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ABSTRACT

This dissertation provides a thorough examination of the rapidly evolving expectations among retail pharmacy customers in Tier-2 cities, specifically focusing on Nanded City. Driven by increasing awareness, pervasive technological adoption, and the dynamic restructuring of the Indian healthcare delivery system, customers now seek more than just prompt medication. Their evolving demands encompass trust, transparent communication, valuable supplementary services, and enhanced convenience from their local pharmacies. The research utilized a descriptive cross-sectional primary research design, combining structured survey insights from 60 pharmacy customers in Nanded, drawing upon established frameworks such as SERVQUAL and principles of patient-centered marketing.

Objectives of the study: The primary objectives of this study were to ascertain the general expectations customers hold regarding retail pharmacies, to investigate their demand for additional value-added services (VAS), and to pinpoint their preferred communication channels. Specific objectives also included evaluating the role of personalized, B2B-centric communication in building trust among retail pharmacy partners, identifying most preferred digital channels, understanding expectations regarding online ordering, real-time stock information, and flexible payment terms, and examining how digital service features influence engagement, loyalty, and business efficiency.

Result: Key findings underscore that medicine availability, professional staff conduct, and transparent billing remain fundamental pillars of retail pharmacy service. However, the study also reveals a growing customer expectation for supplementary services, including home delivery, organized health screening camps, and customer loyalty programs. Furthermore, digital platforms like WhatsApp (86.7% preferred) and dedicated B2B apps/portals (75.0% preferred) are increasingly favored over traditional communication methods for orders and updates. A significant majority (75.0%) of pharmacies offer home delivery services to their end customers, highlighting their need for rapid and consistent stock delivery from distributors. Order accuracy (73.3% extremely important) and timely delivery (80.0% extremely important) were paramount. The most desired value-added services were simplified returns (83.3%) and an online ordering portal (80.0%).

Discussion: The analysis reveals a mature market in Nanded with pharmacies (over 75% operating 6+ years) that are highly digitally inclined (over 83% using digital tools for operations). This suggests a need for distributors like Shri Siddhivinayak Agencies to move beyond traditional operational efficiencies to embrace digital integration. The high preference for online ordering and real-time stock information indicates a desire for streamlined, paperless transactions and better inventory management capabilities on the retailers' part. The consistent call for digital value-added services highlights a proactive shift among pharmacies towards embracing technology for operational optimization.

Conclusion: The research concludes that for Shri Siddhivinayak Agencies, solidifying their position as a trusted partner requires prioritizing investment in robust digital platforms for ordering and communication, streamlining logistical processes for speed and accuracy, and proactively offer services that enhance their clients' operational efficiency, particularly in areas like returns management and real-time inventory visibility. By adapting to these evolving expectations, Shri Siddhivinayak Agencies can foster deeper trust, enhance partner satisfaction, and secure long-term loyalty in the competitive Nanded market. This advocacy for a customer-centric business model seamlessly integrates reliable traditional services with contemporary engagement tools.

INTRODUCTION

The landscape of the pharmaceutical retail sector has experienced a profound transformation over the last decade. Historically viewed as a straightforward transactional point focused solely on medicine dispensing, it has rapidly evolved into a vibrant industry that prioritizes the **patient experience, fosters strong customer relationships, and provides comprehensive healthcare support**. In semi-urban centers like **Nanded City**, these shifts are particularly pronounced, driven by a confluence of factors including rising literacy rates, widespread smartphone adoption, the proliferation of digital payment systems, and increasingly sophisticated consumer expectations.

Today's retail pharmacy is expected to transcend its traditional role of merely fulfilling prescriptions. Customers now anticipate proactive engagement through **digital touchpoints**, a diverse array of **value-added services** such as convenient home delivery, innovative tools for managing chronic diseases, and impactful health education initiatives. All of this must be delivered while simultaneously upholding the foundational principles of **trust, affordability, and unwavering reliability**. These heightened expectations are intricately shaped by several converging forces: the burgeoning presence of **e-pharmacies**, impactful government health initiatives like the **Jan Aushadhi Kendras**, and significant behavioral changes that have emerged in the wake of the recent pandemic.

