GAP ANALYSIS BETWEEN EXPERIENCE AND EXPECTATION IN ORGANIZED RETAIL PHARMACIES TOWARDS BUYING BEHAVIOR OF CUSTOMER

Dissertation
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Under the Guidance of
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MBA Pharmaceutical Management
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2015

INSTITUTE OF HEALTH
MANAGEMENT RESEARCH
(WHO Collaborating Centre for District Health System Based on Primary Health Care)

IIHMR UNIVERSITY

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The Candidate has successfully carried out the study designated to her during internship training and her approach to the study has been sincere, scientific and analytical.

The Internship is in fulfillment of the course requirements.

I wish him all success in all his future endeavors.

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'Experience-Expectation GAP Analysis in Organized Retail Pharmacies Regarding buying Behavior of Customer'

Duration - 1st March 2015 to 5th May 2015

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We wish him all the best for future endeavors

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This is to certify that the dissertation titled **Experience- Expectation Gap Analysis in Organized Retail Pharmacies Regarding Buying Behavior of Customer** submitted by Prashant Dagar Enrollment No. IIHMR-U/02/2013-15/0005 under the supervision of Mr. Rahul Sharma for award of MBA Pharmaceutical Management of the university carried out during the period from 1st March 2015 to 5th May 2015 embodies my original work and has not formed the basis for the award of any degree, diploma associate ship, fellowship, titles in this or any other Institute or other similar institution of higher learning.

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EXECUTIVE SUMMARY

This study is an attempt to understand consumer experience towards organized retail stores and their future expectation from them, thereby suggesting growth factors for organized pharmacy stores in India.

Organized pharmacy retail stores bring a paradigm shift in retailing of pharmaceuticals in India. The organized pharma chains are generally owned by large and established business houses which have decades of experience in handling large Industries, organized businesses etc. These players are high end and deal in bulk quantities of raw-materials, Processing of raw materials to finished drug formulations. Branding the finished products then packaging and labeling the drugs and they have expertise in using all tools of marketing mix- Product Price, Place, Promotions, services.

Despite having advantage the growth of organized pharmacy stores is just 25 % in 2011 .The reason is attributed to the traditional players having significant deep holding into the market ,unawareness regarding organized retail stores , initial psychological barriers of consumers .

So this study attempts to find the factors important for consumer while making choice to buy. Their experience and expectation in organized retail stores are studied on the basis of these factors and then gap is analyzed.

This report consist of two parts, the first part made up of secondary research which includes introduction and literature survey &the second part consist of primary survey which includes research methodology and data analysis followed by conclusive remarks and recommendation.

The primary survey was conducted on 100 consumer having experience of organized pharmacy retail stores .The questionnaire consist of both open and closed ended question to get more useful insights regarding the objective . Consumers were surveyed through personal interview.

The study emphasize on 7P’s of service industry in marketing programs and factors related to product, price, place, promotion, personnel, physical evidence and process .it also find out GAP analysis between experience and expectation with respect to factors affecting 7P’s

The conclusion and recommendation suggest GAP in product, price, place, promotion, personnel; physical evidence and process related factors and what should be done in order to improve. This study useful for organized retailers to find out gaps and frame strategies for future growth.

1 INTRODUCTION

1.1 Retail Industry

Retailing with the world wide total sales of US$6.6 trillions, is the world largest private industry, ahead of financial industries (US$5.1 trillion) and engineering (US$3.2 trillion).In India too, the industry is large, accounting for 10-11% of GDP and generating 8 %of total employment .Annual retail sales in India are estimated at US$350 billion The growth is expected to continue, driven by increased rural consumption and shift towards spending on higher value added goods.

1.2 Indian retail industry

1.2.1 Introduction

India is the 4th largest economy as regards GDP (in PPP terms) and is expected to rank 3rd by 2010 just behind US and China. On one hand where markets in Asian giants like China are getting saturated, the AT Kearney's 2006 Global Retail Development Index (GRDI), for the second consecutive year Placed India the top retail investment destination among the 30 emerging markets across the world. Over the past few years, the retail sales in India are hovering around 33-35 per cent of GDP as compared to around 20 per cent in the US. The table gives the picture of India's retail trade as compared to the US and China.

Retail Trade – India, US and China				
	Trade (US$ billion)	Employment (%)	Shops (million)	Organized sector share (%)
India	180-394	7	12	2-3
China	360	12	2.7	20
US	3800	12.6-16	15.3	80

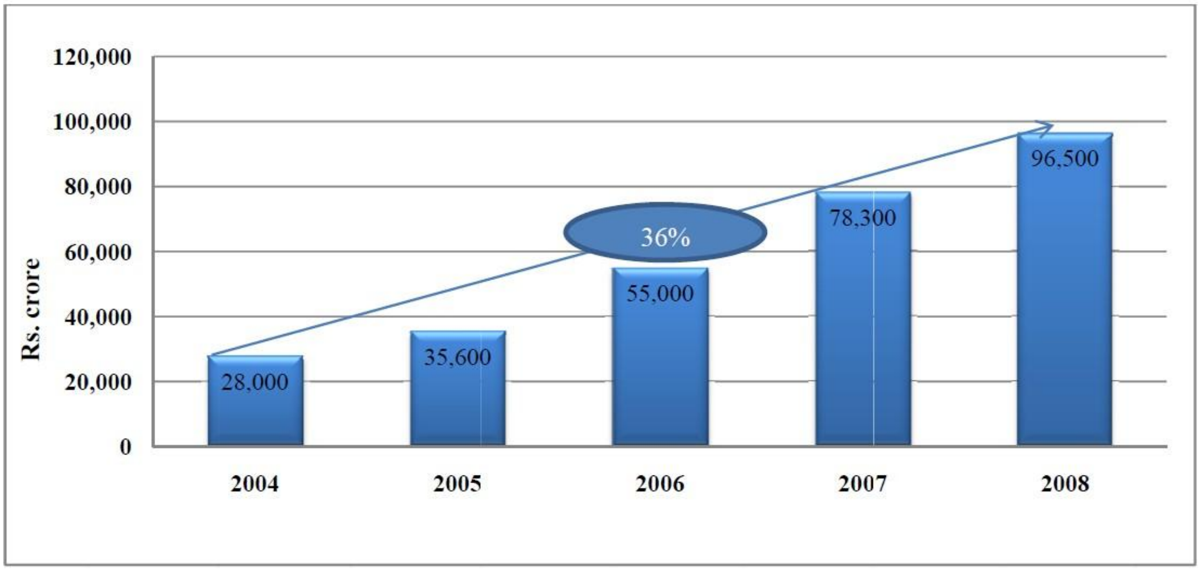
Source: The Economist, 2006

Table 1 retail trade - India, us, china

The Indian retail sector is highly fragmented in nature with 97 per cent of its business being run By the unorganized retailers like the traditional family run stores and corner stores. The organized retail however is at a very nascent stage though attempts are being made to increase its proportion to 9-10 per cent by the year 2010 bringing in a huge opportunity for prospective new players. The sector is the largest source of employment after agriculture, and has deep penetration into rural India generating more than 10 per cent of India's GDP. .organized/modern retailing refers to trading activities undertaken by licensed retailers and includes formats such has hypermarkets and supermarkets and retail chains. Organised Retail, valued at Rs 96,500 crore in 2008, accounts for around 5% of the total retail market. Organised Retail has been growing at an impressive rate of 35% to 40% Y-O-Y in the last few years compared to 9-10% growth in the overall retail industry. 3 Traditional/unorganised retailing contributes to about 95% of total retail revenues. Traditional/unorganised retailing which involves the local kirana shops, paan /beedi shops, hand cart and pavement vendors, etc. continues to be the backbone of the Indian retail industry. India has one of the highest densities of shops per population with 1.5 crore4 small retail outlets in India (14 shops per 1,000 people).

1.2.2 Industry size and growth

The Organised Retail market stood at Rs.96, 500 crore in 2008. The industry has grown at a CAGR of 36% between 2004 and 2008. This growth was mainly driven by changing lifestyles, rising disposable incomes, favourable demographics, and easy credit availability, etc.



Source: India Retail Report and IMaCS analysis

Figure 1 industry size and growth

1.2.3 Segment based on product retail

Consumption category	Share in Organised Retail	Extent of Penetration
Clothing, Textiles and Fashion Accessories	38%	23%
Food and Grocery	11%	1%
Footwear	10%	48%
Consumer Durables, Home Appliances and Equipments	9%	12%
Out of Home Food (catering) services	7%	8%
Furnishings, Utensils, Furniture - Home and Office	6%	11%
Mobile handsets, Accessories, and Services	3%	10%
Entertainment	3%	5%
Jewellery	3%	3%
Books, Music and Gifts	3%	13%
Watches	3%	49%
Pharmaceuticals	2%	3%
Health and Beauty Care Services	1%	14%

Source: Images Retail 2009 and IMaCS analysis

Table 2 segment based on product retail

1.2.4 Segments based on retail store formats

Organised Retail can be categorised by the type of products retailed as well as the by the different Kind of formats. The major retail formats include the following:

Department store:

It represents retail outlets that stock a wide variety of merchandise ranging from apparel, toiletries, Cosmetics, toys, and jewellery to appliances and furniture.

Supermarkets:

These are self service stores which offer a range of food and household articles. These stores Generally occupy a larger area vis-a-vis the departmental stores. Nilgiri's was the first supermarket in India. Food world was the first chain of supermarkets in India offering a wide range of products that Included fruits, vegetables, etc. Other supermarkets operating in India include Food Bazaar, Sabka Bazaar, Fabmall, Arambagh Food Mart, etc.

Hypermarket:

It has the features of both a supermarket and a department store. These stores operate on a very large

Scale. Some of the prominent hypermarkets include Big Bazaar (Pantaloon Retail), Star India Bazaar (Trent), Choupal Sagar (ITC), Hyper City (K Raheja Group), etc.

Speciality stores:

Speciality stores sell specific merchandise with focus on single/few categories. Planets M, Music World, Crossword etc. are among the leading speciality stores in India.

Convenience stores:

These stores are located at convenient locations like fuel stations and have flexible timings. My Mart, In & Out, Red Shop, DHL Service point, Touch world and 24/7 are some of the players in this format.

Kiosks:

Kiosks are located in malls, multiplexes, railway stations, and airports where space is at a premium And mostly engage in selling consumer goods like edibles and snacks, newspapers and magazines, fashion accessories stores and entertainment.

Discount Stores:

Discount Retail can be broadly defined as a retail format where 60% to 70% of the merchandise is Sold at a discount of 10% to 25% or more. As per estimates, nearly 20% of the sales of most brands Are through some form of discounts. Some of the major players in this space include Big Bazaar, Megamart, Prateek Lifestyle (Coupon Mall), and Sankalp Retail Value Stores (My Dollar Store). Largely, Discount Retail has been dominated by apparel focused stores and factory outlets.

1.2.5 Pharmaceuticals

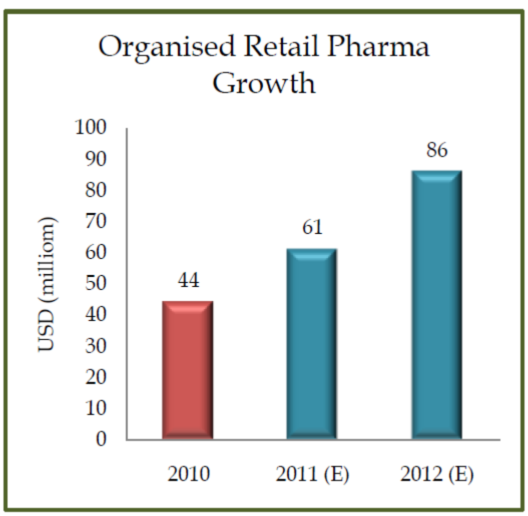
The Indian pharmaceutical market is one of the fastest growing markets in the world. With a current valuation of approximately USD 11 billion, it is likely to be valued at USD 20 billion by the mid of this decade. The retail side too has been posting high growth rates Ranked thirteenth in terms of value, and fourth in terms of volume, it is estimated to be ranked amongst the top ten markets, by 2015.

1.3 Pharmacy retail in India

Retail pharmaceutical sector in India is highly fragmented, and the unorganized channel of pharmaceuticals currently dominates this space commanding over 97% of the total market share The total retail pharmacy market has been growing At an average of 18% per annum over the last few years, and is anticipated to grow by even higher numbers in the future Organised retail pharmacy however, as a subset, has been growing at an average of 25%, and is expected to grow between 35 – 40% in this next decade The sector currently has nearly 15 players serving through an aggregate of 2000 stores across the country Both, the number of players and the total stores in operations shall increase with the increase in investments in this sector Analyst's consensus suggests the retail pharma sector would witness investments in excess of USD one billion over the next few years High margins of 25-35% make the retail pharmacy a very lucrative business in India With increasing consciousness and disposable incomes, the organized pharmacy business shall experience plenty of opportunities forgrowth

Source: weeklynewsletter, expresspharmaonline

Figure 2 market share of organized retail



Source: retailing report, expreepharmaonline

Figure 3organized retail pharma growth

1.3.1 Key growth drivers

Key drivers for growth in the Retail Pharmaceutical industry in India have been identified as:

1. Aggregate growth in the Indian pharmaceutical sector

- Indian pharmaceutical market has been described as 'Resilient' and 'High Yielding'
- Emerged as one of the highest defensive plays during the recent US subprime recession
- Analysts view the journey ahead for Indian pharmacy on a truly optimistic note, and base their opinions on:

A. Increase in the growth rates of the Domestic Pharma industry

- The industry over the last twelve months grew by a little over 20% as against 11.2% in the previous year
- Pharma sector in developed countries experienced growth rates of 5-6% during 2010
- Indian Pharmacy market is valued fourth in terms of volumes and thirteenth in terms of value
- Expected to multiply manifold by the mid of this decade, clocking the highest CAGR of 12.8%, the Indian pharma market shall experience the highest volumes.

