

MEASUREMENT OF BRAND STRENGTH OF A DOMESTIC SYSTEM OF DRUG STORES IN VIETNAM

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ABSTRACT

Introduction: *The introduction of the Good Pharmacy Practice (GPP) standards has begun a new trend in the retail drug business and pharmacy system model. In implementing GPP, drugstore chains have shown the strengths and advantages in comparison to the business models of independent pharmacies. As a system model, the pharmacy chain has long been familiar in many foreign countries, but it is still new and as yet has not gained popularity in Vietnam. Vietnam's retail drug enterprises should embrace the strengths of this model to compete with pharmacy brands worldwide, especially to ensure the newly implemented pharmacy system is positively perceived by consumers.*

Objective: *This study was carried out to help retail drug enterprises establish and maintain their brand images in consumers' estimation in the domestic system of drugstores (DSDs) and suggests appropriate solutions to elevate these brands.*

Methods: *A cross-sectional study was performed using a study cohort of customers who buy products in the DSD pharmacy system and the surrounding residential area within a hundred-metre radius. Qualitative research was used to build and complete the questionnaires. Quantitative research was used to collect and analyse survey data.*

Results: *Current brand-building activities of DSDs are not effective and require more attention and improvement, especially as compared to the brand strength of DSD competitors. The study identified that the index of brand strength of DSDs have an average score of 43.3%. Assessing the level of customer satisfaction with DSD was relatively satisfactory; however, it became clear that each facility needs to decrease its respective limitations, as these were not appreciated by customers, and continue to promote its advantages to thrive in the future. Based on the survey result, the subject proposes a number of solutions to elevate the brand of DSD.*

Conclusion: *DSDs met the customers' requirements quite well, creating trust and a sense of privacy place in the minds of customers. However, DSDs need to continue to develop their advantages and improve upon their limitations in order to develop more strongly in the future.*

Keywords: *Brand strength, Drug store, Pharmacy, Vietnam.*

INTRODUCTION

Drugs, which are specialty goods related to the health and livelihood of their users (1), are needed to cure, treat, and protect the health of consumers. The use of drugs is necessary and the rate of use increases every year, followed by the continuous development of the pharmaceutical industry. According to Business Monitor International (BMI), Vietnam's pharmaceutical industry has experienced double-digit growth, despite the recession. IMS Health forecasts that drug consumption in Vietnam will increase to about \$10 billion US by 2020. A reliable supply of drugs ensures safety among the population, and the economic efficiency of this supply is not only the responsibility of health management agencies and drug manufacturing facilities, but also the of drug distribution systems, including retail distribution systems that are typically pharmacies. In recent years, the Ministry of Health of Vietnam (MOH), as well as agencies with the desire to improve the health care of the people, have tried to improve the assurance of drugs to consumers. By the end of 2007, GPP standards were issued, marking an important step in ensuring medicine is reliably available to consumers. According to the GPP implementation schedule, all pharmacies across Vietnam must meet GPP standards in order to enhance protection of consumer interests, provide quality assurance and counselling on the safe and reasonable use of drugs, contributing to the promotion of appropriate prescriptions (2). GPP standards have subsequently begun a new trend in drug retail business.

Indeed, in Vietnam, the model of pharmacies and drugstore chains is still new and has not yet gained popularity with consumers. In many countries around the world, the pharmaceutical retail market is quite concentrated, with approximately 10 drug stores sharing overwhelming market share in each country. This model has developed strongly, and this system of pharmacies and drugstores has led to merchant prestige and brand familiarity, with large chains having over 7,000 establishments each. In many Asian countries with strong economies, the drugstore chain was born in the 1940s (3, 4). In Vietnam, the drugstore chain appeared only 10 years ago. Over the past four to five years, drugstore chains have developed quite slowly in terms of the number of stores. One of the main reasons is that domestic consumers still do not perceive these stores as having credibility. Approximately one to two years ago, the new drug retail market, following the new drugstore chain model, finally began to resonate, and consumers and investors began to take notice. This was a challenge for drugstore systems and chains in Vietnam in terms of ensuring the position of these enterprises in the pharmaceutical distribution market overall, requiring Vietnamese drugstores to improve to compete with large and experienced international brands. In order to compete, businesses must build their own strong brands, strengthening their position and standing in the estimation of consumers.

