

**A STUDY OF THE EFFECT AND ADAPTIVE APPROACH
OF STAND-ALONE DRUGSTORE DUE TO
EXPANSION OF CHAIN-DRUGSTORE**



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entitled
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OF STAND-ALONE DRUGSTORE DUE TO
EXPANSION OF CHAIN-DRUGSTORE**

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ABSTRACT

This research is qualitative research. This purpose of this research aims to study effect of stand-alone drugstore due to expansion of chain-drugstore and study the adaptive approach of stand-alone drugstore toward the change. This research collects data from in-depth interview of 6 owner and pharmacist at stand-alone drugstore in Bangkok and quick survey of 202 stand-alone drugstore owners. From the study found that impact to stand-alone drugstore from expansion of chain-drugstore in Bangkok are decrease in sale, decrease in number of sale, slow movement in some product , and price of product which is adjust price down because of chain-store sale cheaper product sort by most impact to less impact. And result show that the adaptive approach of stand-alone drugstore toward the change which include increase product range, providing quality service, store presentation, customer engagement, implement system and set up promotion.

KEY WORDS : Stand-alone drugstore / Expansion of chain-drugstore /Adaptive approach/ Bangkok

37 pages

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CHAPTER I

INTRODUCTION

1.1 Background of the study

According to the KASIKORN RESEARCH CENTER in 2015, it is expected that the drugstore business will have a market value around 34,000-35,000 Million Baht. Increased by 10-12% compared to the previous year. This is shown in Figure 1.1, partly due to the expansion of the chain store drugstore because of the potential of the business and growth opportunities as result of increasing demand of the domestic pharmaceutical market. And also due to self-taking behavior that effect increasing number of drugstore every year.



Figure 1.1 Market value of the drugstore business market (Kasikorn research center,2015)

For the trend of the drugstore business in 2016. Consumption demand of drugs was continues increase along with increase in health conscious consumers. The slow economic growth may have an effect on the purchase behavior in some group of consumer. Especially in patient who has join social security or universal health coverage (universal health insurance) may not buying medicine from drugstore. But getting to hospital may take a long time which result in patients turn to the store instead. Because drugstore still more convenience and faster. This resulted will

increase the proportion of medicine and medical supply spending costs of household consumer as shown in Figure 1.2

As well as Asst. Prof. Dr. Teera Woratanarat, Lecturer, Department of Preventive and Social Medicine Faculty of Medicine Chulalongkorn University said. From the survey of 3,000 civil servants, it was found that government officials, from low salaries to high salaries, 50 percent or even half will choose to go to clinic or drugstore when they got little sick, no severe or life-threatening disease. Although bad economic situation and cannot reimburse. They willing to pay themself. Same as people who join social security insurance surveyed 2,000 people in six provinces, 40% of them were choose drugstore or clinic when they got slightly ill. By the reason of the inconvenience of service at the State Hospital. (Hfocus,2017)

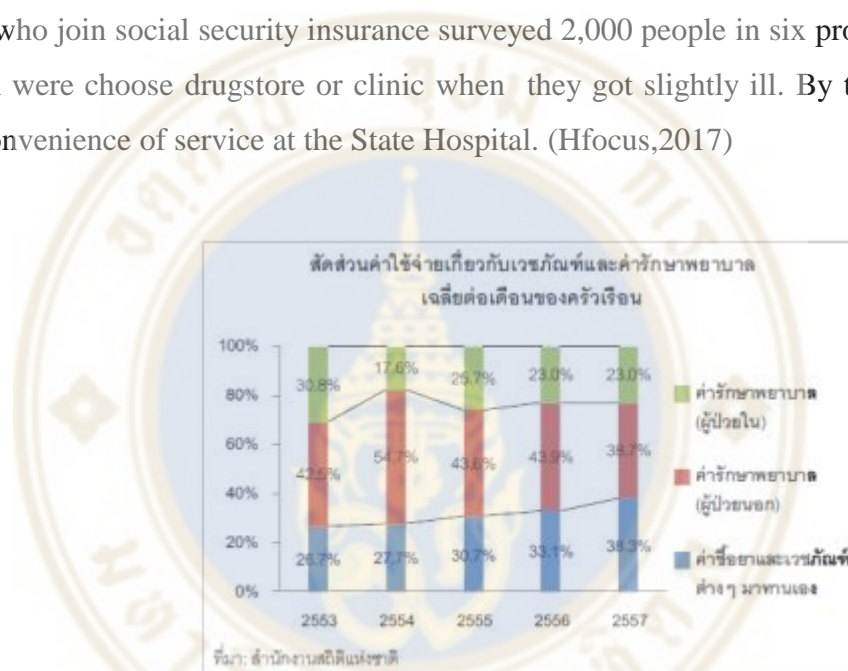


Figure 1. 2 Proportion of average expenditure on medical supply and medical fee of the household. (Kasikorn research center,2015)

According to KASIKORN RESEARCH CENTER, the drugstore business continues to expand due to continues increase in market demand result in competitive drugstore business. Especially large operators of Thai entrepreneurs and joint venture company of foreign operators and Thai entrepreneurs continue to expand their investment in the chain-drugstore. Average not less than 70 branches per year, either in the form of own investment and business expansion in the form of franchise, especially modern trade retailers such as hypermarkets and convenience store. Including a group of specialty stores in the category of health and beauty products that

expand the business sector. By increase product range in the medicine and medical supply category.

According to FDA data, the increase in number of drugstore (Type 1) especially in Bangkok as shown in figure 1.3. The number of drugstore that increase in Bangkok, most of them are chain-drugstores. In 2010, the growth rate of modern trade and 7-11 with drug drugstores increased. Therefore the drugstore market is concentrated in Bangkok.



