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AN EMPIRICAL STUDY ON THE MARKET ORIENTED PRACTICES BY AYURVEDA PHARMACUETICAL INDUSTRY IN KERALA

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ABSTRACT--*The Ayurveda pharma industry in Kerala is dominated by the existence of traditionally organized marketing departments. There exist specialised functional departments and specialised functions in these companies – marketing, sales, and production and so on. This study was intended to find the marketing oriented practices of such companies in Kerala and other market places. The general managers and above responsible for the marketing were identified as the target respondents. Literature review in this context was undertaken and also an inferential analysis was conducted to see whether marketing orientation is there. The findings of the study reveal that there is a need for marketing by ayurveda pharmaceutical companies and the same was documented*

Key words--*Ayurveda, Pharmaceutical companies, Marketing orientation, Kerala*

I. INTRODUCTION

India has one of the world's most sophisticated indigenous medicinal cultures with an unbroken tradition coming down across more than four millennia. This living medicinal tradition of codified medicinal system includes Ayurveda, Siddha, Tibetan & Unani systems of medicine. It may be noted that all the functions including pediatrics, psychiatric, ENT, nephrology, urology, cardiology and surgery are covered in these systems. The veterinary systems also are included. Despite several constraints, these medical systems are alive and are gradually regaining lost ground. Ayurveda is the ancient Indian scientific subject dealing with the health and age of the individuals. The preliminary survey conducted by the researcher among the Ayurvedic doctors revealed that the major problem they face in the prescription of Ayurvedic drugs is a near absence of branded products. The Ayurveda drug industry is characterized by bulk drugs and classical drugs. The corporate brands that exist do not exhibit consistent quality and therapy benefit across the product line. Prescription is a challenging and often daunting task for the medical practitioners.

The Ayurvedic pharmaceutical companies in the state of Kerala with annual turnover of above 10lacs represents the universe of the study. The tiny units with less than 10lacs annual turnover were found to be more localized, practitioner specific or parambarya vaidyas (traditional practitioners) .They have very limited or no marketing activity except dispensing of medicines and treatments in their dispensaries or clinics. According to the information available on March 2016 from the Directorate of drug control, Thiruvananthapuram there are 1044 licensed ayurvedic pharmaceutical manufacturers in Kerala.

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II. REVIEW OF LITERATURE

Frank V Cespedes (1996) developed the idea of 'concurrent marketing' which advocates the careful mechanism for cross functional cooperation between primary and joint authority. The companies believe in customer loyalty and retention because of the conventional belief that it brings in huge financial gain in the form of sales volume and profitability.

Nigel F Piercy (1992) customer loyalty programs are no protection against the competitors who delight the customer. The factor value of sales and loyalty incentives indicate that the major orientation in the Ayurvedic marketing are the creation of profit through value. Incentive systems was effective in ayurveda marketing. Incentives are the part of a strong selling drive that is present in this industry. Heavy indulgence in customer loyalty incentives and price incentives are clear evidence of sales led marketing practices in the industry. Gupta, Raj and David (1996) indicated that new product development effectively relies on the quality of the association between marketing and R& D.

Clive Cookson (2000) in his study indicated that in many companies R&D is the 'engine for growth'. Alan Mitchell (1994) quoted that large investments in internal communication programs of various kinds are inevitable for success in organisations. The industry has identified the strategic importance of inter departmental sharing of information and insight. It recognizes the importance of minimizing the barriers to inter departmental communication. The industry also recognizes the importance of developing information technology strategies which give definite boost to internal and external communication.

Khan and Mentzer (1998) while studying the internal marketing communication informed that there is a need for better communication between marketing and the rest of the company. A E Ellinger (2000) in a study quoted that in order to build alliances and use the same skills inside the organizations in partnering which is part of inter- company and supply chain alliances. Tom Bonoma (1985), in a study indicated that of how many of the plans and strategies that never "happen", it's the top management ego that plays vital. Piercy and Cravens (1999) observed: that the marketing organisation has become a fundamental strategic issue concerned with intra-organisational relationship and inter-organisational alliances.