Grasping the general trend and understanding the model of drugstores throughout the world, more and more pharmacies and drugstore chains of Vietnamese enterprise have begun to appear. In order to implement and promote the development of Vietnam's retail pharmaceutical distribution industry, including building successful brands, businesses must understand the position and image of their brand in terms of consumer perceptions, propose appropriate solutions to increase brand strength, and build trust and customer loyalty. This study was carried out to help enterprises establish and maintain their brand images in consumers' estimations and suggest appropriate solutions to elevate these brands.

MATERIAL AND METHODS

Study design and setting

This was a cross-sectional study to assess brand strength of a predetermined domestic system of drugstores (DSD) and was undertaken from January 2017 to May 2017 in Vietnam. The study was conducted at three facilities of DSD in Ho Chi Minh City, Vietnam. In order to improve the objectivity and reliability of the study, the subjects included in the survey were required to meet the following sample selection criteria: the interviewee was the person who has the ability to decide to buy medicine for himself/herself and decide to buy medicine for his/her family, was between the ages of 18 and 60 years old, and was interested in choosing a pharmacy.

Sample size determination

A single population proportion formula (5) was used to estimate the minimum sample size (N) by taking the proportion of good KAP regarding dengue ($P=0.5$).

$$N = \frac{(Z_{\alpha/2})^2 \times P(1-P)}{d^2} = \frac{(1.96)^2 \times 0.5(1-0.5)}{0.05^2} = 384$$

Thus, the research sample size should be taken as 384; however, it should be noted that approximately 461 questionnaires were evenly distributed among the three areas with pharmacies belonging to the DSD system.

Study instrument

The research was conducted on the Brand Check platform. Brand Check is a market research tool designed to test the strength of a brand in the minds of customers and in terms of distribution systems. The Brand Check tool was formulated on the basis of combining brand theory and research on market information about main competitors, customers' tastes, and loyalty levels to brands, as well as evaluating the status of brands in terms of perceived quality, distribution channel systems, and strengths and weaknesses in the positioning process (6, 7).

Data collection

Questionnaires were evenly distributed to three areas with pharmacies belonging to the DSD system to customers who purchased products at DSD pharmacies and lived in the residential area within a radius of 100 metres of the pharmacies. Qualitative research directed interviews with 10 customers who had knowledge of the concept of the pharmacy system, drugstore chain, and often bought products at drugstore chains or drugstores. Interview content included questions pertaining to well-known pharmacies and drugstore brands, important factors for customers when considering drug choices, and information sources to help customers recognise pharmacy brands and drugstore chains. Quantitative research used techniques to provide customers with surveys that were formed through the qualitative research process.

Data analysis

Interview results were processed and analysed by Microsoft Excel 2016 software to evaluate the activities of DSD branding and brand strength index of DSDs. The results were expected to include the following information to be used in helping customers identify DSDs: the levels of customer recognition of logos and slogans of DSD and customer comments on logos and slogans of DSDs. The results were also expected to include two of the following percentages: percentage of customers who recognised brands, percentage of customers who have ever made a purchase at a DSD, percentage of customers who regularly make purchases at a DSD, and percentage of customers who would introduce brands to friends and acquaintances. Following from the above percentages, consumption conversion rates were assessed according to the following: percentage of customers who moved from identification to purchase, percentage of customers purchased once and then intended to make regular purchases, percentage of customers who maintained their current level of purchase, and percentages of customers who would refer others to make purchases. Indicators of brands, including identification index, trial index, familiar brand index, and coverage rate, were also calculated. Because the DSDs in the study included three pharmacies in three different areas, the coverage was equal to the average coverage of the three areas. Measuring customer satisfaction with DSD pharmacy system, the expected results included the following areas: identifying important factors when considering customers' pharmacy choices, identifying the most important factors determining customers' pharmacy choices, measuring customers' satisfaction with

DSD overall, and proposing solutions to improve the DSD brand. Expected results of the study were practical solutions to improve the DSD brand.

