Brand Equity in Pharmaceutical Industry: An Empirical Study

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Abstract

Brand equity is an intra-individual build parallel to attitude strength. Brand equity, which implies a consumer-based focal point and affects consumer decision processes in a manner related to attitude strength, represents one of many factors that put in to brand value, which define as the surrogate value of a brand and which implies a company-based perspective. The present study focused on to study the importance of branding in the pharmaceutical industry and the strategies for building pharmaceutical brand and communicates it effectively. All the doctors, chemists and patients in Chandigarh who are concerned with OTC drugs specially antacids were covered under the study. Appropriate techniques were used to analyze the study.
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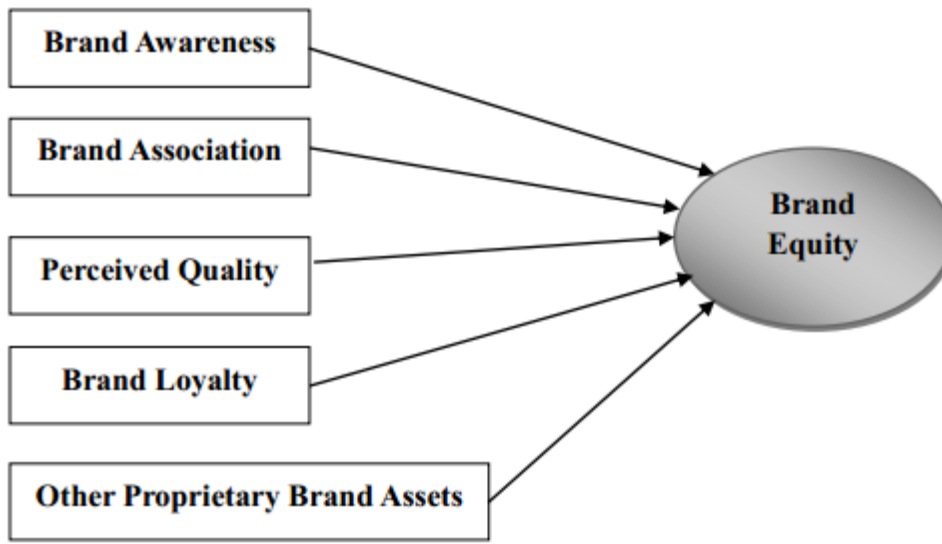
Introduction

Brand equity is a corporate intangible asset based on the information of a precise brand in a market. Brand equity expresses the consequential reply to the actions executed by a company, to create a specific brand identity, which is meant as a theoretical' profile to be achieved. Many factors contribute to increasing the number of brands managed by a company. These factors contain the progress of the operating reporting area, company growth , mergers and acquisitions processes, agreements, alliances and joint ventures. Brand portfolio management is the central mark of brand management as of the high level of investment needed to permit for suitable visibility.

In the context of today's corporate struggle, the value of brand equity cannot be restricted to a hypothetical single-brand structure, but must be comprehensive to a given company's system of active brands. Brand is an assure of reimbursement to the consumer.

Brand equity is the insight that a brand will meet up a prominent promise of benefits. Brand Equity stems from the greater confidence that consumers place in a brand than they do I its competitors. The measurement of brand equity may assist in the evaluation of the marketing mix elements of a brand. Brand equity is incremental efficacy and value capable to a product or service by its brand name and it is considered as a foundation of competitive advantage by many firms.

Figure: 1   Dimensions of Brand Equity

Source: Aaker, D. (1991)

Need of the study

In an Industry where patent life is limited and the domain of market exclusively is being toppled harder and faster by the onslaught of generics, a brand name needs to work that much harder throughout its on-patent life, while having the potential to live long beyond it. The present study was needed to find the solution of the following questions:

- Why branding has becoming an important marketing strategy in Pharmaceutical sector now?
- How the branding of Pharmaceuticals different from the branding of any other industry, majorly FMCG industry?
- What makes the brands in the pharmaceutical sector a success?

Research Methodology

Most of the research in brand equity has been conducted in the various sectors and a modest body of literature is growing in the pharmaceutical sphere as well. For the study, both primary and secondary data was collected. The target group was doctors, pharmacists/chemist and patients. All the doctors, chemists and patients in Chandigarh who are concerned with OTC drugs specially antacids.

Considering the cost, degree of use, advantages and time constraints, the sampling technique followed was non-probability. Convenient Sampling was followed for physicians and doctors. Snowball Sampling was used for pharmacists/chemists.

Sample size was determined on the basis of judgment: No. of Doctors: 50

No. of Pharmacists/Chemists: 50

No. of Paramedics: 50

Objectives of the study
- To study the importance of branding in the pharmaceutical industry.
- To study the strategies for building pharmaceutical brand and communicate it effectively.

