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Elements of marketing mix that affects brand loyalty of prescription drugs in Penang

by

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Research report in partial fulfilment of the requirements for the degree of MBA

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ABSTRAK

Kajian ini bertujuan untuk meninjau hubungan di antara elemen-elemen kombinasi pemasaran yang terpilih dan pembentukan kesetiaan pengguna terhadap jenama. Di dalam kajian ini, kesan mediasi, kesedaran jenama dan persepsi kualiti jenama ubat preskripsi juga dikaji. Populasi dan juga sampel bagi kajian ini telah di pilih dalam Pulau Pinang (bahagian pulau) sahaja. Selain daripada itu, sampel bagi kajian ini telah dipilih secara spesifik daripada populasi pembeli ubat preskripsi selepas mereka membuat pembelian ubat preskripsi di premis kedai farmasi. Dalam konteks kajian ini, elemen kombinasi pemasaran mempunyai hubungan dengan kesetiaan pengguna, di mana, persepsi kualiti dan kesedaran jenama akan bertindak sebagai mediasi perantara untuk hubungan tersebut. Setelah lengkap, hubungan ini ditujukan semula kepada kesetiaan jenama. Untuk menyokong hipotesis kajian, suatu ujian empirik menggunakan model hubungan berstruktur digunakan. Keputusan menunjukkan ciri-ciri produk, imej kedai, keberkesanan pengedaran, pengiklanan dan promosi jualan mempunyai kesan ke atas kesetiaan pada jenama ubat preskripsi di dalam populasi pengguna ubat preskripsi di Pulau Pinang. Hubungan ini di pengaruhi juga oleh kesedaran jenama dan persepsi kualiti jenama ubat preskripsi. Keputusan ini boleh membantu pengilang ubat preskripsi dan juga pengedar untuk pemasaran produk mereka kepada pungguna ubat preskripsi di Pulau Pinang.

ABSTRACT

This study explores the relationships between selected marketing mix elements and the creation of brand loyalty in the prescription drug industry. In the study of the above stated framework, it was also tested to discover the mediating effects of brand awareness and perceived quality of the prescription drug brand. The population and sample were narrowed down to just Penang island. Besides that, the samples were also specifically chosen from the population of prescription drug buyers after they make a purchase of their prescription drugs at retail pharmacy outlets. The proposed conceptual framework in which marketing mix elements are related to the dimensions of brand loyalty, that is, perceived quality combined with brand awareness may mediate the relationship. These dimensions are then related to brand loyalty. The results show that better product attribute, store image, distribution intensity, advertising efforts and sales promotion relates to high brand loyalty or prescription drug purchase in Penang Island. The relationship of these elements were also partially mediated by brand awareness and perceived quality of these prescription drugs. These results will be helpful for prescription drug manufacturers and marketers to market their products to the Malaysian prescription drug users.

CHAPTER 1

INTRODUCTION

1.1 Background of study

Malaysia is a country which has achieved independence for the past 51 years. It is a country of vast culture, socioeconomics and complexity of all form. This achievement has proven to be a great catapult for Malaysia to push herself further into catering its own needs and wants. Wanting to meet one's need and having the capacity to do is two different aspects of outlook. In the case of supplying raw materials and finish goods for the consumptions of its own population, Malaysia is at equilibrium for imports and exports, making her total import/exports ratio to a marginal positivity. However, in the region of medicine for human ailments, she is rather lacking in terms of being self-sufficient. This may be due to lack of funding and expertise to actually run research and development.

Medicine, which is the common layman term for pharmaceutical preparations which are applied or consumed by human in order to achieve satisfactory physiological state of health or control a disorder from worsening or within acceptable range. Pharmaceutical preparations are most of the time sterile or semi sterile preparations which take the form of tablet, capsule, liquid emulsions and elixirs. Under pharmaceutical preparations there are two genre of class, mainly health supplement and medicine. Health supplement which takes the form of pharmaceutical form will fall into this category. If the medicine category is analysed further, it will unveil two classes which are over the counter (OTC) medications and poisons also known as controlled medicine. Hence the name, over the counter medicine can be sold by anyone and by any method. As for controlled medicine, it splits into two groups, prescription drugs and non-prescription drugs. Non-