Ethical consideration

The study protocol was approved by the Faculty of Pharmacy at Nguyen Tat Thanh University in Ho Chi Minh City, Vietnam. Participation was voluntary. Selected participants responded anonymously to the self-administered questionnaire, and no personal identifiers were included in the questionnaire.

RESULTS

Research was conducted to distribute the survey forms. Forty-one subjects did not meet the sampling criteria, and thus the number of official samples included in the study was 420, in which there were 361 customers who knew of DSDs and 320 customers who had purchased products at DSDs. The characteristics of the research sample are described in Table 1.

Table 1: Sample characteristics (n, %)

Characteristics	Frequency	Percentage
Ability to understand the concept of pharmacy system, pharmacy chain		
Know	116	27.6
Do not know	304	72.4
The level of purchase at Nhi Trung pharmacy		
Very often	16	3.8
Regularly	202	48.1
Sometimes	189	45.0
Very rare	9	2.1
Never	4	1.0
The level of purchase of each item		Average purchase times
Drug	279.6	
Functional foods	29.2	
cosmetics	13.4	
Medical equipment (Tape, ...)	31.1	
Common foods (candy, spring water ...)	62.7	

Regarding logos and slogans, the blue and white colours on the logo made the strongest impression on consumers. However, the percentage of customers who did not remember the pharmacy logo was quite high, over 50%, proving that the DSD logo has not been memorised by customers, nor has it created a lasting impression on the majority of consumers. Nearly 90% of customers did not know the slogan of DSD pharmacy system, and only very few customers who knew the slogan or had heard or read it could remember it. Of those who did not know or did not remember the logo or DSD system slogan, the interviewer presented an image of the logo of the DSD system and the slogan before conducting the interview. Figure 1 and Figure 2 show comments from customers regarding the logo and slogan of the DSD pharmacy system.

