

A Study on Product Quality as a Source of Customer Acceptance with Special Reference to the Pharmaceutical Industry

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Abstract

The pharmaceutical industry is one among the fast growing industries with a constant increase in demand for medicines and medical supplies. The complex nature of food habits and lifestyle of people have contributed to the boom in this industry. The arrival of several new entrants to the field of medicine has resulted in varieties even in the Drugs, which used to be monopolised in the olden days. To keep pace with the ever changing requirements of the market becomes a vexatious task for the pharmaceutical companies. Companies have focused upon the quality dimension to survive the market over quantity or price considerations. Hence a study has been made to understand the quality aspect in the pharmaceutical industry, in order to gain more clarity and knowledge up gradation.

Key Words: Consumer purchase decision, customer requirements, pharmaceutical products, product quality, quality management.

1. Introduction

In the present scenario, where there is the presence of several players in the pharmaceutical industry, the focus of the market is on the quality rather than the quantity or price. Gone are those days where people would stick on to only to those products which had a first mover advantage. Now a day's people look for the alternatives from whatever is currently available. Quality has become the rules for both trade as well as consumption. With products like drugs and medicines, customers or say patients using the medicines prefer items which match their specifications. The government has also stressed upon the fact that quality specifications and precise requirements of the users or the ailment has to be considered before developing any medicine, hence contributing to the decrease in mortality rate.

2. Review of Literature in the Area of Study

Product quality has been recognized as a strategic organizational priority for some time.

Flynn et al. (1994) argued that quality is a critical component in the design and manufacture of products which are considered superior to those of competitors.

Belohlav (1993); Carr 1995 Companies reportedly pursue product quality on the presumption that it will improve their competitive position, business success, and differentiate their products.

Daniel and Reitsperger (1991) indicated that a strategic focus on quality has been widely considered as a fundamental aspect of manufacturing strategy in many firms, and is likely to result in improvements in product demand thereby facilitating the building and maintenance of a competitive position.

Hitt and Hoskisson (1997) argued that customers increasingly expect products to be of high quality.

Benson et al. (1991); Flynn et al. (1994); Judge and Douglas (1998) Hence, product quality is often considered to contribute to the development of a firm's competitive advantage.

3. Need/Importance of the Study

India's healthcare industry has been growing at a tremendous pace – the total industry size is forecast to reach US \$160 billion by 2017, and US \$280 billion by 2020. The need for this study is that it provides an avenue to have a better understanding of the quality dimension used by the pharmaceutical companies also including the quality management practices of the pharmaceutical companies. Having understood the importance of drugs and medicine usage in today's context, in which the total contribution made by this sector alone to

India's exports is around \$11.7 billion worth of pharmaceuticals in 2014. The Contribution made by this sector alone accounts for about 2% of total India's GDP.

4. Statement of the Problem

Now a day's quality is very important. Customers prefer quality products. Unfortunately many companies carry a misconception in their minds about surviving competition. Pharmaceutical Companies feel that if they have a wide variety of medicines or possessing strong marketing skills, will make them more profitable in the long run. The study helps to know the quality aspect to pharmaceutical products and it is also helps to know how the company will satisfy the customer's needs and how the company will create a good image in the views of public. This study is conducted to show how the company will utilize the resources and how it will capitalize on the quality aspect as a source of growth, survival, sustainability and competitive advantage.

5. Objectives

- To identify the extent of quality preferred by customers with respect to pharmaceutical products.
- To observe the source of information to customers regarding the quality aspect of pharmaceutical products.
- To understand the customers view point regarding the factors influencing their purchase intent regarding pharmaceutical products.

6. Scope of the Study

The study covers only the areas concerning quality of pharmaceutical products.

1. The current study is undertaken for the purpose of knowing the quality aspect, the source of information influencing the customers purchase decision.
2. The study brings out the applications of various inputs gathered from the customers to re-define the quality dimension.
3. The study helps in understanding the crucial roles played by each and every company in managing quality in the products.
4. The study helps to know how the customers will disclose their requirements.
5. This research report will be used by Group Pharmaceutical Limited as a reference document to upgrade their existing quality standards and re-design their products to meet specific customer requirements.

7. Research Methodology

Research methodology is the process used to collect information and data for the purpose of making business decisions. The methodology adopted in this project includes publication research, interviews and surveys. The primary data

collection included distribution of questionnaires to the target group of Customers. Likert scales were used in the questionnaire to ascertain the degree of agreement with a statement or set of statements. Microsoft Excel software was used to analyse the data obtained. Unstructured Interviews with the customers was also carried out to know about their choices regarding factors influencing their purchase intent towards pharmaceutical products. Data regarding the quality dimension of pharmaceutical products has been sourced from various articles and books. A Comprehensive Literature Review was done by referring to research papers related to product quality.

Sampling Design

The sampling technique used for this study is Convenience Sampling. Convenience sampling is a type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study. The population selected for this study included the customers of pharmaceutical products. The sample size for the survey was 50 customers.