prescription drugs can be supplied by pharmacist without prescription from a medical practitioner. It usually contains chemicals in the form of drugs which does not fall into the controlled medicine group. Over the counter products are often sold by retailers with no restriction. However, a prescription drug can only be dispensed by a pharmacist with the prescription from registered medical practitioner. At this point, the consumer, the user of the prescription will get their prescription filled at a retail pharmacy outlet. A pharmacist license allows them to buy, store and sell prescription drugs. Therefore, even a distribution company which handles prescription drug needs to hire a registered pharmacist.

When it comes to prescription drug, there are two classes which are the innovator brand and the generic brand. Innovator brand belongs to the drug companies who were the first to discover the particular active ingredient. Therefore a patent right is given to them to own the brand of the compound made into a preparation. For a certain number of years, there can be no other product containing the same similar compound of active ingredient in their product. As soon as the product patent expires, manufacturers, especially local, will start to produce their brand of the product extensively into the market. Every prescription drug will contain an active ingredient that is the main component of the product.

Drug companies both local and international are facing real problem identifying the right component of the marketing mix for prescription drug market. One of the methods used to identify the optimal mix would be to identify which the consumers of prescribed drug are taking into consideration. McCarthy (1960) classified these tools of marketing mix into four broad groups, which complements each aspect of marketing. Consumers or patients who are often on long term treatment of prescription drugs have no other choice but to continue using the

prescription drug. This is because, the disorder will only be in control if they are continuously on the drug therapy. Therefore, they tend to be pressured into buying such items based on the little knowledge on which brand would benefit them in all sense. This is where the marketing aspects could come into play.

In Malaysia, retail prices of prescription drugs vary from one retail pharmacy outlet to another, depending on the owners pricing discretion. Affordability of prescription drugs have come to question lately as Malaysia has been categorized as one of the nations which marks up to an exorbitant price in the South East Asia region. The Ministry of Health has made its concern and acknowledgement but somehow or rather, the effort put into taking any action to curb and control the retail pricing mechanism of prescription drugs is lacking. Retail prices of medication vary depending on its source, dosage form, government taxes and the point of purchase which is usually retail pharmacies. Prices of medicine vary so much so that retail pharmacies that are in the same stretch of road have a vast difference in price for the same type of prescription drug. Such situation takes place due to lack of price control enforcement. In the United States, the FTC Act 1914, protects the consumers with a price control mechanism which covers a wide range of product genre. Price of medicine or prescription drugs which is considered life saving falls under its control. Therefore, the retail prices of prescription drugs are well controlled so that the customers are not burdened by variance in price.

This dilemma has proven to be burdening both the retail pharmacy owners especially the pharmacist and the customers. Prescription drug has always been a need to all human at any one or many point of time of their life. Having to worry about the price is one of the major concerns for the public but having to locate the right pharmacy which offers the right price is another painstaking effort. Drug

manufacturers are having lot of trouble contemplating the right marketing mix in order to satisfy the need of retailers, end-users and profiting from it at the same time. By examining the relationship between the marketing mix combination (Price, promotion, place and product) and the consumers' choice in prescription drug, we can raise questions about existing factors on normative text-book marketing theories. Choosing the right component of marketing mix will allow the drug company to change its price, sales force size and advertising campaign in the short-run. This could be done by identifying which of the marketing mix element actually favoured by the consumers. The price and product domain of research will remain the same throughout the research. However, for the place and promotion domain, it will be reviewed in two segments each. The element of place will be split into store image and distribution intensity, as for the promotion element it will split into advertising efforts and sales promotion. The first part of the this paper will review the four main marketing mix component which is the product, price, promotion and place adopted by both international and local drug companies and the effect on consumer choice. The above mentioned elements of marketing mix have been proven to have respective effect on the choice of consumers regardless of the product genre (Rosenberg, 2001).

