



**FACTORS AFFECTING THE PURCHASING CRITERIA
OF DRUGSTORE OWNERS ON ACETYLCYSTEINE
(A RESPIRATORY SYSTEM PHARMACEUTICAL
PRODUCT)**

BY

MISS TIPPAWAN KORNANANSIRI

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE PROGRAM IN MARKETING
(INTERNATIONAL PROGRAM)
FACULTY OF COMMERCE AND ACCOUNTANCY
THAMMASAT UNIVERSITY
ACADEMIC YEAR 2016
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INDEPENDENT STUDY

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ENTITLED

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was approved as partial fulfillment of the requirements for
the degree of Master of Science Program in Marketing (International Program)

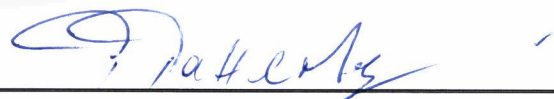
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Independent Study Title	FACTORS AFFECTING THE PURCHASING CRITERIA OF DRUGSTORE OWNERS ON ACETYLCYSTEINE (A RESPIRATORY SYSTEM PHARMACEUTICAL PRODUCT)
Author	Miss Tippawan Kornanansiri
Degree	Master of Science Program in Marketing (International Program)
Major Field/Faculty/University	Faculty of Commerce and Accountancy Thammasat University
Independent Study Advisor	Professor Paul G .Patterson, Ph.D.
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ABSTRACT

One of top 5 types of diseases in Thailand are related to the respiratory system. This report focuses only on Acetylcysteine granule 200 mg, a respiratory system pharmaceutical product. The aim of this study is to understand the factors affecting the purchasing criteria of the drugstore owners when considering which brands of Acetylcysteine granule 200 mg to carry at the drugstores and sell to end customers.

This study is a contemporary topic in applied marketing, focusing on health related subject. The purpose of this study is to understand the purchasing decision of drugstore owners toward Acetylcysteine granule 200 mg and the criteria that encourage repeat purchases. It explores the relationship between sales representatives and drugstore owners, and the effects of price promotions on drugstore owners' purchasing decision.

The key independent variables in this study include 1) Factors that influence purchasing decision, including Quality, Service, Brand and Price and 2) Factors that

influence a repeat purchase, including the relationship between sales representatives and the drugstore owner, Price, Distribution, Brand reputation, Quality of product, After sale service, Promotions, Service from company (CRM) and Incentives.

The study employed qualitative analysis. In-depth interviews were conducted with 25 drugstore owners who have purchased Acetylcysteine (granule 200 mg) within the past 12 months. The study found that 1) Price matters but it is not everything 2) Drugstores make higher profit margins from generic brands, compared to original brands 3) Drugstore owners do not usually recall the name of the company manufacturing the medicine 4) Mass advertising is more effective in increasing sales among end customers 5) Brand switching occur all the time 6) Location affects the store's strategies 7) Personal connection between the sales representatives and drugstore owners only generate awareness, not sales.

The key findings from this research would be useful for pharmaceutical companies, pharmaceutical distributors and sales representatives as it would equip them with insights into the factors that influence drugstore owners to choose a particular brand to sell in their stores.

Keywords: pharmaceutical industry, drugstore, drugstore owner, brand relationship, sales representative

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Miss Tippawan Kornanansiri

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CHAPTER 1

INTRODUCTION

1.1 Problem Statement and Research Purpose

According to the statistics published by the Bureau of Policy and Strategy of the National Statistical Office (2012), the number of population per hospital bed in 2014 for the for whole country was 432, while the numbers for Bangkok and other provinces are 203 and 504, respectively (See appendix A). The number of hospitals and medical establishments has also been stagnant between 2010-2014 (See appendix B). During the same period, there has been a slight increase in the number of regional hospitals, general hospitals, community hospitals, Extended O.P.D., health centres and community health centres (See appendix C). Also, the number of health institutions (No admission) slightly increased between 2010-2014 (See appendix D). Moreover, the number of people with illnesses increases every year; nonetheless, the number of medical and health personnel in Bangkok Metropolis and other provinces have also increased during 2010-2014 (See appendix E).

According to Kasikorn Research Center (2017), it was found that for those who have minor illnesses and do not have private hospital welfare, 32% will choose to go to drugstores and self-medicate, 25% will choose to go to private hospitals, 16% will choose to go to public hospitals, 14% will go to clinics and 13% choose others. The average spending per visit at the drugstores is approximately 100-200 Baht. The reasons that people choose to self-medicate by purchasing medicine from drugstores instead of visiting hospital or private clinics include convenience, lower price and no waiting time. Based on this, it can be interpreted that people with minor illnesses tend to self-medicate by purchasing medicine from drugstores due to the long waiting time and high medical fees at hospitals and clinics. While for those who choose to go to hospitals or clinics, 60% will select the hospitals and clinics based on convenience of location.

Kasikorn Research Center (2017) also forecasted that the market size of the drugstore industry is valued at 40,000 million baht in 2017, representing a growth of 8%-10% from the previous year. Currently, there are approximately 16,000 drugstores in Thailand; 14,600 stand-alone stores and 1,400 chain stores.

The results from this report would be useful for pharmaceutical companies, pharmaceutical distributors and sales representatives in Thailand as it would equip them with insights into the factors that influence drugstore owners to choose a particular brand to sell in their stores. For clarity purposes, this report will focus mainly on Acetylcysteine (granule 200 mg), a respiratory system pharmaceutical product.