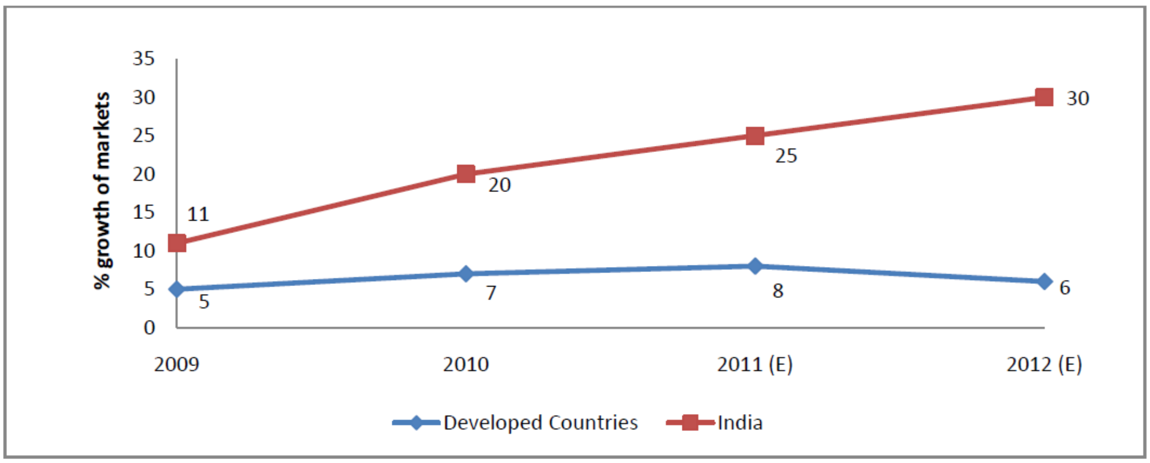


Figure 4 increase in the growth rates in domestic pharma industry

B. Government Stimulus

- Government of India views growth rates for the domestic pharmaceutical industry more optimistically
- Its vision 2015 statement indicates a CAGR of over 18% during the next decade
- Recently announced setting up of a venture fund that shall aim to infuse another USD 5 billion in the Indian pharmaceutical sector through industry players
- May open the FDI option for the retail sector in India

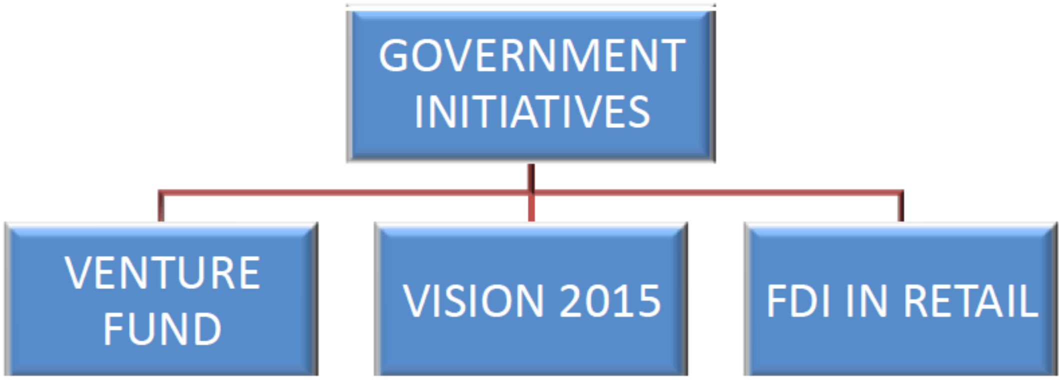


Figure 5 government initiatives

C. Attractive Sector Valuations

- Valuations for pharma continue to be attractive
- The sector trades at a P/E of 17.9x FY2010 and 16.3x FY2011(E)
- Large Caps Pharmaceutical companies trade at 18-20x FY2010 earnings; reflecting a 10-30% premium to the broader market
- Mid Cap companies are trading at 8-14x FY10 earnings

D. Increased contribution to country's GDP

- The pharmaceutical sector currently contributes to about 2-3% of India's GDP
- Increase in healthcare spending, Increased medical tourism in India, clubbed with Greater levels of investments, shall grow the total contribution of this sector to an estimated 8% of the country's GDP by 2015
- Thus, given the above facts, estimates and the sector's healthy performance on the stock index during 2010, next decade certainly spells optimism for the Indian pharmaceutical sector
- More so, as the sector grows, the organized retail division is bound to scale unprecedented levels

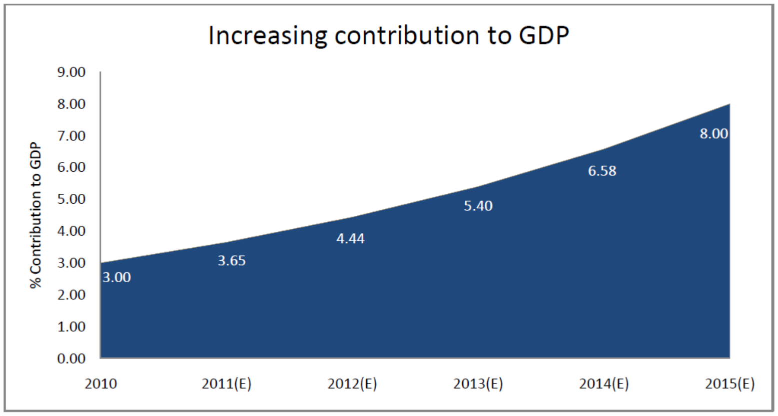
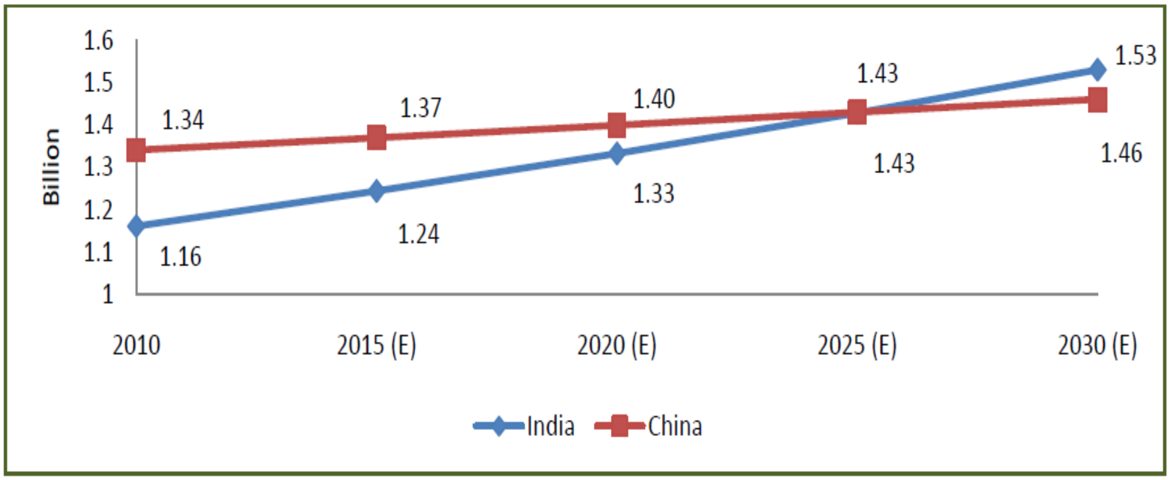


Figure 6 increasing contribution to GDP

2. Increasing Domestic population

- India’s current population equals 1.16 billion
- Demographers expect India's population to surpass the population of China by 2030
- Increase in population would call for higher investments and development of the pharmacy sector in India, which in turn implies growth in the retail pharmaceutical sector, more specifically the organized channel

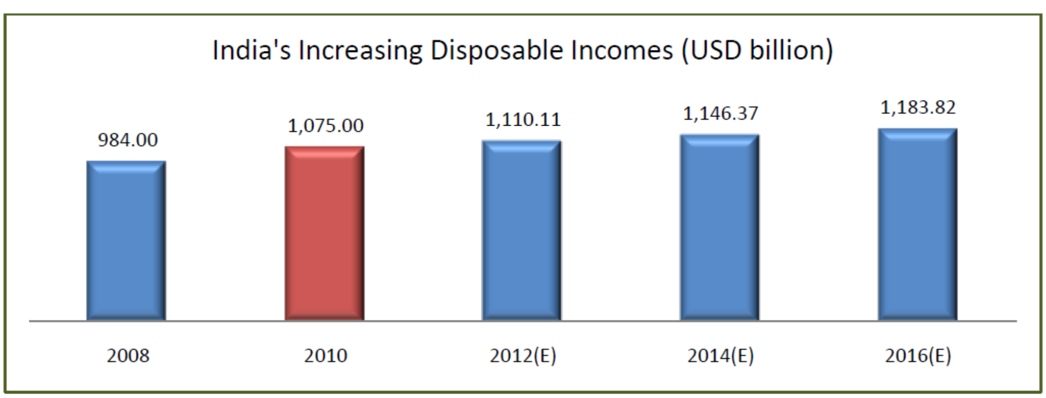


Source: Wikipedia.org

Figure 7 increasing domestic poplution

3. Higher Disposable incomes

- India, an emerging economy is currently experience a growth in per capita disposable incomes
- Average household disposable income in India, during the 20 years prior to 2005, doubled to more than 100,000 rupees
- As a higher percentage of the population turns educated, the income levels would subsequently rise; which would continue increasing the Indian consumer’s consciousness and spends on wellness products



Source: euromonitor.org

Figure 8 India's increasing disposable incomes (USD Billion)

- Indians over the last two decades increased the percentage allotment on health products from a mere 8% to a whopping 20%. Improving lifestyles shall further drive this number to greater levels

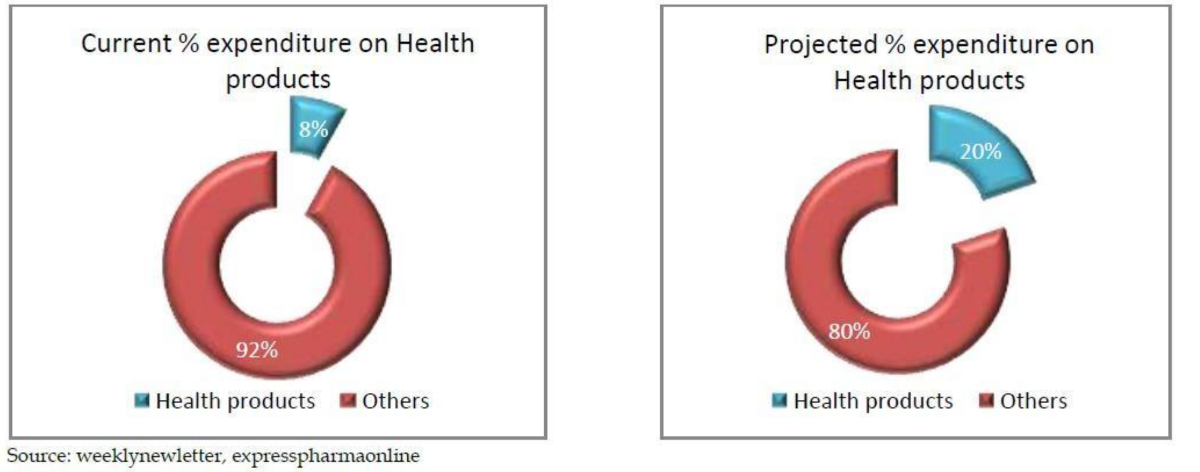


Figure 9 current and projected expenditure on health products

4. Changing Diseases Profiles

- Coupled with economic growth, India is witnessing a transition in the disease profile of its citizens
- As per WHO (World Health Organisation), India shall have the highest number of cases relating to lifestyle disorders in the near future
- In addition to the traditional health risks faced by the country, it shall also witness a new class of risks originating due to physical inactivity, diet related factors, and tobacco and alcohol related health hazards
- Changes in the disease profiles would only lead to an increase in demand as well as the consumption rates of pharmaceuticals
- Given the improving consciousness amongst Indian consumers, improved demands would only call for a higher demand for organised retail pharma stores

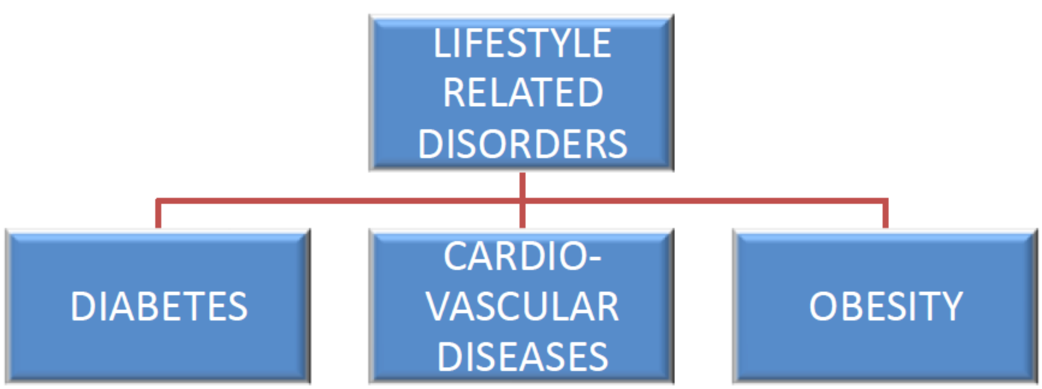


Figure 10 disease profile

5. Changing Attitudes

- Increased consciousness towards health and wellness, Rising affordability and Willingness to spend more on fitness is the mantra amongst the new age Indian consumer
- Such a change only spells tremendous opportunities for the growth of Consumer Wellness Business
- Given this attitude, and the overseas trend of the pharmacy sector transitioning from 'Sick care' to 'Healthcare', India too shall over time stand on the same ground

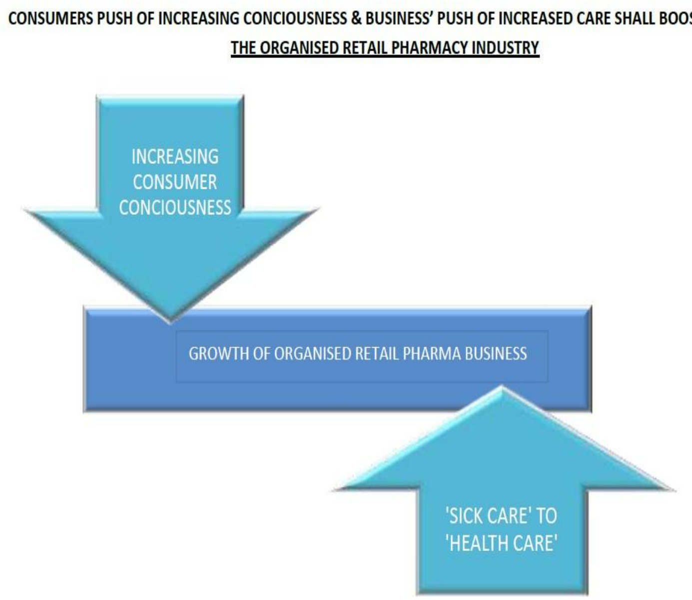


Figure 11 changing attitudes

6. Attractive Margins

- Prices of essential drugs in India are controlled
- In spite of existence of such controls, high margins of 25-30% prevail in the retail pharma segment