Nanded City presents itself as an exemplary case study for this research. As a representative Tier-2 market, it uniquely demonstrates the coexistence of established traditional retail practices alongside burgeoning digital solutions. This dynamic environment offers an unparalleled opportunity to meticulously observe and analyze the evolving preferences of retail pharmacy customers. Furthermore, **Shri Siddhivinayak Agencies**, a prominent pharmaceutical distributor and retailer within the region, provides an excellent institutional context. Its operations offer a compelling case for exploring how modern retail pharmacies can strategically align their services and offerings to effectively meet and exceed contemporary customer expectations.

REVIEW OF LITERATURE

The pharmaceutical retail landscape is undergoing a significant transformation, driven by evolving consumer expectations and technological advancements. Understanding these shifts requires a thorough examination of existing literature, particularly focusing on service quality models, customer expectations within diverse cultural contexts, the burgeoning role of value-added services, and the impact of digital communication. This chapter synthesizes key academic contributions to provide a robust theoretical foundation for the current study.

A cornerstone in the assessment of service quality across various industries, including healthcare, is the **SERVQUAL model**, conceptualized by Parasuraman, Zeithaml, and Berry (1985). This widely adopted framework posits that service quality is evaluated across five fundamental dimensions: **Reliability, Responsiveness, Assurance, Empathy, and Tangibles**. Reliability refers to the ability to perform the promised service dependably and accurately, translating in a pharmacy context to consistent medicine availability, accurate dispensing, and correct billing. Responsiveness denotes the willingness to help customers and provide prompt service, including short waiting times, quick query resolution, and efficient service delivery. Assurance relates to the knowledge and courtesy of employees and their ability to inspire trust and confidence, a dimension particularly critical in healthcare where patient vulnerability necessitates a high degree of confidence in the service provider's expertise and integrity. Empathy signifies the caring, individualized attention provided to customers, with pharmacists demonstrating empathy by understanding patient needs, offering personalized advice, and showing genuine concern for well-being.

Lastly, Tangibles encompass the physical facilities, equipment, and appearance of personnel; a clean, well-organized pharmacy with professional staff contributes to a positive customer perception. Numerous studies have applied the SERVQUAL model to the pharmacy sector, consistently highlighting its relevance. Within the specific context of Indian pharmacies, research by various scholars has repeatedly emphasized the profound impact of **Assurance and Empathy** as potent determinants of overall customer satisfaction. For instance, customers often prioritize the feeling of trust in their pharmacist's advice and the personalized care they receive, often over purely functional aspects of service. This suggests that while efficiency is valued, the relational aspects of pharmacy service hold significant weight in the Indian consumer psyche. Moreover, studies have shown that a strong focus on these dimensions can differentiate pharmacies in a competitive market, fostering loyalty and positive word-of-mouth referrals.

The traditional expectations from Indian pharmacy customers have historically revolved around fundamental operational efficiencies. Early research, corroborated by more recent findings such as those by Jain and Sharma (2021), consistently indicates that primary considerations include **ready medicine availability, courteous and helpful staff behavior, swift service delivery, and transparent, accurate billing processes**. These core expectations form the bedrock of customer satisfaction and are non-negotiable for most consumers.

However, the rapid socio-economic advancements and increasing urbanization across India have significantly broadened these expectations. Studies conducted in major metropolitan areas, for example, reveal a distinct shift towards a demand for more sophisticated and proactive engagement from pharmacies. Customers in urban settings are increasingly showing a preference for **advanced services** that extend beyond simple dispensing. These include features like **prescription tracking services**, which allow patients to monitor their medication refills and manage chronic conditions more effectively; **health counseling**, where pharmacists provide expert advice on medication use, potential side effects, and general wellness; and **loyalty programs**, which reward repeat customers and foster a sense of belonging and value. This evolution signifies a move from a purely transactional relationship to a more holistic, health-partnering dynamic. This trend, while more pronounced in urban areas, is steadily seeping into Tier-2 cities as well, driven by increased exposure to similar services and rising consumer awareness.

The contemporary pharmaceutical retail landscape is increasingly defined by the provision of **value-added services (VAS)**. What were once considered novel or supplementary offerings are rapidly becoming standard expectations for discerning customers. Research by Singh (2020) compellingly demonstrated this shift, revealing that a substantial 70% of surveyed patients expressed a strong preference for pharmacies that offered additional services beyond mere dispensing. This study highlighted the growing demand for services such as **home delivery of medications**, which offers unparalleled convenience, particularly for the elderly, those with chronic conditions, or individuals with mobility constraints. Beyond convenience, there is a clear demand for **health education programs**, which empower patients with knowledge about their conditions, medication adherence, and general preventive health measures. Similarly, **medication reminder services** are highly valued, especially for patients on complex drug regimens, significantly improving adherence rates and health outcomes. This literature suggests that these services are no longer perceived as luxurious extras but are increasingly integrated into the basic expectations of a comprehensive pharmacy experience.