Time Period Covered

The duration for the entire Project work was 5 days. The time taken to finalize the Project design, Literature review, Objective formations, selecting dimensions to measure questionnaire formations, refining the questionnaire etc. was around 3 days and the data collection were carried out in 2 days.

Tools & Techniques for Collection of Data

The primary data was collected using questionnaires and responses were received from customers of pharmaceutical products. The primary structured questionnaire in this study consisted of questions regarding quality aspects, information sources suggesting the choice of medicines, attributes influencing the purchase intent of customers with respect to pharmaceutical products. Along with the questionnaire, there were face to face Interactions with the customers. Secondary data was collected from reviewed literature, project reports & other published materials.

Plan of Analysis for Primary Research

The questionnaire has been designed to collect information regarding the quality and its impact on customer's choice. The Likert scale was used to assign value to each of those responses and derive observations on the extent of preference. For the purpose of analyses, Microsoft Excel software has been used. The results of the analyses have been presented in the form of bar charts.

Data regarding the product quality were retrieved from the comprehensive Literature Review related to quality management in the pharmaceutical industries. An in-depth analysis from various websites, articles and books was done to further support the study.

8. Limitations of the Study

1. Time constraints.
2. Interaction with the customers was very limited because of their busy work schedule.
3. The response of the customer does not reveal true reasons for their statements made.
4. Certain factors were treated as highly confidential by the management hence in depth data could not be collected.
5. The study is limited to the extent of information provided by the customers.
6. This study is made with randomly selected consumers which is region specific, but not all.

9. Data Analysis & Interpretation

Table 1: Demographic Profile of Respondents

AGE		
Age classification	No. of respondents	Percentage of respondents (%)
Below 20	05	10
20 - 30	10	20
30 - 40	20	40
40 - 50	10	20
50 & above	05	10
Total	50	100
GENDER		
Gender classification	No. of respondents	Percentage of respondents (%)
Male	32	64
Female	18	36
Others	00	00
Total	50	100
MARITAL STATUS		
Marital status	No. of respondents	Percentage of respondents (%)
Single	08	16
Married	42	84
Total	50	100
EDUCATIONAL QUALIFICATION		
Educational qualification	No. of respondents	Percentage of respondents (%)
School	05	10
Graduate	10	20
Post graduate	28	56
Diploma	07	14
Total	50	100

Source: Primary Data

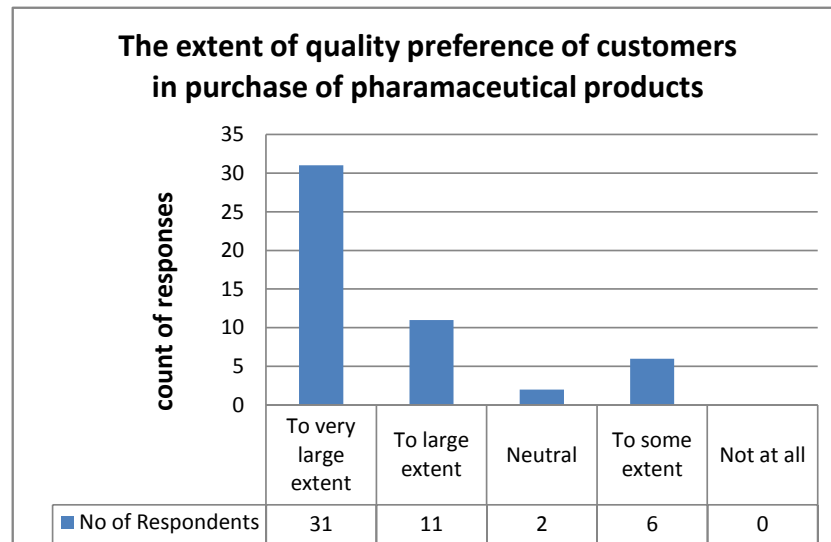


Figure 1: Quality Preference of Customers Analysis

The analysis revealed that a majority of the respondents to a very large extent preferred quality as a parameter for their purchase of pharmaceutical products. As the products as consumed internally quality is a major factor of consideration, bearing a significant impact on one's health condition.

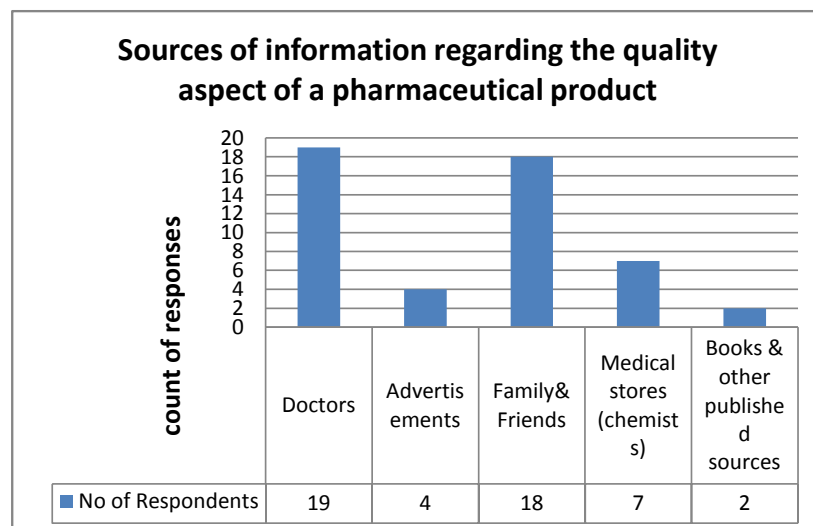


Figure 2: Customers Source of Information about Product Quality Analysis

The analysis revealed that doctors were a significant source of information regarding the quality aspect of a pharmaceutical product. All patients consider the information to be genuine as it is prescribed by the medical practitioners.