Fornell (1992) and Ahmad and Buttle (2002) stated that the importance of brand loyalty is that it is positively related to the company's survival and making sure it will lead to the strong future of growth. In this competitive industry of prescription drug, it does not matter whether the companies' market share is increasing or dropping, one of the main elements to maintain their competitive edge is by "holding" their consumers and not letting them to change to another brand of prescription drug (Kim, Park & Jeong, 2004). Oliver (1997) as cited in Aydin, Ozer

and Arasil (2005) stated that brand loyalty is customers' commitment to buy the product or service consistently in the future, which lastly will cause the repetition in the same-brand purchasing despite the entire competitor's marketing effort asking them to switch their behaviour. Bowen and Chen (2001) mentioned that brand loyalty leads to reduction in marketing costs, increased sales and reduced in operational costs. In addition, the importance of having loyal consumers to a particular brand is such they are less likely to switch because of the price and they will make more purchases than non-loyal customers.

According to Butcher, Sparks and O'Callaghan (2001), Oliver (1999) and Reichheld and Sasser (1990), consumers brand loyalty is important since there are several threats from competitors for better service which could affect profits (Dean, 2002). This is vital in terms of segmenting and targeting consumers when providing their products to the customers. Hence understanding in depth what could affect brand loyalty in consumers is vital so that prescription drug manufacturers could prioritize which dimensions they should put more attention and effort in order to increase customer loyalty among their customers.

Consumers' choice of prescription drugs seen from a branding perspective has been lacking as the emphasis was underdeveloped. A thorough research on the factors affecting brand loyalty of a particular class of prescription drug would enlighten the industry on which element to focus on. To discover the relationship of the marketing mix elements and brand loyalty, some mediating variables (brand awareness and perceived quality) were looked into.

1.2 Problem Statement

In the current rate of illness related mortality in Malaysia, it is almost certain that any individual will experience one or more type of illnesses or disorders during their lifetime. Thus, this fact directly shows that eventually the majority of the population will participate in this subject of research. Therefore, it is important for this research to be carried out now so that the prescription drug manufacturers and consumers could benefit from it. Considering the current state of lifestyle, food safety and pollution rate, the stage of one to start experience or manifest a disorder will be accelerated by the years. Drug manufacturers can no longer just depend on their R&D Department to keep discovering new drugs, as it would require heavy investments. As a result drug companies will have to adapt to the dynamic marketplace change which is influenced by consumers' desire, need and preference to their existing line of products. Prescription drug consumers tend to vary in terms of their need that has been very demanding and unpredictable for drug manufacturers to maintain their market share. Beside the unpopular implementation of patent rights and bureaucratic problems related to product registration, the roller-coaster trend in demand for their product especially generics, has increased the need for them to formulate an ideal marketing strategy. Though product customization is not an issue for this line of product, price, efficacy and safety, availability, and promotion have been of great concern to consumers.

Apart from that, the right marketing strategy in promoting brand awareness is another major factor of a winning brand loyalty strategy. For that to happen, it is imminent that drug manufacturers explore such areas to enhance their competitiveness. Prescription drug manufacturers and distributors are constantly being pressured to abide a plenty rules regulation by the Health Ministry. Therefore,

they have to juggle between implementing effective marketing mix and also complying with these regulations. Previous studies have discussed the effect of marketing mix elements influencing brand loyalty of consumers. However in the prescription drug industry, there were minimal conclusive and clear studies done to relate marketing mix elements and brand loyalty.

Consumer loyalty has been a major concern of strategic marketing planning. It also offers an important ground for developing a sustainable competitive advantage. This advantage can be realized through marketing efforts (Dick and Basu, 1994). Anyhow, the prescription drug market is not a totally competitive free market as patent rights will prevent generic competitors to participate in the chase. But as soon as the patent expires, the competition will arise for the entire generics manufacturer, especially local. They will start to get a piece of the pie. Therefore, a design of successful marketing strategy requires a thorough understanding of the structure of the product market and the patterns of competition within those markets (Kannan and Wright, 1991). Finding the right component of the marketing mix that actually affects the consumers purchasing loyalty or choice will enable prescription drug manufacturers to compete and maybe dominate the market.

