypothetical value (0.05). Hence, there is no significance relationship between age and preferred location of medical outlet.

From the analysis it is also found that here is no significance relationship between gender and preferred location of the shop. The study also reveals, there is no relationship between education level and preferred location of retail medical outlet.

Kruskal – Wallis Test:

Relationship with gender and shop with preferred operations.

H0: The basis of selection of shop with respect to gender are same

NPar Tests

Ranks

gender	N	Mean Rank
shopwith male	60	47.88
female	40	54.42
Total	100	

Test Statistics^{a,b}

	shopwith
Chi-Square	1.460
df	1
Asymp. Sig.	.227

a. Kruskal Wallis Test

b. Grouping Variable: gender

Inference:

Since the significance value (0.227) is greater than hypothetical value (0.05). Hence, the basis of selection of shop with respect to gender are same. The Authors also found that the basis of expected type of sales with respect to education level are same.

Discriminant Analysis

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 2	.898	10.351	4	.035
2	.996	.384	1	.536

Structure Matrix

	Function	
	1	2
age	.990*	-.139
edulev	.785*	.619

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions
 Variables ordered by absolute size of correlation within function.

*. Largest absolute correlation between each variable and any discriminant function

Canonical Discriminant Function Coefficients

	Function	
	1	2
age	1.109	-1.407
edulev	.306	2.171
(Constant)	-2.527	-.965

Unstandardized coefficients

Classification Results^a

			Predicted Group Membership			Total
			docpres	neabysho	brandnam	
Original	Count	leadrole docpres	2	20	25	47
		neabysho	1	28	14	43
		brandnam	0	5	5	10
	%	docpres	4.3	42.6	53.2	100.0
		neabysho	2.3	65.1	32.6	100.0
		brandnam	.0	50.0	50.0	100.0

a. 35.0% of original grouped cases correctly classified.

Inference:

1. Statistical significance of the discriminant functions.
2. The discriminant function is able to classify 35.0% of the 100 objects correctly.
3. In the above case Wilk's Lambda value are 0.898 and 0.996, this means that the model has less discriminating power. The unstandardised discriminant function is $y = -2.527 + 1.109(\text{age}) + 0.306(\text{education level})$.
4. $P < 0.035$ indicated that the F-test would be significant at a confidence level of up to $(1 - 0.035) * 100$ or 96.5%, the F-test would be significant at a confidence level of 96.5%
5. We have two independent variables age and education level of decision relating to find which plays a lead role in selecting a retail shop, with one being a better predictor on the playing lead role in selection of retail medical outlet. From the standardized canonical discriminant function coefficient value the larger value will have the better

predicting power, thus in this case the age with the value of 0.990 will be the better predictor.

Findings

1. Doctors prescription is considered as the important lead factor in selection of retail medical outlets by all the age groups. Hence, doctors have been considered as end consumers for pharmacy companies.
2. Male members prefer medicals provide discounts and female members prefer medicals provide offers comparatively. But, most of them prefer discounts as they don't want to spend more money on medicines.
3. Students mostly preferred general medical outlets in compare to specialize as it is very small in number. Having comparative sound knowledge than UG scholars, PG scholars opted for specialized medical outlets.
4. Age of the students doesn't play any significant role in selection of medicals based on location. But, as the age is less they able to access medicals in distance and vice versa.
5. UG students prefer doctor prescriptions in selection of medicals, even though PG students prefer nearby shops only in terms of comparative study. But, they also preferred to doctors prescription to a good extent.
6. UG and PG students preferred retail medical outlets which exist for about 2-5 years and PhD scholars preferred for the retail medical outlets more than 5 years. Very less scholars opted for retail medical outlets exist for a period less than a year.
7. Both male and female scholars are conscious and have considerations about the distance to the location of the shop. It is because the convenience level will differ from male and female in accessing the locality of retail medical outlet.
8. Both male and female considered the operations of retail medical outlets in selection. Mostly both male and female opted for retail medical outlets with computerized operations.
9. Since aspiring scholars use to hesitate credit systems which may create unnecessary burden. Most of the scholars opted for the retail medical outlet transactions involved cash sales.

Conclusion

This study analyzed many factors which play key roles in deciding the preferences of the consumers towards retail medical outlets in India. Since it is clear that doctor's prescription will be the most preferable factor in selecting the medical shop, it is necessary to canvas the doctors in order to prescribe for shops relevant in the context. And the valuable factors such as infrastructure, mode of operation, locality of the shop, specialization of the shop should be given more weightage in order to satisfy the preferences of the consumers. It is necessary to focus on the size, ambience of the shop since the business is about transacting medicines. Retaining the existing customers and to attract the potential consumers may depend on the type of sales and discounts offered at the particular retail outlet. So, conclusions made can be taken as suggestions in order to attain a competitive position in the current retail market conditions prevailing.

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