1.2 Research Objectives

The purpose of this study is to understand the purchasing criteria of drugstore owners on Acetylcysteine (granule 200 mg) and the criteria that encourage repeat purchases. The research objectives are as follow:

1. To identify the factors affecting the purchasing decision of Thai drugstore owners when selecting which brand of Acetylcysteine (granule 200 mg) to sell and how their decision making changes during:
 - Awareness
 - Information search
 - Evaluation of alternative
 - Purchase
 - Post purchase
2. To identify the factors affecting the purchasing decision of Thai drugstore owners when selecting which brand of Acetylcysteine (granule 200 mg) to sell and how to improve customer satisfaction and build relationship with drugstores, focusing on the following:
 - Quality
 - Service (relationship with sales)

- Brand reputation
- Price & promotion



CHAPTER 2

REVIEW OF LITERATURE

The literature review was conducted as part of the secondary research. This section will outline the overview of the drugstore industry, brand selection model and purchasing decision model. The literature review was mainly obtained from online published sources.

Drugstore as a retail business

According to Zentes, J., Morschett, D., & Schramm-Klein, H. (2007), drugstores are one of the special stores in retail businesses. Under governmental healthcare policies in each country, drugstores can sell over-the-counter medicine. Especially in terms of competitive strategy, drugstores focus on price promotions, such as every-day-low-prices. In the past, drugstores were often located in shopping centres; however, drugstores nowadays are located in neighborhood locations or isolated sites.

Trend of drugstore in Thailand

According Kasikorn Center's research (2015), Thailand's drugstore industry was estimated to be valued at 34,000-35,000 million baht in 2015, an increase by 10% to 12% from the prior year. In Thailand, customers tend to buy non- prescription drugs from drugstore, instead of receiving treatments and drugs prescribed by doctors at clinics or hospitals. The proportion of expense each household spends on pharmaceutical products increased every year between 2010 - 2014.

The aging society is another factor why the consumption of pharmaceutical products increases. The total number of drugstores in Thailand in 2015 is 15,359, of which 4,794 are located in Bangkok. There are two types of drugstores in Thailand; chain stores making up 10% of the market and stand-alone stores making up 90% of the market.

Purchasing decision process

According to Kardes, F. R., Cronley, M. L., & Cline, T. W. (2010), the traditional consumer decision-making model involves 5 steps, including Awareness, Information search, Evaluation of alternatives, Purchase decision and Post-purchase evaluation. Problem Recognition Awareness is when the consumer realizes what he/she want. Information search is when the consumer searches for the product information and then evaluates all the criteria that they have obtained. Therefore, it is important for the business owners to know which criteria are important to the consumers. After making purchasing decision, the consumer then evaluates whether they will repurchase the product or not.

Top 5 Diseases in Thailand

According to The Office of the Permanent Secretary for Public Health of the Ministry of Public Health (2014), they collected data on patients between 2005-2014 and categorized diseases into 21 groups. In 2014, the top 5 types of diseases are diseases of the circulatory system (15.45%), Endocrine, nutritional and metabolic diseases (14.61%), diseases of the respiratory system (14.45%), diseases of the musculoskeletal system and connective tissue (12.16%) and diseases of the digestive system (11.40%). Statistics show that diseases of the respiratory system and diseases of the digestive system have always been in the top 5 since 2005.

Acetylcysteine in Thailand

According to MIMs (2016), Acetylcysteine can be inhaled (i.e., mucolytic agent) and orally administered (i.e., acetaminophen antidote). There are many local pharmaceutical companies in Thailand that produce Acetylcysteine (See Exhibit 1). Acetylcysteine was the first medicine to help suppress coughs. According to Pregnancy Category (US FDA, 2015), it is quite safe and can be used by pregnant women. Acetylcysteine can also be used by children, provided that the dosage is adjusted.

The relationship between the dimensions of brand loyalty

According to Ovidiu I. MOISESCU and Brad ALLEN (2010), there is a relationship between the dimensions of brand loyalty (See Figure 1). Both the recommendation and the intention to purchase relate to brand satisfaction. Not only that, brand satisfaction also relate to both behavioral brand loyalty (i.e., cognitive and behavioral intent) and attitudinal brand loyalty (i.e., repeat purchase).

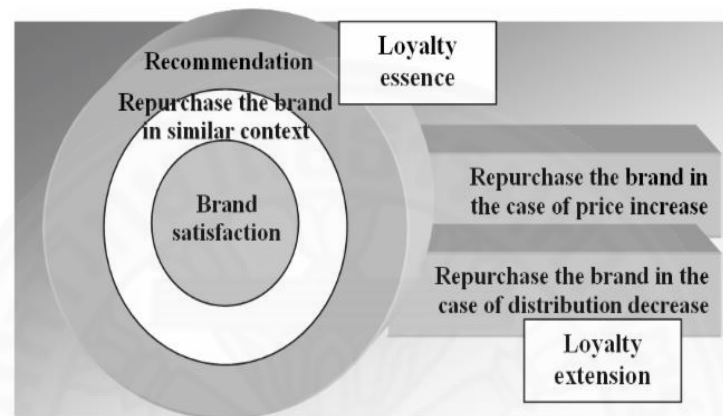


Figure 1 : The relationship model between the dimensions of brand loyalty

Trust types, distrust, and performance outcomes in small business relationships

According to OriginalArticlesTrust (2010) on the relationship among distrust, trust types, and outcomes of relationship performance in the context of long-term supply agreement-type among small business, there is a positive relationship among cooperation, goodwill trust, satisfaction, risk-taking tendency and conflict resolution. Moreover, there is a negative relationship among transaction costs and goodwill trust. Also, it was found that competence trust is positively related to satisfaction, cooperation and conflict resolution, but is negatively related to transaction costs.