Figure 1.3 Number of drugstore (Type 1) from 2007 to 2013 . (FDA,2013)

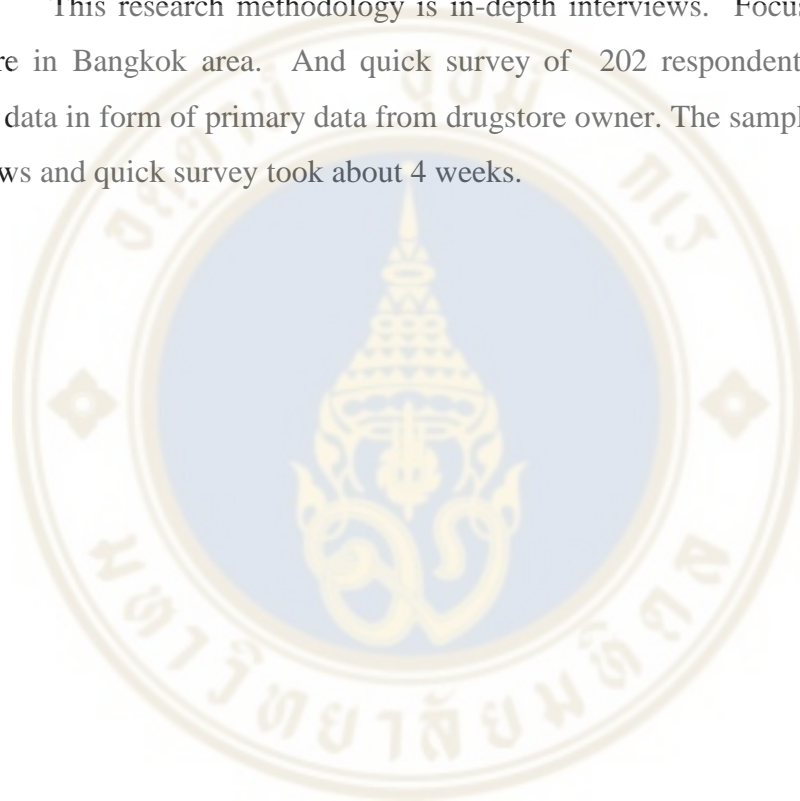
However, since the current economic climate that the entrepreneurial in drugstore business face with higher competition and expansion of chain-drugstore in Bangkok. The opening of the ASEAN Free Trade Area (AEC), as well as the change in law and regulation issue with directly relate to pharmaceutical profession. In order to made it up-to-date and consistent with international standards is what all pharmacists cannot avoid. And not just pharmacists but drugstore business also needs to be developed as well. This signal brings the opportunities and challenges to this business. Therefore, it is very important that the stand-alone drugstore need to adapt and create new marketing strategies to maintain their business.

1.2 Objectives

1. To study the effect of stand-alone drugstore due to expansion of chain-drugstore.
2. To study the adaptive approach of stand-alone drugstore.

1.3 Scope of study

This research methodology is in-depth interviews. Focus on stand-alone drugstore in Bangkok area. And quick survey of 202 respondents. This research collects data in form of primary data from drugstore owner. The sample collected from interviews and quick survey took about 4 weeks.



CHAPTER II

LITERATURE REVIEW

2.1 Factor influence trend of drug store

2.1.1 Environmental factors changed consequently, the consumer behavior has changed.

Increased health conscious consumer. In the past, if consumers were sick especially basic illness not have severe symptoms. Consumers may also let body heal themselves but nowadays the weather and environment are change and people well take care of themselves. People have more concern about their health. Therefore when they got sick they will buy medicine from the drugstore. As well as prepare purchase of ordinary medicines for their family such as antipyretics, constipation, diarrhea, painkillers.

Aging society, the number of elderly population is likely to increase continuously and the chance that the elderly will have illness is increased. This is another opportunity for the drugstore business to gain customer.

The expansion of the city. Not only affect behavior of consumers but also change businesses opportunities of investor to expand into more potential areas. The drugstore business is another business that has expanded its stores into more community areas, facilitate. Customer are easier to access to drugstore, so you do not have to spend time traveling.

2.1.2 The opening of ASEAN Free Trade Area (AEC) has made the market larger. Demand for medicines is more.

Demand for domestic consumers has increased. The drugstore business has the opportunity to expand its demand for pharmaceuticals. For foreigners who are more likely to travel to Thailand and may got sudden illness. And some foreigner who stock up their chronic medicine or purchase to spare because of some regulation in

their country. Including the needs of ASEAN consumer groups. Neighboring countries that increase buying power due to health conscious trend and healthcare standard are increase. Therefore, the opportunities for consumers in neighboring countries, particularly those on the border, to cross the border to buy medicines from Thailand are increase as well.

In addition, potential of stand-alone drugstore operators who have a better understanding of behavior and needs of neighboring markets. They may be looking for join with drugstore business with neighboring countries, which is one of the opportunities for expansion. The drugstore business in ASEAN will have to study the rules of investment to make sure your business is legal.

2.1.3 Law and regulation

Since to open the drugstore need license and pharmacist. But nowadays most pharmacist prefer to work in hospital. This can be an obstacle for operator to expand the business. At the same time it raises competition in healthcare workforce.

2.2 Consumer behavior

Consumer behavior is the study of when, why, how, and where people do or do not buy products. It blends elements from psychology, sociology, social anthropology and economics. (Afreen,2010) To make more understand decision making process of buyer for individually and groups. It observe characteristic of consumer such as demographics and behavior to understand consumer's wants. And also studies effect and impulse on the consumer from groups such as family, friends, and society in general.

Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer.(Afreen,2010) Consumer behavior is the behavior of people's expression when search for product, buying decision, evaluate or product and services which consumers anticipate to serve their need. Include the decision process that occur before, between and after. And related process that motivate the action.

Belch and Belch (2007) define consumer behavior as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires.

2.3 Factors Influence consumer buying behavior

2.3.1. Personal factor

Buyers differ in gender, age, income, family status and occupation. The difference of buyer cause different in buying behaviors.

2.3.2. Psychological factors

The need and motivation by A.H. Maslow is remarkable in the Hierarchy of Needs. The buyer looking to serve their need for physical, security, social acceptance and want to be success and famous in life.

Perception affects purchase motivation and customer service. Understand the perceptions of target market segments such as children's product, working people. and the group of elderly people. Then the select the information that suit for their target group.

Attitude should create a positive attitude of organizations, salespeople and products or services. Especially entrepreneurs who produce any new products to market. To be successful must create a positive attitude to the buyer to gain acceptance in the market.

The people involved in the buying process. These people play a deciding role in purchasing decisions. They can be divided into 5 groups.

2.3.2.1 Initiator of most cases are user. The person who present concepts, approaches or explanations about the product or service.