According to Webster (1997), there are four stages in the evolution of marketing organisation. In the first stage, marketing was equated with sales and demand generation activities. In the second phase, bureaucratic and hierarchical organisational forms are developed to plan and control. This leads to a third phase where marketing becomes identified as a function in its own right responsible for the development of integrated marketing strategies. That results in the fourth stage where customer interaction and involvement becomes important.

As Kotler and Keller (2007) illustrates in their book that successful banks in India have created superior value to the customer. Michael Lanning (1998) conducted a study to explain that it is imperative for a company to design a competitively superior value proposition aimed at a specific market segment, backed by an excellent value delivery mechanism. According to Price Waterhouse Coopers (2018) report, 77 percent of Indian households use Ayurveda for their therapeutic and prophylactic purposes and it's on the increase. Hence considering that the Kerala based ayurveda companies are the one who are pioneers in this area, it is imperative that branding and marketing is taken very seriously.

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III. RESEARCH GAP

From the above analyses of the secondary data, it is clear that the organizations are not able to differentiate between marketing orientation and market orientation. As Peter Drucker (1954) puts it, the role of marketing is to satisfy the needs of the customers and markets. This primarily shows the market orientation and it is distinct from the marketing orientation mentioned as such.

Ayurveda industry is no exception to this and hence there is a need for explicit primary data to be collected to validate the issues.

IV. ANALYSIS

The pilot study conducted to evaluate the Ayurvedic pharma industry revealed that a separate analysis of the market oriented practices is mandatory for the sound understanding of the topic understood. It was clear that sound market led practices are prerequisites to the development of branding in any industry. Data analysis to identify the important factors constituting market oriented practices in Ayurvedic pharmaceutical firms is done using the multivariate analyses. The first body of output concerns data screening and testing of sampling adequacy. The adequacy of data set was examined by correlation matrix (R-matrix), Kaiser-Meyer-Olkin (KMO) measure and Barlett's Test of sphericity.

The correlation matrix contains the Pearson's correlation coefficients between all pairs of variables and their significance levels. It is important that any variables that correlate with no others should be eliminated. Therefore, correlation matrix can be used to check the pattern of relationships. The easiest way to do this is by scanning the significance values and looking for any variable for which the majority of values are greater than 0.05. Examination of R matrix in the present data set shows that it is suitable for the analysis.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.619
Bartlett's Test of Sphericity	Approx. Chi-Square	901.941
	df	190.000
	Sig.	.000

The KMO statistic from Table 1 indicates that the KMO statistic varies between 0 and 1. A value of 0 indicates that the sum of partial correlations is large relative to the sum of correlations, indicating diffusion in the pattern of correlations (hence, factor analysis is likely to be inappropriate). A value close to 1 indicates that pattern of correlation are relatively compact and so factor analysis should yield distinct and reliable factors. For the present data set, the value is 0.619, so it can be concluded that factor analysis is appropriate for these data. Bartlet's measure tests the null hypothesis that the original correlation matrix is an identity matrix. A significant test indicates that the R-matrix is not an identity matrix; therefore, there are some relationships between the

variables could be included in the analysis. For these data, Bartlett's test is significant at zero percent level, and therefore factor analysis is appropriate. For estimating the factor loadings, Principal Component Analysis (PCA) was selected as the extracting method.

The following table 2 shows communalities before and after the extraction. Principal component analysis works on the initial assumption that all variance is common; therefore, before extraction the communalities are all 1. The communalities in the column labelled *Extraction* reflect this common variance. So, it can be said that 84.7% of the variance associated with variable 1 is common, or shared variance. Another way to look at these communalities is in terms of the proportion of variance explained by the underlying factors. Before extraction, there are as many factors as there are variables, so all variance is explained by the factors and communalities are all 1. However, after extraction some of the factors are discarded and so some information is lost. The retained factors cannot explain all of the variance present in the data, but they can explain some.