7. Growth in the OTC segment

- OTC products are those that do not require a prescription so as for a store to sell it
- Growing consciousness amongst consumers has lead to an increase in the sale of such products
- The numbers shall continue the uptrend

8. Government regulations

- Government currently does not permit FDI in the retail segment in India. However, 100% FDI exists in the pharmaceutical sector
- Opening this sector for Foreign investments shall certainly enhance the growth prospect

1.3.2 Major players in the organized retail pharma in industry

APOLLO PHARMACY

DESCRIPTION

- Division of the Apollo Hospitals enterprises – Asia's largest healthcare group
- India's first and largest branded pharmacy network
- Over 1000 stores serving 24 hours daily
- First pharmacy store opened in Chennai in the year 1983
- Operating in 17 states across India
- Provides genuine medicines from leading manufacturers
- Pharmacy outlets manned by qualified and trained pharmacist

VALUE ADDED SERVICES

- Personalized pharmacy – refilling services
- Free health camps
- Toll free Helpline services
- Free health insurance on purchases over INR 6000 in a year
- Health newsletters
- 24 hours store operations

TIE UPS

- Owned Hospitals
- ITC E-Choupals
- Godrej Aadhar

STORE FORMATS

- Shop in Shop
- Hospitals
- High Street Stores

PRODUCT RANGE

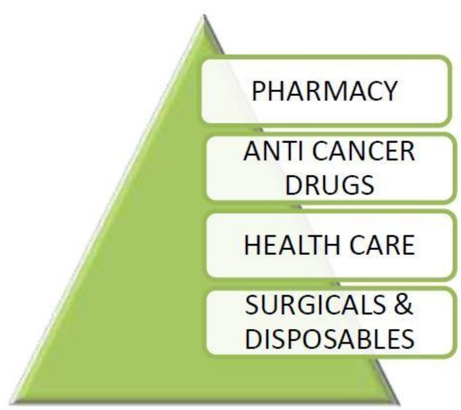


Figure 12 Apollo pharmacy - product range

GUARDIAN PHARMACY

DESCRIPTION

- Six year old retail chain in India offering Pharmacy, Wellness, Health and Beauty products
- Currently serves through 230 outlets
- Aims to have 400 operational stores by 2012
- Has presence in 26 cities, spread across North, East and West India
- Stores have an international look and feel
- Stores managed by professionally trained pharmacists

VALUE ADDED SERVICES

- Advisory services on drugs and their usage
- Maintain record of customer's medicine requirements
- Guardian Xtravalu cards: Help earn points every time a customer shops
- Monthly health magazine: Guardian Health Chronicle
- Senior citizen discounts: 10% discount on medicines and an additional 1%
- discount on prescription medicines
- Free health Check up camps
- Community service: Provide cut strips of medicines to NGOs
- Online shopping option

TIE UPS

- Individuals
- Corporate
- Retailers

STORE FORMATS

- High Street stores
- Malls
- Neighbourhood stores

PRODUCT RANGE

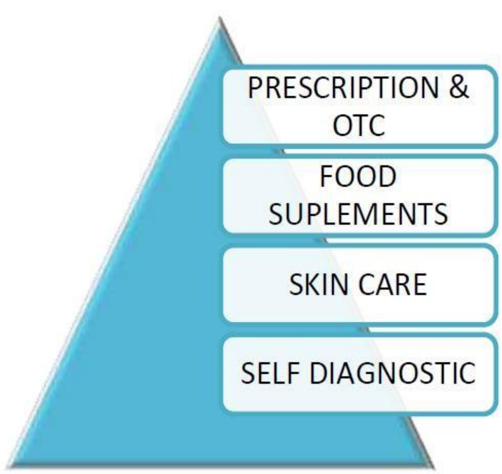


Figure 13 Guardian Pharmacy - product range

HEALTH & GLOW

DESCRIPTION

- Joint venture in India between Dairy Farm International holdings ltd.
- of Hong Kong and Arko ltd
- Headquartered in Bangalore
- Largest organized health and wellness player in South India
- Currently has 65 operational stores across four cities Bangalore,
- Hyderabad, Chennai and Mumbai
- Aims to have over 200 stores operational in the near future

VALUE ADDED SERVICES

- Drug advisory services
- International ambience
- Well qualified & trained staff for specialist care
- Home Delivery
- Gift coupons

TIE UPS

- Individuals
- Corporate
- Retailers

STORE FORMATS

- Express stores
- Concept stores
- Malls
- Hypermarkets
- Supermarkets

PRODUCT RANGE

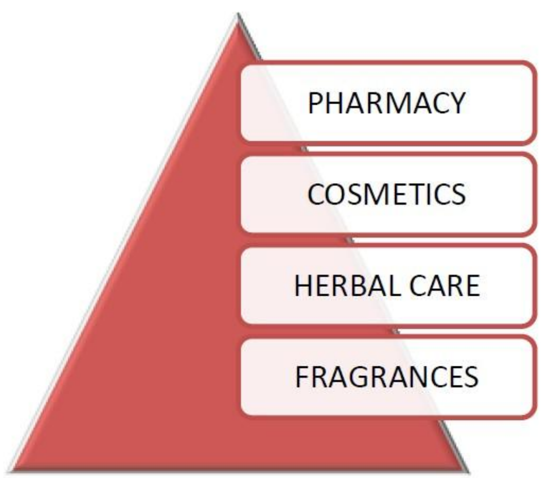


Figure 14 Health and glow - product range

RELIGARE WELLNESS

DESCRIPTION

- Part of the Religare group, which amongst other business interests carries the 'Fortis' brand
- Pioneering endeavour within India's healthcare industry putting health solutions on the retail map.
- Incorporates setting up of a Pan India World Class Retail Network of health stores that would provide comprehensive solutions under one roof
- Hopes to have a chain of 1000 complete health stores all across India covering 400 cities by 2012
- Stores managed by professionally trained employees

VALUE ADDED SERVICES

- SRL Collection centre
- Health food & Supplement advisory
- Ayurveda & Homeopathy advisory
- Customer loyalty programs: points on purchase
- Free Home delivery
- 24 hours operational stores

TIE UPS

- Individuals
- Hospitals
- Corporate

STORE FORMATS

- Hospitals
- Company owned stores
- Franchisee stores

PRODUCT RANGE

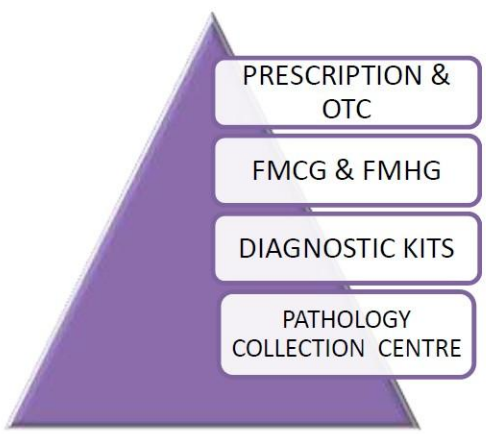


Figure 15 Religare wellness - product range

MEDPLUS

DESCRIPTION

- Established in the year 2006 with the aim of eliminating the risk of consumers purchasing fake drugs
- First store opened in Hyderabad in February 2006
- Presently serves through over 800 pharmacy stores in five states covering 98 cities and towns in Andhra Pradesh, Maharashtra, West Bengal, Karnataka, and Tamil Nadu
- Owns India's first exclusive hospital pharmacy chain – RiteCure
- Launched state-of-the-art diagnostic lab services which can aid in the prevention, detection, or management of a wide range of illnesses
- Guided by three themes - quality, convenience, and low prices
- Market share: 30% of the organized retail pharma market

VALUE ADDED SERVICES

- Eleven integrated health centres
- Community Care initiative: Help reduce the pain of finding a good doctor
- Strive to Ensure Genuine medicines, accurate lab tests, and experienced
- doctors
- Points based program: accumulate points on purchase which can be
- redeemed for gifts at a later stage
- Convenient locations
- Discounts on medicines, lab tests
- Free lab test vouchers on purchase of medicines

TIE UPS

- Retailers

STORE FORMATS

- High street stores
- Shop in Shop

PRODUCT RANGE

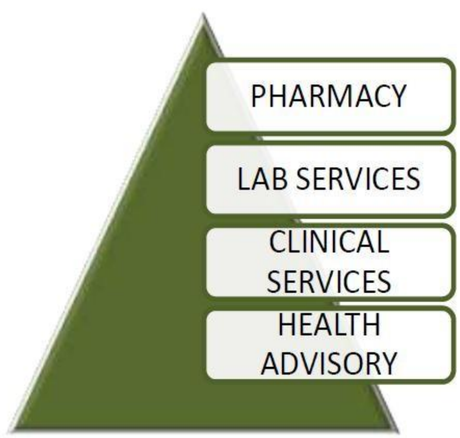


Figure 16 Medplus-product range

HIMALAYA HEALTHCARE

DESCRIPTION

- Part of the Himalaya drug company that was founded in 1930
- Specialises in extending only Ayurvedic products to consumers
- Serving across 71 countries
- Converted Ayurveda's herbal tradition into a complete range of
- proprietary formulations dedicated to healthy living and longevity

VALUE ADDED SERVICES

- Online purchase option
- Global product delivery model
- Monthly contests: 'Himalaya Babies of the month Contest'
- Toll free phone number for Ordering within India
- Personalised messages for gifting Himalaya products
- Exhaustive Ayurveda knowledge bank on website

TIE UPS

- Individuals
- Manufacturers
- Retailers
- Doctors

STORE FORMATS

- Shop in shops
- Online purchase options
- High street stores

PRODUCT RANGE

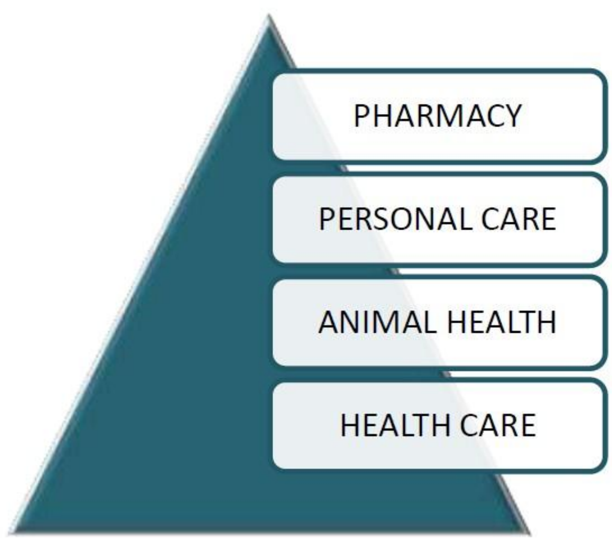


Figure 17 Himalaya Healthcare- product range

ZYDUS WELLNESS

DESCRIPTION

- Zydus wellness, headquartered in Ahmedabad, is the Consumer products business division of the Zydus Cadila group
- Spearheads the group's presence in the consumer and wellness segment
- Aims to promote 'healthy living' by anticipating the emerging and day to- day needs in dietetic / health foods
- The Company is focused on empowering individuals who wish to adopt healthy eating habits and lifestyles.
- Offers healthier dietary options to the consumers
- First pharmacy brand to be listed on the Bombay and National stock exchanges
- Serves directly in over 850 towns through over 500 strong field force

VALUE ADDED SERVICES

- Qualified pharmacists at all stores
- Health advisory services
- Regular discounts and offers
- Large well designed & organized stores
- Telephonic orders

TIE UPS

- Institutions
- Retailers
- Chemists

STORE FORMATS

- Shop in shop
- Retail stores
- High street stores

PRODUCT RANGE

Figure 18 zydus wellness- product range

RELIANCE WELLNESS

DESCRIPTION

- Wellness division of Reliance retail, a subsidiary of Mukesh Ambani led Reliance Industries limited
- Aims to add value to people's lives by providing products and services that proactively work to enrich people's body, mind and soul
- One of the latest entrants in the retail pharmacy market.
- Opened its latest store measuring 3100 sq. ft. in Mumbai in July last year.
- Shall open 1200 stores by 2012-2013
- Includes over 8000 stock keeping units (SKU)
- Well qualified pharmacists and Optometrists available at the store

VALUE ADDED SERVICES

- Medication compliance program: Reminder service, which facilitates
- convenient & on time replenishment of their health related products
- Wellness Events
- Local Health directory: Information of local hospitals & doctors for providing convenience to the consumers seeking specialist health services
- Free cashless accidental insurance upon their level of purchase
- Wellness Newsletter
- Reliance One: Common loyalty program enabling customers to earn and redeem points across all Reliance retail outlets

TIE UPS

- Individuals
- Reliance group Employees

STORE FORMATS

- Speciality stores
- Company owned

PRODUCT RANGE

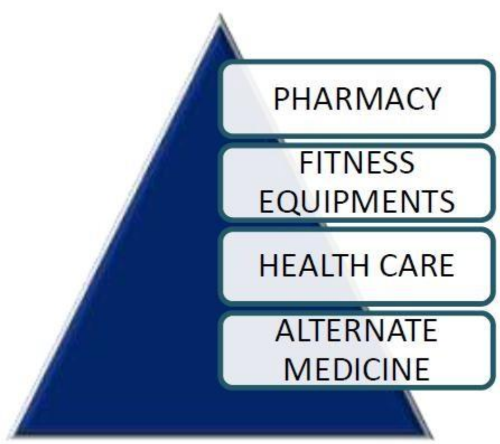


Figure 19 Reliance wellness - product range

1.3.3 Regulations pertaining to retail pharmacy in India

- As stated above, the retail channel of pharmacy currently is not open for Foreign investments
- The government has allowed 100% FDI for the pharmaceutical sector, which are tagged as single brand stores
- Retail pharmacy falls under multi brand stores, FDI options for which at present are still being reviewed by the concerned authorities
- Pharmacy stores require a license to set up shop as well as to sell drugs in India
- FDA (Food and Drug administration) grants licenses to those willing to enter the retail pharmacy business Licenses are issued as per the provisions of the Food and cosmetics act, 1940
- No license is however required for the sale of Ayurveda products
- The store format and the area of the store are critical determinants in the retail pharmacy sector
- As for the area, a minimum carpet area of ten square meters is mandated
- Factors such as the availability of controlled temperatures for storage of drugs, is also one of the primary requirements, as a majority of drugs lose their effectiveness if not stored under the prescribed temperatures
- We thus see, that all organised retail pharmacy stores discussed in this report have highlighted the fact that they operate through stores that possess proper storage facilities

1.3.4 M&A/ PE deals within the retail pharma sector

1. Fortis Health world acquired CRS health

- Fortis Health World, promoted by Ranbaxy Group, acquired 90 percent stake in CRS Health, a Delhi-based pharma and wellness retail chain for Rs 15 crore in 2008.
- CRS is the retailing arm of the SAK Industries
- Initially branded as Fortis health world and now renamed as Religare Wellness, it currently has over 50 stores.
- And The group is working towards having a chain of 1000 complete health stores across India covering 400 cities by 2012

2. Med Plus Health Services Pvt. Ltd raised USD 25 million through two Venture Capital firms

- MedPlus health services in 2007 received USD 5.2 million funding from Mauritius based iLabs management Llc.
- The balance USD 19.8 million was funded by NEA – Indo US Ventures, a Santa Clara, California based venture fund
- The funds were utilised to expand Med Plus' operations across South India, through its partner company Optival Health solutions

- Both venture funds invested in Med Plus' wholesale or cash-and-carry arm, as the so-called cash-and-carry is the only retail venture where India permits up to 100% overseas ownership.