2.3.2.2 Influencer is a person who has the power to influence or persuade a buyer in decision making

2.3.2.3 The decision maker is the final decision maker whether to buy the product or not.

2.3.2.4 Approvers are those who approve the purchase.

2.3.2.5 Buyer is the person who goes shopping maybe involved or not involved in the decision-making process.

The change in Consumer Buying Habits. The behavior of purchasing in Thai society is obviously changing as follows: Purchase volume change (Size and Quantity) because decrease in family member. The volume of purchases varies with each purchase. They purchase in less quantity but more emphasis on quality. Second changing in buying location. The location of an organization, especially a store, is more important depend on product or service. Third self-service store increase. Most of buyers interested because they can buy at a cheaper price. Fourth credit purchase, buyers are preferred to purchase product and service by credit term. Since they credit card company provide many option such as divide the payment with zero percent interest or collect point for any purchase. In this case, the most impact to owner. Since they necessary to plan to cover the cost of keeping track of the debt collection and the allowance for bad debt. Last consumers need unique products to satisfy their satisfaction such as services or products able to adjust or change the characteristics of the customer. Example as design of the pillow depend on age of user, head sizes, and personal preferences vary among individuals.

2.4 Key success factors of retail business

2.4.1 Market position

Since market positioning is important tool to build up marketing plan which provide obvious and consistent view of the business and also useful for small and medium size business to compete with big competitor. The important thing for retail business that manager and business owner should consider is product branding and physical location.

2.4.2 Stock control

Monitor stock to be adequate for sale is a key issue for retail business. Since how you can gain profit without having the product for sale. Therefore well

manage stock monitoring system and process will assure that store stock product enough for sale. With this system you can predict time for re-order as needed which lead to reduce in cost and time and increase in profit margin.

2.4.3 Capital management

To ensure that store have enough capital for uncertain situation and business can run smoothly. That will result in healthy balance sheet

2.4.4 Understand your target

Clear target market is one key success in term of behavior, demographic and make sure that our product are meet that needs of customer. Because in the marketing process sales are the key factors that can measure the success of a product or service. To sell a product well, there are many factors such as the quality of the product or service, the price, and the advertising. Therefore It is important to know your target customer. Each group is similar or different. Then we can manage the products and services to be consistent with the target group.

2.4.5 Location and distribution channels

Entrepreneurs should choose the location and distribution channel is appropriate and potential to distribute to the target customer. Most good places are expensive and have a lot of sales opportunities. But if the space is expensive and sold poorly. Entrepreneurs must be considered whether the product meets the target customer in that area or not.

2.4.6 Customer centric

The owner of business in this era not just concern at what to sell but business owners need to explore customer needs, what customers want. The reason behind the purchase, why some customer even pay a single Bath for some product. By observe the need, the willing to pay, and the ability to pay. The best way to collect the information is directly interview your customer.

2.5 Buying decision process: The five stage model

The buying decision process is the decision-making process used by consumers regarding market transactions before, during, and after the purchase of a good or service. It can be seen as a particular form of a cost-benefit analysis in the presence of multiple alternatives. (Engel, James F., Kollat, David T. and Blackwell, Rodger D.,1968)(Nicosia, Francesco M.,1966) Buying decision process happen when consumer buy the product or service. The process start before buy product until attitude after using the product. The study of consumer behavior will help marketers find the way to access to consumers better which considered as a step. From the example of (nanosoft,1999)

2.5.1 Perceived problems

People live happily for normal life without problems to fix. But marketers must try to point out to consumers the problem and define how problem occurs. Make consumer realize the difference between the ideal (Ideal) and the reality (Reality), such as a woman with a normal weight of 60 kg height 160 cm, according to the standard or ideal. Weight should be 50 kg, so it is important to reduce weight or find a product that helps with weight control, etc. This problem will become the motivation to lead to the solution in step 2.

2.5.2 Information search

To solve the problem people are always looking for something close to them, problem such as lack of paper used to print out. Therefore they want to buy a white paper, they will try to imagine the brand that they know. And when you remember and admire that brand, you will immediately decide to buy it. But if consumers cannot remember and not satisfied with what is recognized and the problem does not seem to be serious. The decision process will stop. The second phenomenon is caused by the fact that marketers cannot create serious problems in the minds of consumers, such as overweight consumers who want to attend weight loss courses and look for many weight loss institutions. But the price is too high. They try to find other way which can be exercise, diet course. It is likely to lose weight. Therefore purchase decision of purchase reduce weight course will stop. However if consumer reject to

purchase because of not satisfied with the brand that recognize, the problem becomes a motivator which lead to solve the problem in the next process.

In the situation of the information that the consumer recognizes is insufficient. So consumer find more information from external. The data acquisition channel will consist of

Advertising : consumer may searching for the their interest product before making a decision. So good marketers should choose the right time to advertise such as advertises water heaters in winter, advertised as air conditioning in summer.

Getting to store : at the store consumer able to touch or experience with product that interest. Since sometimes they are not satisfied with what they remember, they might want to experience again. The important thing is that at the store, product must available because the consumer has given us the opportunity. Product placement must be interest and easily to see. Include etiquette and knowledge of salespeople since it is important to provide information to consumers.

Make a call or talk to the product owner : The company must train the staff to answer the question on phone. Customer Relationship Officer should answer the question clearly.

Meet with sales person : if consumer is not satisfied with the products that they used to purchase. They may contact sales staff for advice. Sales staff must be knowledgeable and ability to provide information to the consumer as well as to respond to consumer behavior immediately.

Searching in the internet : In this case, it may be inquiring or searching for information from various websites. At present, there is a site review experience directly from users of the product. Therefore we must ensure that our products are good quality. Internet is virtual world where anyone can write anything and viral marketing is spreading rapidly. After the consumer has sought one way or several ways above consumers will compare and make decision in next step.

2.5.3 Evaluation

The consumer is aware of the various brands, then they will compare and evaluated which one is better. The importance at this stage is we need to focus on our product (feature and criteria) of customer. If the strength of the product is not the point

consumers want or not meet the criteria. We cannot sell the product, for example, if you buy paper for printing. Consumer may searching for smooth surface, the sheets are not sticky, cheap, etc. And we do not study consumer decision-making or criteria. Then create other selling point. The chances of getting picked will be more difficult, sales will not increase much. Because we have to change the mind of consumers purchasing criteria to match the strengths we have.

2.5.4 Decision making

Most consumers, when searching for information, often do not make the decision to buy immediately. Because they may hesitate that product will be same as advertising or not. Quality be worth the price or not. So new products that are offering themselves to the consumer must find a way to accelerate the consumer's mind to decide to buy.