The Effect of Relationship Marketing on Customer Retention

According to Abdallah Q. Bataineh, Ghaith M. Al-Abdallah, Hanadi A. Salhab & Amer M. Shoter (2015), it was found that satisfaction and commitment have significant

and positive effects on customer retention, while trust has an insignificant effect on customer retention.



CHAPTER 3

RESEARCH METHODOLOGY

This research study mainly focuses on qualitative analysis, starting with secondary research and followed by in-depth interviews (See Figure 2).



Figure 2 : Research Framework

3.1 Secondary Research

Secondary data was obtained in order to gain a better understanding of the area of study and to gain an overview of the brand selection concept in the pharmaceutical industry. The data was collected from published sources and websites, both in Thailand and abroad.

The sources of the secondary research are as follows:

- 1) Articles and studies related to the area of study
- 2) Statistical data relating to brand selection in the pharmaceutical industry
- 3) Published online reports relating to brand selection in the pharmaceutical industry

3.2 Primary Research

3.2.1 Interviews Depth In

The key questions in the in-depth interviews focus on factors that affect the purchasing decisions and factors that leads to a repeat purchase. The questionnaire framework was developed based on the results of the first round of in-depth interviews that were conducted during October to December 2016. During this period, a total of three in-depth interviews were conducted in order to identify the key variables that affect

how respondents select brands. These interviews allowed the researcher to further refine the question guide to ensure that all aspects in the scope of research are covered.

After the first round of interviews was conducted, the question guide to be used for the second round of interviews was further refined. The second round of interviews was carried out between January to March 2017. A total 22 in-depth interviews were conducted to gain insights into how drugstore owners select brands, as well as, insights into their attitudes.

3.3 Sampling Plan

Non-probability sampling was chosen for the qualitative analysis. The respondents in this study were 25 Bangkok drugstore owners, aged 22 to 60 years old, have the authority to select brands that go into the drugstores and have purchased Acetylcysteine (granule 200 mg) within the past 12 months. The researcher ensured that respondents differ in gender and backgrounds, in order to obtain a comprehensive data.

3.4 Data Collection

Due to the time and resource constraints, respondents were selected through non-probability sampling and were acquired through personal connection and walk-ins. The in-depth interviews were conducted face-to-face, each lasting approximately 30 to 40 minutes. The interviews were standardized to the extent possible, in order to ensure that all key topic areas are covered.

During October to December 2016, a total three in-depth interviews were carried out. These interviews aim to provide a framework and refine the question guide. During January to March 2017, a total of 22 in- depth interviews were carried out.

3.5 Data Analysis

All the data in this study was obtained through the in-depth interviews. Therefore, any unstructured and subjective data was first transcribed. Then, the data was manually described and grouped into four categories, in accordance with the size and location of

the drugstores. The purpose of the data classification was to identify discern any pattern; which was then used to answer the research objectives. The theoretical framework was employed to identify key research variables that reflect brand selection. The segments of respondents were then identified from the analysis and harmonized through storytelling.

3.6 Theoretical Framework

3.6.1 Independent variables of the study are:

1. Factors that influence purchasing decision, including Quality, Service (e.g. service from sales representative), Brand and Price.
2. Factors that influence a repeat purchase, including the relationship between the sales representatives and the drugstore owner, Price, Distribution, Brand reputation, Quality of product, After sales service, Promotions, Service from company (CRM) and Incentives. (e.g. attitudes toward original brand and generic brand)

3.6.2 Dependent variables of the study are :

Purchasing decision and purchasing behaviour of the respondents, whether in selecting the brand or in repeat purchasing (i.e., purchasing the same brand)

3.7 Limitations of the Study

Due to the time and resources constraints, this study aims to serve as a preliminary research in exploring the decision criteria for brand selection in the pharmaceutical industry. However, the following are limitations to this research:

1. A small sample size could mean that the findings from the in-depth interviews may not represent the entire population.
2. Non-probability sampling method (convenience sampling) could mean that there are selection bias and sampling errors
3. Sample selection may mean that not cover all types of drugstore retailers are included in the study (e.g., chain drugstores).
4. Responses given by the respondents might not be accurate as some of them personally know the researcher.

5. Due to financial resource constraints, it was difficult to arrange interviews with chain drugstore owners.



CHAPTER 4

RESULTS AND DISCUSSION

4.1 Secondary Research Key Finding

4.1.1 Global Industry

According to Zambon's annual report (2015), Zambon is an Italian company with 110 years of experience in the chemical and pharmaceuticals industries. On 31 December 2015, its consolidated business revenue was Euro 670 million. The revenue for the pharmaceutical division and chemical division represent 86% and 14% of the company's total revenue, respectively (Zambongroup ,2016).

In 2014, Zambon derived 48% of its pharmaceutical products revenue from respiratory products (such as Fluimucil), 21% from women's health care products, 14% from pain relief products, 12% from gastro & others products and 5% orphan drug products.