3. **Morepen Laboratories Limited acquired Lifespring**
   - Morepen Laboratories Limited acquired 95% share in Lifespring, a chain of health & beauty stores from Total Care Pvt. Ltd in 2002 for a consideration of USD 2 million.
   - At the time of acquisition, Lifespring operated six stores in New Delhi.

4. **Guardian Lifecare raised USD 22 million in 2008**
   - Guardian Lifecare raised USD 22 million by off-loading about 30% stake to an unnamed private equity in August 2008.
   - Here too, the funds were utilised for store expansions, however in Northern IndiThrough this acquisition and other strategic investments, Guardian Lifecare now aims to
   - Expand to 1000+ stores in 50 cities across 12 states
   - Establish a strong presence in both retail and hospital pharmacies
   - Create over 150 store brands in 14 different categories
   - Become a dominant player in the nutraceutical segment
   - Build preferred relationships with all pharma manufacturers to maximize margins
   - Build a strong national distribution company to support the retail network

5. **LifeKen Healthcare Pvt Ltd acquired Pill & Powder**
   - LifeKen Healthcare Pvt Ltd acquired Pill & Powder, a pharmacy retail chain based in Bangalore in October 2006 for an undisclosed amount.
   - Through the acquisition, LifeKen achieved a total of 60 retail stores in India, of which 40 were located inBangalore alone.

6. **Religare Wellness acquired LifeKen Healthcare**
   - LifeKen, as given above, which acquired Pill and Powder in 2006, sold a controlling stake to Religare wellness in 2008.Thorough this acquisition.
   - Religare further expanded its footprint in South and West India.

2 LITERATURE REVIEW

2.1 Study on consumer perception of planet health retail pharmacy chain

Store at Ahmedabad city

ASIAN JOURNAL OF MANAGEMENT RESEARCH

Online open access publishing platform for management research, page no. 337-348

Objective

To study the customer perception for planet health retail pharmacy store at Ahmedabad

Sub objective

- To study store layout and product categories compared to conventional store
- To study promotion of OTC products like medical devices, pet range, health and diet supplement and baby care compared to conventional store.
- To study the impact of 3p membership (planet health privilege program) concept to non - member customer

Research design & method

Type of research: exploratory

Research population/universe: members as well as non member's customer of planet health

Sample size: 100 individual customers

Method of sampling: non probability and convenient sampling

Findings

- The ambience of the store is good as per the survey
- The store layout is very convenient and the customer finds the display attractive to find the products they need
- The product range is considered to be average to be average by the customer and is par with the other retail pharmacy stores.
- Product availability is a issue of concern for the store and the customer have to leave the store without buying the product due to no availability
- The training provided to the staff , in terms of handling customer is adequate as the customer are found to be satisfied with the service of staff
- Product knowledge of the staff is inadequate to make the customer understand about usage of product

- The billing system is good but there need to be two billing counters so that during the rush it reduces the waiting time of the people

Conclusion

The customer feels that the store ambience and décor are up to mark and does not require changes in it. The store layout is such that the customer find easy to search for the products and also is their way through it. The product range should be expanded both horizontally and vertically to cater the needs of customers. The staffs are adequately trained in handling customer relationship which provides an edge to planet heath over other retail store. But the staff needs to be trained in the technical part that is creating understanding about various products and its usage .the billing and payment system is optimized for reduce waiting time . While testing the hypothesis, it was found that the customer perception towards planet health was on the positive side. Thus management is making right moves towards better customer satisfaction

2.2 Organized Retailing: a Paradigm Shift in Pharma Retailing

Major research project by Rahul Pandey NIPER, MBA (PHARM)

Objectives

- To study existing model(s) in organized retailing on modern distribution channel
- To find out a suitable model in pharma retailing , based on supply chain management and pharma distribution
- To study the cost benefit analysis of corner chemist and organized pharma retailer
- To gather data and analyze these data on consumer acceptability of the proposed model.
- To find out future scenario of pharma retailing
- To analyze the strength , weakness, opportunities and threats (SWOT) of the organized retail chain

Conclusion

Organized pharma retailing is quite a new concept in the Indian scenario , in spite of this fact any more retailer entering in pharma retailing business perhaps due to this high potential . Retailing is a low margin business for Indian scenario where consumer gives more weight age to high vale product than to other product. Margin is present scenario of distribution in pharma is quite higher than the other category but entering into retailing it's not sufficient. Pharma retail is ready to take off in India and Indian healthcare retail is ready to take off in India and the Indian health care retail market offers several opportunities .Pharma retailing will follow the trend of becoming more organized and corporatized as is seen in other retailing formats. Organized pharma retailing will emerge as an rs 10,000 crore business in next 4-5 years. While neighborhood stores are emerging as the flavor of the season.

Healthcare is among top five retailing sectors today. Currently, less than two 2% of the trade is organized, bit nest 7-10 years could see that figure accelerate to at least 15- 20 % . The growth of the pharma retail stores is bound to increase as it leads to more accountability and professionalism in the industry .certain formats that will work in India are small stores, with efficient retail chains , will source supplies .

- Small supermarkets with pharma counter
- Mix of medicines /beauty and herbal products satellite medical centers
- Specialized pharmacy chains selling cardiac products & devices
- Hospital pharmacies – attached to or owned by the hospitals or managed y a retail chain

The retail sector in India is in nascent but nevertheless a dynamic stage. In the 90,s the Indian market opened up to the world and the multinational started looking in India in a new light. The USP that all pharma retail players are riding on is the customer services, a hitherto ignored concept in the market. In fact, it is believed to be part and parcel of their business strategy.

RESEARCH DESIGN

3 BACKGROUND

3.1 Objective

Experience–Expectation GAP analysis in organized retail pharmacies regarding buying behavior of customer

3.2 Sub- objective

- To identify the dimensions of customer expectation from a organized pharmacy stores with respect to both product and services
- To assess the customer perception regarding facilities offered by the current organized retail stores with respect to both product and services
- To study the gap between expectation and experience and suggest the essential factors for the growth of organized retail stores in India

3.3 Research methodology

- Research type
  - Exploratory research
- Modes of research
  - Secondary research
  - Primary research
- Data collection approach
  - Personal Interviews with customer visiting organized retail stores
- Measurement Technique
  - Administering Questionnaire – Direct Structured Questionnaire with both open and closed ended questions
- Sampling
  - Sampling method – convenience sampling
  - Sample size -100
- Analytical tool
  - MS Excel , SPSS
- Survey carried out at- Hyderabad (Amberpet, Banjara Hills, Chikkadpally, Madhapur, Mehdipatnam)

3.4 Limitation

- The research was restricted to only Tri-city and hence results of the research Cannot be considered same for other areas
- Sample size was only 100 customers.
- Major responses are taken from customer visiting Apollo and care stores so the conclusion cannot be drawn for other organized stores
- To derive final conclusion from such small sample is major limitation

DATA ANALYSIS AND INTERPRETATION

4 DATA ANALYSIS

4.1 Sample composition

The success of marketer in formulating effective marketing strategy depends upon on maintaining an up to data profile information on the customer in the form of customer based data. The questionnaire included a section on customer's profile. It includes age, gender, profession and other socio demographic information. Table 4.1 to 4.3 presents a comprehensive profile of the customers who had participated in research study.

Age profile of respondents

age	percentage
below 25	22%
25-45	42%
above 45	36%

Table 3 Age profile of respondents

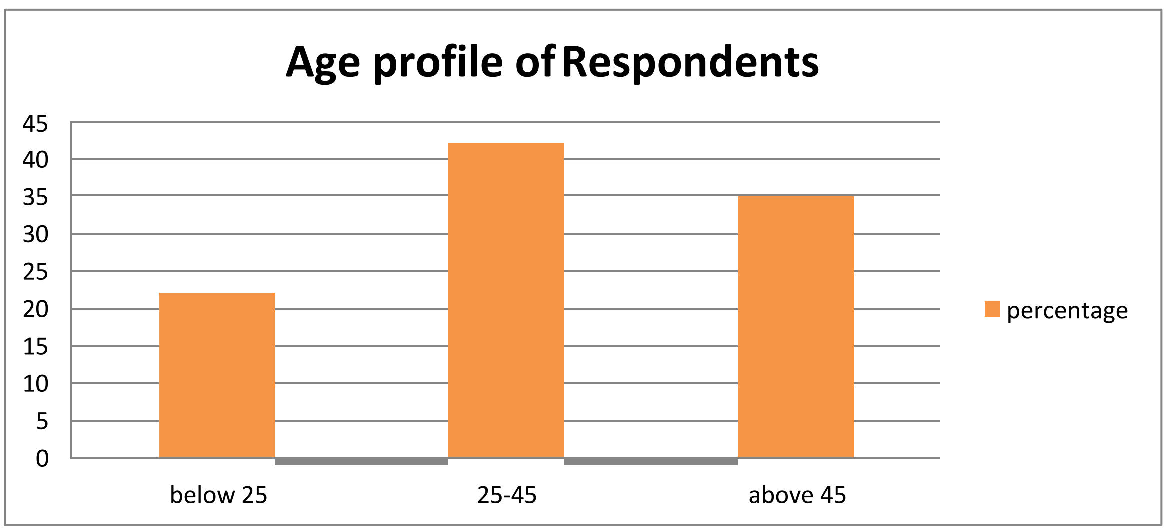


Figure 20 Age profile of respondents

Gender profile of respondents

gender	percentage
male	62%
female	38%

Table 4 gender profile of respondents

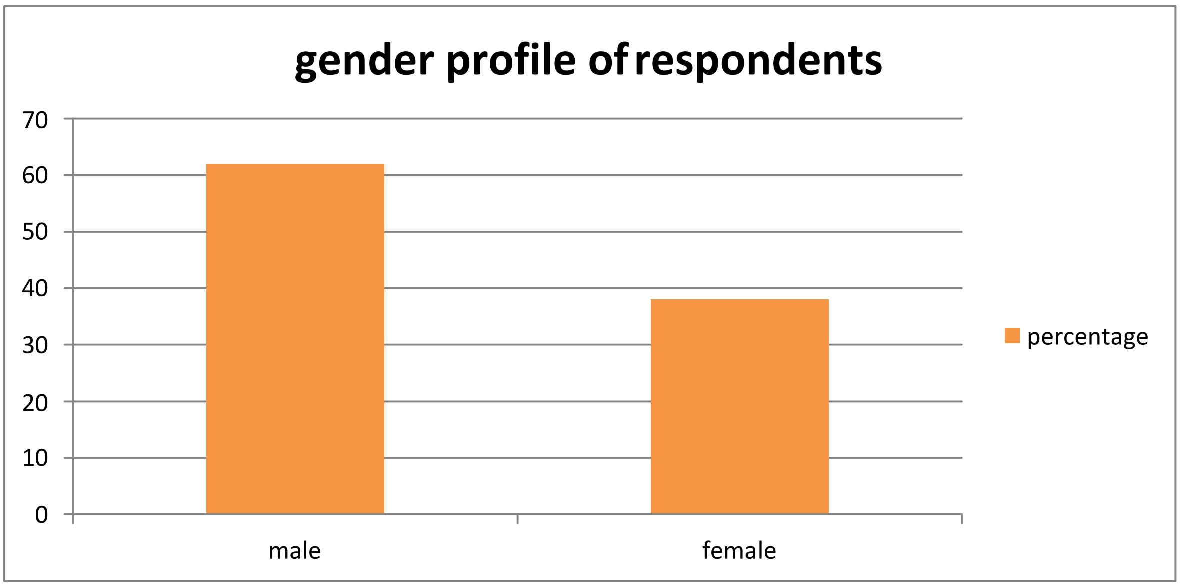


Figure 21 Gender profile of respondents

Professional profile of respondents

profession	percentage
business	15%
private job	35%
government job	30%
house wife/retire	12%
student	8%