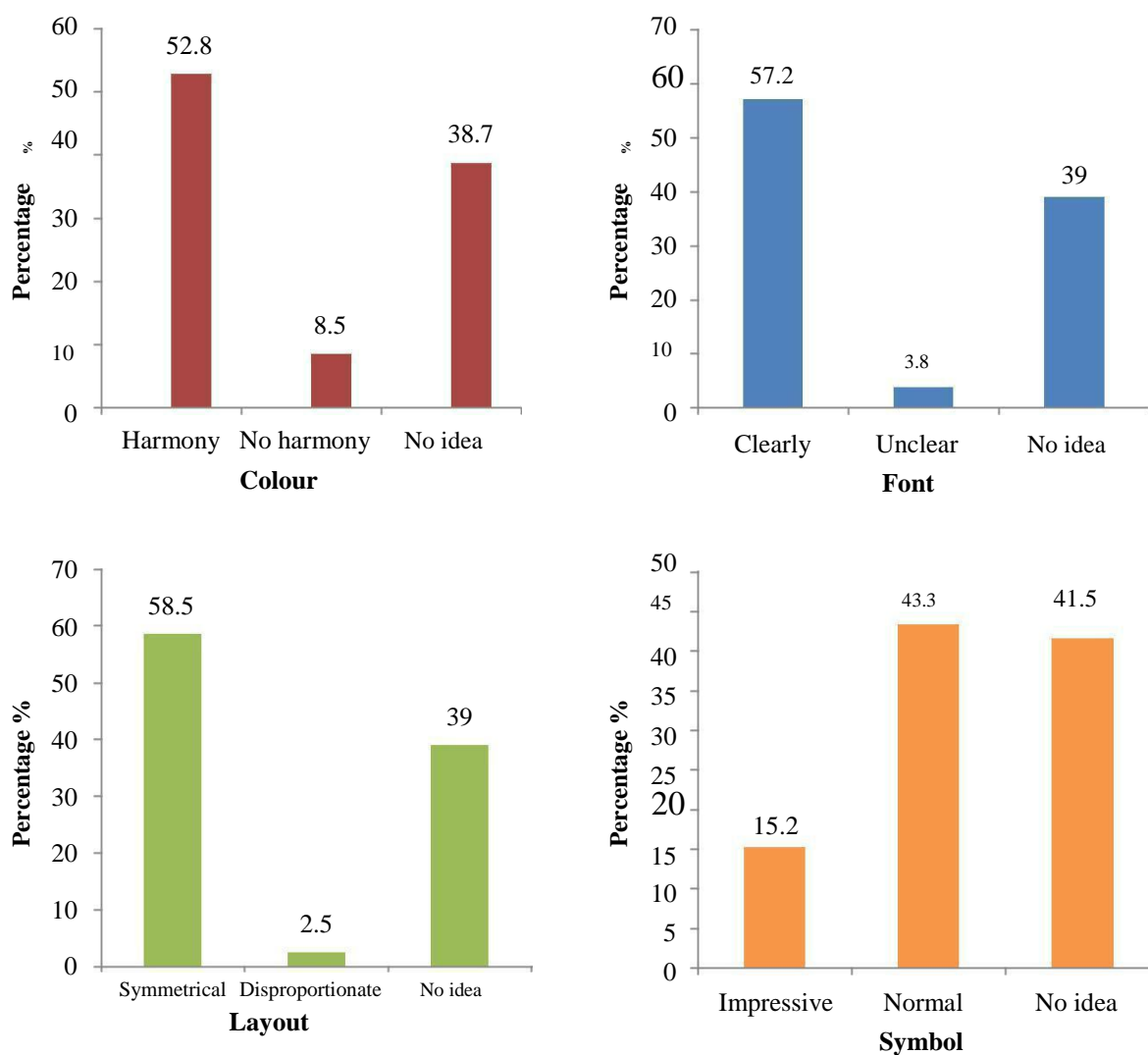


Fig 1: Customer comments on the logo of the DSD pharmacy system (%)

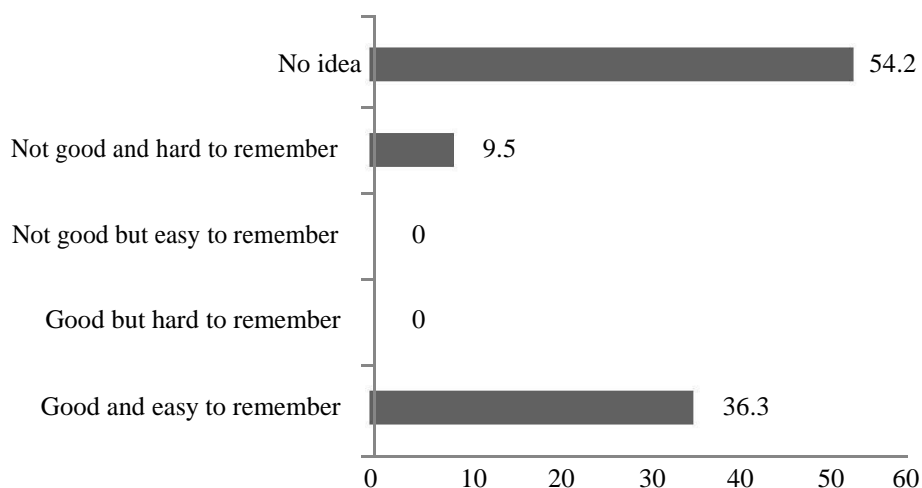


Fig 2: Customer comments on the slogan of the DSD pharmacy system (%)

Table 2 shows the ability of customers to identify the DSD logo compared to its competitors. When there was a need to buy drugs, customers tended to trust and think of other nearby private pharmacies. Therefore, the DSD brand can be understood as not having become a familiar brand to customers in the region.