Scope of the study

The scope of the study includes the following:
- Effect of branding in formulation medicines in the urban market.
- Importance of Branding in Pharmaceutical Industry.

Analysis and Interpretation of Findings:
Factor analysis was applied to measure band equity. (Consumer)
Table:1   Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.257	56.885	56.885	6.257	56.885	56.885	6.187	56.250	56.250
2	4.571	41.558	98.442	4.571	41.558	98.442	4.641	42.193	98.442
3	.171	1.558	100.000						
4	4.86E-016	4.42E-015	100.000						
5	7.19E-049	6.53E-048	100.000						
6	4.77E-065	4.33E-064	100.000						
7	-5.09E-050	-4.63E-049	100.000						
8	-3.21E-033	-2.92E-032	100.000						
9	-5.05E-032	-4.59E-031	100.000						
10	-2.69E-017	-2.4E-016	100.000						
11	-1.03E-016	-9.32E-016	100.000						

The extraction of the data in two components explains 98% of the variance in the data. Both the components have Eigen values well over 1 which indicates the significance of the weightage attached to the components.

Table: 2   Rotated Component Matrix (a)

	Component	
	1	2
Antacid	-.436	.817
Brand Name	.999	-.022
Price	.999	-.022
In store Promotions	.999	-.022
Physician Reco	.999	-.022
Chemist Reco	.999	-.022
Advertisement	.999	-.022
Price Perception	.038	.996
Exposure Advertisement	.038	.996
Awareness antacid	.038	.996
Effectiveness	.038	.996

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 3 iterations.

The varimax rotation of variables resulted in 2 components:
1. Component 1:
   This component is made up of the name of the brand, the price, and the in store promotions that a customer is exposed to, the physician and the chemist recommendation and the advertisement the customer sees in various media. All these variables are tangible in nature. Component 1 can be labeled as "Tangible Brand Attributes".

2. Component 2:
   This component is made up of price perception, exposure to advertisement, the awareness of the consumer and the effectiveness. All these variables are intangible in nature. Component 2 can be labeled as "Intangible Brand Attributes".

Table: 3   Component Transformation Matrix

Component	1	2
1	.979	-.204
2	.024	.979

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

The component transformation matrix shows no correlation between the two components, hence we can easily take these two components to calculate brand equity of product.

Brand Equity= Tangible Brand Attributes*6.257 + Intangible Brand Attributes*4.571

E. Descriptive Analysis of Study

The qualitative analysis of the survey gave the following results:

Consumers
- Only 30% of the patients are likely to ask their chemist about a medicine after reading or seeing an advertisement.
- 62% of the patients are not likely to ask their chemist about a medicine after reading or seeing an advertisement.
  Interpretation: This is interpreted that Indian consumer does not rely much on the information or don't even get inquisitive to ask about a particular drug after reading about it. They just depend upon the recommendation of a learned intermediary, either doctor or chemist for any such information.
- 80% of the patients are not likely to purchase the drug next time, after they read about or see the advertisement.
  Interpretation: This reflects that consumers are not well convinced by the information they gain through any media to consumer a drug without a physician or chemist's recommendation.

- 64% of the patients told that they are very much likely to purchase the same brand of medication they have historically. 14% of the patients are neutral to the statement
  Interpretation: This behavior reflects that once they have experience of a usage of drug, then they are likely to trust the drug. This shows that Indian consumer depends on their own experience with the drug rather than knowing about them for any source.
- 40% of the patients feel that there is no difference in generic and branded drugs, 22% feel that generic and branded drugs differ, 12% asserts that they are very much different.
  Interpretation: It means that general awareness about branded and generic drug is less among the people.
- Maximum of the respondents surveyed told that they will pay maximum of 20% extra for their chosen brand of antacid.
  Interpretation: This shows that consumers are not brand conscious when it comes to buying drugs and are not ready to pay extra for their preferred brand.

  Chemists
- Chemists were more influenced by corporate branding rather than individual product branding.
- Chemists were more influenced by the promotion and the margin they are getting rather than the brand of the product.

- When a patient asks for a specific brand the chemist has no option but to give that to him.

      Doctors
- Doctors were more influenced by the efficacy and the quality of the drug rather than the brand.
- Since this category of drug is OTC most of the times the doctor is by passed by the patient.

Conclusion

Branding in Pharmaceutical industry has become very important in today's competitive environment. Important consideration for making a successful Pharmaceutical brand is the way the brand is build and then communicated to the target audience. Need of an hour is to lead with building trust rather than a brand equity and relationship other than brand. One should do brand conversion to corporate brands, because once the trust is build in the company, then it is easier for the consumer to have faith in any brand of that very company.

The study revealed that there are two components that measure the brand equity, those are the tangible and the intangible component. Hence, an equation to calculate brand equity of an antacid is been derived.

References

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