



Exploring Consumer Choice And Factors Influencing Buying Behaviour In Purchasing Of Generic Vs. Branded Drugs

P. Dharma Chandra Reddy
Research Scholar

and

Prof. Sure Pulla Rao
Professor in Economics

Abstract

Consumer behavior is influenced by many different factors. With reference to purchase of generic Vs branded drugs in the market the major factors influence the buyer behaviour are price/cost of medicine, preference of doctor/ medical practitioner, quality/trust of the medicine, discounts/incentives given, media/advertisement, availability of medicine and influence of peer groups. Thus, the main objective of this article is to explore the consumer choice and factors influencing buying behaviour in purchasing of generic vs branded drugs. In this purpose data was collected from 50 generic medicines buyers and 50 branded medicine buyers with the help of a questionnaire. Hence, the data revealed that the purchase behavior of buyer in generic medicines most influenced by price/cost of the drug, discounts/incentives given on drug and media/advertisement given by the government, whereas the purchase behavior of buyer in branded drugs influenced by quality/trust of medicine, preference of doctor/medical practitioner and availability of medicine in the market. Thus, there is a significant difference in the influenced factors on purchasing behavior of buyer towards generic Vs branded drugs.

Keywords: Generic and branded drugs, influenced factors, buying behavior.

Introduction

Generic and branded drugs have significant roles in pharmaceutical market in a country like India (Economic Survey, 2020-21). Generic medicines are similar to the branded medicines and have same active ingredients as branded drugs and work in same way (Raghav Aggarwal, 2024). Generic drugs are usually cheaper because there is no need for research and investing money in developing and marketing like branded drugs. Branded drugs have to undergo extensive testing and marketing under branded name (C. H. BP., 2016). These are expensive because they have to undergo research, marketing and development stages, which is costly affair. Also once the patent right has expired medicines are marketed by the generic name or drug name.

Many factors contribute for the purchasing of generic and branded drugs. In this article we would like to focus on the factors affecting and influencing the customer in purchasing branded Vs generic drugs. Moreover, generic drugs may provide an opportunity for major saving in health care expenditure, they are usually cost effective and treats illness effectively (Ricardo Arcaro, et al., 2021). Thus, this paper aims to explore consumer choice and factors influencing buying behaviour in purchasing of Generic vs. Branded drugs.

Literature review

Generic drugs work in same way as the branded drugs as they are composed of same dosage, form, safety shape, strength, route of administration exceptional and with performance characteristics (Dunne, et al., 2013). Moreover, previous study of Valles, et al. (2003) has shown mistrust of generic medicine among the general population. Generic medicine policy is that generics are significantly less expensive than their originator (Taun A, 2003). Patients who have a positive initial experience with a generic are more likely to maintain a positive opinion in future. The physician-patient relationship and interaction may be key to influencing improving patient approval of generic medicine (Suzzane, 2015). During last few decades the price of prescribed drugs has multiplied considerably and many pharmacies out all over the world are searching out different means for price minimization through adopting generic fill rate (Gebicki, et.al, 2014). Therefore, intake of generic medicine is being diagnosed to be a huge aspect, because of increase in cost of medical services (Alam et. al, 2019)

Need and Significance

Working into the present scenario of pharmaceutical industry it is necessary to study the consumer perception about purchasing branded medicines and also consumers perception about the qualities of generic medicines. Though the performance of both branded and generic are same but consumers will be switching from branded to generic due to risk of generic medicines people believe that branded drugs are superior products when compared to generic and branded drugs have less side effects compared to

generic (Desai, et al., 2018). So, it is found need and significance to explore the consumer choice and factors influencing buying behaviour in purchasing of Generic vs. Branded drugs.