Table 2: The ability to identify the DSD brand compared to its competitors (n, %)

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
First identification	97	23.1	7	1.7	0	-	0	-	0	-	7	1.7	0	-	0	-	0	-	304	72.4
Next awareness	87	20.7	0	-	6	1.4	0	-	0	-	7	1.7	7	1.7	0	-	0	-	307	73.1
Get suggestions	361	86.0	98	23.3	66	15.7	50	11.9	53	12.6	88	21.0	54	12.9	34	8.1	46	11.0	0	-
Percentage of customers who have ever bought	315	75.0	35	8.3	22	5.2	14	3.3	15	3.6	39	9.3	23	5.5	10	2.4	13	3.1	306	72.9
Percentage of customers coming to buy regularly	103	24.5	7	1.7	-	-	-	-	7	1.7	7	1.7	-	-	-	-	-	-	296	70.5
Trial index T	87,3		35,7		33,3		28,0		28,3		44,3		42,6		29,4		28,3		-	

Note:

(1) Nhi Trung pharmacy system
(2) Minh Chau pharmacy system
(3) Eco pharmacy system
(4) V-Phano pharmacy chain
(5) Long Chau pharmacy chain
(6) My Chau pharmacy chain
(7) Golden Health Pharmacy chain (SKV)
(8) Pharmacy system of Phong Phu Pharmaceutical Joint Stock Company
(9) Pharmacy system of Ben Thanh Pharmaceutical Joint Stock Company
(10) Other places

Measuring customer loyalty to the DSD entailed an assessment of the characteristics of consumer behaviour toward the DSD and its competitors. Consumer behaviour was expressed through consumer conversion rates. The familiar brand index, rate of maintaining the level of purchase, and referral rate were applied to four brands. Specific figures are shown in Table 3.

Table 3: Loyalty level of customers to DSD compared to its competitors (%)

	Area	(1)	(2)	(5)	(6)
Familiar brand index F	A	18.9	29.2	46.7	40.5
	B	30.4	-	-	-
	C	24.4	-	-	-
	Total				
Percentage of maintaining the level to buy	A	46.9	-	-	-
	B	205.9	-	-	-
	C	130.0	-	-	-
	Total	115.5	514.3	228.6	642.9
Percentage of customers who will recommend to friends and acquaintances	A	42.9	-	-	-
	B	123.5	-	-	-
	C	85.0	-	-	-
	Total	94.2	114.3	171.4	85.7

Survey data of 420 customers included 305 customers who had come to buy medicine in a DSD store and 134 customers who chose a DSD store as their most frequented destination to buy medicine. Information about brand strength of DSD is presented in Table 4. The index of DSD brand strength was average, not high (43.3%). Furthermore, the conversion rate from awareness to purchase at a DSD was relatively high, reaching 87.3%; while the conversion rate from initial purchase to regular purchasing only reached a middling level, with an average of 32.7%.

Table 4: Brand strength information of the DSD system (n, %)

	Frequency	Percentage
Get to know first	97	23.1
Next awareness	87	20.7
Get a hint	361	86.0
Customers used to buy	315	75.0
Customers come to buy regularly	103	24.5
Index of identification		43.3%
Trial index		87.3%
Familiar brand index		32.7%
Coverage		11.1%
ABS brand strength index		43.3%

Eleven key factors that were identified as important to consumers when considering drug choices were included in the survey: (1) pharmacy staff advised clearly and completely; (2) pharmacy workers behaved

professionally; (3) pharmacy staff were friendly and pleasant; (4) pharmacies were of good quality; (5) pharmacies fully met the medicine requirements of customers; (6) goods at pharmacies were reasonably priced; (7) pharmacies provided cool, clean spaces for customers; (8) pharmacies were large in scale; (9) pharmacies were near customers' homes; (10) drugstores were convenient; (11) pharmacy brands had prestige.

Survey results are listed and described in Figure 3. In order to better understand the impact of the 11 survey factors on the customers' choice of pharmacies, the study surveyed and studied the factors identified as being the most important. Research results are presented in Figure 4. Combining the survey results of these important factors, the most important factors were proximity and convenience.

