



## A STUDY ON CONSUMER BUYING BEHAVIOR TOWARDS OTC PRODUCTS

**K.Gyaneshwari**

*TKR College of Engineering & Technology.*

### **Abstract**

*This paper examines the determinants of consumers' attitudes and intentions to exhibit brand loyal behaviour. Specifically, this study employed the theory of planned behaviour to investigate the antecedent factors contributing to an individual's brand choice decision within the over-the counter (OTC) pharmaceutical market. In addition, several hypotheses in relation to the theory of planned behaviour were investigated. A survey of 30 OTC consumers and 20 doctors were used to determine if beliefs about trustworthiness, price and past experience determine consumers attitude towards OTC brand choice. Furthermore, attitudes and subjective norms were examined to determine whether they affect consumers' intention to repurchase from the same brand. This study's empirical evidence suggest that direct experience with the brand, price tolerance, brand trust and the subjective opinions of others are important determinants of repeat purchase behaviour of OTC pharmaceutical products. Price sensitivity had a significant effect on attitude to repurchase, which in turn affected intention to repeat purchase, whilst past experience with the brand is critical in determining trustworthiness beliefs, price sensitivity and purchase behavior*

### **INTRODUCTION**

The landscape in which companies in the pharmaceutical industry operate and compete has changed rapidly over the past few years. The estimated value of the pharmaceutical market is expected to increase to \$16 billion 2016 , an estimated increase of 39 per cent from 2012. Over the-counter pharmaceutical sales were estimated to account for \$2.8 billion of total sales in 2012 and are expected to grow by 56 per cent to 2016. Growth is attributed to the increasing trend in self-medication, inline with greater awareness of health issues, despite the decreasing incidence of minor ailments such as cold and flu. However with increasing pressure for new product development, the rate of technological change, and change in the competitive environment put pharmaceuticals under pressure to maintain loyal customers. Therefore, this study aims to consider the factors affecting the repeat purchase of OTC medicines (over-the-counter non-prescription medicines), and GSL(drugs on general sales list that can be sold in general retail outlets such as supermarkets and pharmacies)implicating a wide range of products.

### **OBJECTIVES OF THE STUDY**

The major objective of this study is to identify the various factors that influence the buying behavior of the customer towards OTC products.

- To find out the attitude of the consumers towards the OTC products as compared to the Rx products.

### **STATEMENT OF THE PROBLEM**

Customer behavior is the major influencing factor in the purchasing pattern of pharmaceutical products. Most of the customers purchase pharma products or medicines on the basis of doctor's prescription and it is very difficult for retailers to retain the potential buyers In order to retain the possession of sales volume the retailer has to face stiff competition in this sector. Generally consumer behavior is influenced by various factors. Specific to pharmaceutical products even though many factors influence consumer buying behavior, the final purchase decision depends on doctor prescription. The study focuses on identifying the degree of influence of demographic and psychological factors on consumer behavior.

### **METHODOLOGY**

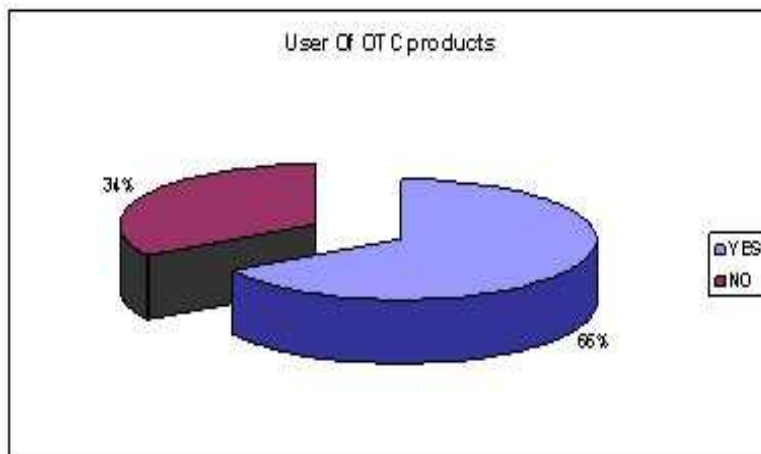
The study is an empirical one. The data and information required for the study is collected from both primary and secondary sources. Primary data is collected directly from the respondents using a structured interview schedule and secondary data was collected from various sources like books, journals, magazines, and related websites.

### **DATA ANALYSIS**

Sample size was 50 with 30 customers and 20 doctors and sampling procedure was convenient sampling, the samples were selected in Hyderabad. The secondary research helped in understanding the prior work on the same or related topic and would also provide insights about the GAP that exists. It also helped in analyzing the various trends in the OTC pharma industry and would provide an impetus to further narrow down the research.