How to accelerate consumer purchasing decision. There are many ways include. First create temptation, such as discount sale (Sale Promotion). Second, make a difference, like bottled water but another bottle reduces the use of plastic, help reduce global warming Marketers need to differentiate themselves from their competitors. If we make a difference we can accelerate the opportunity of decision-making improve. Third, Reducing risks in consumer sense. The way to reduce the risk, such as company reputation, product guarantee , product quality, target customer.

2.5.5 Post purchasing behavior

After the purchase consumers will gain experience in consumption. This may be satisfied or not satisfied. If satisfied, consumers are aware of the benefits of the product, resulting in repeat purchases, or may introduce to new customers (word of mouth). But if not satisfied consumers may stop their purchase next time and may be detrimental to the referral. Result in decrease in sale later.

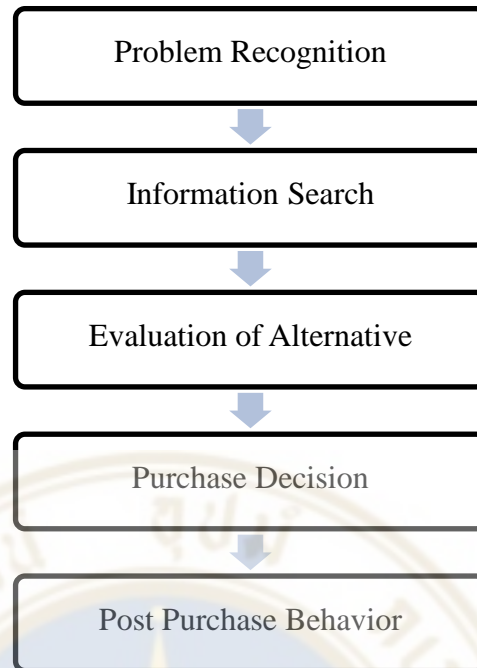


Figure 2.1 The 5-step purchasing decision process of consumer (Kotler,2003)

CHAPTER III

RESEARCH METHODOLOGY

3.1 Overview

Research Methodology has set up by qualitative research methods include in-depth interviews. The data collection is primary by in-depth interview and quick interview owner of stand-alone drugstore. Since interview is provided the opportunity to gain the descriptive information. It offer freely answer for respondent while interviewer have more change to explore additional point or interesting issue from respondent answer and also change direction of question, if necessary to produce productive interview session.

Open-ended question are selected because it allow respondent to answer free-from sentences. The open ended question is a set of questions, which provide the opportunity to freely express their individual opinions, rather than being controlled by the choices of questions. Motivational researcher chose an unstructured, extensive interview to answer the questions, regarding consumer behavior. The interviewer has to encourage the respondents to answer the questions without influencing outcomes. The interviewer's role is very important. Open-ended questions are selected because they are not limited by answer choice or guild answer that researcher provide therefore the respondent can answer question with reason behind or hidden reason, that are not able to specify in the closed-end questions. The open-ended question is a set of questions, which provide the opportunity to freely express their individual opinions, rather than being controlled by the choices of questions. Then quick survey are apply to deep down in adaptive approach that most stand-alone apply and what is the result of changing.

3.2 Data Collection

For in-depth interview process researcher performs the process of recording data. By voice recording and take note of information while interview. First asking permission from the respondent for recorded audio. Because it will be used later in reviewing process.

To find out the answer of research question, I choose in-depth interview to collect data because it provides respondent to answer the question without limited their opinions. And also it offer interviewer to clarify the respondent answer when the answer is not clear. Therefore interviewer gains the clear explanation of opinion and also can observe their reactions when they answer the questions.

For the quick survey to find out which adaptation approach that most stand-alone drugstore are apply and how benefit to their store after adaptation. The data collect from estimate 200 stand-alone drugstore owner of respondent. The online questionnaire survey will have sent through other social network of friends and accompanies who qualified the sampling target.

3.3 Interview Process

I selected the respondent who are the 6 owner and pharmacist at stand-alone drugstore in Bangkok with experience in manage own drugstore and response in pharmacist role as themselves for over than 5 years. Because they can provide the information in the period of becoming expand branch of chain-drugstore. Since found that there has been a great increase of number of drugstore in 2012 - 2013 in Bangkok and mostly there are chain-drugstore. Average sale per day around 30,000 baht. The store area over 150 square meters. My interview is individual which typically take around 20-30 minutes for each interviewer. The objective of this question was to study the effect and adaptive approach of stand-alone drugstore with the increasing number of chain-drugstore in Bangkok.

The research question can divide into 2 parts

First part is general question which conclude

- Average income per day
- Shop area (square meter)

- Years of experience
- Available products.

The second part is in-depth question which conclude of 5 main question and probe question.

The first in-depth research question is “At present, Foreign companies running a modern chain store chain store have come into the business and set up chain stores in Thailand. The development of a chain store drugstore has begun to clear position. Expansion of branch of chain-drugstore has been increase. Has your shop been affected by the expansion and do these impacts become the advantages or disadvantages of your store?” The objective of this question was to define whether respondent had effect by expansion of chain-store. Since respondent’s store was in the same period of expansion of chain-store. Therefore they can provide the dynamic change in that period.

The second in-depth research question is “In term of counter balance of purchase with large quantities. The chain stores in Thailand will be able to negotiate with manufacturers / importers because they purchase high volume. Do you think chain-drugstore has more power and what is your bargaining power over the drug company?” The objective of this question was to determine how stand-alone gain their bargaining power and benefit of that power to overcome or compete with chain-drugstore.

The third in-depth research question is “Since consumers' behavior changes, they prefer to shop in department stores rather than stand-alone stores. What do you think about the changing in customer behavior and do these affect your store?” The objective of this question was determined the target customer of their store and do those kind of customer behavior effect their store.

The fourth in-depth research question is “As a result of that effect, what is competitive approach or adaptive approach of your store with expansion of chain drugstore?” The objective of this question was to determine how adaptive approach of store and what do they concern.

The fifth in-depth research question is “What do you think is the key success factor or strength of your store?” The objective of this question was to

determine the key factor that drive the store to be success and also what is their strength, competitive advantage over other.

3.4 Questionnaire (quick survey)

The questionnaire design and composition correlate to the objective of this research and aim to find out more about adaptation approach that most stand-alone drugstore are apply and how benefit to their store after adaptation. The questionnaire survey consists of two main parts as below

Part 1: The screening question

Part 2: The specific questions

Example of questionnaire

1. The screening question: The screening question is only one question asking whether a respondent has affected by chain drugstore. All of the respondents must selected yes for this question. Due to the majority of respondents is person who has the affected by chain drug-store and around their shop has chain-drugstore located.
2. The second set of question: The second set of questions intended to determine the affected to the store and the adaptive approach of stand-alone drug store. And also the result of that change.