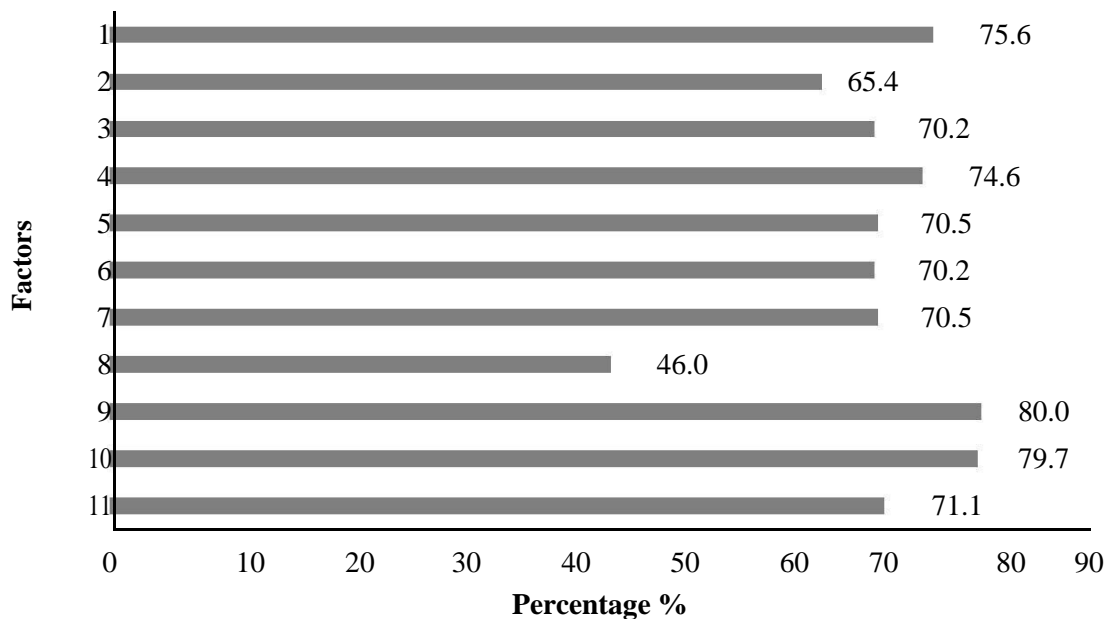


Fig 3: Important factors for customers when choosing a pharmacy (%)

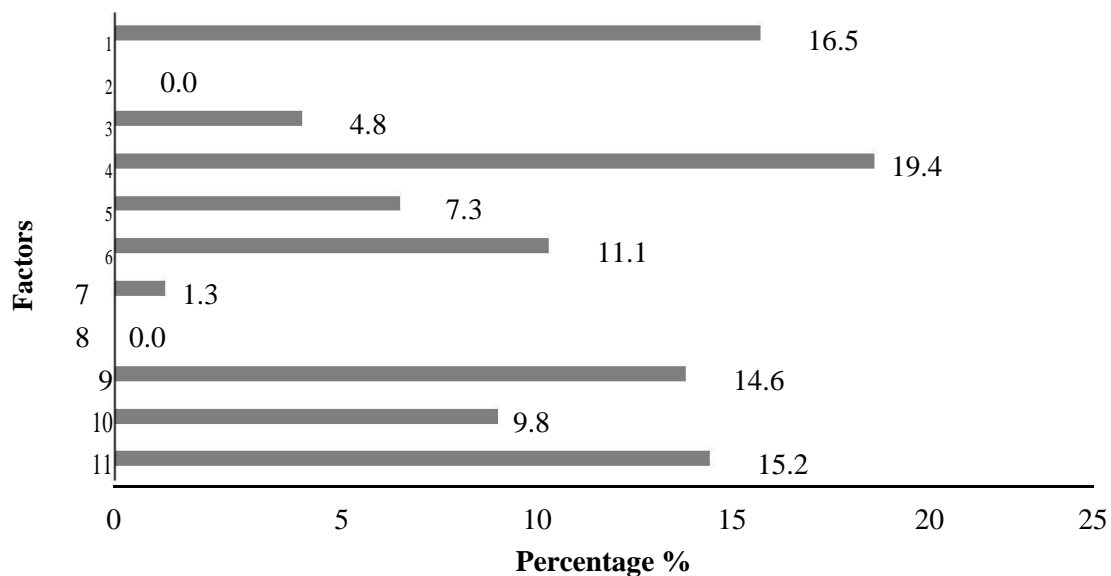


Fig 4: The most important factor that decides the customers' choice of pharmacy (%)