Scope

The Indian government hopes to revamp the spending on public health. It has been coming up with proposals to provide hundreds of primary drugs free to the poor and needy. The main aim of this proposal is to fill the gap in the health care sector in the hospitals so that medical treatment is affordable to all people in the country. This is considered as the right and first step towards a larger goal of universal health care. The generic drugs are produced in bulk by India's leading companies like Cipla, Lupin and Ranbaxy. Generic drugs account for 90% of total drug sales in India. The drugs are bought in bulk so it will reduce the annual cost and state will pay 25% of the free drugs and central government covers the rest (Henry Foy, 2012). This will probably blow out the international brands out of the Indian market.

While India is the largest supplier of generic medicines, it manufactures about 60,000 generic different drugs and accounts for 20% of the global supply of generic. Thus, the pharmaceutical industry in India is expected to reach \$65 billion by 2024 and \$130 billion by 2030 (Shudarsana, 2024). India being a major exporter serving 200+ countries growth drivers in the pharma sector is establishing three bulk drug parks in Gujarat, Himachal Pradesh and Andhra Pradesh. The government of India launched Pradhan Mantri Janaushadi Yojana to create awareness among patients regarding generic medicines (Janaushadhi.gov. India, 2017). Hence, this paper has under gone to study the following objectives.

Objectives

1. To understand the present scenario of buying behaviour of customers regarding branded VS generic medicines.
2. To study the factors influencing the purchasing behaviour of consumers.

Methodology

The main aim of this paper is to study the decision of buyer behavior in purchasing generic Vs branded drugs in the market and the factors influencing. In this purpose data has been collected from the 50 buyers of generic drugs and 50 buyers of branded drugs in the open market. Thus, a questionnaire has been designed and data was collected from the 100 respondents to analysis priority and preference of the buyers in purchasing generic and branded drugs with reference to various factors.

Demography Profile

In the part of investigation of this paper the demographic details of the buyers of generic and branded drugs have been collected, where the age, gender, education levels and occupation levels of the respondents are considered. Thus, the detailed distribution of the respondents are presented in the following table and analysed in the following.

Table-1: Demographic Profile of Generic and Branded Drug Buyers

| Demographic Profile | Variables | Generic (N=50) | Branded (N=50) | Total (N=100) |
|---------------------|--------------------|----------------|----------------|---------------|
| Age | Less than 30 years | 5 (10.0) | 11 (22.0) | 16 (16.0) |
| | 30 - 40 years | 20 (40.0) | 14 (28.0) | 34 (34.0) |
| | 41-50 years | 16 (32.0) | 13 (26.0) | 29 (29.0) |
| | Above 50 years | 9 (18.0) | 12 (24.0) | 21 (21.0) |
| Gender | Male | 27 (54.0) | 20 (40.0) | 47 (47.0) |
| | Female | 23 (46.0) | 30 (60.0) | 53 (53.0) |
| Education | Illiterate | 18 (36.0) | 8 (16.0) | 26 (26.0) |
| | Secondary level | 14 (28.0) | 9 (18.0) | 23 (23.0) |
| | Intermediate | 8 (16.0) | 10 (20.0) | 18 (18.0) |
| | Graduates | 4 (8.0) | 11 (22.0) | 15 (15.0) |
| | Post graduates | 6 (12.0) | 12 (24.0) | 18 (18.0) |
| Occupation | Unemployed | 14 (28.0) | 9 (18.0) | 23 (23.0) |
| | Govt.Employee | 11 (22.0) | 13 (26.0) | 24 (24.0) |
| | Private Employee | 10 (20.0) | 16 (32.0) | 26 (26.0) |
| | Others | 15 (30.0) | 12 (24.0) | 27 (27.0) |

