Chapter 19

Selling OTC Medicines in Supermarkets: A Challenge for the European Market

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ABSTRACT

This chapter aims to develop ideas regarding Over The Counter (OTC) medicines under private label and national brands within the context of retail network, because this is a precondition to selling their retail private labels and OTC and national brands in countries where this practice is currently forbidden by law. The purpose of this chapter is threefold. First, assessing the situation of the sale of OTC medicines in the European Union; second, advancing in consumer behavior analyses in countries where is not possible to buy OTCs in supermarkets; third, understanding the factors behind purchase intentions of private label and national brands OTC medicines since their conception. An empirical study was carried out. Results indicate a good acceptance from consumers in both cases of OTCs in supermarkets. In general, risks are moderated. Great benefits are perceived from these products when they are allocated on the shelves.

INTRODUCTION

Private labels’ strategies are crucial for retailers to attract consumers offering low prices, gain customers’ loyalty, build retail image of the brand, offer products of good quality/price ratio, as well increasing their profit (Miquel-Romero, Caplliure-Giner, & Adame-Sánchez, 2014; Jara & Cliquet, 2012; Ngobo, 2011).

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Store brands or private labels are products encompass all merchandise sold under a retail store’s private label. That label can be the chain’s own name or a brand name created exclusively by the retailer for their stores. In some cases, a store may belong to a wholesale buying group that owns labels that are available to the members of the group. These wholesaler-owned labels are referred to as controlled labels (PALMA, 2015). The term “national brand” describes all the brands owned by industrial groups, in opposition to the privet labels.

Currently, private labels have become full labels. (Ailawadi & Keller, 2004; Jara & Cliquet, 2012; Kumar and Steenkamp, 2007). Retailers answer more and more to the needs of the consumers; they search for new domains to develop their own brands and to make previously unimaginable categories valuable to consumers. Private labels are even developed for “premium” categories (Gastronomy, Organic, etc.) or for “high involvement” products in such domains as beauty and health including medicine thanks to stronger retailers’ investments in quality. In this way, it is not surprising that retailers want to enter and grow in the OTC medicines market. Moreover OTC represents a market of several billion euros. The main brands are the Tylenol, Humex, Nurofen etc. there are approximately 500 references. Retailers see a great business opportunity in the sale of medical care products.

As part of our study, we should clarify certain issues. “Medicine” is defined as a medical product or drug comprised of any substance or combination of substances created for the treatment or prevention of diseases in humans (World Health Organization). “OTC (over the counter) products” are understood here to be medicinal and health care products that are available to consumers without a doctor’s prescription and can be used in minor health situations (such as vitamins, magnesium, anti-lice, cough syrups, etc.) (Wieringa and al., 2015). They, along with prescription drugs, have a positive benefit/risk ratio (Bower A. and al 2013).

Then, a generic medicine is an unbranded version of a medicine or original medicine, that is to say, a bioequivalent molecule no longer protected by patents or nearing patent expiration (Gonzalez J., Sismeirob C., Dutlac S. & Sternd P., 2008). When the branded original medicine or original molecule patent expires, generic medicines can be sold. 1 drug out of 10 sold in France is generic (1 out of 2 in the United States, 1 out of 3 in Germany).

However, the case of generic medicines is very close to the OTC case in terms of risk, benefits, brand, and value perceptions. Indeed, we think that OTCs sold in supermarkets under private label would have every advantage allocated to both generic medicines and private labels namely good quality, price ratio, etc. as they would become consumer products, though they would also have the disadvantages; image problem, among others.

We focus our study only on non-refundable, non-prescriptive medicines. The purpose of this chapter is to understand and, in some way, anticipate consumer behavior intentions facing to the possibility to buy OTC drugs, under privet level or national brand, in supermarkets, in countries where this is currently forbidden.

This chapter is structured as follows. The first section describes the retail medicine market. The second section concerns consumer behavior when considering it an alternative in supermarkets under private label, and concepts that play a decisive role in the purchase intention of this type of product. Then, an empirical study will strive to obtain expressions and attitudes in relation to private label OTC medicines, information that we obtained at the same time as the information about their behavior, opinions, and beliefs relative to this type of product. A methodology and data are developed, and results are presented. Finally, solutions, recommendations, and conclusion are exposed.