4.1.2 Thailand Industry

Cough and cold category: Company analysis in Thailand

According to data on the sales of Cough, Cold and Allergy (Hay Fever) Remedies by Category between 2011-2016 obtained from Euromonitor (2016), the category with the highest sales value in 2016 was Medicated Confectionary, with a value of THB 3,694.4 million (See Appendix F). This is followed by Combination Products - Cough, Cold and Allergy (Hay Fever) Remedies and Pharyngeal Preparations, with a value of THB 1,174.2 million and THB 1,122.3 million, respectively.

The top 3 local Cough, Cold and Allergy (Hay Fever) Remedies pharmaceutical companies in Thailand by market value during 2012-2016 are Thai Nakorn Patana Co., Ltd., Greater Pharma Ltd. and Great Eastern Drug Co.,Ltd.

Moreover, the top 10 LBN Brand Shares of Cough, Cold and Allergy (Hay Fever) Remedies: % Value 2013-2016 are Halls (Mondelez International Inc), Strepsils (Reckitt Benckiser Group Plc (RB)), Fisherman's Friend (Lofthouse of Fleetwood Ltd.), Tiffy

(Thai Nakorn Patana Co Ltd.), Bisolvon (Boehringer Ingelheim GmbH), Telfast (Sanofi), Decolgen (United Laboratories Inc), Zyrtec (UCB SA), Mybacin (Greater Pharma Ltd.) and Poy-Sian (Goldmint Products Co.,Ltd.).

Table 1: Table outlining the names and manufacturers of Acetylcysteine in Thailand

BRAND NAME	MANUFACTURER
ACETIN	L. B. S.
ALISTINE/ALISTINE FORT	T P Drug
FLEMEX - AC	Gemardi
FLUCIL/FLUCIL - EF	Masa Lab
FLUIMUCIL/FLUIMUCIL A	Zambon
HIDONAC	Zambon
MUCIL	T.O. Chemicals
MUCOCIL	Utopian
MUCOTIC	B L Hua
MYSOVEN	Greater Pharma
NAC LONG	Temmler
RINOFLUIMUCIL	Zambon
SIMUCIN	Siam Bheasach

4.1.3 Pricing

Based on the report issued by the Ministry of Health (2016), there are seven brands of Acetylcysteine granule 200 mg. Original Fluimucil has the highest retail price of THB 15.16 per piece, followed by Mucil and Muco-Sea.

Table 2 : Price of Acetylcysteine granule 200 mg in market

Company	Brand	Price per piece (THB)
Zambon	Fluimucil	15.16
T.o. Chemicals (1979)	Mucil	3.56
Sea pharm co	Muco-Sea	1.48
LBL Lab	Acetin	1.3
Greater Pharma	Mysoven	1.1
Modern Manu	Mucomac	1.078
BL Hua	Mucotic	0.93

4.1.4 Factors affecting purchasing decision of pharmaceutical products

According to Dr. Suchart's research (2011), there are 4 major factors that affect the purchasing decision of pharmaceutical products. These include 1. Quality 2. Service 3. Brand and 4. Price. Firstly, quality is the perceived quality of the medicine. The medicine must have certification from the Thai FDA, be safe to consume and the efficacy of the medicine needs to be shown. Secondly, service is another important factor in purchasing decision of pharmaceutical products. This is because products are often identical to one another; therefore, the sales representatives-drugstore owner relationship and after sales services play an important role in the purchasing decision of the drugstore owners. Thirdly, drugstore owners also consider the branding of the products, including whether they are well-known, have good reputation or are advertised in medical magazines or trade shows. The last factor is the price. Drugstore owners also take into account the price of the medicine, payment terms and volume discount offered by each manufacturer when purchasing pharmaceutical products.

4.1.5 Effect of brand strength in manufacturer-reseller relationships

Glynn's (2009) research, which relates to the effects of a brand strength, found that there is less investment required and less risk involved for the resellers who purchase major brands because of the higher brand strength of major brands. Nonetheless, resellers often trust and commit more to secondary brands, compared to major brands.



Figure 3 : Glynn 's framework

4.2 In-depth interviews result

Data was obtained from 25 respondents who own drugstores and have the authority to select brands that go into the drugstores. Out of the 25 respondents, 16 were female and 9 were male.

The drugstores can be categorized into two types, those that operate as retailers and those that operate as both wholesalers and retailers. Regarding the location of the drugstores, 12 stores are located in central Bangkok and 13 stores are located in the suburb. The end customers of the products vary by store, depending on the store's strategy and location.

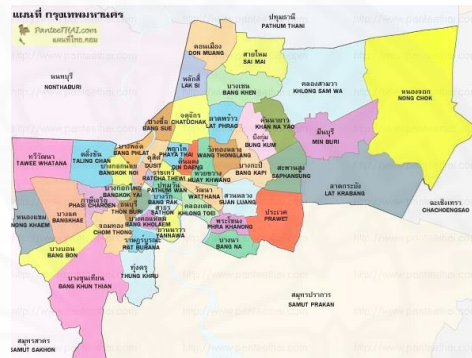


Figure 4 : Bangkok map

4.3 In-depth interviews key finding

Inheriting the family business leads to a repeat purchase

Some of respondents inherited the family drugstore business. When the respondents inherited the drugstore business, all of the brands sold in the store had already been selected. The respondents said that it is easier to just follow their parent's decisions and for some, the parents still influence how the drugstores are operated. When the respondents were asked whether they will change the brands being sold in the drugstore, they said that this is unlikely.