Age-wise distribution of buyers purchasing Generic Vs Branded Drug is represented in the Table-1. In case of age group of buyers purchasing generic drug, it is found that predominated group of 40.0 percent are in the age group of 30-40 years, followed by 32.0 percent are in the age group of 41-50 years, 18.0 percent are in the age group of above 50 years and 10.0 percent are in the age group of less than 30 years. Whereas age in age of buyers purchasing branded drug, it is noticed that majority group of 28.0 percent are in the age group of 30-40 years, followed by 26.0 percent are in the age group of 41-50 years, 24.0 [percent are in the age group of above 50 years and least group of 22.0 percent are in the age group of less than 30 years. The gender-wise distribution revealed that 54.0 percent of males and 46.0 percent of females are purchasing generic drugs, whereas 60.0 percent of females and 40.0 percent of males are purchasing branded drugs. Education-wise distribution showed that majority of 36.0 percent are illiterates,

followed by 28.0 percent qualification is secondary level, 16.0 percent qualification is intermediate, 12.0 percent qualification is post graduates and least number of 8.0 percent qualification is graduates. With reference to buyers purchasing of branded drug, 24.0 percent qualification is post graduates, 22.0 percent qualification is graduates, 20.0 percent qualification is intermediate, 18.0 percent qualification is secondary level and 16.0 percent are illiterates. Whereas, the occupation-wise distribution of buyers observed that 28.0 percent are unemployed, followed by 22.0 percent are government employees, 20.0 percent are private employees and 30.0 percent are other occupation. In case of respondents purchasing branded drug group, 18.0 percent of respondents are unemployed, 26.0 percent are government employees, 32.0 percent are private employees and 24.0 percent are other occupations.

Table-2: Rank order preference of buyers purchasing Generic Drug

| Factors | 1 st | 2 nd | 3 rd | 4 th | 5 th | 6 th | 7 th | Total |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Price/cost of the medicine | 13 (26.0) | 7 (14.0) | 8 (16.0) | 7 (14.0) | 8 (16.0) | 4 (8.0) | 3 (6.0) | 50 (50.0) |
| Preference of doctor/ medical practitioner | 7 (14.0) | 8 (16.0) | 9 (18.0) | 10 (20.0) | 3 (6.0) | 5 (10.0) | 8 (16.0) | 50 (50.0) |
| Quality/trust of the medicine | 6 (12.0) | 6 (12.0) | 5 (10.0) | 5 (12.0) | 8 (16.0) | 12 (24.0) | 7 (14.0) | 50 (50.0) |
| Discounts/incentives | 11 (22.0) | 12 (24.0) | 9 (18.0) | 8 (16.0) | 6 (12.0) | 2 (4.0) | 2 (4.0) | 50 (50.0) |
| Media/Advertisement | 8 (16.0) | 9 (18.0) | 10 (20.0) | 6 (12.0) | 5 (10.0) | 8 (16.0) | 4 (8.0) | 50 (50.0) |
| Availability of Medicine | 3 (6.0) | 6 (12.0) | 5 (10.0) | 8 (16.0) | 9 (18.0) | 12 (24.0) | 7 (14.0) | 50 (50.0) |
| Influence of peer groups | 2 (4.0) | 2 (4.0) | 4 (8.0) | 5 (10.0) | 11 (22.0) | 7 (14.0) | 7 (38.0) | 50 (50.0) |
| Total | 50 (50.0) | |

Rank order preference of buyers purchasing Generic Drug is shown in the Table-2. There are 7 influenced factors determining the preference of buyer purchasing generic drug. Based on the preference 7 ranks have been given to different factors showed in the table. Among the 1st rank given respondents towards various factors revealed that as many as 26.0 percent opted price/cost followed by 22.0 percent to discounts/incentives, 16.0 percent to media / advertisement, 14.0 percent to preference of doctor/ medical practitioner, 12.0 percent to quality / trust on the medicine, 11.0 percent prioritized to discount / incentives while purchasing generic medicines in the market.