The strategic integration of such value-added services is becoming a critical differentiator for pharmacies seeking to attract and retain customers in a competitive market, transforming the pharmacy from a simple dispensing point into a community health hub.

The advent and widespread adoption of digital technologies have profoundly reshaped communication paradigms across all sectors, and healthcare retail is no exception. The **World Health Organization (WHO)**, in its 2022 report, underscored the transformative impact of **digital health tools** in enhancing patient engagement and improving health outcomes globally. In the context of retail pharmacies, digital communication channels have become indispensable for effective customer interaction. Tools such as **SMS (Short Message Service) notifications** are widely used for prescription readiness alerts, refill reminders, and promotional messages. **Mobile applications**, often developed by pharmacy chains, offer functionalities ranging from online ordering and payment to virtual consultations and health tracking. Perhaps most significantly, **WhatsApp messaging**, due to its ubiquity and ease of use in India, has emerged as a particularly vital tool. Pharmacies are increasingly leveraging WhatsApp for direct customer communication, including sharing information, addressing queries, confirming orders, and providing personalized reminders for medication adherence or upcoming appointments.

This shift towards digital communication reflects a broader societal trend where consumers expect instant, personalized, and convenient interactions. These digital platforms not only facilitate efficient communication but also contribute to building stronger patient relationships, fostering loyalty, and ultimately improving health management. The literature clearly indicates that pharmacies that effectively integrate these digital communication strategies are better positioned to meet modern customer expectations and enhance overall service delivery.

RESEARCH METHODOLOGY

This chapter delineates the systematic approach employed to investigate the evolving expectations of retail pharmacy customers in Nanded City. It details the research questions guiding the study, its specific objectives, the formulated hypothesis, the study design, setting, population, sampling strategy, data collection tools, and analytical methods. Adherence to ethical considerations was paramount throughout the research process.

RESEARCH QUESTIONS

This study aims to address the following key questions from the perspective of a pharmaceutical distributor serving retail pharmacies:

- What are the **core service expectations** of retail pharmacies from their pharmaceutical distributors in Nanded City?
- Which **value-added services (VAS)** do retail pharmacies expect from their distributors?
- What **communication channels** (e.g., WhatsApp, SMS, phone, B2B portals) are most preferred by retail pharmacies for order placement, reminders, and updates from their distributors?
- How frequently do retail pharmacies use **digital tools (apps, websites)** provided by their distributors?
- Does **personalized communication and digital convenience** affect the trust and satisfaction of retail pharmacies towards their distributors?
- What are the **key barriers to better service delivery** in pharmaceutical distribution, as perceived by retail pharmacies?

OBJECTIVES

The overarching objectives of this research are:

- To evaluate the role of personalized, B2B-centric communication in building trust among retail pharmacy partners.
- To identify the most preferred digital channels for communication and order placement between distributors and retail pharmacies.
- To understand retail pharmacy expectations regarding value-added services such as online ordering, real-time stock information, and flexible payment terms from their distributors.
- To examine how digital service features provided by distributors influence retail pharmacy engagement, loyalty, and business efficiency.
- To assess retail pharmacies' willingness to adopt integrated distribution services (e.g., digital billing, inventory support, product training).

STUDY POPULATION AND SAMPLING

The **study population** comprised owners, managers, or key decision-makers of retail pharmacies in Nanded City, responsible for procurement and distribution relationships.

Primary data was collected from these retail pharmacy customers using a **convenience sampling** method. A total sample size of **60 respondents** was targeted and achieved, with a conscious effort to include a variety of pharmacy profiles:

- 20 General Pharmacies (Independent/Standalone)
- 15 Chain Pharmacy Outlets (if applicable in Nanded)
- 10 Long-standing Pharmacy Partners (more than 10 years with any distributor)
- 10 Newer Pharmacy Ventures (less than 5 years operating)
- 5 Pharmacies with high digital adoption (using own inventory software etc.)

This diverse sample aimed to capture a broad spectrum of perspectives on pharmaceutical distribution services.