Table 2: Communalities

	Initial	Extraction
The company can easily spell the idea and value behind any of its products	1.000	.847
The company believes in "customers/prescribers focused value" delivery	1.000	.628
The company believes in loyalty incentives	1.000	.891
The company practices customer loyalty incentives and price incentives for developing customer satisfaction	1.000	.872
The company focuses on "customer/ prescribers life time value" than on their retention	1.000	.648
The company assesses "the customers/ prescribers appreciation and application requirement" while building a specific benefit	1.000	.812
The company has clarity on its product concepts (eg. Immuno modulating, curative etc.)	1.000	.699
The company can valuate its offers in customers/ prescribers terms	1.000	.633
To the company, marketing mix decisions are regarded as most strategic	1.000	.756
To the company relationships with the customers/ prescribers is regarded as most strategic	1.000	.842
The company is a loyal partner to customers/ prescribers	1.000	.634
The company watch and respond to public opinion	1.000	.714
The company has developed an information technology strategy	1.000	.676
To the company marketing is the relam of marketing professionals	1.000	.513
The company have minimum barriers to inter departmental communication	1.000	.741
To the company inter departmental sharing of information and insight is strategic	1.000	.672

The company recognizes R&D as the engine of growth	1.000	.706
To the company its operational efficiency substitutes strategic direction	1.000	.544
The company have identified "a unique organizational capability" while leading to the market	1.000	.591
The company is confident that it offers superior products (customers will prefer) to the market	1.000	.493
Extraction Method: Principal Component Analysis.		

The following table 3 shows the Total Variance Explained based on the components. This table shows statistics for each factor before and after the components are extracted.

In the column labelled *Total*, the eigen values for the multivariate space of the original variables are ordered by size. The percentage of the total variance attributable to each factor is displayed in the column labelled *percentage of variance*. The first factor accounts for 19.405 per cent of the variance, the second accounts for 9.72%, the third accounts for 9.159% and the fourth accounts for 8.842 per cent. Together, the seven factors account for 69.56 per cent of the variability of the original 20 variables.

Table 3: Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	per cent of Variance	Cumulative per cent	Total	per cent of Variance	Cumulative per cent	Total	per cent of Variance	Cumulative per cent
1	4.277	21.385	21.385	4.277	21.385	21.385	3.881	19.405	19.405
2	2.416	12.079	33.464	2.416	12.079	33.464	1.944	9.720	29.125
3	2.061	10.303	43.767	2.061	10.303	43.767	1.832	9.159	38.284
4	1.469	7.344	51.111	1.469	7.344	51.111	1.768	8.842	47.126
5	1.351	6.757	57.868	1.351	6.757	57.868	1.562	7.808	54.933
6	1.310	6.548	64.416	1.310	6.548	64.416	1.467	7.336	62.269
7	1.028	5.140	69.556	1.028	5.140	69.556	1.457	7.286	69.556
8	.933	4.663	74.218						
9	.804	4.022	78.241						
10	.712	3.561	81.802						
11	.676	3.382	85.184						
12	.584	2.921	88.106						
13	.510	2.552	90.658						

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14	.489	2.444	93.102						
15	.438	2.190	95.291						
16	.259	1.294	96.585						
17	.239	1.194	97.780						
18	.213	1.066	98.846						
19	.188	.942	99.788						
20	.042	.212	100.000						
Extraction Method: Principal Component Analysis.									

Table 4 titled Component Matrix displays coefficients or loadings that relate the variables to the four factors (Components). The correlation between the first variable and factor one is -.897, while the correlation with factor two is -.088 only, correlation with factor three is .229 and correlation with all others factors further negligible. It can be hence said that Variable 1 is associated with factor 1.

Table 4: Component Matrix[a]

	Component						
	1	2	3	4	5	6	7
The company believes in loyalty incentives	-.897	-.088	.229	.026	-.061	-.065	.132
The company practices customer loyalty incentives and price incentives for developing customer satisfaction	-.884	-.053	.278	-.044	-.062	-.010	.066
To the company, marketing mix decisions are regarded as most strategic	-.761	.211	.216	.086	.251	.082	-.095
To the company marketing is the realm of marketing professionals	-.617	.139	.050	-.043	.299	-.120	-.071
The company focuses on "customer/ prescribers life time value" than on their retention	.616	-.177	-.223	-.085	.327	.269	.038
The company can easily spell the idea and value behind any of its products	.516	.173	-.252	-.367	.372	-.409	.216
The company can valuate its offers in customers/ prescribers terms	.421	-.126	.262	.388	-.240	-.353	.196
The company recognizes R&D as the engine of growth	.193	.735	-.011	.220	.116	-.120	-.226

