CHAPTER III
THEORETICAL FRAMEWORK

3.1 Introduction to Theoretical framework

A theoretical framework is the foundation of hypothetic deductive Research and is a basis for hypothesis development. This chapter elucidates the theoretical framework of the study. Few terminologies used to understand the framework such as combination of deduction, induction, concepts and constructs. Operational definition of positioning stated in terms of specific criterion for testing and measurement. Variables like dependent, independent and moderating variables in the study are explained. The domain of the theory is product and service pharmaceutical industry.

Theory is a synthesis of the existing literature and a discussion of the core concepts, issues, and challenges associated with theory building in an applied field. Dubin (1976) stated that the purpose of theory "is to make sense of the observable world by ordering the relationships among elements that constitute the theorist's focus of attention in the real world"

Bacharach (1989) offered a similar definition to that of Dubin, describing theory as a "Statement of relationships between units observed or approximated in the empirical world". “A coherent description, explanation and representation of observed or experienced phenomenon” is a theory as defined by (Gioia and Pitre, 1990). Senge, Roberts, Ross, Smith, and Kleiner (1994) described theory as "a fundamental set of propositions about how the world works, which has been subject to repeated tests and in which we have gained some confidence". Torraco (1997) provided a crisp description of theory building as "the process of modeling real-world phenomena".
3.2 Brand positioning

Al Rise and Trout in 1986 defined positioning as what you do with the minds of customers. Various definitions of positioning are placed in tabular form in the section of literature review. According to Sanjay K Rao (2009), devising and continually evolving the positioning strategies based on a scientific, market driven paradigm will make for a commercialization process that effectively defines and communicates product value at every stage of the life cycle. Utilizing state-of-the-art techniques and tools from disciplines such as strategic marketing research, marketing science and decision support sciences enables the process of translating such a paradigm into effective strategy. Mc Alexander et al (1993) stated that selection of the positioning strategies co-relates significantly with financial performance. Porter (1996) supports relationship between positioning and long term growth of the firm. Literature lacks empirical studies based on positioning strategy and success of the firms in Indian scenario.

Scientific historian Thomas Kuhn in 1970 explained few factors to be considered for development of effective positioning paradigm with special reference to pharmaceutical products, differentiation of drug from others on various dimensions, coverage of large number of customers (patients), right indication for the drug, communication through proper medium.

A clear positioning strategy, even if it is evolving, holds various benefits, a) Pre-defining types of patients who may benefit from the drug, b) Describing the types of providers who will be quantified to prescribe it and c) Shaping the few, cogent supply paths by which a drug moves from the manufactures eventually to the patient (allowing for a search for the shortest, most effective path well ahead of launch).
Brand positioning is explained by many authors and is acknowledged in literature review. In brand medicine it is understood that quality, efficacy, reliability, price and reputation are key positioning factors. Some researchers argue that the company is the brand for services which emphasizes the pre-eminence of corporate brand image, where as other advocate developing strong sub brands for specific service offerings. Aaker (2000) observed brand relationship spectrum is anchored at one end by corporations that use the company name as the primary brand for all products offered that is branded house and at the other end by corporations that develop unique brands for each product that is house of brand.

FIGURE 7: PARTICIPANTS OF PHARMACEUTICAL PRESCRIPTION GENERATION PROCESS

Source: Journal of medical marketing, Vol-8 2008
At the start market, participants of pharmaceutical industry are framed in the form of chart, which lucidly explains the prescription process, sales generation process and major influencers.

From the above process, the participant studied in detail for the research purpose is physician and patient. The branding and positioning of companies in physicians perspective is also studied. Overall, when buying medicine what are the important criterions, are discussed.

3.3 Brand Personality

According to Aaker (1996), the goal of brand strategies was to create a resonance between an enterprise and consumers. He reconstructed the measurement method for brand equity by adding the market behaviors to four original factors developed by him comprising: the brand loyalty, brand awareness, brand perception, and brand association. The brand loyalty is measured through two indices, such as the price premium and satisfaction/loyalty. The brand perception is measured through two indices, such as the perceived quality and leadership position.

Aaker (1997) examined the personalities attributed to U.S. brands and found they fall into five main clusters, (1) sincerity, (2) excitement, (3) competence, (4) sophistication, and (5) ruggedness. Asker et al (2001) found that three of the five factors also applied to brands in both Japan and Spain, but that a “peacefulness” dimension replaced “ruggedness” both in Japan and Spain, and a “passion” dimension emerged in Spain instead of “competency”.