3.5 Data analysis tool

For the process of analyzing the data obtained from in-depth interviews, the researchers obtained the data from in-depth interviews. Then data analysis and processing of data are used. Processes and methods of analysis will follow the process of qualitative research, analyzing data by major themes or major patterns found in the data obtained from interviews. Then categorize the main issues into sub-themes and categories. The analysis begins by analyzing the whole picture and scope down to analyzing the sub-issue according to process of analysis based on qualitative research.

For the questionnaire I sort out the un-related or non-respondent questionnaire by screening question. Then analyze the answer in term of ranging. This research will gather data from the date 2 July- 31 July 2017.



CHAPTER IV

RESEARCH FINDING AND DATA ANALYSIS

This research paper studied how expansion of chain-drugstore affects the stand-alone drugstore and the adaptive approach of stand-alone on that change. An in depth-interview and online survey was conducted in 2 July- 31 July 2017 and there was 202 respondents who complete the questionnaire and 6 respondent for in-depth interview session. The main research question was to identify the effect of expansion of chain-drugstore to stand-alone drugstore. Then analysis and synthesize finding data. Research findings are reported in this chapter as following

- 4.1 General information of respondent
- 4.2 Affected from expansion of chain-drugstore
- 4.3 Bargaining power of stand-alone drugstore
- 4.4 Adaptive approach of stand-alone drugstore
- 4.5 Data Analysis
- 4.6 Recommendation

4.1 General information of respondent

The total respondents for interview are consisting of 5 females and 1 males. Average sale per day around 30,000 baht. The store area over 150 square meters and the shop has opened a store for over 5 years.

4.2 Affected from expansion of chain-drugstore

At present, the pattern of medicine distribution has varied according to change in consumer behavior. Foreign companies establish a modern chain store which most located in Bangkok. The development of a chain-drugstore has begun obviously seen. Most of the drugstore that locate in Bangkok and nearby modern trade definite found the effect. In the figure 4.1 show the percentage of each effect. From the survey the majority of respondents were effected by decrease in sale (60.4%), decrease in number of customer (36.1%), slow movement in some product (2.6%), and price of product which is adjust price down because of chain-store sale cheaper product (0.1%) from the total of 202 respondents respectively. Most of respondents were effect by sale decrease around. Since the chain-store takes more advantage in term of location which is important factor because customer concern a convenient location, high number of store which easier to access, variety of product since sometime customer are not looking for only medicine but some other product such as healthcare product, beauty product, personal care product. Therefore chain-store may have more chance for customer to visit the store.

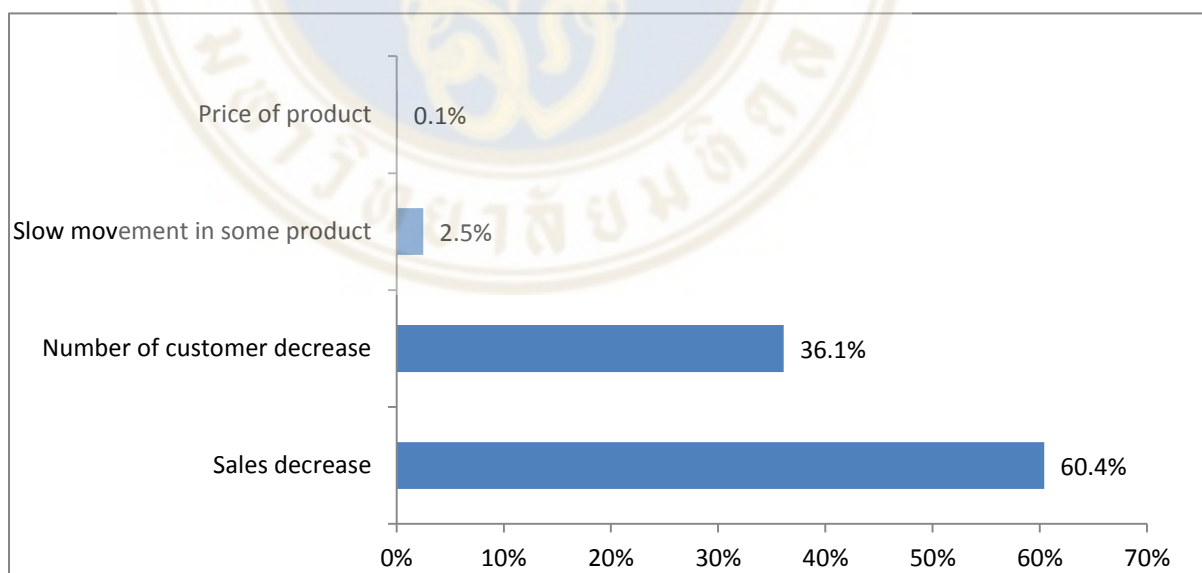


Figure 4.1 The effect to stand-alone drugstore due to expansion of chain-drugstore

4.3. Bargaining power of stand-alone drugstore

From the number of chain-drugstore increase influence competitive advantage include cost of product, variety of product, standards service, house brand product, database systems, advertising, standards layout, etc. These advantages will occur when a large number of branches. But stand-alone often branch out few store. Since the chain store has a system of purchasing, they purchase a bit lot and have strong relationship with supplier, the chain-drugstores have more bargaining power. As a result, the chain-drugstore has the advantage in term of cost. But this factor is little effect stand-alone because the manufacturer / importer, will focus on expanding markets to overseas and new customer. And also the growth trend of the chain-drugstore cannot jump fast. Since the opening of the drugstore must comply with the Drug Act 1967, that one pharmacist response for one store, which is one of the obstacles of the chain-drugstore. The chain-drugstore must supply enough pharmacists in case of expansion.