Table 5 Professional profile of respondents

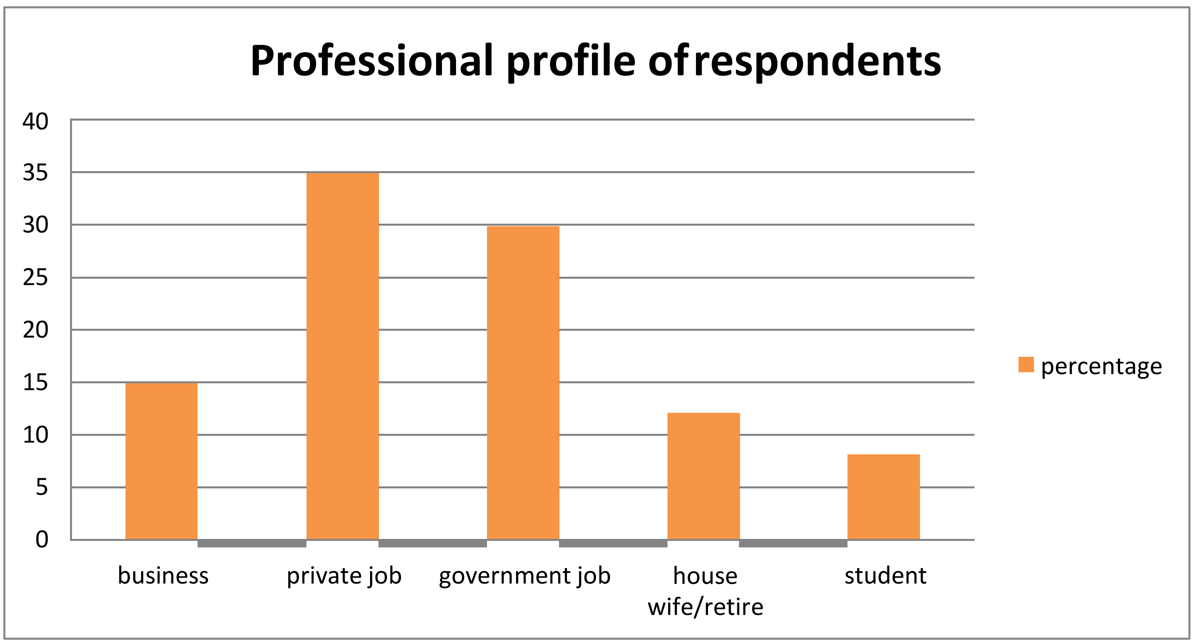


Figure 22 Professional profile of respondents

4.2 Which organized pharmacy retail outlet are you aware about in your city?

awareness	percentage
apollo	32%
care	26%
both	42%

Table 6 Awareness _ organized pharmacy

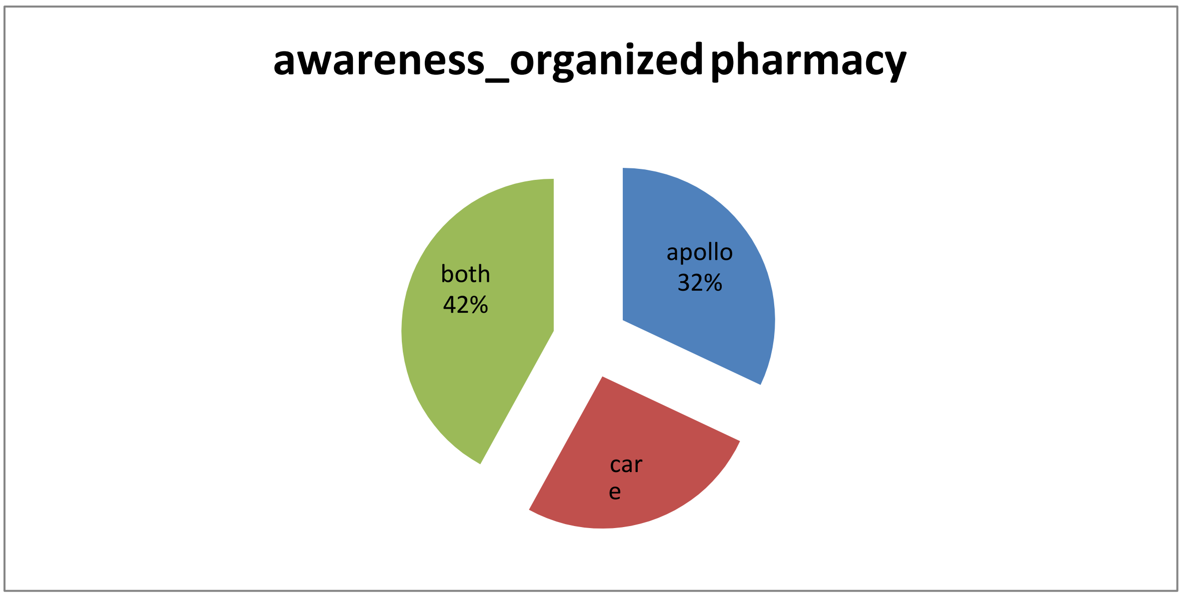


Figure 23 Awareness_ organized pharmacy

<u>INFERENCE</u>

About 32 % of respondents aware about Apollo, only 26 % of respondent aware about care and rest 42 % of respondents aware about both Apollo and care stores.

4.3 Out of these which you have visited?

visited	percentage
apollo	65%
care	35%

Table 7 Visited

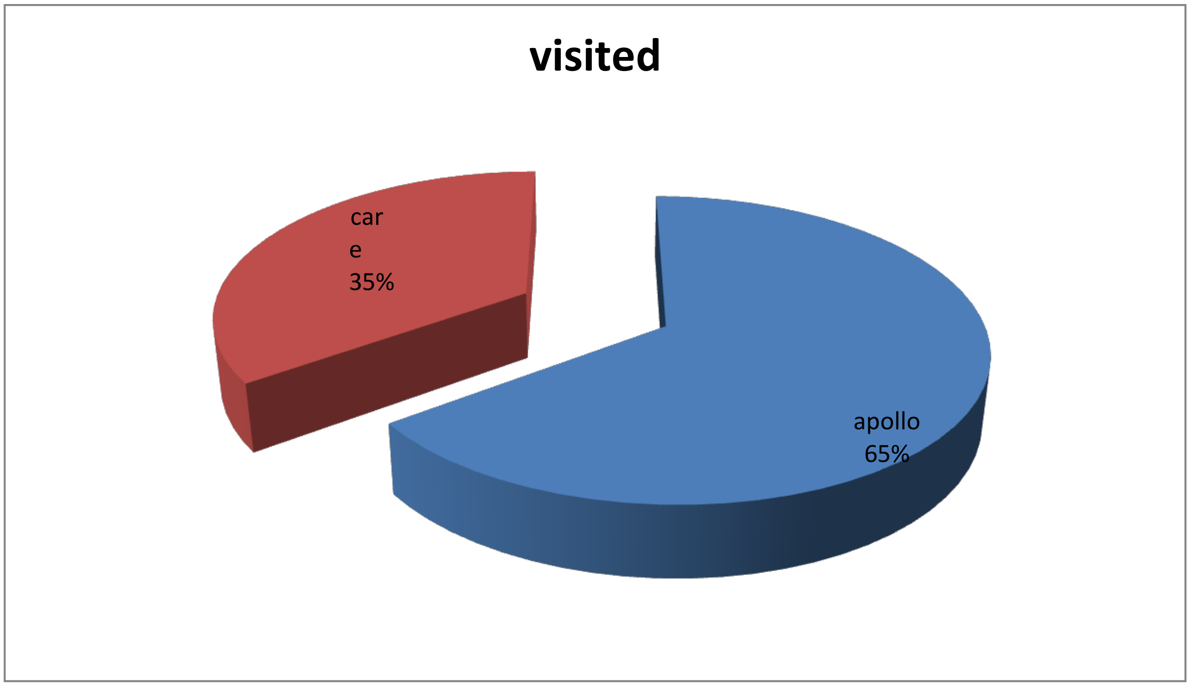


Figure 24 Visited

INFERENCE

About 65 % of respondents visited and purchase medicines and healthcare products from Apollo and rest 35 % respondents visited and purchase medicines and healthcare products from care stores.

4.4 Frequency of purchase from such outlets in a month?

frequency	percentage
once	14%
twice	21%
thrice	31%
more than 3	34%

Table 8 Frequency

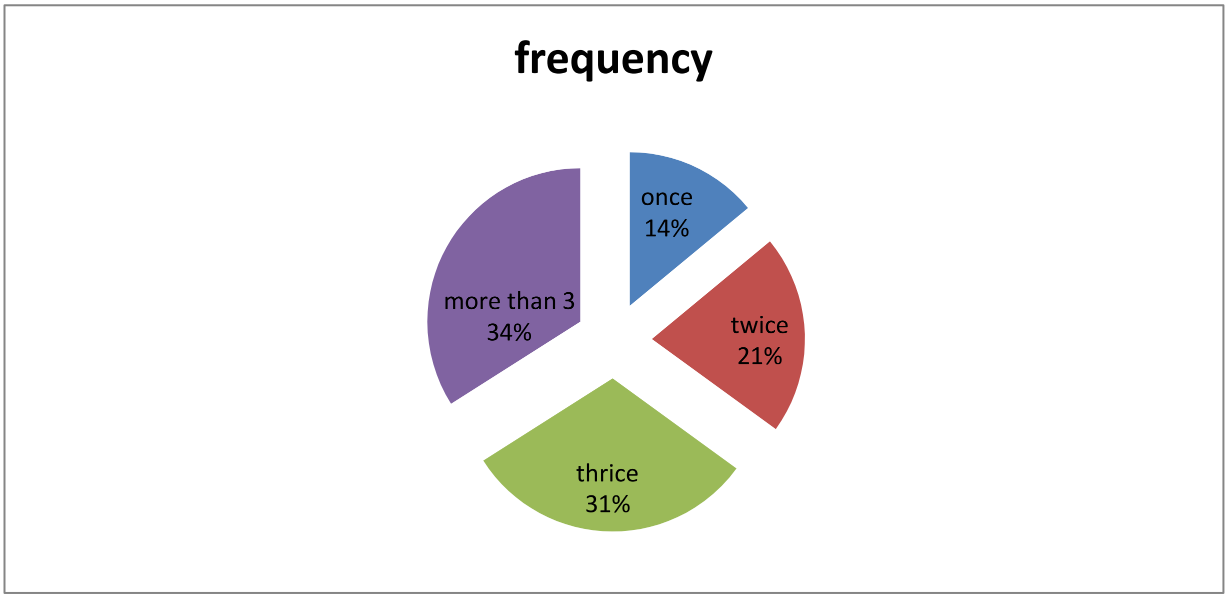


Figure 25 Frequency

INFERENCE

About 34% of respondent visit organized stores more than 3 times in a month, 31 % visit thrice a month, 21 % visit twice a month and rest 14% of respondent visit organized stores once a month

4.5 Rating of factors on the basis of your experience while purchasing medicines from organized pharmacy stores?

4.5.1 Factor analysis

Factor analysis is a statistical tool that is employed that is employed for data reduction. The factor analysis helps in the classification of these factors into some grouped factors that can be easily interpreted and analyzed

Test of internal consistency: Cronbach's alpha

Reliability Statistics

Cronbach's Alpha	N of Items
.844	14

Table 9 Cronbach's alpha

Interpretation: Value 0.844 which is greater than 0.6 indicates satisfactory internal consistency reliability

Measure of correlation and sample appropriateness: KMO and Barlett's test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.654
Bartlett's Test of Sphericity	Approx. Chi-Square	1451.379
	df	91.000
	Sig.	.000

Table 10 KMO and Barlett's test

Interpretation: KMO measures of sampling adequacy is 0.654(greater than 0.5) and Barlett's test of sphericity is 0.00(less than 0.05) as shown in above table as both the test are satisfied, factor analysis can be proceeded further

To determine number of factors: 80% of variance is explained by 5 factors

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.647	33.192	33.192	4.647	33.192	33.192
2	2.421	17.296	50.488	2.421	17.296	50.488
3	1.910	13.645	64.133	1.910	13.645	64.133
4	1.143	8.167	72.300	1.143	8.167	72.300
5	1.097	7.836	80.137	1.097	7.836	80.137
6	.841	6.006	86.143			
7	.666	4.756	90.899			
8	.410	2.930	93.829			
9	.399	2.850	96.679			
10	.152	1.086	97.765			
11	.115	.821	98.586			
12	.079	.566	99.152			
13	.061	.434	99.586			
14	.058	.414	100.000			

Extraction Method: Principal Component Analysis.

Rotated Component Matrix

	Component				
	1	2	3	4	5
availability	.334	**.857**	.080	-.218	-.108
gen_med	-.010	**.943**	-.075	.185	.147
cold	**.948**	.045	.136	.114	.243
discounts	**.569**	-.350	.144	-.028	.053
mod_pay	-.083	.300	-.055	**.697**	.435
location	.221	.167	-.167	.135	**.862**
network	.243	.045	.136	.114	**.948**
ambience	.259	.229	.153	**.652**	.175
layout	.156	.114	.125	**.914**	-.062
staff	.108	**.922**	-.012	.086	.131
knowledge	-.291	-.173	**.828**	.323	.059
prompt	.251	-.019	**.922**	.143	-.035
value	-.039	**.898**	-.006	.251	-.039
insurance	**.932**	.045	.136	.114	.243

Table 11 Rotated component matrix

Interpretation: The rotated component matrix gives us the factor loadings for each variable on the components after rotation. This number represents the partial correlation between the statement and the component. The variables having significantly larger loadings (more than 0.500) in one component are taken as the contribution of that component. So the rotated matrix was analyzed for the significant variables in each component were noted down. Then, one phrase or word is taken out from these statement clubbed in one factor the best describe the whole group of statements in that factor. So the factors are extracted as follows:

Component	Name of the component	Variable included
1	Loyalty building	Cold storage of medicines , discounts on regular purchase of medicines , network of outlet , easy insurance claims
2	Product and services related	Genuine medicines ,value added services ,behavior of staff , availability of medicines
3	Personnel	knowledge of the staff about medicines ,prompt response
4	Store ambience	Physical ambience , store layout , modern payment system
5	Distribution related factors	Location , network of outlets

Table 12 5 factors

INFERENCE

Factor analysis has defined 4 components which are important for consumer while buying medicines from organized retail store.