Aaker (1999) also found that different brand personality dimensions affected different types of people in different consumption settings. She interpreted these experimental results in terms of a “malleable self”, which is composed of self-conceptions that can be made salient by a social situation (see also Graeff 1996, 1997). This study has adopted the brand
personality framework scale of Aaker. The dimensions have been pooled together and written in the theoretical framework.

### 3.4 Brand Trust

Customer confidence by Doney and Canon (1997) proposed the trust meaning both transaction parties all believed that the trust meaning both transaction parties all believed that the other party who was reliable with a heart of benevolence. In addition, high confidence would enhance the commitments from both transaction parties, facilitating the mutual correlation.

Mayer et al (1995) defined the trust as, a trustor were willing to accept the vulnerability due to trustees behavior, this willing was constructed on a foundation that the trustor allowed the trustee to perform an extreme important action for him and expecting to obtain a positive response from the trustee, despite it might be a problem in monitoring, controlling and trustee response.

The brand trust conceptualization used by Hess (1995) is based on the premise that a brand is trusted by the consumer to the degree that the brand is perceived as being altruistic, reliable, honest, and competent and that the consumers knows what to expect from a brand. Of these aspects, the brand trust assesses brand honesty, altruism and reliability.

Mc Alexander et al (1993) stated that selection of the positioning strategies co-relates significantly with financial performance. Porter (1996) supports relationship between positioning and long term growth of the firm. Literature lacks empirical studies based on positioning strategy and success of the firm in Indian scenario. All these concepts are pooled together to understand how are successful companies perceived and their financial aspects are studied.
3.5 Brand equity

Globalization leading to products from around the world having similar qualities and marketing mix, to the point that it is increasingly difficult for domestic firms to develop and maintain brand equity (Aaker & Joachimsthaler 2000). Consumers are overloaded with information and increasingly characterized as having short attention span and high frequency of switching which produces volatility between consumers and products and influences their perception of brand equity for a product (Goldfinger 1997; Shocker, Srivastava and Ruekerd 1994). Looking at this scenario Physicians have to remember multiple brands on multiple indications in multiple therapeutic areas becoming for them.

Various factors studied by Samuel Allen in 2005 are perceived quality that comes from reliable and durable product, the effectiveness of drug and design warranty logo of the product. Physicians being bombarded daily with many brand names, association with the product, personality of the product and company, brand itself awareness about the brand, helps in forming a resonance which again contributes to brand equity.

The decision making process which is influenced by the above parameters leads to perceived quality, perceived performance, resonance and imagery. This leads to prescription generation and as a result company gets benefitted. The impact of it being studied in the form of financial performance of the company. Sales and sales variation is studied for the best performing firms.

The variable under all constructs are placed below and the flow chart is depicted for the same.
3.6 Variables measuring Key Constructs

The theoretical modal described for constructs like brand positioning, brand awareness, company loyalty and company personality. All constructs are studied through relationship between various variables, which are described below.

3.6.1 Variables measuring Brand positioning of pharmaceutical brand

Affordability, Better than competitor, Choice, Consider patient as important, Convenience, Country of origin, Expensive ,Extra benefit ,Eye catching visual aid , Familiarity ,Good quality ,High principles, Leader in market ,Reasonable price, Reliability, Assured results ,Name of the product ,Well known product, Wide range, Trust worthy ,Side effects, Medical representative.

3.6.2 Variables measuring awareness of pharmaceutical brand and pharmaceutical company

Demographic details, Daily medication, Company name, recall, Number of companies recall, Orientation to look for company name, Request for a particular company, Knowledge about medicine, Side effects, Knowledge of new formulation ,Willingness to pay more for branded drug, Perception of branded drug Recommendation from pharmacists, repeat the brand, Read and study the brand before buying, perception of the brand, dosage system, Colour factor, Size of the medicine, taste of the medicine, Doctors influence, Parallel brand, Awareness about OTC. These variables are considered in the first scale taken for consumers that is patients.