Combining 315 customers' assessments of the level of responsiveness of the DSD according to the 11 survey elements, we arrived at an average score for each factor, shown in Figure 5. The factors 9 and 10, belonging to pharmacy location, were rated at the highest level, indicating that DSDs have certain advantages in terms of location. The following factors were rated fairly well, indicating that most customers felt quite satisfied with these factors: factor 1 regarding clear and complete counselling, factor 2 regarding drugstore employees' professional behaviour, factor 3 regarding pleasant drugstore staff, factor 4 regarding the quality of home goods and drugs. These constitute the identified strengths of DSDs and indicate where improvement is needed to achieve optimal levels of customer satisfaction and brand strength. The following factors were not indicated by customers: factor 5 regarding pharmacies' abilities to provide all drugs required by customers; factor 6 regarding the reasonable pricing of goods at pharmacies; and factor 11 regarding prestige pharmacy brands.

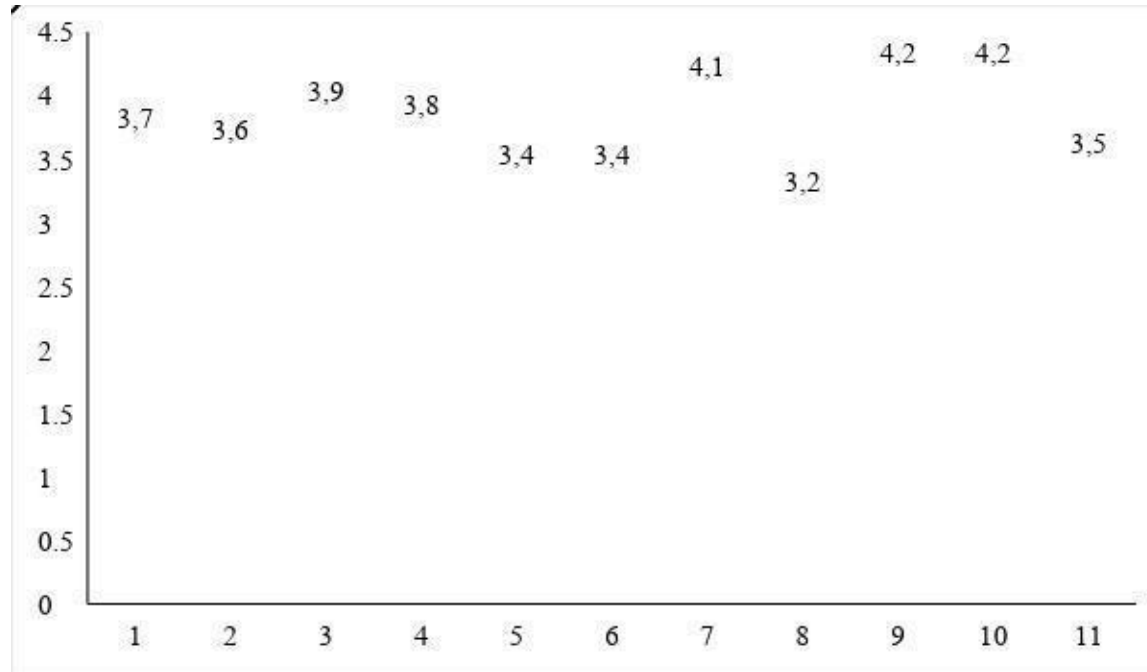


Fig 5: Customer satisfaction levels with DSDs

DISCUSSION

The research was based on the Brand Check tool platform to evaluate the overall effectiveness of branding activities pertaining to the DSD system, to analyse information about DSD brand strength, determine the level of customer satisfaction with DSDs, and thereby to identify the advantages and limitations in the processes of branding the DSD system.