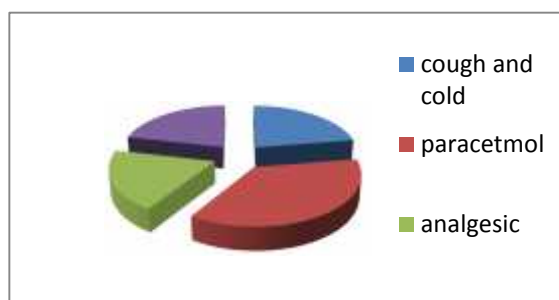


**Table I: Number of users of OTC products out of total surveyed**



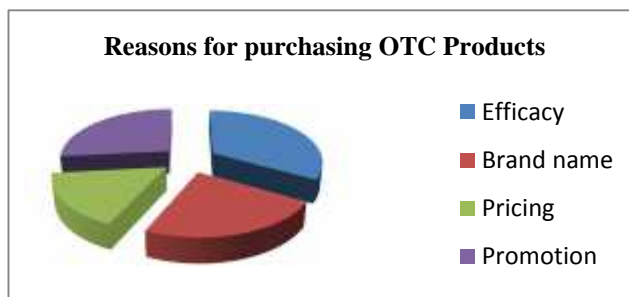
A survey was conducted with 30 respondents of different age groups to find out attitude of consumer towards OTC products. 66 percentage of consumer surveyed uses some or other OTC products. This is quite a significant number in view of the total pharma market.

**TableII: Awareness regarding the OTC products**



The analgesic is number one brand followed by cough and cold segment. According to Industry source, Cough and cold preparation, vitamins, analgesics, indigestion and medicated skin products have 17.4%, 12.5%, 11.4%, 5.2%, 2.6% share respectively. Paracetamol/Crocin has 28.32% that is highest & unaided recall. Benadryl, Corex & Anacin has low recall hence clubbed together under others. Paracetamol as a whole has the highest brand awareness. Customer is expected to buy when there is need. For OTC product buying there is no such buying pattern, rather it's as and when need arises.

**Table III: Reasons for purchasing OTC products**

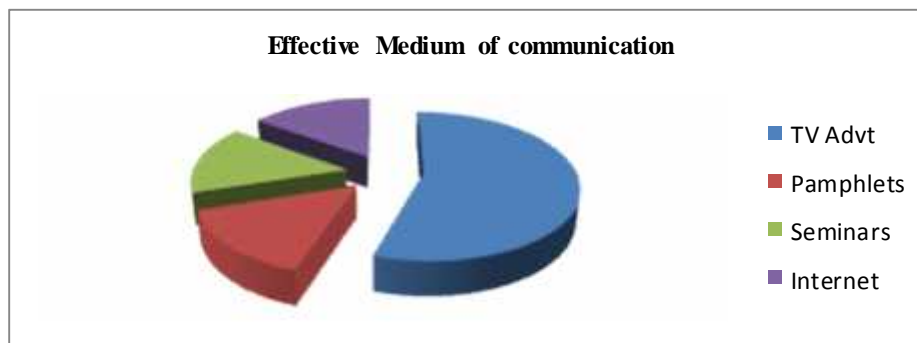


Reasons for purchasing a brand were studied. When it came to rating the important parameters, respondents gave the highest weight age to efficacy of product followed by its brand name & pricing. Advertisements substantially affect consumer



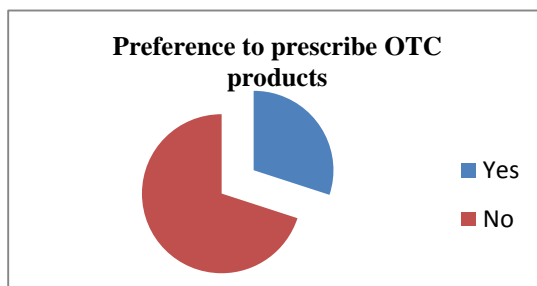
behaviour towards OTC products in building brand equity. No wonder, advertisement budget grew by 50%. In 2012, almost \$421 billion was spent on promotion, including over \$2.6 billion on direct to advertising. With 95% confidence that in the entire population, all the features except for pricing bear the same percentage as the sample. But we do not have sufficient evidence to comment about the pricing aspect

**Table IV: Medium of communication where OTC advertisements are found to be influencing the consumer preferences?**



Media play an important role in influencing the purchase decision. Survey shows that reach of Television Advt. is highest among other medium whereas pamphlets, seminars & internet found having lowest reach among consumers for OTC products. 64% of consumers were able to recall the Advt. of product they consume. Most recalled advertisements are of Crocin, and Vicks Action 500. Majority of the consumers (76%) don't know the parent company of brand consumed.

**TableVI: Doctor's survey regarding preference for OTC drugs.**



In OTC buying earlier prescription from doctors is most preferred reason for buying.. Another interesting aspect was to find out the preference for OTC drugs. Earlier study reported that doctors were ambivalent about the chance of treatment in 50% of cases if patients requested an advertisement drug in USA and Canada. The research figures revealed that in India about 78% of doctors above 50 years had a negative response towards OTC products. Infact, even young doctors don't like to prescribe OTC products. The gap and internet explosion has not changed the behaviour of doctors.