3.6.3 Variables measuring company personality

Dynamic, Creative, Optimistic, Prudent, optimistic, Hard, Cold, Caring , rational, Generous, Empathetic, close, elegant, class, serene, calm, product image, efficient, Rapid, low cost,
Prevents Recurrence, no side effects, Brand status, It is a reference point, High reputation, Superior quality, Major product, Prescription

3.7 Dimensions measuring Trust

Reliability

1. Company is very reliable, 2. I feel I know what to expect from company 3. If I prescribe another medicine from company, I feel I know what to expect

Altruism

1. Interested more than just manufacturing product and making a profit. 2. There are no limits to how far company will go to solve a problem I might have. 3. Company is genuinely committed to my satisfaction 4. Company will do whatever it takes to make me happy

Honesty

1. Company product brochure, I believe the information in it is accurate. 2. Most of what company says about its product is true. 3. I think some of company claims about its products are puffed up to make them seem better than they really are. 4. If company makes claim or promise about its products, it is probably true.
FIGURE 8: THEORETICAL MODEL

Quality  
Efficacy  
Reliability  
Price  
Reputation  

Brand Positioning  

Brand Personality  
Sincerity  Excitement  Competence  Ruggedness  Sophistication  

Brand Trust  
Financial Performance  

Reliability  Honesty  Altruism  

Price  Reputation  Brand Personality  
Sincerity  Excitement  Competence  Ruggedness  Sophistication  

Brand Positioning  

Brand Equity  

3.8 Summary of Theoretical Model

This study refers to the above literatures and probing into the reputation, goodwill, reliability and professional capability within the customer confidence, and hereby adopting all these factors as variables in this study. From the entire studies construct like brand positioning, brand trust and brand equity; a theoretical model is proposed and studied. Logic followed according to Wacker (2008) is “the definition of theory has four components definition, domain, relationship and predictive claims to answer”. Also as suggested by many theorists like Dubin, wacker and Quine this theory model tests explanation, internal consistency, uniqueness and empirical risk. The above theoretical model is proposed to study, is depicted in the schematic form. The basic five features of the theoretical framework can be stressed. Variable are identified and labeled correctly. Relationship among variables of interest is stated. The nature and direction of the variables is framed. After logical explanation, the framework is explained with schematic diagram.

3.9 Operational Definitions

Brand: A name, term, sign symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

Branding: Branding is endowing products and services with the power of a brand. It’s all about creating differences between products.

Brand awareness: it is the probability that consumers are familiar about the life and availability of the product. It is the degree to which consumers precisely associate the brand
with specific product. It is measured as ratio of niche market that has former knowledge of
brand. Brand awareness includes both brand recognition and brand recall.

Brand positioning: Is the act of designing the company’s offerings and image to occupy a
distinctive place in the minds of the target market.

Brand equity: Brand equity is the added value endowed on products and services. It reflected
in the ways consumers think, feel and acts with respect to the brand, as well as in the prices,
market share, and profitability the brand commands for the firm.

Brand trust: Brand loyalty or trust is a key component of brand equity. Brand loyalty can be
defined as relative possibility of customer shifting to another brand in case there is a change
in products’ features, price or quality.
CHAPTER IV

OBJECTIVES OF THE STUDY

4.1 Introduction

In this fierce competition of pharmaceutical companies, sales force, R&D and aggressive defense of patents are not the only success factors. To have competitive advantage branding logic has to be emphasized. Through detailed literature review it is understood that companies have to focus on corporate brands than product brands. The customer of the pharma industry is physician who is a decision maker in the whole prescription process.

This research aims at making substantial inquiry and investigation into the understanding of branding and positioning with respect to pharmaceutical companies. The pharma sector is growing in manifolds, for survival it has to understand its positioning in consumers mind so as to take strategic decision about brands in future.

The very important aspect studied is brand trust with reliability and honesty dimensions. With thousands of brands, good brands must build their image which in turn would build customer trust and credibility. Brands must try to build competencies so that customers needs can be satisfied. Based on these issues objectives of the study are formulated.
4.2 Objectives of the study

1. To create positioning model for pharmaceutical companies- This study tries to create positioning map for the major players which will enable them to design competitive marketing strategy with respect to competitor.

2. To understand role and importance of branding with respect to pharmaceutical industry.

3. To identify key positioning typologies of major pharmaceutical companies- Out of many positioning typologies available, which one is more successful and has more impact is studied.

4. To find out and key factors which constitute positioning strategies for pharmaceutical companies- Based on successful Positioning typologies companies can design strategies to build trust in more physicians.

5. To find out key trust factors for both physicians and customers in prescription and consumption- Pharmaceutical companies have developed trust in physician’s mind the extent of which is studied in this work.

6. To understand the awareness of pharmaceutical industry across demographics-Thought people have enough knowledge about pharma companies recall is not registered. This objective of the study will target segment which has high recall and the one which has low recall. This will help in understanding reasons and logic behind awareness.