After the research was conducted, the brand strength index of DSD was identified at the time of survey at 43.3%, reaching an average level. In general, the facilities of DSDs were considered to be quite satisfactory to the surveyed customers. However, the analysis showed that brand prestige factors were not highly appreciated by customers, and that the ability of a DSD pharmacy to meet customers' most pressing needs when choosing pharmacies does not guarantee good performance at all facilities. This may be the reason why loyalty levels of customers for DSDs was not high. DSD establishments were seen as being capable of attracting customers in their proximal areas, but were not necessarily able to completely satisfy customers. Customers still tended to change their brands preference, regardless of whether they said they would recommend DSDs to friends and relatives. Furthermore, due to the location characteristics of each pharmacy facility, customers' needs and evaluations were different. To increase advantages and reduce limitations of the branding process of DSDs in general and of each of DSD pharmacy facility in particular, we have proposed practical solutions to improve the strength of the DSD brand.

In recent years, Vietnamese enterprises have gradually recognised the importance of branding. Topics regarding brand strength measurement have been applied by start-up businesses to evaluate and improve the effectiveness of their branding process. The introduction of the Brand Check tool marked a new development in the market-oriented research for Vietnamese enterprises' brands. Although the Brand Check tool has not been popularly applied to pharmacy system and drugstore chains, it has been applied to brand themes for many different products and services, including food chains in Ho Chi Minh City (8) and milk brands (6). Depending on the nature and characteristics of the market for each product or service, the Brand Check tool has been used accordingly. In the Ridielac nutritional powder brand research of Vinamilk dairy company, the authors studied the supply and market share of major brands, measured the usage behaviour of customers (buying behaviour, buying method, and usage of products), identified target media customers, compared strength indicators of nutritional brands, identified and classified needs related to the purchase and use of nutritional powder, constructed a positioning chart for each brand, and analysed and evaluated communication efficiency and distribution of brands in the market (6). Regarding the topic of food store chain brands in Ho Chi Minh City (8), this was a service model with many similarities to the pharmacy system model and drugstore chains in terms of the businesses offering numerous types of products, such as nutrition powder. Therefore, the research content of that study was also applied in accordance with market practices. For each type of product or service, researchers used different aspects of the Brand Check tool in the market to ensure feasibility. Specifically, it was not appropriate for the food store chain model to build a positioning chart for the nutrition powder brand given the identification and needs of customers for two types of products. This service was different and carried its own market characteristics. Thus, when measuring the brand strength of DSDs, the topic was applied appropriately with the Brand Check tool and the market characteristics of the pharmacy system model.

The project used the Brand Check tool to measure the brand strength of DSDs. This was a useful, easy-to-implement market research tool for businesses in Vietnam. The Brand Check tool was formed on the basis of combining brand theory and market research information to assess the status of brands and their strengths and weaknesses in the development process. Based on the characteristics of the brands of the pharmacy system, the study applied the Brand Check tool strictly and appropriately. Among studies conducted in the pharmaceutical field in recent years, the measuring of brand strength of the pharmacy system was a new and unprecedented topic. Therefore, in terms of implementing the results of the study, limitations remained that need to be addressed in order to achieve higher research efficiency in the future.

CONCLUSION

Brand building activities of the DSD system have not been highly effective. Therefore, DSD needs to improve and devote more attention to building its brand image for customers. Developing the DSD brand may be accomplished through information dissemination, as well as popularising the logo and slogan to customers. In order to compete with private pharmacies in the region and to enhance the prestige of the pharmacy system brand, the DSDs need to pay special attention to the quality of goods provided, counsel pharmacies clearly on protocols, and ensure pricing policies.

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CONFLICTS OF INTERESTS

The authors have no conflicts of interests to declare.

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