1.3 Research Objectives

Thus far there have been research on brand loyalty but none conducted in the Malaysian market specifically evaluating Penangites or Malaysian purchasing patterns of prescription drugs. The perfect balance between marketing mix and brand loyalty for prescription drugs will be a novel discovery. The objectives of this study are the following:

1. To investigate the relationship between marketing mix element and the brand loyalty in the prescription drug industry in Penang Island.

2. To investigate the relationship between marketing mix elements and brand awareness and perceived quality in the prescription drug industry in Penang Island.

3. To explore and discover on the relationship of brand awareness and perceived quality contribute to brand loyalty in the prescription drug industry Penang island.

4. To examine the mediating effect of brand awareness and perceived quality on the relationship of marketing mix elements and brand loyalty in the prescription drug industry Penang Island.

1.4 Research Questions

The research questions which are to be addressed are as follows

1. What's the relationship between marketing mix (price, promotion, product and place) elements and perceived quality?

2. What's the relationship between marketing mix (price, promotion, product and place) elements and brand awareness?

3. What's the relationship between perceived quality and brand loyalty?

4. What's the relationship between brand awareness and brand loyalty?

5. Does perceived quality and brand awareness mediates the relationship between the marketing mix elements and brand loyalty?

6. Are the elements in the marketing mix related to brand loyalty?

1.5 Definition of Key Terms

The following key terms will be referred specifically as they play important role in this study:

1.5.1 Brand Loyalty

According to Dick & Basu (1994) brand loyalty has been one of the major focus factor of strategic marketing planning as consumers buying habit challenges traditional ideas of brand loyalty, and it offers an important basis for developing a sustainable competitive advantage, an advantage that could be realized through marketing efforts. Loyalty is considered a critical measure of brand equity. This is because; it is a comprehensive indicator of a brand's ability to satisfy consumer needs effectively and also the key driver to profitability (McGranaham, 2001).

1.5.2 Brand Awareness

Aaker (1991) defined brand awareness as the ability for a buyer to recognize or recall a brand. Rossiter (1997) defined is as the degree of likelihood that the name comes to mind. Brand awareness could add value and lead to sustainable competitive advantage by first placing the brand in the consumer's mind. Secondly, this will act as a barrier to new un-established brands. Constant reassuring of the commitment

and the product quality has to be done to accommodate brand awareness. Lastly, the brand owners have to provide suitable leverage in the distribution channels (Strokes, 1985; Aaker, 1992).

1.5.3 Perceived Quality

It was highlighted by Herbig & Milewicz (1995) that perceived quality is a key contributor to a firm's reputation. It has also been highly correlated with a company's financial performance (Aaker, 1996). Ziethaml (1988) defined perceived quality as the consumer's judgement about a product's overall superiority or excellence. It is also said to be a component of brand value. Logic would reason that a highly perceived quality would lead a consumer to choose the brand over others. Therefore, brand equity will influence consumers' favourable attitude towards the brand if the brand is perceived to be of high quality.

1.5.4 Product Element

According to Zeithaml (1988), a product can be viewed as bundle of perceived attributes. Intrinsic attributes involve the physical composition of the product. Extrinsic attributes relate to a product-related aspect but not the product. Attributes related to performance such as reliability, durability and workmanship are considered to measure the variable product attributes. Hutchinson & Alba (1991) pointed out that consumers use product attributes as retrieval cues for information about product performance. Consumers will use attributes as the basis for evaluating a product and attributes promise benefits consumer seek when purchasing a product.

1.5.5 Price Element

Another marketing mix component that needs to be looked into is the price factor. A consumer making purchase will use price as an important extrinsic cue and indicator of product quality or benefits. This would imply that higher priced products will have characteristics that are more valuable than the lower priced products. According to Kamakura and Russell (1993), high priced brands are often perceived to be of higher quality and less vulnerable to competitive price cuts than low priced brands. It has been supported by previous research that price and perceived quality has a positive relationship (Rao & Monroe, 1989).

1.5.6 Place Element

1.5.6.1 Distribution Intensity

Distribution is considered to play a crucial role in the eventual acceptance and sales of a new product in the market. This is because it determines the availability of the new product to customers. Therefore, in order to reach to right target market, the right distribution method has to picked and developed. Apart from that, the distribution method which is chosen has to reflect the target market's buying pattern and allow for maximum availability or contact with if target consumers. Distribution is intensive when a particular product or brand is placed in as many outlets as possible and this strategy is commonly used for products which the consumer requires a great deal of location convenience.