DATA COLLECTION TOOL

Data was collected using a **structured questionnaire**, which incorporated both closed-ended and rating-scale questions. The questionnaire was primarily designed for administration via direct visits by sales representatives or through a **Google Forms** link shared with pharmacy contacts for digital responses. To ensure inclusivity and reach participants who might prefer traditional methods, a **paper-form format** was also made available. This dual approach aimed for wider reach and better representation of the diverse pharmacy base.

DATA ANALYSIS

Upon collection, all responses were meticulously compiled and organized within **Microsoft Excel**. The data was subsequently analyzed using **descriptive statistics**, including the calculation of frequencies and percentages. Visual representations such as **pie charts and bar charts** were generated to effectively illustrate key findings and trends identified from the collected data. This approach allowed for clear and concise presentation of retail pharmacy expectations and preferences from their distributors.

DURATION OF STUDY

The research was conducted over a defined period, commencing on **March 11, 2025**, and concluding on **May 31, 2025**.

RESULTS AND DISCUSSION

This chapter presents the summarized findings from the survey conducted among 60 retail pharmacies in Nanded City, along with their interpretations, based on the 12 questions considered.

Section A: Pharmacy Demographics & Operations

- **Question 1: How long has your pharmacy been operating in Nanded City?**
 - **Information and Interpretation:** The majority of surveyed pharmacies (41.7% operating 6-15 years, 33.3% over 15 years) are well-established in Nanded City. This indicates a mature market with experienced retail partners, suggesting a need for Shri Siddhivinayak Agencies to prioritize reliability and long-term relationships in its distribution strategy.
- **Question 2: What is the approximate average daily footfall (number of customers) at your pharmacy?**
 - **Information and Interpretation:** Most pharmacies (41.7% 50-150 daily, 30% 151-300 daily) experience moderate to high customer volumes. This implies consistent demand, making efficient and reliable stock replenishment from Shri Siddhivinayak Agencies critical to support their clients' operations.
- **Question 3: Does your pharmacy currently offer home delivery services to its end customers?**
 - **Information and Interpretation:** A significant 75.0% of retail pharmacies in Nanded offer home delivery services. This high adoption rate underscores their need for rapid and consistent stock delivery from Shri Siddhivinayak Agencies to reliably fulfill their own customer commitments.
- **Question 4: Does your pharmacy currently use any digital platforms for managing your inventory or sales?**
 - **Information and Interpretation:** An overwhelming 83.4% of pharmacies utilize some form of digital tools for management (36.7% comprehensive, 46.7% basic). This strong digital readiness among clients suggests a significant opportunity for Shri Siddhivinayak Agencies to further integrate digital solutions into its distribution services.

Section B: Core Service Expectations from a Stockist/Distributor

- **Question 5: Reliability of timely delivery of orders:**
 - **Information and Interpretation:** Timely delivery reliability is overwhelmingly considered **extremely important** by 80.0% of pharmacies. Punctual order fulfillment is a critical expectation and fundamental to their satisfaction with Shri Siddhivinayak Agencies.
- **Question 6: Accuracy of orders (receiving exactly what was ordered, correct quantities, no damaged goods):**
 - **Information and Interpretation:** Order accuracy is deemed **extremely important** by 73.3% of pharmacies. Error-free and precise fulfillment is a core expectation for Shri Siddhivinayak Agencies to maintain client satisfaction and operational efficiency.
- **Question 7: Availability of a wide and comprehensive range of products/medicines from the stockist:**
 - **Information and Interpretation:** A comprehensive product range is considered either **extremely important (43.3%)** or **significantly important (41.7%)** by most pharmacies. Shri Siddhivinayak Agencies should prioritize offering a diverse inventory to serve as a primary supplier and meet varied client needs.
- **Question 8: Responsiveness of stockist staff to queries or issues (e.g., product availability, returns, discrepancies):**
 - **Information and Interpretation:** Responsiveness of stockist staff is highly valued, with 65.0% rating it as **extremely important**. Shri Siddhivinayak Agencies must ensure accessible and efficient communication channels for their customer service and sales teams to provide quick resolutions.
- **Question 9: Clarity and accuracy of billing statements and transparent credit terms:**
 - **Information and Interpretation:** Clarity and accuracy of billing, along with transparent credit terms, are considered **extremely important** by 58.3% of pharmacies. Shri Siddhivinayak Agencies must ensure precise financial processes and clear policy communication to foster trust with retail partners.
- **Question 10: Fairness and consistency in pricing and discounts offered by the stockist:**
 - **Information and Interpretation:** Fairness and consistency in pricing/discounts are rated as **extremely important** by 56.7% of pharmacies. Transparent and equitable pricing policies are crucial for Shri Siddhivinayak Agencies to build long-term trust and loyalty among its pharmacy partners.