“ I do not know why we sell this brand in the first place because this store was previously run by my father. All I know is that it has been here and I will keep selling this brand”. -- Respondent's comment (30, Female, Wholesaler and retailer)

“I just follow what my parents did”. -- Respondent’s comment (27, Male, Retailer)

Negative feedback from end customers affect brand selection

Most end customers tend to purchase products from the same drugstore. They generally do not remember what brand of products they purchased, but they would remember where they purchased the products from. Some end customers may go to the same store to repurchase the products, while others may go back and complain. Complaints received from the end customers on the quality of the products could affect the drugstore owner’s decision whether to purchase the same brand or select a new brand.

“...Customers will often come and tell me details about how fast certain medicine can dissolve in water or how certain medicine taste”. -- Respondent’s comment (41, Male, Retailer)

“...When I receive complaints from my customers on certain products such as the change in taste or change in color before the expiry date, I will stop ordering. I want to choose the best products for my customers. When my customers trust me, they will keep coming back to my store”. -- Respondent’s comment (29, Female, Retailer)

Promotions matter for products that are already popular

The respondents believe that price promotions of pharmaceutical companies such as “Buy 10 get 10 free” are only attractive for products that are popular and are in high demand by end customers. Drugstore owners are less inclined to stock less popular products that take longer to sell, even if there are price promotions.

“Acetylcysteine granule 100 mg is much more popular than the 200 mg so I would order more of the Acetylcysteine granule 100 mg even if they are under the same promotion”. – Respondent’s comment (30, Female, Wholesaler and retailer)

“ Promotion is an important criteria because it helps to increase the margin for the drugstores. Promotion will not make me try a new brand, but it will make me increase my order”. -- Respondent’s comment (33, Female, Retailer)

Replacement : We are not that brand loyal.

All of the respondents carry more than one brand of Acetylcysteine in their stores. Some of the respondents never change the brands they carry, while some do. The main reason for this is to do with the brand's popularity and the profit margins. Well-know brands are easier to sell because end customers recognize them. However, if such brands become more expensive than other competing brands, drugstores may stop carrying them.

"I used to carry "Brand AA" but I do not carry it anymore because they increased the price by more than other brands so I now carry "Brand BB" instead, because the profit margin is higher". -- Respondent's comment (40, Female, Retailer)

" There are many products in my stores and it easier for me and my employees to sell well-known products. That helps to reduce my work."-- Respondent's comment (37, Female, Retailer)

Brand of medicine prescribed by the hospitals affect the number one brand

If the medicines administered in hospitals are too expensive, the patients have the right to ask for a medical prescription and go purchase the prescribed medicine at the drugstores instead Physicians may prescribe either trade name or generic name of the medicine. Patients are more likely to continue using the brand of medicine they were administered with at the hospitals or purchase the brand listed on their medical prescription.

"...Customers generally show us the package they received from the hospital and buy the exact same brand."-- Respondent's comment (40, Male, Wholesale and retailer)

"...The hospital nearby prescribe this brand so the patients come and ask for that same brand..."-- Respondent's comment (29, Female, Retailer)

"..The brand I normally order is the one that the hospital nearby prescribes to their patients, although it does not give me the highest profit margin...."-- Respondent's comment (42, Female, Retailer)

Personal relationship can lead to more awareness

In Thailand, there are many types of industry where personal connection is an integral part of the business. However, the respondents view that the pharmaceutical industry is different. Most of brand currently purchased by the respondents are because they are well-known brands, and not because of personal connection. According to the respondents, there are other criteria such as the price, quality of product and etc. that must be considered.

“I might consider ordering the product, but there must be a “return policy”. Otherwise, I will not try”. -- Respondent’s comment (28, Male, Wholesale and retailer)

“It will be easier to contact or communicate with the sales representatives that we have personal relationship with. However, there are other criteria that must be considered. If a particular product cannot be sold, I will not hesitate to stop ordering”. -

- Respondent’s comment (40, Male, Wholesale and retailer)

“„In the long term, if a product has a low margin, it will be easily replaced”. -- Respondent’s comment (44, Female, Wholesale and retailer)

“The product will get my attention but there’s no guarantee that I will place an order. I would just be more attentive in listening”. -- Respondent’s comment (37, Female, Retailer)

But some didn’t give precedence to personal relationship.

“...It depends on my customers’ feedback. If the quality of the product is high and the customers want it. I will order more.” -- Respondent’s comment (28, Female, Retailer)

“I do not consider personal relationship when deciding whether to purchase a product or not. My store is not that big and I need products that can sell”. -- Respondent’s comment (45, Male, Retailer)

Profit margin on original brands and generic brands

The profit margin is very important to retail businesses. All of respondents have the same attitudes on the profit margin on original brand and generic brand. Most of the respondents prefer to sell generic brands, as opposed to original brands.

“I do not sell Fluimucil because the profit margin is quite low”. -- Respondent’s comment (37, Female, Retailer)

“Many of my customers cannot afford high prices so I recommend generic brands because they are cheaper, and this makes my customers happy”. -- Respondent’s comment (40, Male, Wholesale and retailer)

“Even though it is easier to sell original brands, it is harder to mark-up these products. For example, I only get 5%-10% profit margin from original brands. However, I can get up to 80% margin from generic brands”. -- Respondent’s comment (30, Female, Wholesale and retailer)

“..Original brands are easier to find and customers, which means that it is easier for customers to compare the price. However, when there are many brands available, the customers do not spend time comparing the prices”. -- Respondent’s comment (40, Male, Retailer)

Attitude toward original brand and generic brand

Most of respondents believe that original brands differ from generic brands, not only in terms of the reputation of the brand, but also the active ingredients and the quality of the medicine.