1.5.6.2 Store Image

Store image also plays a crucial role in the formation of brand loyalty. If a retail pharmacy store is perceived by a customer to carry high quality product, the chances of brand awareness, and eventually brand loyalty is greater. In the case prescription drug, the Poison Act (1952) clearly defines that any drugs scheduled under the first schedule of poison of the act shall only be stored or dispensed by a licensed pharmacist or medical practitioner from a licensed premise. Therefore, one of the best distribution principles to be adopted by drug manufacturers and distributors is to have as many pharmacy retailers to have the product.

1.5.7 Promotion Element

1.5.7.1 Advertising Efforts

Advertising has always been seen as a crucial extrinsic cue depicting product quality (Milgrom & Roberts, 1986). Kirmani and Wright (1989) have described heavy spending in advertising shows the firm in investing in the brand, which indirectly implies superior quality. Advertising spending capacity are very good indicators for not only superior quality but also good buys (Archibald, Haulman & Moody, 1983). Apart from that Aaker and Jacobson (1994) also found positive relationship between advertising and perceived quality by consumers.

1.5.7.2 Sales Promotion

Sales promotion has also been seen to aid in improving consumers brand loyalty. Methods such as special sales, using media to distribute coupons, package

coupons, rebates and refunds are some of the methods that fall into the sales promotion factor (Blattberg, Eppen & Lieberman, 1981). Sales promotion has been found to be easily copied and counteracted, thus making it one of the less desirable methods to form brand equity (Aaker, 1991). Brand switching and temporary profit making might occur but it is only momentary (Gupta, 1988)

1.6 Significance of the study

The purpose of this research is to provide an understanding of theoretical and managerial contributions towards the formation of brand loyalty. On that note, this study will exhibit a systematic view of literature by proposing a framework for brand loyalty. All the mentioned elements of marketing mix will be investigated to significantly explain the formation of the brand loyalty in the prescription drug industry. Penang has been chosen as the platform to run this research for the beginning because the nature of its population. It is one the most densely populated state in Malaysia. Therefore, a study done in the Penang state will illustrate a preliminary picture of the situation before having the research done on other states. Besides that, it is also more convenient for the research to be done in Penang due to the location. The findings of this study will enable prescription drug manufacturers to understand the element or combinations of elements of the marketing mix that will actually contribute to brand loyalty. In the prescription drug industry, having a customer to be loyal to a brand would be difficult at there are many elements that influences it. This is because the active ingredient in the preparation is the same for a particular class of medication. Due to the same active ingredients, the manufacturers can only vary their product to their competition is by manipulating and improvising

the formulation of the drug. If the manufacturers failed to participate in this competition, they will end up losing their loyal consumers to their competitors as switching becomes prevalent.

Apart from that, usually the companies that score top marks for customers' loyalty consistently earn higher profit and tend to generate better revenue (Pettis, 1996). As this study explores into the consumers view on the marketing approach that affects their loyalty towards a brand, managers may get an insight view of the type of loyalty program that they should embark in. Building strong consumer loyalty will develop lifetime consumers for their products (Rosenberg, 2001). Consumers on prescription drugs are often on long and unspecified term of treatment, drug companies will have to retain their consumers by building a strong brand loyalty so that the consumers do not make a switch of brand, innovator or generics in particular. Being under-developed in the technology area, generic drug manufacturers are always behind those manufacturers with extensive R&D allocation. Therefore, they will have to compete with these new drug discoverers using other elements of marketing mix elements. They could even develop one or more elements into their competitive advantage.

There has been no research done on the effects of marketing mix on brand loyalty in the scope of prescription drugs in Malaysia. Therefore, this research will enable both local and international drug manufacturers to obtain useful information in retaining their consumers and therefore increasing their market share.