4.5.2 Experience

Likert scale Rating – highly satisfied (1) - highly dissatisfied (5)

Factors	Experience (mean)	Std. deviation
Availability	3.13	1.050
Layout	2.76	1.026
discounts	2.61	1.427
Modern payment system	2.61	1.427
network	2.61	0.905
Easy insurance claims	2.61	0.903
Cold storage	2.52	0.858
Ambience	2.46	0.833
Genuine medicines	2.38	1.089
staff	2.27	0.907
Professional knowledge	2.27	0.908
Value added services	2.25	0.903
Location	2.24	1.006
Prompt services	2.19	1.012

Table 13 Experience rating

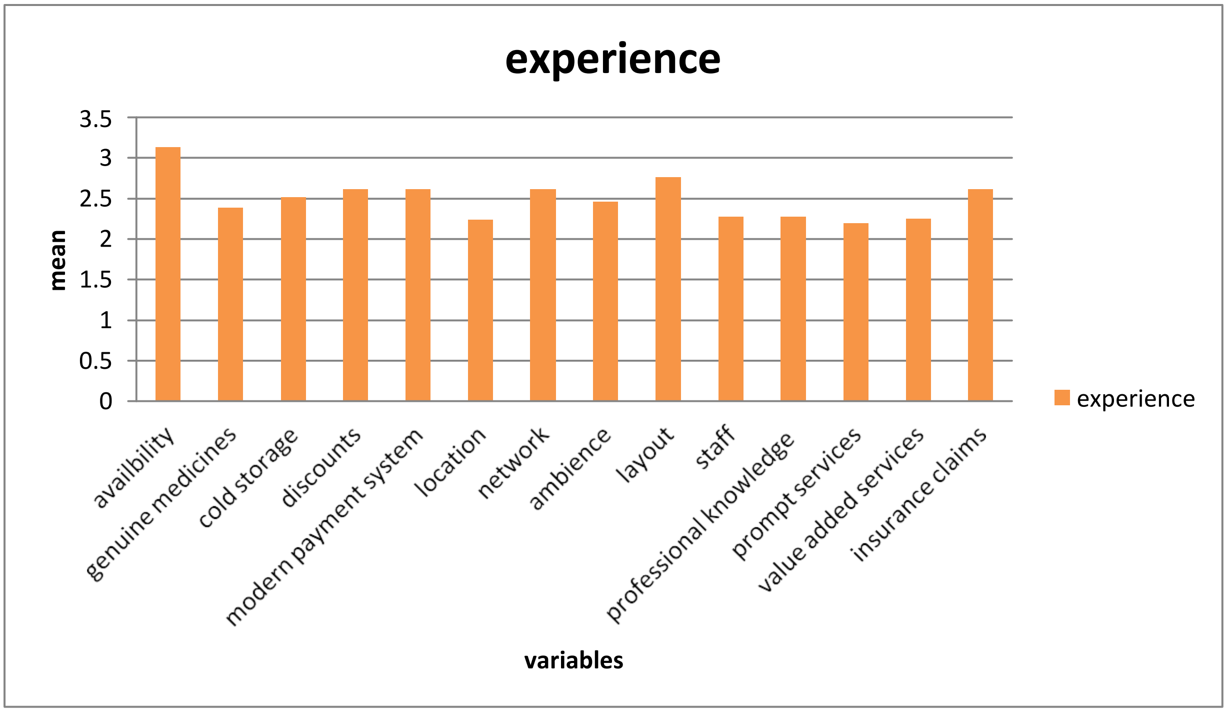


Figure 26 Experience rating

INFERENCE

Out of 14 factors, it was observed that there was good degree of satisfaction for following factors:

1- Prompt services
2- Location
3- Value added services
4- Professional knowledge
5- Staff
6- Genuine medicines
7- Ambience
8- Cold storage

And following factors neutral experience was observed:

1- Easy insurance claims
2- Network
3- Modern payment system
4- Discounts
5- Layout

And finally availability is rated as dissatisfied by the respondents.

4.6 Types of extra customer services are provided by the organized pharmacy retail stores you visited?

services	percentage
free home delivery	45%
discounts	65%
online/telephonic purchase	82%
advisory	25%
24 hr	35%

Table 14 Value added services provided

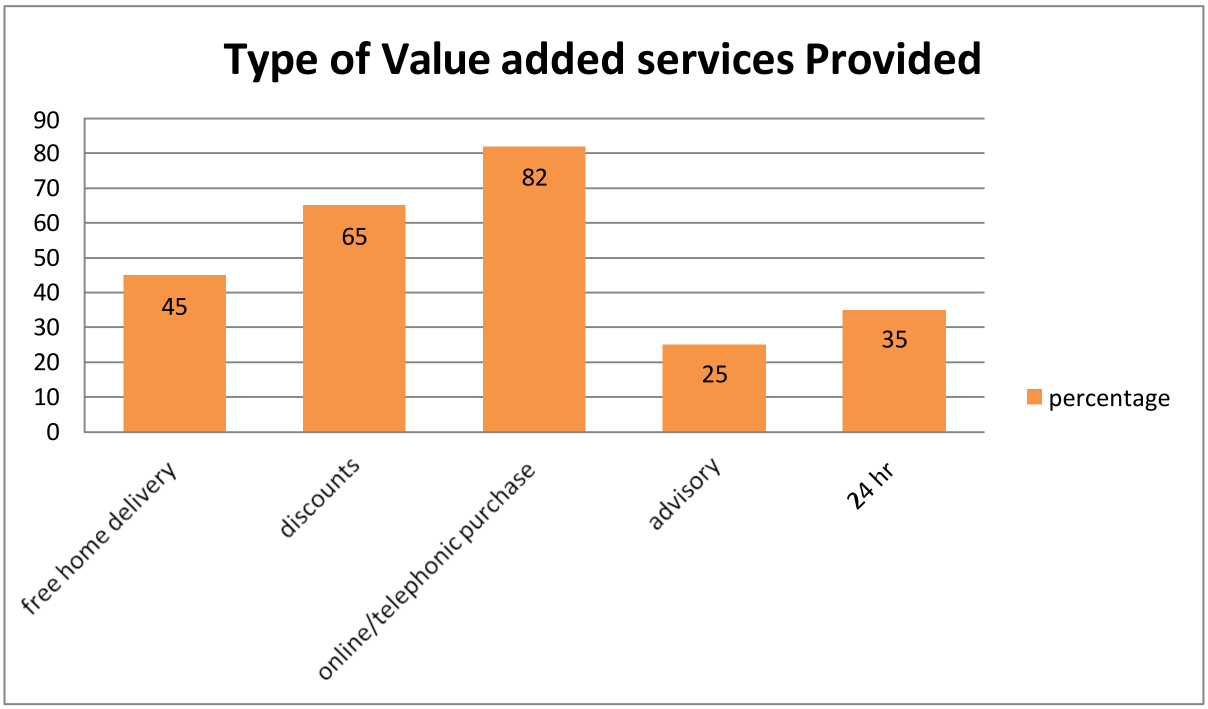


Figure 27 Value added services provided

<u>INFERENCE</u>

82 % of the respondents are provided with the online /telephonic purchase, 65 % respondents are given discounts for regular purchase, 45% respondents are provided with free home delivery, 35 % of the respondents are provided with 24 hr operations of stores, rest 25% of respondent are provided with advisory services.

Services like Reminder services, free health campaign, toll free helpline services are not yet provided to the respondents.

4.7 Satisfactions with the present benefits offered by these outlets?

4.7.2 Satisfaction:

satisfaction	percentage
highly satisfied	14%
satisfied	21%
neutral	29%
dissatisfied	34%
highly dissatisfied	2%

Table 15 Satisfactions

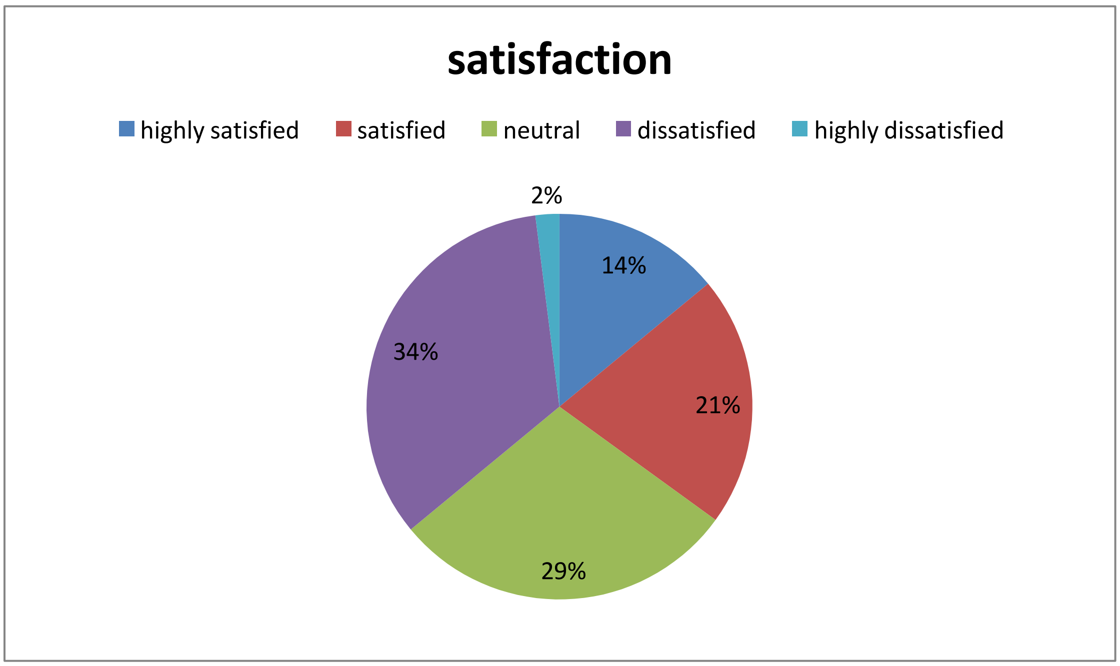


Figure 28 Satisfactions

INFERENCE

65% of respondents are either dissatisfied or have a neutral experience with benefits offered by organized retail stores; just 35% is satisfied with current benefits offered by organized retail stores

4.7.2 Hypothesis testing

H0: There is no significant relationship between independent variables (age, gender and occupation) of the respondents with the level of satisfaction from organized retail stores.

H1: There is a significant relationship between independent variables (age, gender and occupation) of the respondents with the level of satisfaction from organized retail stores.

ANOVA

age

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.660	4	1.165	2.154	.080
Within Groups	51.380	95	.541		
Total	56.040	99			

ANOVA

gender

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.601	4	.400	1.732	.149
Within Groups	21.959	95	.231		
Total	23.560	99			

ANOVA

profession

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.017	4	2.004	1.623	.175
Within Groups	117.293	95	1.235		
Total	125.310	99			

Inference: p value is above .05 therefore null hypothesis is accepted.

Therefore the satisfaction level of the respondents with the organized retail stores is not related to their gender, age or occupation

4.8 Problem faced by customer while shopping from these organized retail stores

The major problems were :

- packaging is not authenticated
- poor availability of medicines
- price is higher than normal stores
- Less no . of stores
- space is small
- no/less discounts , value added services
- no inventory control, purchase request system
- no stores at isolated space
- no 24 hr operation
- no emergency helpline no , or toll free no.
- don’t contain other healthcare goods , ayurvedic and homeopathic medicines
- no patient counseling

4.9 Rate your future expectation from organized retail stores?

4.9.1 Expectation

Likert scale Rating – highly satisfied (1) - highly dissatisfied (5)

Factor	Expectation (mean)	Std. deviation
Availability	1.09	0.287
Layout	1.24	0.429
discounts	1.07	0.256
Modern payment system	2.12	0.573
network	1.08	0.272
Easy insurance claims	2.26	0.440
Cold storage	1.72	0.451
Ambience	1.64	0.482
Genuine medicines	1.13	0.338
staff	2.13	0.336
Professional knowledge	1.5	0.502
Value added services	1.32	0.468
Location	1.06	0.277
Prompt services	1.4	0.497

Table 16 Expectation Rating

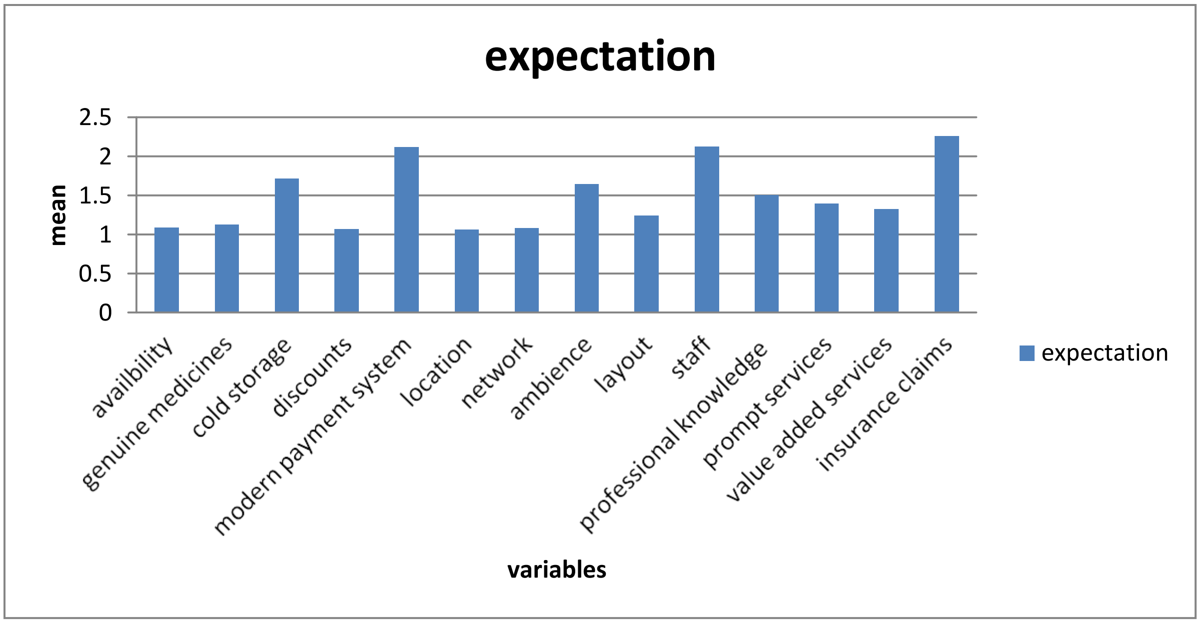


Figure 29 Expectation rating

INFERENCE

Expectation are high in case of availability of medicines, discounts on regular purchase, location, network, layout , value added services .