Section C: Value-Added Services (VAS) Expectations from your Stockist

- **Question 11: Which of the following value-added services would you expect or find beneficial from your pharmaceutical stockist/distributor?**
 - **Information and Interpretation:** The most desired VAS are **simplified returns (83.3%)** and an **online ordering portal (80.0%)**, followed by real-time stock info (75.0%) and digital payment options (66.7%). These findings provide Shri Siddhivinayak Agencies a clear roadmap for enhancing operational efficiency and digital convenience for their clients.

Section D: Communication Channel Preferences

- **Question 12: For placing orders or receiving important updates from your stockist, which communication channels do you prefer?**
 - **Information and Interpretation:** **WhatsApp (86.7%)** and **dedicated B2B apps/portals (75.0%)** are the most preferred communication channels. Phone calls (63.3%) also remain highly relevant. Shri Siddhivinayak Agencies should emphasize a multi-channel digital strategy, led by WhatsApp and a robust B2B platform, while maintaining phone support.

CONCLUSION

This study embarked on a comprehensive exploration of the evolving expectations of retail pharmacy partners from their pharmaceutical distributors in Nanded City.

Through a structured survey of 60 retail pharmacies, this research aimed to uncover their core service requirements, desired value-added services, and preferred communication channels. The findings provide critical insights for distributors like Shri Siddhivinayak Agencies to strategically align their operations with the contemporary demands of their client base.

The demographic analysis revealed a predominantly mature retail pharmacy landscape in Nanded, with the vast majority of businesses having operated for six years or more. These established pharmacies, often handling moderate to high daily customer footfall, indicate a consistent and significant demand for reliable supply. Notably, a large proportion (75%) of these pharmacies have already embraced home delivery services for their end customers, a crucial operational detail that directly impacts their reliance on efficient distribution. Furthermore, the high adoption rate of digital tools for their own internal management, with over 83% using some form of software, signals a strong digital inclination across the retail pharmacy sector in Nanded.

Regarding core service expectations, the research unequivocally demonstrated that **reliability and accuracy are paramount**. Timely delivery of orders, absolute order accuracy (correct items, quantities, and condition), and the availability of a wide and comprehensive product range were consistently rated as **"extremely important"** by the overwhelming majority of respondents. Beyond logistics, the responsiveness of stockist staff to queries and the clarity, accuracy, and fairness of billing and credit terms also emerged as non-negotiable foundational elements of satisfactory service. These findings underscore that basic operational excellence remains the bedrock upon which all other services are built.

The demand for value-added services (VAS) extends significantly beyond these core expectations, reflecting a clear desire for enhanced convenience and efficiency. Retail pharmacies expressed a strong preference for **simplified returns and exchange processes** and a **24/7 online portal or app for placing orders**. Real-time stock availability information and digital payment options were also highly desired, indicating a move towards streamlined, paperless transactions and better inventory management capabilities on the retailers' part. The consistent call for these digital VAS highlights a proactive shift among pharmacies towards embracing technology for operational optimization.

In terms of communication, while traditional phone calls still hold relevance for many, **WhatsApp messaging/groups emerged as the dominant preferred channel** for updates and quick interactions. Closely followed by a dedicated B2B ordering app/portal, these preferences reinforce the pharmacies' comfort and reliance on digital communication for speed and convenience.

In conclusion, the study firmly established that retail pharmacies in Nanded City, while valuing traditional service reliability, are increasingly sophisticated and digitally adept in their expectations from distributors. Their operational realities, driven by consumer demand for services like home delivery and their own internal digital adoption, necessitate a distribution partner that offers not just core services flawlessly, but also integrates modern digital convenience and value-added services. For Shri Siddhivinayak Agencies, this translates into a clear mandate: **to solidify their position as a trusted partner, they must prioritize investing in robust digital platforms for ordering and communication, streamline logistical processes for speed and accuracy, and proactively offer services that enhance their clients' operational efficiency, particularly in areas like returns management and real-time inventory visibility.** By adapting to these evolving expectations, Shri Siddhivinayak Agencies can foster deeper trust, enhance partner satisfaction, and secure long-term loyalty in