### LIMITATIONS

This research has focused on the determining factors affecting attitudes and intention to repeat purchase a specific class of products. Although inferences from this research can be discussed with respect to other non-durable product classes, the research model is limited as to the type of market/product it may be applied to, as research in the pharmaceutical market may not correspond to other markets. Secondly this research relies heavily on the theory of planned behaviour as a highly regarded framework for studying attitudes in respect to future behaviour. Despite extensive effort to ensure the validity and reliability of the findings, some readers may be concerned with the predictability of behaviour from attitude and intention. Thirdly, this research was conducted solely in the Hyderabad region. Therefore the composition of the sample may not be analogous to the wider OTC consumer population due to the selective regions used in the sampling technique.



## RECOMMENDATIONS

As the creation and maintenance of brands are becoming more important in today's highly competitive environment (Seetharaman et al., 2001), further research should lean towards investigating the differences in beliefs and attitudes of consumers characteristically 'loyal' to brand name products, in comparison with those who purchase generic products. Own-label brands have only recently been theoretically and empirically researched (Ailwadi, 2001; De Wulf, 2005), with past research fixed on national brands (Steenkamp and Dekimpe, 1997), therefore empirical research examining differences in generic and brand name consumer buying patterns will be valuable to the current knowledge pool. Further research into the OTC market sector should endeavour to consider the vast range of products within the market, since this research primarily covered the purchase of analgesics. The use of a quota within the survey would allow a wider range of OTC products to be included in future research. Furthermore covering a larger geographical area will give a more representative sample of the larger OTC consumer population.

## CONCLUSIONS

The finding gives us an insight regarding consumers' attitudes/preferences towards OTC products. As OTC product today enjoy a good market share and also in coming future as numbers of drugs are going off-patent, so OTC market is going to see increasing market share. 66 percentage of consumer surveyed uses some or other OTC products. The analgesic is number one brand followed by cough and cold segment Paracetamol/Crocin has 28.32% that is highest & unaided recall. Benadryl, Corex & Anacin has low recall. Earlier prescription from a doctor, recommendation from a friend/relative, advertisements of a product and through product trial emerged as major reasons for purchasing OTC product. Efficacy of product followed by its brand name & pricing can play role on purchase behaviour. Advertisements substantially affect consumer behaviour towards OTC products in building brand equity, majority of the consumers (76%) don't know the parent company of brand consumed. Thus, study corroborate consumers prefer OTC products as a substitute to Rx products. Doctors' irrespective of age do not like to prescribe OTC products.

## REFERENCES

1. Aaker, D.A. (1991) Managing Brand Equity: Capitalising on the Value of a Brand Name.
2. Agustin, C. and Singh, J. (2005) Curvilinear effects of consumer loyalty determinants in relational exchanges. *Journal of Marketing Research*, 42, pp. 96-108.
3. Ajzen, I. (1991) The theory of planned behaviour. *Organizational Behaviour and Human Decision Processes* 50 pp. 179-211. [Internet] Available from: [Accessed 5th May 2005].
4. Ajzen, I. and Driver, B.L. (1992) Contingent value measurement: on the nature and meaning of willingness to pay. *Journal of Consumer Psychology*, 1 (4) p. 297.
5. Ajzen, I. and Fishbein, M. (1980) Understanding attitudes and predicting social behaviour. Englewood Cliffs, NJ: Prentice-Hall. Quoted in: Azjen, I. (1991)
6. Akcura, M.T., Gonul, F.F. and Petrova, E. (2001) Consumer learning and brand valuation for non-prescription drugs. [Internet] Available from: [Accessed 5 July 2005]. Special Edition on Consumer Satisfaction – Global Perspective 59.
7. Ailawadi, Kusum L., Donald R. Lehmann, Scott A. Neslin. 2001. Market response to a major policy change in the marketing mix: Learning from Procter and Gamble's value pricing strategy. *J. Marketing* 65 (January) 44-61.
8. Ambler, T. (1997) How much of brand equity is explained by trust? *Management Decision*, 35 (4) pp. 283-292.
9. American Druggist (1994) For generics, PBM spells life of death. *American Druggist*, 210 pp. 25-31.
10. Anderson, E.W. (1996) Customer satisfaction and price tolerance. *Marketing Letters*, 7 (3) Quoted in: Hsieh, A.T. and Chang, W.T. (2004) the effect of consumer participation on price sensitivity. *Journal of Consumer Affairs*, 38 (2) pp.282-296.
11. Anderson, D.S. and Kristiansen, C.M. (1990) Measuring attitude functions. *Journal of Social Psychology*, 130, pp. 419-421.
12. Armitage, C.J. and Conner, M. (2001) Efficacy of the theory of planned behaviour: a metaanalytic review. *British Journal of Social Psychology*, 40, pp. 471-499.
13. Bagozzi, R.P. and Yi, Y. (1989) The degree of intention formation as a moderator of the attitude-behaviour relation. *Social Psychology Quarterly*, 52, pp. 266-279.
14. Bartlett, M.S. (1954) A note on the multiplying factors for various chi square approximations. *Journal of the Royal Statistical Society*, 16 (Series B), pp. 296-298. Quoted in: Pallant, J. (2001)
15. Bass, M. (1974) The theory of stochastic preference and brand switching. *Journal of Marketing Research*, 10, pp. 1-20.