4.4 Adaptive approach of stand-alone drugstore

According to the effect of expansion of drugstore. Stand-alone drugstore required to seek knowledge or to find their own pharmacy marketing ideas to compete with chain-drugstores. In figure 4.2 illustrate the most adaptive approach that stand-alone drugstore apply. From the survey the majority of respondents were apply the adaptive approach by increase product range (75.7%), customer service (51.5%), store presentation (34.2%), customer engagement (28.2%), implement system (13.3%) and set up promotion (12.4%) from the total of 202 respondents respectively. And the result after apply the adaptive approach is shown in figure 4.3

4.4.1 Customer engagement

Each time a customer purchase product / service. To be sustainable we need to keep our old customers such as create member system which benefit in store can gain customer information and help customer check history of purchase, drug allergy profile, etc. And another way is line@ is service that extends the potential of the LINE platform to be useful in a variety of situations both business and personal. It

also provides opportunities for communication with customer and customer feel close to that drugstore.

4.4.2 Customer service

Service is the strength of stand-alone drugstore. Stand-alone drugstore focus more on providing information to customer include the knowledge of the pharmacist., record customer history. To be able to track the symptoms or to provide quality service. Because some customers cannot remember the name of recently purchase product. By doing this they are impressed by the service and want to return at the shop. Customers prefer convenience service in term of store location, one stop service store. Trustiness service is also main issue because make customers confident and trust in the service. The good service can make customer impress and cannot imitate. Since customer concern about service more than price. Spending time discussing drugs with clients is a very important factor. Even in the beginning it will take a long time, because the customer may not understanding of the direction to use and indication of the medications they are buying. Therefore, giving the time to clarify with customers is a matter of trust and familiarity with customers.

4.4.3 Implement system

The standard systems help the process and workflow. Improve system that can check the price or warehouse system that can check stock (in case of warehouse are not located at store), system sales that can observe sale period, purchasing system, clock in-out of staff system, and include cashier system. Some store add up channel of payment such as credit card or mobile banking

4.4.4 Increase product variety

Increase variety of products, find a group of product interesting (non-drug products). To meet the needs of consumers in the area. This can increase revenue and attract consumers to use the service at the shop. It is very good if the product or brand is not yet sold in chain-drugstore to differentiate from them. In addition house brand is one of interesting strategy since not only can increase profit but can differentiate from chain-drugstore.

4.4.5 Store presentation

Good store presentation is a factor in attracting shoppers and making them stay longer in the store, resulting in greater sales opportunities. Technique to manage store presentation

Placement at the entrance to the shop. Around the entrance of the store is a good place to put the product that you want to sell. Because it is where all customers have to walk through. Therefore, the product must be placed in this area to be really eye-catching. Especially at the payment desk where customers line up waiting to pay should they may find a little thing that may forget to buy it.

Merchandise assortments by classification of product with similarly-used or combined product, it must be put together. Such as plaster and alcohol.

Labeling of the product type. To indicate where the product is located. It is labeled as the type of product provided. In order to find the product that customers want easily. Maybe attached to the wall or above the shelves of item placed. Because customer will not spend time to find.

Price tagging, most customers are more interested in the details of the product. Both forms of packaging, product names, product instructions, production dates and expiration dates. Therefore, the price tag must be added to the product, which is the most important is to stick to the price on every product.

4.4.6 Set up promotion

Normally some supplier provide promotion campaign to the stand-alone drugstore. But in some product that slow movement store can attract customer by promotion as well.

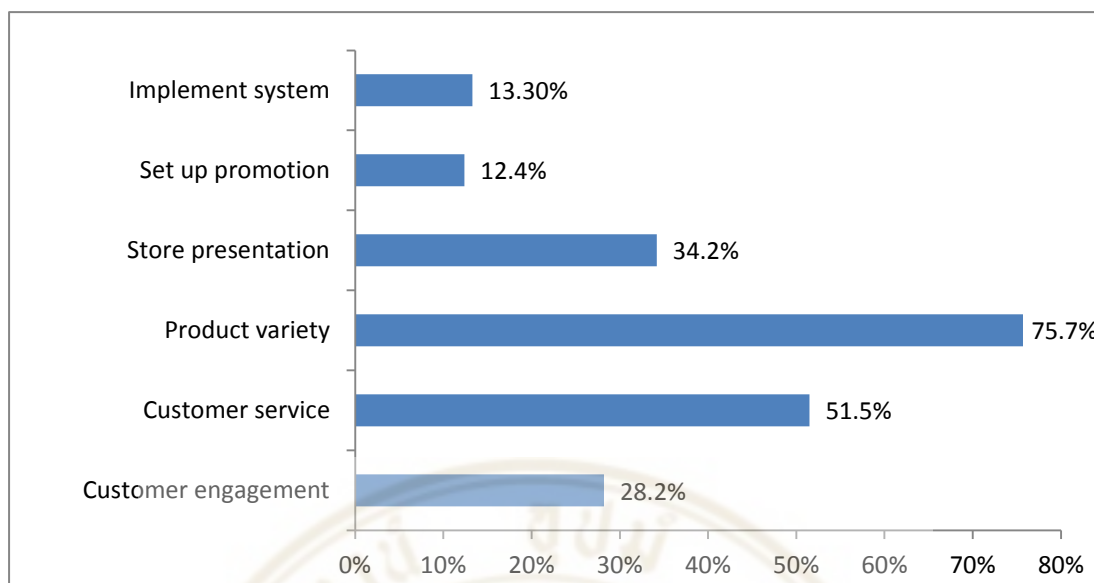


Figure 4.2 The adaptive approach of stand-alone drugstore.