To the company relationships with the customers/ prescribers is regarded as most strategic	.218	-.695	.156	-.230	.102	.441	.168
The company watch and respond to public opinion	-.102	.526	.339	-.236	.003	.340	.376
The company assesses "the customers/ prescribers appreciation and application requirement" while building a specific benefit	.297	.512	.053	.344	-.476	.296	.161
To the company inter departmental sharing of information and insight is strategic	.378	-.287	.653	.138	.026	-.030	-.013
The company have minimum barriers to inter departmental communication	.197	-.045	.608	-.134	.336	.126	-.428
The company has developed an information technology strategy	.172	.485	.554	-.302	-.062	.015	.094
The company have identified "a unique organizational capability" while leading to the market	.000	.396	-.172	-.568	-.067	.277	-.016
The company has clarity on its product concepts (eg. Immuno modulating, curative etc.)	.112	.370	-.271	.416	.415	.304	.196
The company is confident that it offers superior products (customers will prefer) to the market	.258	.111	.189	.371	.262	.214	-.355
To the company its operational efficiency substitutes strategic direction	-.418	.035	-.143	.163	.440	-.227	.276
The company believes in "customers/prescribers focused value" delivery	.426	.256	.287	-.267	-.013	-.471	-.074
The company is a loyal partner to customers/ prescribers	.279	-.095	.461	.174	.286	-.041	.470

Extraction Method: Principal Component Analysis.

a. 7 components extracted.

The important factors constituting market oriented practices in Ayurvedic pharmaceutical firms in Kerala can be identified as follows.

1) Sales led practices and traditionally organized marketing department.
2) Customers/ prescribers appreciation and application practices.
3) Information sharing and communication.

4) Superior product performance and organisational capability.
5) Operational efficiency substituting strategic direction.
6) Value delivery.
7) Loyal partners to customers/ prescribers.

The component linear correlation could be considered to be zero, it is ideal to undertake check for the non linear and outliers associations between each of the components. Figure 1 indicates the factor score for the seven components and it shows that the scores indicate the linear and non linear correlation.