“They are totally different because the quality of active ingredients and machine used to manufactured them are not the same.” -- Respondent’s comment (35, Female, Retailer)

“...It can be assured that original brands are 100% better than generic brands.” - Respondent’s comment (40, Male, Wholesale and retailer)

“If my customers say I am buying for my parents and I need to get the very best, I

would recommend original brands only.” -- Respondent’s comment (28, Male, Wholesale and retailer)

“...Companies manufacturing original brands spend more resources and time on the research and development, compared to companies manufacturing generic brands”. - Respondent’s comment (29, Female, Retailer)

“It is easier to sell original brands”. -- Respondent’s comment (40, Female, Retailer)

But there are some differing opinions on this, as follows:

“...They have the same therapeutic equivalence.” -- Respondent’s comment (38, Male, Wholesale and retailer)

“...Especially for old medicine, they are reformulated until they are of the same quality and performance as original brands”. -- Respondent’s comment (41, Female, Wholesale and retailer)

“..This depends on the person. Some people consume placebo drug and believe that it works”. -- Respondent’s comment (51, Female, Retailer)

Policy on returning expired product is a must

In terms of services, most of the respondents prefer companies that have return policy on expired products. Expired products that are still in its original packaging can be returned through sales representative. Depending on each company’s policy, they can receive cash discounts on the next purchase or receive new products.

“...if there are no return policy for damaged or expired products, I think I will buy less....I do not want to bear the risk from obsolete products”. -- Respondent’s comment (44, Female, Wholesale and retailer)

“Returning expired product is a standard policy that every company should provide”. -- Respondent’s comment (40, Male, Retailer)

“When I place a big order, there are chances that the products will be damaged. If I cannot return the damaged products to company, it would cost me a lot of money”. -- Respondent’s comment (38, Female, Wholesale and retailer)

Expectation from sales representative

Sales representative is one of tools for create branding. Good characteristics or beyond customer's expectations affect to brand reputation. Top three characteristic of sales representative are hard working, having good knowledge of the products and know the customer's order history.

"They should be diligent and be able to provide details about the product." -- Respondent's comment (45, Male, Retailer)

"The sales representatives should be polite, attentive and knowledgeable about the products, especially the competitive advantage of the product." -- Respondent's comment (37, Female, Retailer)

"Some sales representatives do not remember what I normally order and that is very unprofessional."-- Respondent's comment (34, Male, Wholesale and retailer)

Trusted brand

When asked about the top local companies in terms of quality, around 80% of the respondents can mention just one or two companies. Top five local pharmaceutical companies in Thailand are Siam Pharmaceutical, Thai Nakorn Pattana, Biopharm, Berlin and Greater Pharma.

"...It does not mean that I do not believe in the product quality from companies that are rank number two or three does not mean that I do not believe in their quality. Nowadays, many local companies are trustworthy...." -- Respondent's comment (40, Male, Wholesale and retailer)

"My customers do not have a lot of budget. A top brand might not be purchased if the price is too high." -- Respondent's comment (29, Female, Retailer)

4.4 Segments

Based on the key findings, drugstore owners can be categorized into four distinctive segments: Specialists, Less purchasing power, Price sensitive and Prefer

original brand. Although each segment is different, they also have common features. From the data, we can categorize the respondents into the following 4 segments

1. Specialists (N=5)

These drugstores are located in central Bangkok and operate as both a retailer and a wholesaler. Two of the respondents said that their main customers are doctors from private clinics, retail drugstores and people who live nearby. These drugstores prefer to pay cash and receive a discount, as opposed to getting long credit term. A majority of the customers do not need introduction or recommendation on the products because they are already specialists. It is harder for this segment to switch brands because they have knowledge about the products. Approximately 20% of the products in the store are original brands, while the remaining 80% are generic brands. Promotion such as point collection is very effective.

2. Less purchasing power (N=3)

These drugstores are located in the suburbs of Bangkok and operate as both a retailer and a wholesaler. These drugstores prefer to pay cash and receive a discount, as opposed to getting long credit term. Most of the customers are retail drugstores. Approximately 13% of the products in the store are original brands, while the remaining 87% are generic brands. Promotion such as point collection is very effective. Promotion such as point collection is very effective.

3. Price sensitive (N=10)

These drugstores are located in the suburbs of Bangkok and operate as a retailer only. Credit terms are vital to the business. Approximately 93% of the products in the store are original generic brands. The main customers are people who live nearby. Most of end customers are price sensitive, less knowledgeable about drugs and have no preferred brands. These drugstores carry very little original brands as they are hard to sell.

4. Prefer original brand (N=7)

These drugstores are located in central Bangkok and operate as retailer only. Credit terms are vital to the business. It is easier for this segment to switch brands. Approximately 12.8% of the products in the store are original brands, while the remaining 87.2% are generic brands. People who live in central Bangkok have more knowledge and higher purchasing power. Therefore, they can accept high prices of original brand products.



CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

The data analysis and results of how drugstore owners select brands of Acetylcysteine granule 200 mg are concluded below:

Selling generic brand products due to higher profit margin

Even though some drugstore owners believe that there are differences between original brands and generic brands (e.g., different active ingredients and manufacturing processes), drugstores still sell generic brand products because they are required to make a profit. Moreover, it is better to provide the consumers with more choices so they can compare and choose what they want. Consequently, drugstores will always carry generic brands.

Price matters but it is not everything

Based on the secondary data, the company that offers the cheapest product is not the biggest player in this market. Price war does not guarantee success in the pharmaceutical industry and could lead to debilitating losses. Pharmaceutical companies should consider other factors such as the product quality and feedback from customers as they also influence the purchasing decision of drugstore owners.

Recalling the name of the company.

There are numerous types of medicine in the market; therefore, respondents usually cannot recall the name of company. While some can recall the name of the company, they cannot do it immediately. However, respondents can usually recall the product brand. The brand name matters, but drugstores might not choose the top brands if the price is too high because they will get lower margins.

Advertising from company to end customers is important

Mass media advertising, especially on televisions and radio, is important. If end customers are aware of a particular brand, it would be easier for drugstores to persuade them to buy that brand or switch from another brand. On the contrary, direct advertising and trade shows organized by pharmaceutical companies are less impactful. As most of respondents do not pay attention to these. To conclude, pharmaceutical companies should carefully plan their marketing spending in order to maximize the benefits.

Push strategy or pull strategy

Most of respondents use both pull strategy and push strategy. Some end customers know exactly what they want to purchase, while others do not. Pull strategy involves selling the brand that end customers look for. Push strategy involves selling the brand the drugstore has on the shelf. The less knowledge an end customer has on a product, the easier it becomes for the pharmacists to persuade them to switch brands at the drugstore. Moreover, generic brands are often a good choice for customers with lower budgets.

Each drugstore can create a competitive advantage by selling different brands of products, making price comparison more difficult. End customers essentially want to be relieved from illnesses. Not many customers remember the brand, all they remember are the doctor or pharmacist who provide the products to them.

Retailer loyalty

Most of the respondents operate as a retailer and are quite sensitive when it comes to price and profit margins, especially those operating smaller drugstores. The respondents tend to persuade end customers to purchase minor brands or brands that provide them with higher profit margin. Any changes in the product price will immediately affect the brands selected by drugstore owners. Nonetheless, even if major brands or top brands raise their prices, drugstores still carry them. This shows that brand

reputation is still important. Other factors such as sales representative and distribution are less important.

5.1 Suggestions for Future Research

Additional research could be done on the following:

1. How do drugstore owners define brand reputation and brand quality? This will allow the researcher to understand their meaning of brand reputation and brand quality.

2. Do drugstore owners consider the country of origin in terms of pharmaceutical products? This will allow the researcher to understand their perception on generic drugs between countries.

3. How do drugstore owners consume knowledge about pharmaceutical products? This will allow the researcher to understand their behavior and devise ways to communicate with them.

Moreover, the scope and sample size for the research could be expanded. For example, the samples could include respondents from upcountry areas to see difference in attitudes and behaviors.

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APPENDICES

APPENDIX A

Proportion between Population and Beds for General Services, Bangkok Metropolis and Other Provinces, year 2010-2014

Proportion between Population and Beds for General Services, Bangkok Metropolis and Other Provinces, year 2010-2014

	Y 2010	Y 2011	Y 2012	Y 2013	Y 2014
Amount of bed					
Total beds	134105	144082	146994	151328	150350
Bangkok Metropolis	21451	29216	29092	26205	28085
Other Province	112654	114866	117902	125123	122265
Number of population per bed					
Whole country	475	445	437	427	432
Bangkok Metropolis	266	195	195	217	203
Other Province	515	509	497	516	504

Source :Bureau of Policy and strategy (survey data)

APPENDIX B

Hospital and Medical Establishments and beds in rural area, Office of the Permanent Secretary year 2010-2014

Hospital and Medical Establishments and beds in rural area, Office of the Permanent Secretary year 2010-2014

Category of Establishment	Y 2010		Y 2011		Y 2012		Y 2013		Y 2014	
	Amount	Bed	Amount	Bed	Amount	Bed	Amount	Bed	Amount	Bed
Regional Hospital	25	17789	28	19604	28	19660	28	19852	28	20361
General Hospital	68	23607	68	23042	68	23636	88	23642	88	28370
Community Hospital	731	35042	759	35435	759	35763	770	37614	770	37614
Extended O.P.D.	-	-	4	108	4	108	4	108	4	108
Health Centre	9758	-	9761	-	9761	-	9882	-	9891	-
Community Health Centre	146	-	129	-	129	-	132	-	121	-

Source : Bureau of Policy and Strategy (Survey data)