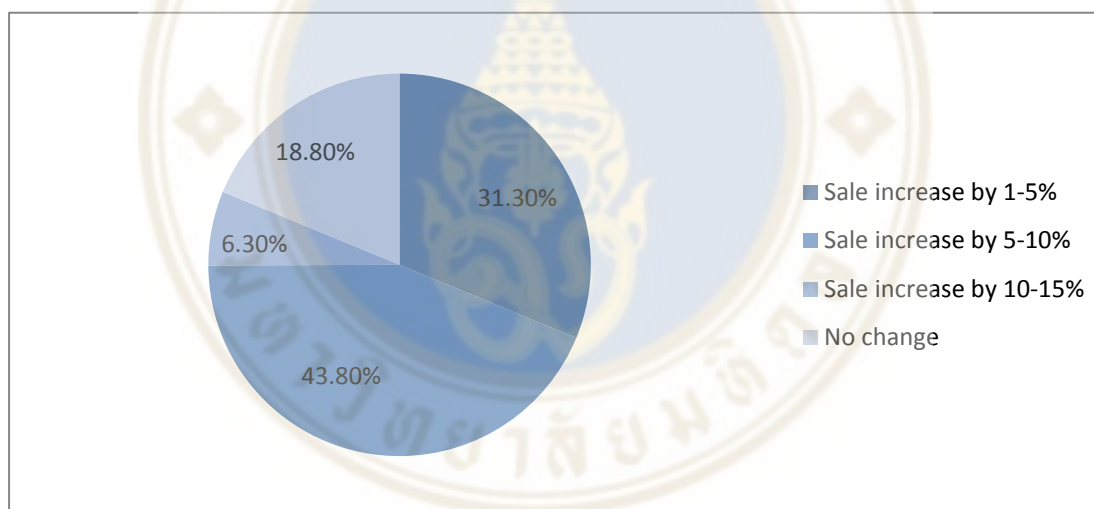


Figure 4.3 The effect after apply the adaptive approach

4.5 Data analysis

From the interview found that

4.5.1 Key success factor of stand-alone drugstore

Providing quality service main strategy to attract customer. Since the reason that customer come to the stand-alone drugstore is service apart from the price factor and complete list of medicine. Stand-alone drugstore providing complete medicine information and pay more attention in each customer. Record the history of purchase and other customer information such as allergy medicine and underlying disease are satisfied and impress with store.

Professional pharmacist response along working hour. Create a corporate image with a professional pharmacist. This can create the testiness in case customer consult the health problem, store served by a knowledgeable pharmacist, medicine specialist, and a health professional.

Creating a pharmacist community network in order for future expansion of chain-drugstore to community or local area. (Wiritthipol,2016) The store sign up agreement for purchasing medicine with supplier in order to increase bargaining power with supplier.

The products in the store should be as diverse as the needs of the customer and should include products other than medicines. (Wiritthipol,2016) However, it is important to assess the needs of the customer in their area. Select the products that fit into type of customer, location.

Location is one of important factor since customer seek for convenience. Choosing a location Important to the success of a business. Commercial areas in the city such as bazaar, market, office space for rent. Commercial district near the residence will convenient for customers in term of travel and easy to find.

4.5.2 Strategy to adaptive approach

Stand-alone drugstore need to focus on the product that can compete with chain-drugstore. Therefore for general medicine may not compete but focus on special disease medicine and try to create customer engagement and provide good service in order to sustain customer. Normally owner of drugstore serve better service than staff

at chain-drugstore definitely. Focus on creating good relationships with customers and their family members such as husband / wife, relative, etc. In addition, focus on non-medicine product is interested. And if that product is not yet sold in chain-drugstore or house brand product to differentiate from chain-drugstore.

Flexible is flexibility, which is strength of stand-alone drugstore. This include ability to adapt with change in trend

Agility or ability to change quickly and easily in managing drugstore, first stand-alone drugstore able to set up retail prices by get profit what they need or even lower the price in some cases. It can be done unlike chain drugstores, prices are set up by office center as standard. Adjust the price must be approved by managers or office center, which is not agile. In addition, the pricing of the chain-drugstore is set up by the pricing arrangements with supplier that set up lowest price for medicine that chain-drugstore can sold. Second, Stand-alone drugstore can set up promotions quicker than the chain-drugstore with require many process. And stand-alone can define promotion period by themselves. This include provide incentive to staff are easier than chain-drugstore.

4.6 Recommendation

Pharmacy business, business must be divided into medicine and non-medicine because the medicine group require pharmacist but non medicine group can service by sales staff. And can apply the principles of retail business to help generate sales in order to reach desired level of profit. For products such as cosmetics, vitamins, supplements, skincare, they should focus on good quality and well-known brands to capture the customer who have the purchasing power, medium to high income. And finally in the future drugstore need to transformed into a retail store that sells medicine, supplements, and herbal or organic products to reach the trend. And should not focus on price competition. Because the benefit may be less than the impact. Since stand-alone drugstore have less bargaining power over supplier, especially new comer stand-alone drugstore cannot compete by price with chain-drugstore or old stand-alone drugstore because long and good relationship among them and amount of purchase. Therefore focus on service could be benefit and cannot imitate.

CHAPTER V

DISCUSSION AND CONCLUSION

5.1 Discussion

The objective of this research is to define the effect to stand-alone drugstore from expansion of chain-drugstore in Bangkok. And find out the adaptive approach of stand-alone drugstore toward the change which include

- Providing quality service
- Customer engagement
- Implement system
- Increase variety of products in the store
- Store presentation
- Set up promotion

As from the research finding can observe that stand-alone drug store try to adaptive according to factor following and related key success factor of retail business consist of Market position, Stock position, capital management, understand your target, Location and distribution channels, and customer centric

Stand-alone drugstore should understand your target. Cleary target market is one key success in term of behavior, demographic and make sure that our product are meet that needs of customer. Then we can manage the products and services to be consistent with the target group. (Elizabeth,2011). And from the interview respondent “Increase variety of products, find a group of product interesting (non-drug products). To meet the needs of customer in this area”

Since market positioning is important tool to build up marketing plan which provide clear and consistent view of the business.(Elizabeth,2011) And from the interview respondent “Professional pharmacist or skillful pharmacist can build trustiness to store and we provide best service. This is our strength”. Professional pharmacist show that their competitive advantage is personnel differentiation and good

service show that their competitive advantage is service differentiation. And from the interview respondent

Monitor stock to be adequate for sale is a key issue for retail business. Therefore well manage stock monitoring system and process will assure that store stock product enough for sale.(Elizabeth,2011). And from the interview respondent “Now I implement the system to control stock and purchase system to monitor sale and memory the purchase pattern of customer”. From this system can help owner control and monitor product easier.

Location and distribution channels, Entrepreneurs should choose the location and distribution channel is appropriate and potential to distribute to the target customer (Elizabeth,2011). And from the interview respondent “One of our KSF is location since we closed one store because the sale is very low. Since we think space that high traffic is enough but that traffic is not our target”. But this factor is not include in the adaptive approach since owner have to decide at first. To fix this problem to increase variety of product or change distribution channel as one of respondent “We have Facebook page sold the non-medicine product”. This would be the way to solve problem.

But for capital management and customer centric factor respondent didn't mention in this study. Since stand-alone drugstore is not big company. And for customer centric the owner didn't ask their customer to collect the data but one of respondent order the product for customer when their request as from the interview “I didn't stock various kind of product because pharmacist should be the one who make a decision or prescribe the medicine”. Anyway those 2 factors are important to fulfilled their need of customer which the owner should apply.