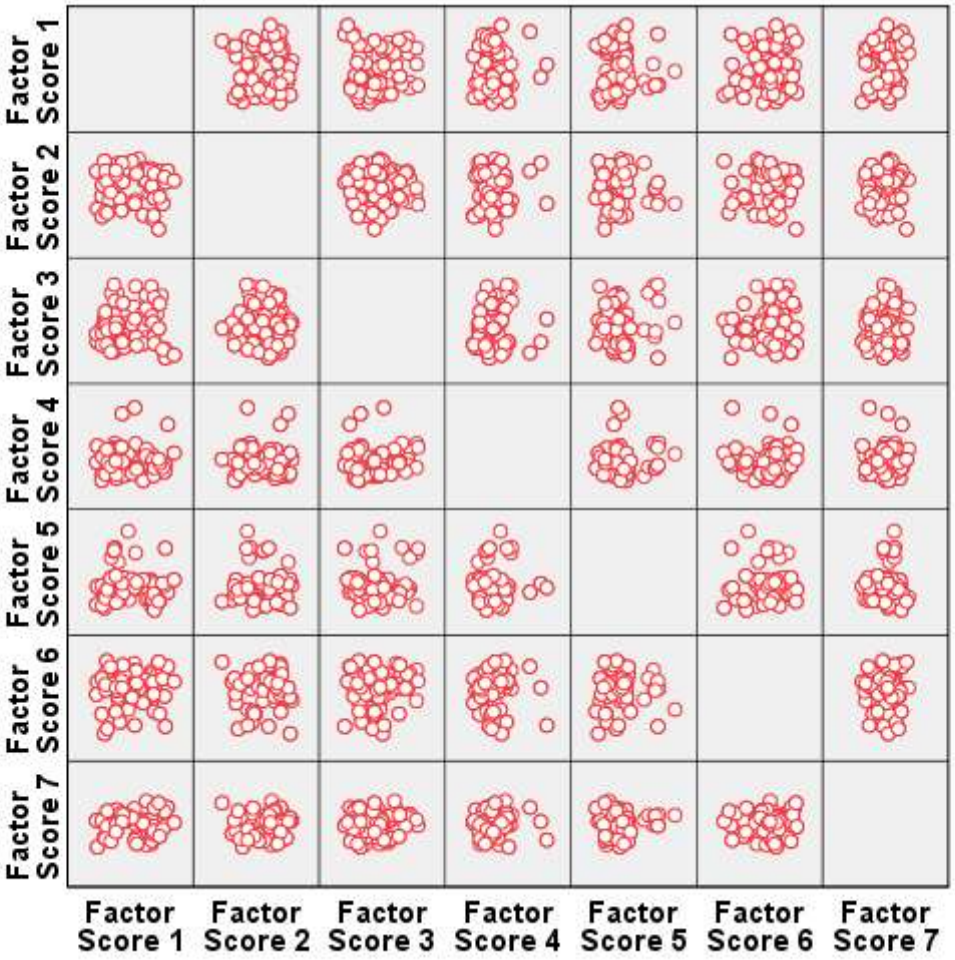

Figure 1: Factor score matrix

V. SUGGESTIONS AND CONCLUSION

The factor analysis names the first important component factor in market oriented practices in the Ayurveda pharmaceutical industry in Kerala as sales led practices and traditionally organized marketing departments. It should be known that marketing becomes powerful once the resources are channelized properly and customer management is appropriate. The marketing management in these organisations is dominated by marketing mix elements and their manipulations.

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The factor analysis data also shows that the Kerala Ayurveda Pharma companies, along with sales led practices and traditionally organized marketing department rates focus on customer retention than on their lifetime value, clarity in idea and value behind the products and valuating their offer in customer terms in first factor grouping. The second important factor identified and named is customer/ prescriber appreciation and application. In the prescription led industry of Ayurveda pharma product appreciation and application requirements are paramount while building a specific benefit. Developing benefits that are relevant or applicable and aprreciatable or compelling to the prescriber is basic. The R&D which is recognised as the engine of growth by the Ayurvedic industry of Kerala is focusing on application and appreciation while building specific benefits. During the course of the preliminary survey conducted among the medical practitioners it was opined that a number of manufacturers while developing formulations ignored the application requirements. While the compulsions of sales led market exists, it is heartening to notice that the industry is also recognizing relationship with customers and opinion of the public as important factors.

The third important factor identified in the analysis is the practice of information sharing and communication. The implementation of external marketing strategy requires changes of various kind within organization – in the information sharing and communication. The data shows presence of significant practices in improving internal communication.

The fourth important factor identified and named by the factor analysis is superior product performance and organizational capacity to deliver the promises. The capability of the organization, its resources should be of paramount importance before structuring marketing strategies. On the other hand if new marketing strategies are developed, but are designed around newly designed systems and structures and newly acquired capabilities (as required), it is definelty pitching for success.

There is a becnchmark quality which needs to be a platform for companies to work. Formulations need to have performance quality. The company need not necessarily produce the highest quality formulation needed in the market. They must decide on the appropriate quality needed for the target market and competitor's quality level. A consistent and continuously improving the product can produce high returns and market share. Conformance of quality, the therapeutiic functioning, reliability, form of substance and life are important dimensions of product quality in Ayurvedic pharma industry. The company needs to identify the unique organizational capabilities while leading to the market.

The fifth practice named by the factor analysis is operational efficiency substituting for strategic direction.

The sixth market oriented practices identified by the factor analysis is value delivery. The Ayurvedic pharma industry in Kerala practices not only the identification of customer value but also devise plans for their delivery. Superior customer value delivery is provided when buyers total experience with our product is favourable compared to equivalence provided by the competitors and to the expectation of the buyers. The value proposition of any company consists of the whole cluster of benefits that the company promises to deliver. The value delivery system in pharmaceutical industry includes all the experience the customer /prescriber will have on the way to using the formulation.

The seventh factor specify by the factor analysis is that the company's loyal partner to customers/prescribers. The successful implementation of a well conceived marketing strategy depends on the strength of the customer relationships it develops. Maximizing customer value needs cultivating a continuous

and long lasting customer relationships. Many companies are developing stronger bonds with their customers through customer relationship management.

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