



GAP Analysis between Experience and Expectation in Organized Retail Pharmacies Towards Buying Behavior of Customer

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INTRODUCTION

➤ 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.

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



Indian Pharmaceutical Industry

- The Indian pharmaceutical market is one of the fastest growing markets in the world.
 - Current valuation of approximately USD 11 billion, it is likely to be valued at USD 20 billion by the mid of this decade.
 - The Indian Pharmaceutical; Industry posting high growth rates ,Ranked 13th in terms of value, and 4th in terms of volume, it is estimated to be ranked amongst the top ten markets, by 2015.
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Indian Retail Pharmaceutical Sector

- 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 rate of 18% per annum over the last few years.
 - And is anticipated to grow by even higher numbers in the future organized 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. ⁽⁴⁾
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- Aim: To Study the Experience- Expectation GAP Analysis in Organized Retail Pharmacies Regarding Buying Behavior of Customer

- Objectives:

- 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
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Research Methodology

- Research Type: Exploratory Research
- Modes of Research: Primary and Secondary
- Data collection Tool: Semi- Structured Questionnaire
- Sampling
 - Sampling Technique: Convenient Sampling
 - Sample Size: 100 Customers
- Analytical Tool: SPSS and MS Excel
- Location: Hyderabad(Amberpet, Banjara Hills, Chikkadpally, Madhapur, Mehdiapatnam)

Data Analysis and Interpretation

- Age Profile of Customers

Age	Percentage
Below 25 years	22%
25-45 years	42%
Above 45 years	36%

- Gender Profile of Customers

Gender	Percentage
Male	62%
Female	38%

- Professional Profile of Customers

Profession	Percentage
Business	15%
Private Job	35%
Government Job	30%
Student	8%
House Wife	12%



- Awareness About the Pharmacy Store in the

Store	Percentage
Apollo	32%
Care	26%
Both	42%

- Visit to the Pharmacy Store

Store	Percentage
Apollo	65%
Care	35%

- Frequency of Purchasing from the Pharmacy Store

Frequency	Percentage
Once	14%
Twice	21%
Thrice	31%
More than 3 times	34%

Rating of factors on the basis of experience while purchasing medicines from organized pharmacy stores:

- *Test of internal consistency: Cronbach's alpha*

Reliability Statistics	
Cronbach's Alpha	N of Items
.844	14

- 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

- 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.

Factor Analysis

Rotated Component Matrix

	Component				
	1	2	3	4	5
Availability	.334	.857	.080	-.218	-.108
generic_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

Interpretation: Those variable which have value greater than 0.500 are considered to have contribution in the component

Based on the Factor Analysis Following Variables are categorized in 5 components

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

Experience on the basis of Factors

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

Inference

1. Out of the total 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

2. Following Factors have neutral effect:

- Easy insurance claims
- Network
- Modern payment system
- Discounts
- Layout

Types of extra customer services are provided by the organized pharmacy retail stores

Services	percentage
free home delivery	45%
discounts	65%
online/telephonic purchase	82%
Advisory	25%
24 hr service	35%

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

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

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			

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			

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



Problem faced by customer while shopping from these organized retail stores

- The major problems were :
 - 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
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Rating of future expectation from organized retail stores

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

■ INFERENCE

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

T-test for gap analysis

Paired Samples Test

	Paired Differences							
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
Pair 1 avail_exp - avail_epc	2.04000	1.10023	.11002	1.82169	2.25831	18.542	99	.000
Pair2 gen_exp - gen_epc	1.25000	.95743	.09574	1.06003	1.43997	13.056	99	.000
Pair3 cold_exp - cold_epc	.80000	1.02494	.10249	.59663	1.00337	7.805	99	.000
Pair4 dis_exp - dis_epc	1.54000	1.47997	.14800	1.24634	1.83366	10.406	99	.000
Pair5 moder_exp - moder_epc	.49000	1.56667	.15667	.17914	.80086	3.128	99	.002
Pair6 loc_exp - loc_epc	1.18000	1.04813	.10481	.97203	1.38797	11.258	99	.000
Pair7 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	1.5200 0	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

- 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.

GAP Analysis



GAP Analysis and Recommendation

- **Product Related Factors:**

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

- 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.
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Personal

- 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
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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 is 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 computerized 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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