4.9.2 T –test for gap analysis

H0: null hypothesis: There is no significant difference in the rating provided for experience and expectation towards organized pharmacy retail stores

H1: alternate hypothesis: there is significant difference in the rating provided for experience and expectation towards organized pharmacy retail stores

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	avail_exp	3.1300	100	1.05078	.10508
	avail_epc	1.0900	100	.28762	.02876
Pair 2	gen_exp	2.3800	100	1.08971	.10897
	gen_epc	1.1300	100	.33800	.03380
Pair 3	cold_exp	2.5200	100	.85847	.08585
	cold_epc	1.7200	100	.45126	.04513
Pair 4	dis_exp	2.6100	100	1.42768	.14277
	dis_epc	1.0700	100	.25643	.02564
Pair 5	moder_exp	2.6100	100	1.42768	.14277
	moder_epc	2.1200	100	.57349	.05735
Pair 6	loc_exp	2.2400	100	1.00624	.10062
	loc_epc	1.0600	100	.27780	.02778
Pair 7	net_exp	2.6100	100	.90893	.09089
	net_epc	1.0800	100	.27266	.02727
Pair 8	amb_exp	2.4600	100	.83388	.08339
	amb_epc	1.6400	100	.48242	.04824
Pair 9	lay_exp	2.7600	100	1.02612	.10261
	lay_epc	1.2400	100	.42923	.04292
Pair 10	staf_exp	2.2700	100	.90849	.09085
	stf_epc	2.1300	100	.33800	.03380
Pair 11	prof_kn_exp	2.2700	100	.90849	.09085
	prof_kn_epc	1.5000	100	.50252	.05025
Pair 12	prompt_exp	2.1900	100	1.01200	.10120
	prompt_epc	1.4000	100	.49237	.04924
Pair 13	value_exp	2.2500	100	.90314	.09031
	value_epc	1.3200	100	.46883	.04688
Pair 14	insur_exp	2.6100	100	1.42768	.14277
	insur_epc	2.2600	100	.44084	.04408

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference Lower	Upper			
Pair 1	avail_exp - avail_epc	2.04000	1.10023	.11002	1.82169	2.25831	18.542	99	.000
Pair 2	gen_exp - gen_epc	1.25000	.95743	.09574	1.06003	1.43997	13.056	99	.000
Pair 3	cold_exp - cold_epc	.80000	1.02494	.10249	.59663	1.00337	7.805	99	.000
Pair 4	dis_exp - dis_epc	1.54000	1.47997	.14800	1.24634	1.83366	10.406	99	.000
Pair 5	moder_exp - moder_epc	.49000	1.56667	.15667	.17914	.80086	3.128	99	.002
Pair 6	loc_exp - loc_epc	1.18000	1.04813	.10481	.97203	1.38797	11.258	99	.000
Pair 7	net_exp - net_epc	1.53000	.96875	.09688	1.33778	1.72222	15.793	99	.000
Pair 8	amb_exp - amb_epc	.82000	1.11355	.11136	.59905	1.04095	7.364	99	.000
Pair 9	lay_exp - lay_epc	1.52000	1.27509	.12751	1.26699	1.77301	11.921	99	.000
Pair 10	staf_exp - stf_epc	.14000	.88785	.08879	-.03617	.31617	1.577	99	.118
Pair 11	prof_kn_exp - prof_kn_epc	.77000	1.08110	.10811	.55549	.98451	7.122	99	.000
Pair 12	prompt_exp - prompt_epc	.79000	.79512	.07951	.63223	.94777	9.936	99	.000
Pair 13	value_exp - value_epc	.93000	1.03724	.10372	.72419	1.13581	8.966	99	.000
Pair 14	insur_exp - insur_epc	.35000	1.45904	.14590	.06050	.63950	2.399	99	.018

Table 17 t-test

Interpretation: As the significance value for all the variables is less than 0.05 (except for staff attitude) hence null hypothesis is rejected and there is significant difference between experience and expectation towards organized pharmacy retail stores.

Availability:

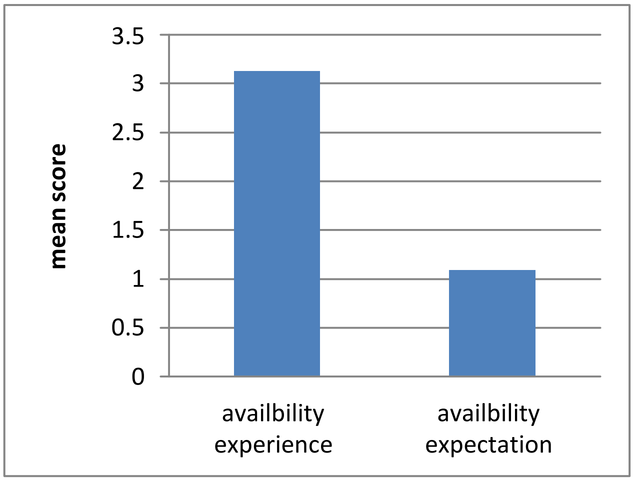


Figure 30 availability experience-expectation

Genuine Medicine

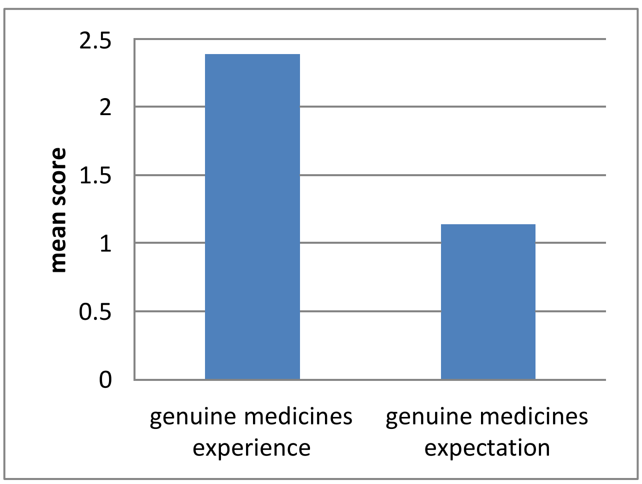


Figure 31 genuine medicines experience -expectation

Cold Storage

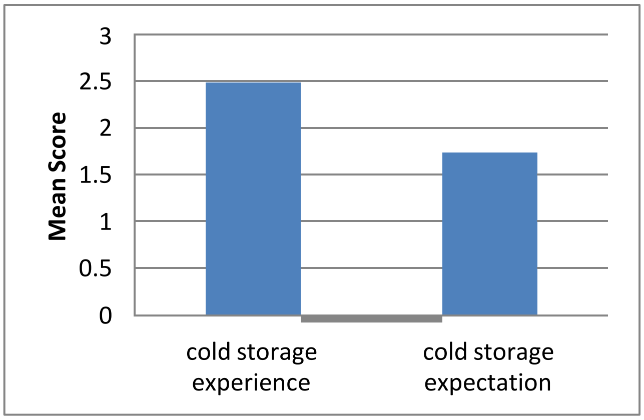


Figure 32 cold storage experience- expectation

Discounts

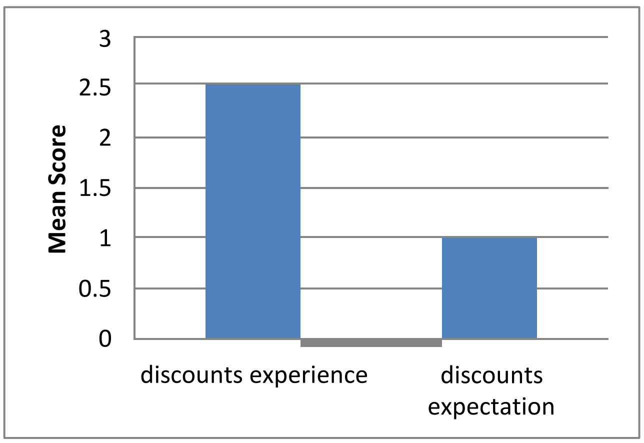


Figure 33 discount experience - expectation

Modern Payment System

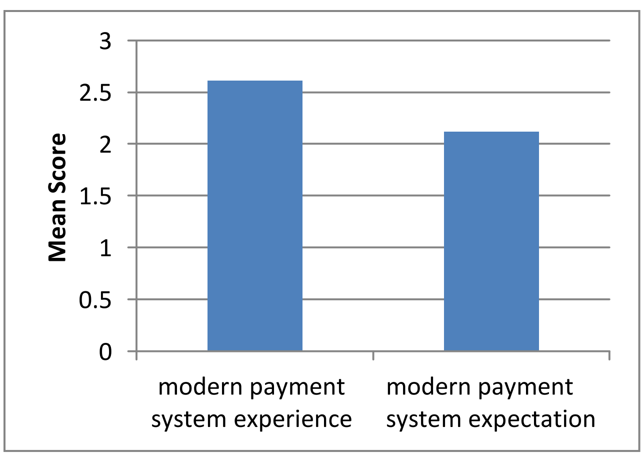


Figure 34 modern payment system experience - expectation

Location

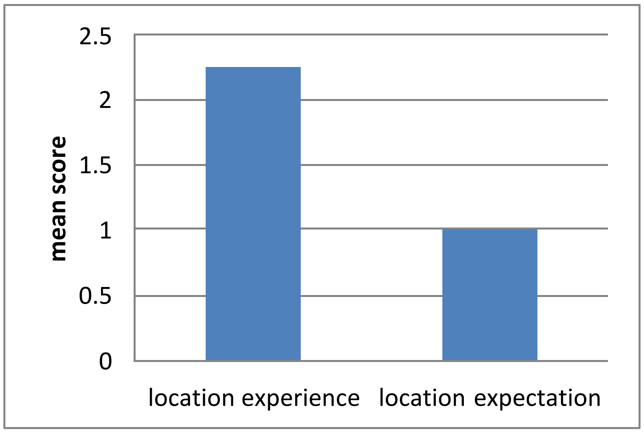


Figure 35 location experience - expectation

Network

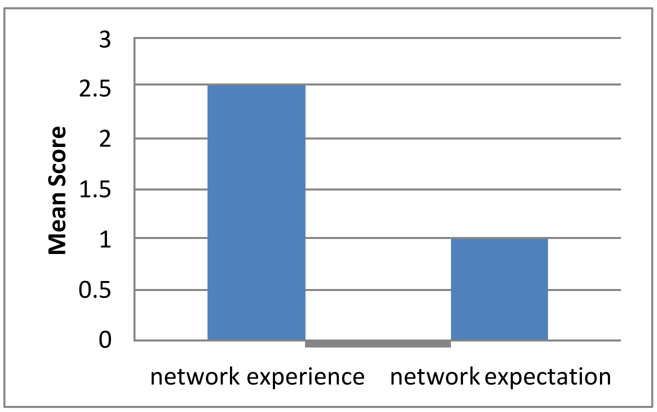


Figure 36 network experience - expectation

Ambience

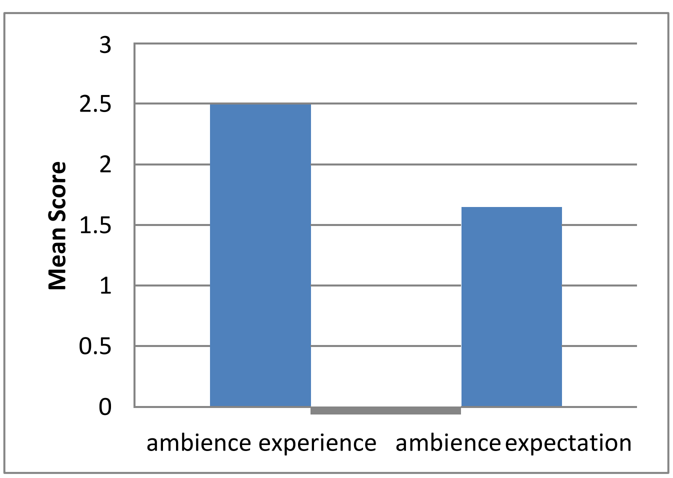


Figure 37 ambience experience - expectation

Professional Knowledge

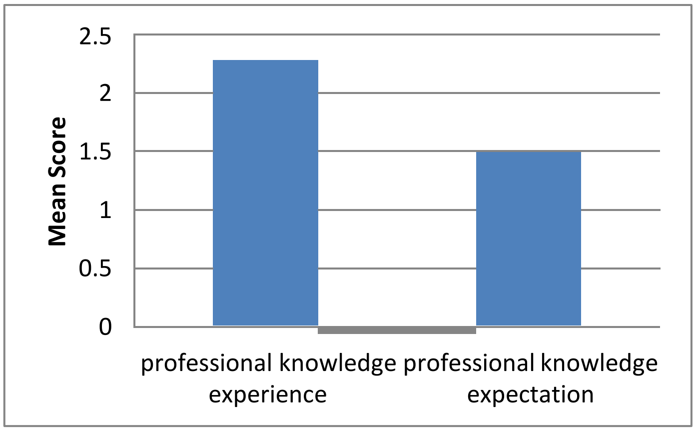


Figure 38 professional knowledge experience - expectation

Prompt Service

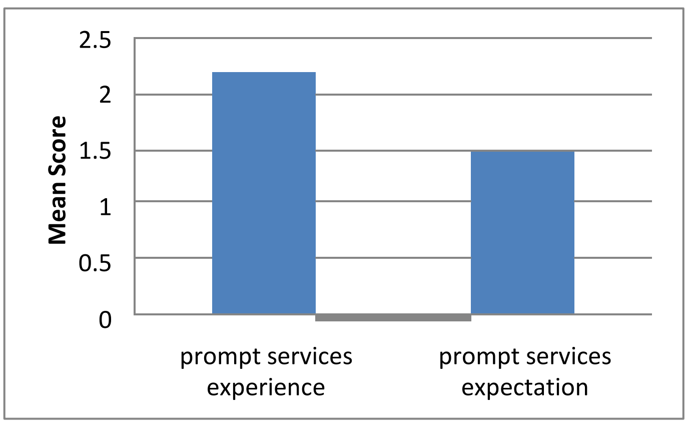


Figure 39 prompt services experience - expectation

Value added services

Figure 40 value added services experience - expectation

Insurance Claim

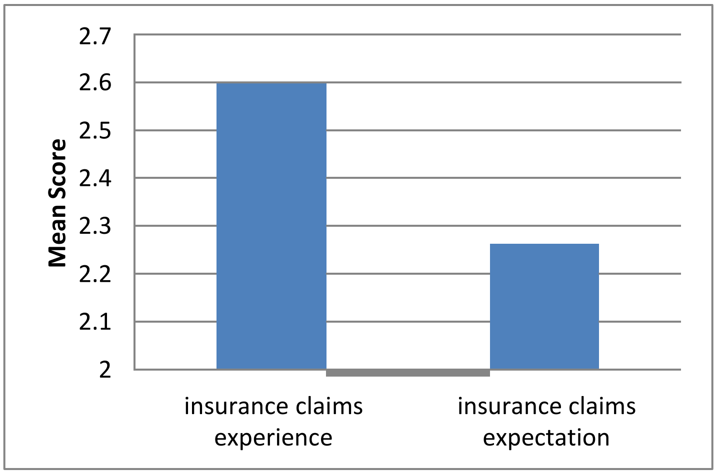


Figure 41 insurance claims experience - expectation

Layout

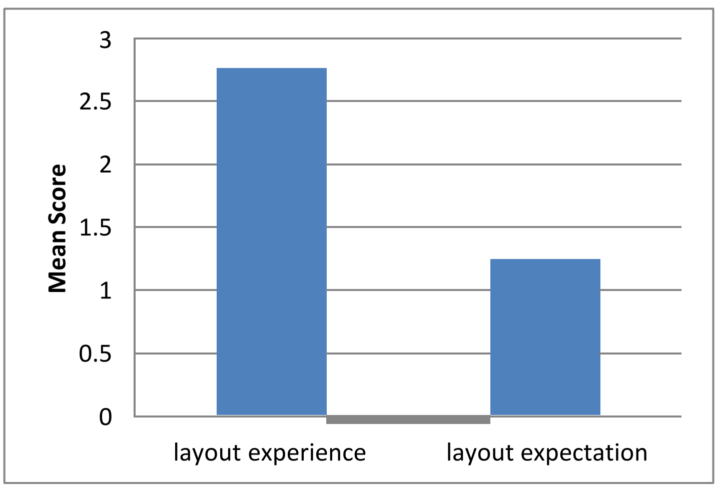


Figure 42 layout experience - expectation

4.9.3 Gap analysis

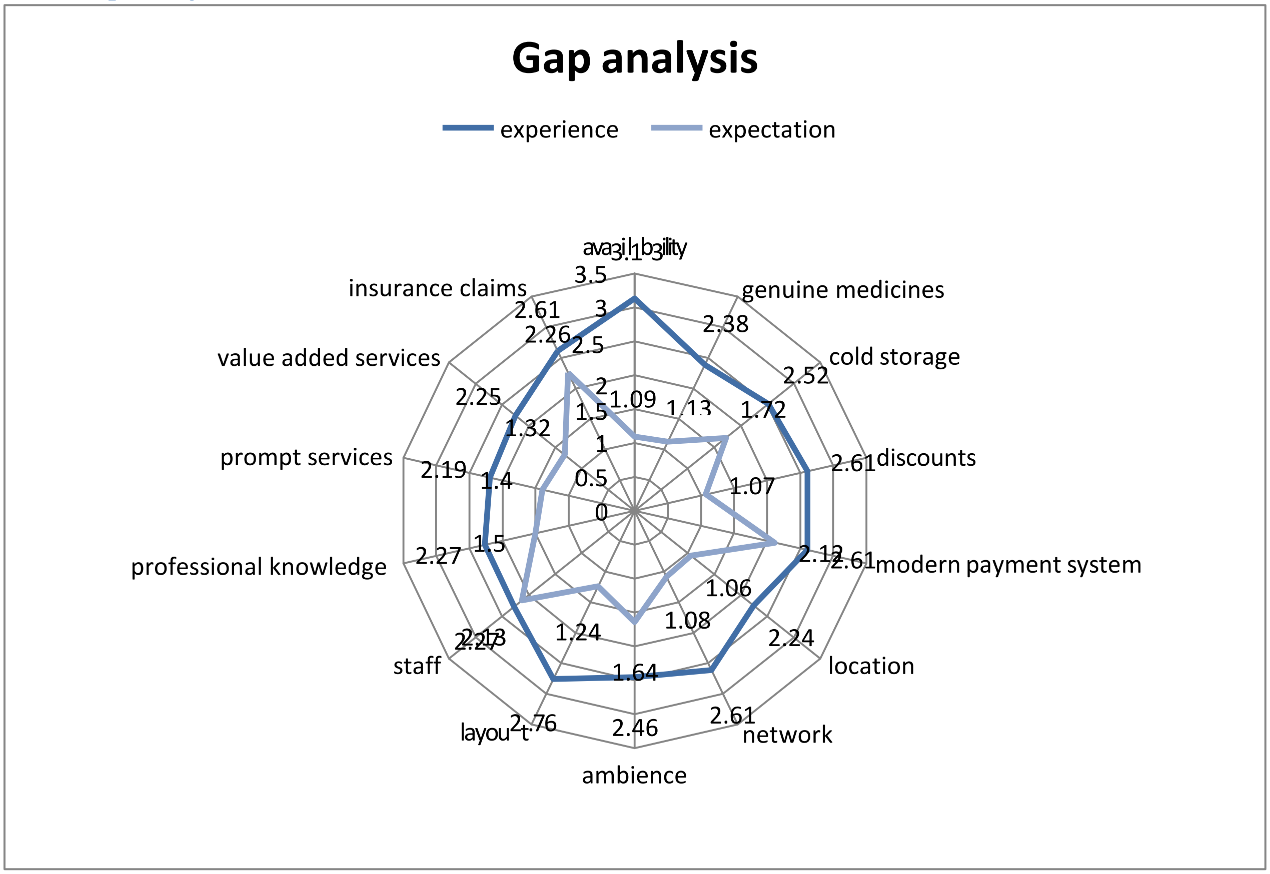


Figure 43 GAP analysis

Conclusions

Product related factors:

Gap analysis: There exists a gap in consumer experience and expectation with respect to, availability, quality, and value added services (except staff attitude).

- Quality of medicines is perceived to be Genuine and there is not much expectation with this factor.
- Experience related to value added services is satisfactory and expectation is still very high.
- There is no significant difference between Experience related to behavior of staff and expectation with this factor.
- Experience related to availability of medicines is dissatisfactory and expectation is very high.

Loyalty building:

Gap analysis: There exists a gap in consumer experience and expectation with respect to cold storage of medicines, discounts on regular purchase, easy insurance claim.

- Experience related to Cold storage of medicines is satisfactory. There is not much expectation with this factor.
- Experience related discounts on regular purchase of medicines are neutral. There is high expectation.
- Experience related to bills for easy insurance claims is neutral and there is not much expectation with this factor.

Personnel

Gap analysis: There exists a gap in consumer experience and expectation with respect knowledge of the staff about medicines and prompt response.

- Experience related to knowledge of the staff about medicines is satisfactory and there is not much expectation with this factor
- Experience related to prompt response is satisfactory and there is not much expectation with this factor

Store ambience

Gap analysis: There exists a gap in consumer experience and expectation with respect to store layout, modern payment system, and physical ambience.

- Experience related to store layout is neutral and there is high expectation with this factor
- Experience related to modern payment system us neutral and there is not much expectation with this factor
- Experience related to physical ambience is satisfactory and there is not much expectation with this factor

Distribution related factors

Gap analysis: There exists a gap in consumer experience and expectation with respect to location of stores and network

- Experience related to Location of stores is satisfactory and still the expectation is very high
- Experience related to network of outlet is neutral and expectation is quite high.

Interpretation:

Expectation is high in case of availability of medicines, quality of medicines, discounts on regular purchase, location, network, layout and value added services.

CONCLUSION AND RECOMMENDATION

5 CONCLUSIONS

- Out of all respondents, respondents having age between 25-45 years makes maximum visit to organized retail stores like Apollo, care etc.
- About 65 % of respondent visiting organized retail stores were males.
- About 65 % of respondents visiting organized retail stores were on a private or government job.
- About 32 % of respondents aware about Apollo, only 26 % of respondent aware about care and rest 42 % of respondents aware about both Apollo and care stores.
- About 65 % of respondents visited and purchase medicines and healthcare products from and rest 35 % respondents visited and purchase medicines and healthcare products from care stores.
- About 34% of respondent visit organized stores more than 3 times in a month, 31 % visit thrice a month, 21 % visit twice a month and rest 14% of respondent visit organized stores once a month
- Experience of respondents are taken on many factors which are then clubbed into 5 major factors : loyalty building (Cold storage of medicines , discounts on regular purchase of medicines , network of outlet , easy insurance claims),product and services related (Genuine medicines ,value added services ,behavior of staff , availability of medicines), personnel (knowledge of the staff about medicines ,prompt response), store ambience (Physical ambience , store layout , modern payment system) , distribution related factors (Location of stores).
- Out of 14 factors, it was observed that there was good degree of satisfaction for following factors: Prompt services ,Location, Value added services ,Professional knowledge ,Staff, Genuine medicines ,Ambience ,Cold storage
- Out of 14 factors, for the following factors neutral experience was observed: Easy insurance claims, Network, Modern payment system, Discounts, Layout
- Availability is rated as dissatisfied by the respondents.
- 82 % of the respondents are provided with the online /telephonic purchase, 65 % respondents are given discounts for regular purchase, 45% respondents are provided with free home delivery, 35 % of the respondents are provided with 24 hr operations of stores, rest 25% of respondent are provided with advisory services. Services like Reminder services, free health campaign, toll free helpline services are not yet provided to the respondents
- 65% of respondents are either dissatisfied or have a neutral experience with benefits offered by organized retail stores; just 35% is satisfied with current benefits offered by organized retail stores. and satisfaction level does not related to any independent variable.
- The major problems faced by the respondents were :
    1. packaging is not authenticated
    2. poor availability of medicines
    3. price is higher than normal stores
    4. less no. of stores

5. space is small
6. no/less discounts , value added services
7. no inventory control, purchase request system
8. no stores at isolated space
9. no 24 hr operation
10. No emergency helpline no, or toll free no.
11. don't contain other healthcare goods , ayurvedic and homeopathic medicines
12. no patient counseling

There was a significant difference between experience and expectation (except staff attitude).expectation were rated high in availability of medicines, quality of medicines , discounts on regular purchase ,location , network , layout , value added services

Product related factors:

Gap analysis: There exists a gap in consumer experience and expectation with respect to, availability, quality, and value added services (except staff attitude).

- Quality of medicines is perceived to be Genuine and there is not much expectation with this factor.
- Experience related to value added services is satisfactory and expectation is still very high.
- There is no significant difference between Experience related to behavior of staff is satisfactory and expectation with this factor.
- Experience related to availability of medicines is dissatisfactory and expectation is very high.

Recommendation

- Organized retail should provide more value added services like reminder services, more discounts, 24 hr operations, toll free helpline, and emergency helpline.
- Organized pharmacy stores should organize free health campaigns, free checkups, patient counseling centers which bring more awareness regarding organized pharmacy retail stores and build customer loyalty
- Organized pharmacy retail should ensure availability of all the medicines and should develop purchase request system.

Loyalty building:

Gap analysis: There exists a gap in consumer experience and expectation with respect to cold storage of medicines, discounts on regular purchase, easy insurance claim.

- Experience related to Cold storage of medicines is satisfactory. There is not much expectation with this factor.
- Experience related discounts on regular purchase of medicines are neutral. There is high expectation.
- Experience related to bills for easy insurance claims is neutral and there is not much expectation with this factor.

Recommendation

- Organized pharmacy stores should give more discounts ,price related schemes to the customers

Personnel

Gap analysis: There exists a gap in consumer experience and expectation with respect knowledge of the staff about medicines and prompt response.

- Experience related to knowledge of the staff about medicines is satisfactory and there is not much expectation with this factor
- Experience related to prompt response is satisfactory and there is not much expectation with this factor

Recommendation

- Organized pharmacy stores should continue providing prompt services to the customer
- Organized pharmacy stores should organize the training after the regular interval of time related the concerned knowledge of product and customer relationship management

Store ambience

Gap analysis: There exists a gap in consumer experience and expectation with respect to store layout, modern payment system, and physical ambience.

- Experience related to store layout is neutral and there is high expectation with this factor
- Experience related to modern payment system us neutral and there is not much expectation with this factor
- Experience related to physical ambience is satisfactory and there is not much expectation with this factor

Recommendation

- Organized pharmacy store should be more spacious and have a parking area.
- Along with computerize billing system organized stores should also have record keeping system

Distribution related factors

Gap analysis: There exists a gap in consumer experience and expectation with respect to location of stores

- Experience related to Location of stores is satisfactory and still the expectation is very high
- Experience related to network of outlet is neutral and expectation is quite high.

Recommendation

- Organized pharmacy retail stores should be located in the area which could be easily searched and accessed by the customer.
- More stores should be opened in remote areas and interiors of town and villages
- More stores should be opened in a particular area by adopting franchisee model

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7 ANNEXURE

QUESTIONNAIRE

Dear Respondent,

I, Prashant Dagar, am pursuing M.B.A (PHARM) from IIHMR University. I am doing brief survey about "Experience – Expectation Gap Analysis in respect of customer purchasing medicines form organized retail pharmacy stores". I would be grateful if you could spare few minutes to participate in it; your cooperation in this regard is highly appreciated.

PERSONAL DETAILS

NAME- ______________________________

AGE- ______________________________

GENDER- ______________________________

PROFESSION/OCUPATION-

BUSSINESS ____________

PRIVATE JOB ____________

GOVERNMENT JOB ____________

HOUSE WIFE ____________

Q.1 Which organized pharmacy retail outlet are you aware about?

Apollo pharmacy ☐

Care pharmacy ☐

Q.2 Out of these which you have visited? ______________________________

Q.3 How frequently you purchase medicines & health care products from such outlets in a month?

Once ☐ Twice ☐

Thrice ☐ more than 3 ☐

Q.4 Please rate the following factors on the basis of your experience while purchasing medicines from organized pharmacy stores

Sno	Factors	Highly satisfied	satisfied	neutral	Dissatisfied	Highly dissatisfied
1.	Store has availability of medicines when I want					
2.	Genuine /good quality of medicines are available					
3.	Stores has facilities for cold storage of medicines					
4.	Discounts are available on regular purchase of medicines					
5.	Store has modern payment facilities(computerized billing system ,accepts major credit cards)					
6.	Location of store is easily accessible					
7.	Store has wide network of outlets					
8.	Store has good physical ambience					
9.	Store layout make it easy for customer to move around in the store					
10.	Staff is friendly and courteous					
11.	Personnel at the store are professional and have knowledge to answer my question					
12.	Store provides the prompt services to the customer					
13.	Store provides various value added services (free home delivery , free medical reminders)					
14.	Do you get insurance claims easily with the bill given by organized pharmacy retail stores					

Q. 5which type of following extra customer services are provided by the organized pharmacy stores you visited?

1. Reminder serviced ☐
2. Free home delivery ☐
3. Discounts /gift coupons ☐
4. Online /telephonic purchase ☐
5. Free health campaigns ☐
6. 24 hr operations ☐
7. Toll free helpline services ☐
8. Advisory services on drug (Homeopathy, Ayurvedic , allopathic)and its use ☐

And health &supplementary goods

9. Any other please specify ____________________

Q.6 Are you satisfied with present services offered by these outlets?

Highly satisfied ☐ Satisfied ☐

Neutral ☐ dissatisfied ☐

Highly dissatisfied ☐

Q.9 Have you ever faced any problem to shop from these organized retail stores? If yes then please specify

____

Q.10 Rate your future expectation from organized retail stores on the basis of following factors (1-highly satisfied – 5 highly dissatisfied)?

____

THANK YOU

HAVE A NICE DAY