Table-3: Rank order preference of buyers purchasing Branded Drug

| Factors | 1 st | 2 nd | 3 rd | 4 th | 5 th | 6 th | 7 th | Total |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Price/cost of the medicine | 6 (12.0) | 7 (14.0) | 10 (20.0) | 5 (10.0) | 8 (16.0) | 5 (10.0) | 9 (18.0) | 50 (50.0) |
| Preference of doctor/ medical practitioner | 10 (20.0) | 11 (22.0) | 8 (16.0) | 8 (16.0) | 7 (14.0) | 4 (8.0) | 2 (4.0) | 50 (50.0) |
| Quality/trust of the medicine | 12 (24.0) | 8 (16.0) | 10 (20.0) | 9 (18.0) | 6 (12.0) | 3 (6.0) | 2 (4.0) | 50 (50.0) |
| Discounts/incentives | 5 (10.0) | 6 (12.0) | 5 (10.0) | 3 (6.0) | 5 (10.0) | 7 (14.0) | 19 (38.0) | 50 (50.0) |
| Media/Advertisement | 4 (8.0) | 4 (8.0) | 7 (14.0) | 6 (12.0) | 12 (24.0) | 9 (18.0) | 8 (16.0) | 50 (50.0) |
| Availability of Medicine | 9 (18.0) | 8 (16.0) | 6 (12.0) | 12 (24.0) | 5 (10.0) | 4 (8.0) | 6 (12.0) | 50 (50.0) |
| Influence of peer groups | 4 (8.0) | 6 (12.0) | 4 (8.0) | 7 (14.0) | 7 (14.0) | 18 (36.0) | 4 (8.0) | 50 (50.0) |
| Total | 50 (50.0) | 50 (50.0) | 50 (8.0) | 50 (50.0) | 50 (50.0) | 50 (50.0) | 50 (50.0) | |

Rank order preference of buyers purchasing Branded Drug is shown in the Table-3. Out of the 7 influenced factors leads determine purchase behavior of consumers on branded drugs, it is found that the 1st rank had been given by respondents towards various factors indicate that a major group of 24.0 percent quality / trust on the medicine followed by 20.0 percent to preference of doctor/ medical practitioner, 18.0 percent to availability of medicines, 12.0 percent to price / cost of medicines and from the rest less than 10.0 percent to discounts/incentives, media / advertisement, etc.

Table-4: Factors influencing the purchasing behavior of buyers in Generic Vs Branded drugs

| Factors | Generic | Branded |
|--|--------------|--------------|
| Price/cost of the medicine | 13 (26.0) | 6 (12.0) |
| Preference of doctor/ medical practitioner | 7 (14.0) | 10 (20.0) |
| Quality/trust of the medicine | 6 (12.0) | 12 (24.0) |
| Discounts/incentives | 11 (22.0) | 5 (10.0) |
| Media/Advertisement | 8 (16.0) | 4 (8.0) |
| Availability of Medicine | 3 (6.0) | 9 (18.0) |
| Influence of peer groups | 2 (4.0) | 4 (8.0) |
| Total | 50 (50.0) | 50 (50.0) |
| Chi-square value: 12.7, T-value 12.6, df-6 | | |

Factors influencing the purchasing behavior of buyers in Generic Vs Branded drugs are shown in the Table-5. According to the purchasing behaviour of generic drug buyers, it is found 26.0 percent have influenced by price/cost followed by discounts/incentives (22.0%), media/advertisement (16.0%), preference of doctor/ medical practitioner (14.0) and quality/trust of the medicine (12.0%) to purchase

generic drug. Whereas, to purchase branded drug, the preference of buyers shows that a predominant group (24.0%) given preference to quality/trust of medicine, followed by preference of doctor/ medical practitioner (20.0%), availability of medicine (18.0%), price/cost of the medicine (12.0%), discounts/incentives (10.0%) and less than 10.0 percent to prioritized to influence of peer groups and media/advertisement. With this distribution of preference in purchase of generic Vs branded drugs by the factors influencing, calculated chi-square value 12.7 indicate significance at 5% level because the df is 6 and the table value is 12.6. This infers that various factors significantly influencing the purchasing behavior of buyers in Generic and Branded drugs in the market, where generic drugs are influenced by price/cost, discounts/incentives, media/advertisement, preference of doctor/ medical practitioner and quality/trust of the medicine, whereas branded drugs are influenced by quality/trust of medicine, preference of doctor/ medical practitioner, availability of medicine, price/cost of the medicine and discounts/incentives.