1.7 Organization of the Chapters

The current study is organized as follows. The next chapter deals with literature review of the topic to understand the concept of dependent, mediating variable and independent variable. It forms the “base line” for the present study and helps to develop the theoretical framework and hypotheses. Chapter 3 illustrates the methodology used in the present study which provides the sample and unit analysis, data collection method, measurements and statistical analysis method. Chapter 4 contains examination of the study hypotheses. Chapter 5 contains the discussion and implication of the study as well as the conclusion.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction: Branding Issues

During the earlier times, when marketing was still being research and theories tested, prior to the 90's, those companies with an established brand maybe considered to be in their comfort zone as there were very few established brands. Competition during this era was found to be very occasional. However, such situation did not occur through and after the 90's. This is because of the environment which took a rapid alteration at this time causing most the major established brands to lose their market share. This brought about lost of profits and the need to change the marketing direction (Loden, 1994). Successful brands such as Microsoft, Intel, Dell, Viagra, Vodafone, McKinsey and the Harvard Business School succeed due the reason that they are in the attractive markets. Besides that, they also have the type of product that meet the desire and wants of today's consumers. Primarily understanding the consumer perceptions and associations is an important step towards comprehending brand preferences and choices (Baldinger & Rubinson, 1996; Cobb-Walgren, Ruble & Donthu, 1995).

Brand name recognition comes along with strong perceived high quality of product by consumers. Therefore, a powerful brand will command a high degree of brand loyalty (Aaker, 1996; Alsop, 2000). Brand loyalty often developed through a consistent long-term planning and investment. This is done by maintaining the ever changing consumer need and environment. Keller (1998) brought forward that all the marketing programs that supports the marketing strategy have to be fine tuned thus making appropriate decision. According to Simon & Sullivan (1993), brand equity

increases the cash flow to the business. On the behavioural perspective, brand equity is critically important to make points of differentiation that will lead to competitive advantages based on non-price competition (Aaker, 1991).

Anyhow, customer-based brand equity is defined as the differential effect that brand knowledge has on consumer response to marketing activity with respect to brand (Keller, 1999). Consumer perception, preferences and behaviour towards marketing mix are the type of response to marketing activity. Thus, when consumers react positively to the product, price, promotion or distribution activities it is said the particular brand has a positive consumer-based equity. Conceptual framework in which the marketing elements are related to the dimension of brand equity is suggested by Yoo, Donthu & Lee (2000). The empirical test using a structural equation model, found that sales promotions such as price deals, are related to low brand equity, whereas high advertising expenditure, high price, good store image, and high distribution intensity are related to brand equity.

2.1 Dependent Variable

2.1.1 Brand Loyalty

According to Dick & Basu (1994) brand loyalty has been one of the major focus factor of strategic marketing planning as consumers buying habit challenges traditional ideas of brand loyalty, and it offers an important basis for developing a sustainable competitive advantage, an advantage that could be realized through marketing efforts. Loyalty is considered a critical measure of brand equity. This is because; it is a comprehensive indicator of a brand's ability to satisfy consumer needs effectively and also the key driver to profitability (McGranaham, 2001). In

order for continuous purchase to take place, brands must continually meet consumers' expectation. With this, loyalty of the consumer will be maintained. Reichheld (1996) has pointed out that, high loyalty is a certain sign of solid value creation; therefore, the only way a business that can retain consumer and employee loyalty is to create and deliver a superior value.

Often time, brand loyalty has been understood and preached in different ways. For instance, Aaker (1991) defined brand loyalty as a measure of the attachment that a consumer has towards a particular brand over others. Chaudhuri (1995) defined it as a consumer's preference to buy a single brand name in a product class; it is a result of the perceived quality of the brands and not its price. It is also defined as a favourable attitude toward, and consistent purchase of a particular brand (Wilkie, 1994). This explains that, when both attitudes and behaviours are favourable the consumers are brand loyal.

2.2 Mediating Variables

2.2.1 Brand Awareness

Aaker (1991) defined brand awareness as the ability for a buyer to recognize or recall a brand. Rossiter (1997) defined is as the degree of likelihood that the name comes to mind. Brand awareness could add value and lead to sustainable competitive advantage by first placing the brand in the consumer's mind. Secondly, this will act as a barrier to new un-established brands. Constant reassuring of the commitment and the product quality has to be done to accommodate brand awareness. Lastly, the brand owners have to provide suitable leverage in the distribution channels (Strokes, 1985; Aaker, 1992).