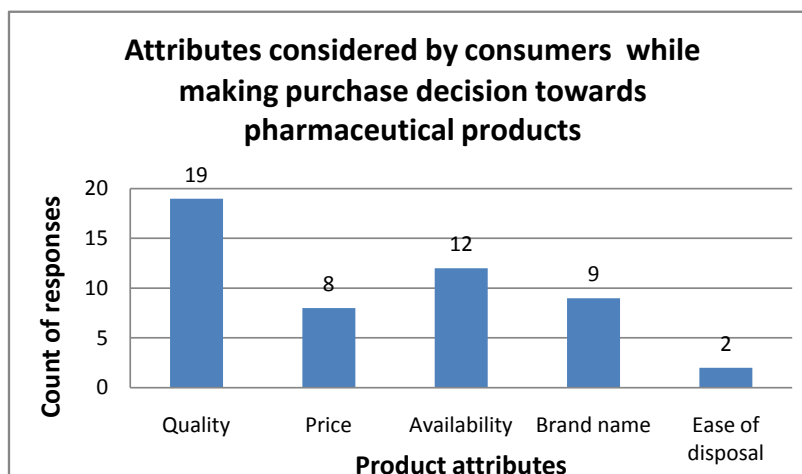


Figure 3: Factors Influencing Consumers Purchase Decision Analysis

The analysis revealed that quality is a major influencing factor in the customer's decision making process. Here quality is derived from the contribution of the quality guru Joseph M Juran, which is referred to as "fitness for purpose or use".

10. Findings

1. Majority of the respondents in this study are aged between 30 - 40 years accounting for about 40% of the total respondents surveyed, 20% and 20% come under the age bracket between 20-30 years & 40-50 years respectively, 10% and 10% come under the age bracket between below 20 and 50 & above respectively.
2. Majority of the respondents were men, who were accounting for about 64% and the remaining 36% included women. It is assumed that men are more prone to health issues over women, due to stressful jobs and extended work hours.
3. Out of 50 respondents, 84% of them were married & 16% of them were unmarried.
4. When it comes to the rate of literacy, maximum numbers of respondents were post graduate accounting for about 56% and the remaining 20%, 14% & 10% had completed graduation, diploma & SSLC respectively.
5. It was observed that customers to a very large extent preferred quality in the pharmaceutical products they purchase the reason being quality denotes "fitness of use or purpose" as defined by Joseph M Juran.
6. Customers preferred Doctors suggestion as a vital source of information regarding the quality aspect of a pharmaceutical product. Over other sources which included friends & family, Ads, chemists & other published material.

7. Quality took precedence over others factors like price, availability, brand name, ease of disposal in influencing the purchase intent of the ultimate consumer.

11. Recommendation

1. Pharmaceutical companies have to place extreme importance over the quality dimension of the drugs, as they are the felt need of the market as per the research study.
2. Even though this study revolves around quality aspect, still other factors like price of medicines, availability factor, ease of disposing the product post usage & Brand names has to be strategically developed for the overall growth and success of this industry.
3. Competition has resulted in the circulation of fake medicines and look-alikes of several branded medicines, leading to causing threat and health damages to the consumers. Suitable measures have to be adopted to speculate and abolish this rampant illegal production and distribution in the market.
4. Government has to formulate strong product safety policies and mandate pharmaceutical companies to reach the prescribed standards specified.
5. Pharmaceutical brands have to focus on a expanding their distribution networks to reach even the remote areas, thereby health is created and bestowed for the future generations to come.

12. Conclusion

The research study was conducted with the main intention of enhancing the knowledge in quality and management practices, bridging the gap between industry and academia and to create the general level of awareness regarding the importance of product quality in shaping a brands corporate image as well as creating and maintaining a strong customer base in favour of its products. This study provides the real picture of how quality is defined and accepted by the customers in the market with special reference to pharmaceutical products. The report can be used as a reference document by Group Pharmaceutical Limited, Kolar district, Malur, Karnataka, to formulate and implement the necessary changes prescribed by the customers. As survival and sustainability of a brand or an industry is greatly dependent on the level of acceptance by the customers at large.

13. Scope for Further Research

The scope for future study could include areas like, Inspection and quality control practices, quality management, quality cost controls, quality circle, six sigma, lean manufacturing in the pharmaceutical industry.

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