As from the research finding can observe that stand-alone drug store try to adaptive according to factor following and related to 6 P's of retail marketing

Product : Increase variety of product in the store

Service : Providing quality service, Customer engagement

Promotion : Set up promotion

Management in the Store : Store presentation

Information : Implement system

The 6 P's of Retail Marketing Plan:

Products – Product can be divide into three type. First, core product is the items that consumer expect that store maintain in stock and ready for consumer all time. Second, line product extensions this kind of product are similar to core product but different in function. Third, related product are the product or service that create initial purchase. Store need to provide variety of product to serve the need.

Placement – Placement is where consumer can receive your product. This can refer to physical location of the store and its surroundings.(RTS,2014) But can refer to how your store displays and visual merchandising plan within the store. (RTS,2014) You have to make sure that your displays act as “silent sales people” since tis can create impulse to purchase and lead to success of your business. Basically store need to understand the basics of store layout and display including adjustment zones, hot spots, effective signage and more and also adjust the store presentation. (RTS,2014)

Promotion – Promotion mean how information reach out and customer get your message. With intend to increase foot traffic, increasing conversions and attaining brand awareness. (RTS,2014) So store should promote their product by set up promotion that suit to your product.

People – People refer to people who associates your sale and working for your organization on the sales floor. Your staff are the face of your store and your brand, they represent your store. Therefore, in process of recruiting and hiring the right staff and providing them with a high quality retail training program is critical to your success. Retail have to train staff or make yourself to provide quality service

Pixel & Phone – In the era of “new media” where consumer spend time on-line and on their phones as they do shopping it is critical that retail marketers focus on engaging customers where they are across social networks, email and the web. (RTS,2014) So this is one of strategy to build customer engagement. By creating a strategy that includes Facebook, Line@, blogging, email marketing, text messaging and more will ensure that your customers are always keeping you top of mind. (RTS,2014)

5.2 Conclusion

However, since the current economic climate that the entrepreneurial in drugstore business face with higher competition. The opening of the ASEAN Free Trade Area (AEC), as well as the change in law and regulation issue with directly relate to pharmaceutical profession. Due to expansion of chain-drugstore of foreigner in Thailand. Stand-alone drugstore will face more difficult in competition, especially drugstores located nearby chain-drugstore may not able to compete result in compete market share. Therefore, it is very important that the stand-alone drugstore need to adapt and create new marketing strategies to maintain their business. The research realize the important to study the effect to stand-alone drugstore from expansion of chain-drugstore and find out the adaptive approach of stand-alone drugstore toward the change. This research is qualitative research compose of in-depth interview and quick survey.

The sample obtain by for In-depth interview 6 owner and pharmacist at stand-alone drugstore in Bangkok with experience in manage own drugstore and response in pharmacist role as themselves for over than 5 years. Average sale per day around 30,000 baht. The store area over 150 square meters and the shop has opened a store for over 3 years.

For the quick survey the data collect from estimate 200 stand-alone drugstore owner of respondent

For the process of analyzing the data obtained from in-depth interviews, the researchers obtained the data from in-depth interviews. Then data analysis and processing of data are used. Processes and methods of analysis will follow the process of qualitative research, analyzing data by major themes or major patterns found in the data obtained from interviews. Then categorize the main issues into sub-themes and categories. The analysis begins by analyzing the whole picture and scope down to analyzing the sub-issue according to process of analysis based on qualitative research.

For the questionnaire I sort out the un-related or non-respondent questionnaire by screening question. Then analyze the answer in term of ranging

From the study found that effect to stand-alone drugstore from expansion of chain-drugstore in Bangkok are decrease in sale, decrease in number of customer,

slow movement in some product , and price of product which is adjust price down because of chain-store sale cheaper product sort by most impact to less impact.

And find out the adaptive approach of stand-alone drugstore toward the change which include increase product range, providing quality service, store presentation, customer engagement, implement system and set up promotion sort by most apply to less apply.

5.3 Limitation

5.3.1 Time constraints, duration of study is quite short. As a result, the researcher cannot gather information from various groups and the results of this study may incomplete in some part.

5.3.2 Small group of sample may not be able to reflect the opinion of the general population, and the information is just opinion, not the criteria been correct

5.3.3 This study is a group of people. Only in Bangkok area could not represent the drugstore market.

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APPENDIX A : List of interview question

Interview question
<p>General question</p> <ol style="list-style-type: none"> 1. What is your average income per day of your store? 2. What is the size of your store area (square meter) ? 3. How long have you been open the store? 4. What is your available products? <p>Main question</p> <ol style="list-style-type: none"> 1. At present, Foreign companies running a modern chain store chain store have come into the business and set up chain stores in Thailand. The development of a chain store drugstore has begun to clear position. Expansion of branch of chain-drugstore has been increase. Has your shop been affected by the expansion and do these impacts become the advantages or disadvantages of your store? 2. In term of counter balance of purchase with large quantities. The chain stores in Thailand will be able to negotiate with manufacturers / importers because they purchase high volume. Do you think chain-drugstore has more power and what is your bargaining power over the drug company? 3. Since consumers' behavior changes, they prefer to shop in department stores rather than stand-alone stores. And chain-drugstore often open the store at the shopping mall. What do you think about the changing in customer behavior and do these affect your store? 5. As a result of that effect, what is competitive approach or adaptive approach of your store with expansion of chain drugstore? 6. What do you think is the key success factor or strength of your store?

B : List of quick survey question

Quick survey question
1. Does your store located near a chain-drugstore (boots, watson, etc.)? <input type="radio"/> Yes <input type="radio"/> No
2. Have you store affected by the expansion of chain-drugstore? Either in terms of sales or other effects. <input type="radio"/> Yes <input type="radio"/> No
3. What is the effect that your store impact? (you can choose more than one answer) <input type="radio"/> Decrease in sale <input type="radio"/> Decrease in number of customer <input type="radio"/> Slow movement in some product <input type="radio"/> Adjust price down
4. From the impact, how does your shop adapt to overcome the change? (you can choose more than one answer) <input type="radio"/> Increase product range <input type="radio"/> Providing quality service <input type="radio"/> Store presentation <input type="radio"/> Customer engagement <input type="radio"/> Implement system <input type="radio"/> Set up promotion
5. What is the result after your shop apply the adaptive approach? <input type="radio"/> Increase sale by 1-5 % <input type="radio"/> Increase sale by 5-10 % <input type="radio"/> Increase sale by 10-15% <input type="radio"/> No change