A study on consumer choice by Hoyer and Brown (1990) revealed that brand awareness enhances perceived quality and dramatically affected the evaluation of the brand. This explains that companies that does constant advertising will indirectly stand a chance of consumers retain the memory of a brand. Apart from that, it must also be reasonably profitable which means other set of consumers will continue buying the brand for other reasons such as satisfaction of performance and quality.

2.2.2 Perceived Quality

It was highlighted by Herbig & Milewicz (1995) that perceived quality is a key contributor to a firm's reputation. It has also been highly correlated with a company's financial performance (Aaker, 1996). Ziethaml (1988) defined perceived quality as the consumer's judgement about a product's overall superiority or excellence. It is also said to be a component of brand value. Logic would reason that a highly perceived quality would lead a consumer to choose the brand over others. Therefore, brand equity will influence consumers' favourable attitude towards the brand if the brand is perceived to be of high quality.

Chaudhuri (1995) discovered that the perceived quality of suppliers has been positively related to brand loyalty. According to Herbig and Milewicz (1995), the perceived quality on the part of the consumer relates to attributes-derived association, including reputation for reliability, performance, perceived price, service and value. It was found that the most important parameter of quality for achieving a perceived competitive advantage is performance and reliability.

Up to now, there has been very little research done on the study of marketing mix and the effect on consumer medicine choice although there has been more

studies done on “market entry”. For example, Biggadike (1979) and Lambkin (1988) explains thoroughly breadth of the product line, pricing decisions and distribution intensity for their studies of market entry. However, recent work by Susan Hart and Nikolaos Tzokas (2000) has gone extensively on new product launch “mix’ in growth and mature product markets. In this research we will be looking into all the four Ps and identify one or more components which is mainly considered by consumers as important when it comes to purchasing prescription drugs. Such knowledge on the choice of consumers will benefit the drug companies in deciding the field of focus and eventually investments. The four Ps that actually influences consumer choice will be discussed below:

2.3 Independent Variables

2.3.1 Product element

According to Zeithaml (1988), a product can be viewed as bundle of perceived attributes. Intrinsic attributes involve the physical composition of the product. Extrinsic attributes relate to a product-related aspect but not the product. Attributes related to performance such as reliability, durability and workmanship are considered to measure the variable product attributes. Hutchinson & Alba (1991) pointed out that consumers use product attributes as retrieval cues for information about product performance. Consumers will use attributes as the basis for evaluating a product and attributes promise benefits consumer seek when purchasing a product.

Decision regarding products is often about the type of the product that is being marketed to the consumer. In the case of prescription drug or medicine the product has to be the item that has been prescribed to the patient by the medical

practitioners. Such prescription will be brought to the retail pharmacy to be filled. The exact drug name, dosage form and frequency will be stated on a prescription. At the filling of prescription point, the pharmacist usually has the privilege of introducing a particular brand is it innovator or generics.

At this juncture a pharmacist may introduce a particular product which maybe new in the market. This product will have the same active ingredient as the prescribed drug but is from another company and rather new in the market. However, as the seminal work of Reis and Trout (1982) asserts, positioning is not what you do with a product, but is what you do in the mind of the prospect, and therefore a new product's intended relative position in the market has to reconcile the competitive advantage designed into the product with the expectations of the target market. However, there has been only a few studies that has focused on the actual product positioning as a factor in the launch of new product or the study on the product advantage.

McGranaham (2001) explained that quality is the most strongly recognized characteristics and well appreciated by both male and female consumers. There are several key drivers of brand loyalty such as product or image attributes, namely quality, fit and innovation that are consistently exceeding consumers' expectation. The importance of brand awareness has no significance unless the marketing message must be convincing, and the product will have to have the right look, fit for use and the appropriate pricing.

Perceived consumer value will also be one of the key factor of loyalty (Ryan, Rayner & Morrison, 1999). As a result, consumer's perception of a particular product attributes will determine their perceived quality of the product. Quality perception of

consumer's being high, will contribute towards the increase of repurchase tendency. This will lead to brand loyalty in the long run.