APPENDIX C

Health Institution, No admission, year 2010-2014

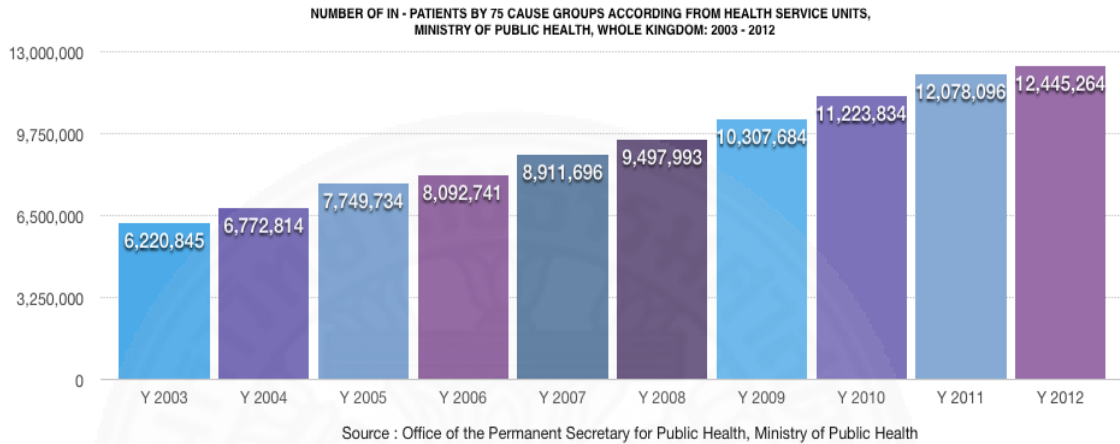
Health Institution, No admission, year 2010-2014

Health Institution	Y 2010	Y 2011	Y 2012	Y 2013	Y 2014
Health Centre	9758	9761	9761	9882	9891
Community Health Centre	146	129	129	132	121
Public Health Centre (Bureau of Health Bangkok Metropolitan Authority)	68	68	68	68	68
Clinic (Private)	19071	18828	18802	18802	9849

Source : Bureau of Policy and Strategy (Survey data)

APPENDIX D

Number of in-patients by 75 causes broups according from health service units, Ministry of public health, whole kingdom : 2003 - 2012



APPENDIX E

Proportion Population and Medical and Health Personnels of each category in Bangkok Metropolis and Other Provinces, year 2010-2014.

Proportion Population and Medical and Health Personnels of each category in Bangkok Metropolis and Other Provinces, year 2010-2014

	Y 2010	Y 2011	Y 2012	Y 2013	Y 2014
Population per physician					
Whole country	2893	2535	2533	2533	2125
Bangkok Metropolis	1052	933	886	1082	722
Other provinces	3494	3043	3090	2910	2613
Population per dentist					
Whole country	13252	11244	11233	10676	9876
Bangkok Metropolis	7865	6591	6477	7533	5957
Other provinces	14209	12073	12093	11123	10542
Population per pharmacist					
Whole country	7087	6425	6465	6388	5462
Bangkok Metropolis	3871	3362	3206	3937	2740
Other provinces	7718	7050	7172	6796	6037
Population per professional nurse					
Whole country	531	498	495	506	433
Bangkok Metropolis	282	257	239	288	203
Other provinces	581	548	552	546	474
Population per technical nurse					
Whole country	6903	7472	15430	9934	7425
Bangkok Metropolis	1960	1857	18789	1936	1572
Other provinces	9179	10583	15167	16506	11553

Source : Bureau of Policy and Strategy (Survey data)

APPENDIX F

Sales of Cough, Cold and Allergy (Hay Fever) Remedies by Category: Value 2011-2016

THB million	2011	2012	2013	2014	2015	2016
Antihistamines/Allergy Remedies (Systemic)	742.3	798.0	859.5	926.8	1,005.6	1,089.1
Paediatric Cough, Cold and Allergy Remedies	147.4	155.5	165.1	175.0	186.4	198.1
Combination Products - Cough, Cold and Allergy (Hay Fever) Remedies	1,091.4	1,006.3	1,026.4	1,071.1	1,122.5	1,174.2
Cough Remedies	714.9	766.4	808.6	853.7	905.0	957.5
Decongestants	1,003.1	893.6	746.6	789.4	841.6	894.0
Medicated Confectionery	2,703.2	2,973.1	3,295.7	3,437.6	3,567.4	3,694.4
Pharyngeal Preparations	733.1	802.7	867.0	942.1	1,029.7	1,122.3
Cough, Cold and Allergy (Hay Fever) Remedies	7,135.5	7,395.6	7,768.9	8,195.8	8,658.3	9,129.6

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: 2016 data is provisional and based on part-year estimates.

APPENDIX G

QUESTIONS INTERVIEW DEPTH-IN

1. Do you have Acetylcysteine granule 200 mg available at your store?
2. Which brand that you have and what proportion?
3. Why choose these brand ?
4. Have you ever change brand and why?
5. Why sale Acetylcysteine granule 200 mg ?
6. Where do you order Acetylcysteine granule 100 mg, 200 mg from?
7. Who's your target market?
8. What type of your store (Wholesale or retailer)?
9. Please tell me about first experience in ordering Acetylcysteine granule 200 mg
10. In case that client want to Brand that you don't have, what will you do?
11. In case that your friend or your relative become a sale representative, do you think it will effect to your buying decision or not?
12. In case that Acetylcysteine granule 200 mg that you normally buy is out of stock, what will you do?
13. Do you use push or pull strategy?
14. In your opinion "original drug" and "generic drug" same or difference?
15. Characteristic of sale representative that you prefer ?
16. Do you have any impress ordering experience ?
17. Please rank name of pharmaceutical companies in Thailand that you trust in quality?
18. What's your opinion about lead time?
19. What's you opinion about product advertising?
20. What's you opinion about credit term?
21. What's you opinion about promotion?
22. What's your opinion about after sale service?
23. What's your main customer? and where are your store located?

BIOGRAPHY

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