Conclusion

Consumer behavior is influenced by many different factors. With reference to purchase of generic Vs branded drugs in the market the major factors influence the buyer behaviour are price/cost of medicine, preference of doctor/ medical practitioner, quality/trust of the medicine, discounts/incentives given, media/advertisement, availability of medicine and influence of peer groups. Hence, the data revealed that the purchase behavior of buyer in generic medicines most influenced by price/cost of the drug, discounts/incentives given on drug and media/advertisement given by the government, whereas the purchase behavior of buyer in branded drugs influenced by quality/trust of medicine, preference of doctor/medical practitioner and availability of medicine in the market. Thus, there is a significant difference in the influenced factors on purchasing behavior of buyer towards generic Vs branded drugs.

References

1. C. H. BP. (2016). The Facts about Generic and Branded Drugs, Research and Reviews: Journal of Pharmacy and Pharmaceutical Sciences, 2016
2. C. H. BP. (2016). The Facts about Generic and Branded Drugs, Research and Reviews: Journal of Pharmacy and Pharmaceutical Sciences, 2016.
3. Desai R.J., et al. (2018). Differences in rates of switchbacks after switching from branded to authorized generic and branded to generic drug products: Cohort study. *BMJ*. 2018; 361:k1180.
4. Dunne S., Shannon B., Dunne C., Cullen W. A Review of the differences and similarities between generic drugs and their originator counterparts, including economic benefits associated with usage of generic medicines, using Ireland as a case study. *BMC Pharmacol. Toxicol.* 2013;14:1.
5. Dunne S., Shannon B., Dunne C., Cullen W. A Review of the differences and similarities between generic drugs and their originator counterparts, including economic benefits associated with usage of generic medicines, using Ireland as a case study. *BMC Pharmacol. Toxicol.* 2013;14:1.
6. Economic Survey 2020-21, Volume I, Chapter 5
7. Henry Foy (2012). India to give free generic drugs to hundreds of millions. *REUTERS*, July 3, 2012.

8. Janaushadhi.gov. India: Introduction to Jan Aushadhi. [Last accessed on 2017 Apr 19]. Available from: http://www.janaushadhi.gov.in/about_jan_aushadhi.html .
9. Raghav Aggarwal (2024). What are generic medicines and how India became the 'pharmacy of the world' Business Standard, March 26, 2024
10. Raghav Aggarwal (2024). What are generic medicines and how India became the 'pharmacy of the world'. Business Standard, March 26, 2024
11. Ricardo Arcaro, Cássia Rita Pereira da Veiga, Wesley Vieira da Silva, and Claudimar Pereira da Veiga (2021). Attitude and Purchase Intention to Generic Drugs, International Journal of Environment Ressearch of Public Health. 2021 May; 18(9): 4579.
12. Ricardo Arcaro, Cássia Rita Pereira da Veiga, Wesley Vieira da Silva, and Claudimar Pereira da Veiga (2021). Attitude and Purchase Intention to Generic Drugs, International Journal of Environment Ressearch of Public Health. 2021 May; 18(9): 4579.
13. Shudarsana (2024), India's Booming Pharmaceutical Industry: A \$130 Billion Powerhouse Poised to Reshape Global Healthcare, Linked.com, May 7, 2024
14. Suzanne S. (2015)A systematic review and critical appraisal of literature on stakeholder perceptions of generic drugs, BM C Medicines, DOI 10.1186/s12916- 015-0415-3
15. Taun A.,(2013), Generic medicines policies in the AsiaPacific region, WHO South-East Asia Journal of Public Health, 2(1), 72- 74.
16. Valles JA, et al., (2003) A prospective multicenter study of the patient education on acceptability of generic prescribing in general practice, Australian Journal of Primary Health. 10(4), 30-88.
17. Valles JA, et al., (2003) A prospective multicenter study of the patient education on acceptability of generic prescribing in general practice, Australian Journal of Primary Health, 10(4), 30-88.