As mentioned by Jonathan Ivy (2008) product is what is being sold. It is more than a simple set of tangible features; it is a complex bundle of benefits that satisfy customer needs. In the case of a prescribed medicine, what is being sold is what that has been prescribed by the medical practitioner. The choice of product which contains the same active ingredient for the consumer's ailment relies on the consumer and the retail pharmacist product range. Some might argue that all products that belong to the same class of drugs are the same and that there is no difference on the product arrange. Eventually this ideology explains that Product as one of the marketing mix is not important. This is not true because the real difference of a product is the variation within the drug delivery system.

Some of the product may be exactly the same as in the active ingredient but different in terms on the way it is absorbed and metabolised in the human body. For instance, some product or medicine will have the same dosage form but the adsorption rate of the active ingredient is different. Hence, providing an extra edge for the preparation; for instance it has higher adsorption rate as it will provide the desired effect faster to the patient.

The tendency of differentiating product of similar categories has been a common practice among manufacturers to remain competitive. Many manufacturers now offer personalised products (Horovitz, 1998). In addition to the obvious examples of special ordered cars and food items, clothing and shoes can be personalised for individual customers (Gilmore and Pine, 1997). The music industry is developing techniques and procedures to allow customers to create "customised"

CDs containing a selection of the songs (from different artists) they want to own (Bauder, 1997).

Cosmetics such as lipsticks can be custom blended to match a consumer's clothing or hair. A product such as a home computer is built to the specifications of individual consumers. This is common practice among the major home computer companies: Dell, Gateway, and Compaq. General Nutrition Centres (GNC) has put machines at 12 of its Live Well stores that custom mix daily vitamins, shampoo and lotions (Woodyard, 1998). The Internet now has many types of news programs that are not only highly specialised, but also can be customised by a user to automatically deliver news reports on specific topics as they become available. Entertainment can also be personalised by computer users as they tap into Internet networks devoted to specialised type of music and other forms of entertainment (Sandberg, 1998). A definition for product offered by Kotler (1984) suggests that it is anything that can be offered to a market for attention acquisition, use or consumption; it includes physical objects, services, personalities, places, organization services and ideas.

It is often thought that the largest profits will go to businesses which devotedly follow a policy of product superiority since consumers buy the product's benefits rather than its advertisements, price or even the ease of obtaining it. Product is therefore the main "weapon" used to "wage a war" in the business world (Sui and Martin, 1995).

At the same time, many well known marketing gurus believe that a particular product variable is usually developed according to consumers or clients perceptions and also consumer need. If the Product factor is developed properly, the rest of the Ps will respond. Despite all this effort to personalise and enhance the product offer, the industry of prescription medicine is often something unique to analyse.

As mentioned earlier, the products are the same in terms of its active ingredient but produced by different companies. When it comes to prescription drug, there are two classes which are the Innovator brand and the generic brand. Innovator Brand belongs to drug companies who were the first to discover the particular active ingredient. Therefore a patent right is given to them to own the brand of the compound made into a preparation. For a certain number of years, there can be no other product containing the same similar compound of active ingredient in their product. As soon as the product patent expires, manufacturers, especially local, will start to produce their brand of the product extensively into the market. This is where the generics will have to empower themselves with the right type of product of the same ingredient as the innovator, eventually becoming an alternative choice for consumers to choose from.

Another differentiation of product that consumers may pay special attention to is the halal certification on the consumables. Halal (حلال, Halāl, Halaal) is an Arabic term designating any object or an action which is permissible to use or engage in, according to Islamic law. It is the opposite of haram. The term is widely used to designate food seen as permissible according to Islamic ٍlaw (Sharia) - (الإسلامة الشريعة). In the case of prescription drugs, the gelatine component of the preparation has to be sourced from bovine or plant in order to be considered Halal. Muslims being the majority of the population in Malaysia, drug manufacturers has to put much consideration into this factor when introducing a new range of products. Many might wonder the legality of such certification, as such labelling would hinder Muslim patients from consuming or using life-saving drugs. That aside, even non-