



COVID-19'S IMPACT ON CONSUMER BEHAVIOUR, BRAND EQUITY: A STUDY IN VIETNAM PHARMACEUTICAL INDUSTRY

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ABSTRACT

This paper aims to explore the impact of COVID-19 on consumer behavior and brand equity within the Vietnamese pharmaceutical industry. To collect empirical evidence, the quantitative and qualitative methods were used: (1) questionnaire before pandemic and (2) a focus group during pandemic. Result from questionnaire before pandemic shows that perceived quality becomes the most noticeable affecting on consumer behaviour of drugs' label brand with positive attitudes toward prescription drugs, followed by other factors. There is no statistically significant difference in comparing the effects of product's brand equity on consumer behaviour between urban and rural locations. The pandemic has caused significant shifts in consumer behavior within the pharmaceutical industry with the following sections outlining the various aspects of consumer behavior affected by the pandemic: health consciousness, technology adoption, price sensitivity, emphasizing perceived quality.

KEYWORDS: *brand equity, covid-19, perceived quality, consumer behaviour, pharmaceutical industry*

1. INTRODUCTION

In modern opinion, people mention about brand, especially brand equity as a significant factor that affects on consumers' intention to purchase products/service. Recently, consumers have been rising their consciousness in choosing to purchase their familiar and favorable brand rather than other strange brands. Therefore, if businesses want to defeat their competitors, they have to lead consumers to desire to buy and then be loyal to their products/services and brands. In normal circumstances, consumers' purchase decision can be influenced if a product/service has higher brand awareness or perceived quality. Then, brand loyalty helps to maximize the brand equity in the region. If customers are satisfied from the product/service functions, they show loyalty towards the brand of that product/service, then become insensitive of price factor and finally they will show strong interest to buy the product/service at any cost.

As Vietnam opens up to more foreign money, the country's fast-growing pharmaceutical industry is emerging as one of the most attractive prizes. However, the Vietnamese pharmaceutical market is suffering from poor regulatory and intellectual property standards, which have also held back foreign investment in the country. Low-cost, locally produced generics as well as counterfeit products account for a sizeable proportion of drug consumption, due to low consumer purchasing power and an underfunded healthcare system. The over-the-counter (OTC) sector has boosted by the re-categorisation of popular traditional medicines. In the meantime, market figures will remain distorted by little distinction made between prescription and OTC drugs, with most medicines available without a prescription. Vietnamese drugmakers account for only 40% of the total medicines market, while the country imports around 90% of the active pharmaceutical ingredients (APIs) used in drug production. As people travel around and get exposed to quality medical care abroad, they will have higher expectations for health care in Ho Chi Minh city, and also in Viet Nam generally. Medical education is constantly improving, as is technology, so higher standards for clinics will follow (Smechov, 2017). The COVID-19 pandemic has significantly influenced consumer behavior and brand equity across various industries, including the pharmaceutical sector. The crisis has led to an increased focus on health and wellness,



creating new opportunities and challenges for pharmaceutical companies. Moreover, this pandemic has brought about unprecedented changes in consumer behavior, which have in turn affected brand equity across various industries. In the pharmaceutical industry, the pandemic has led to a heightened focus on health and wellness, with consumers becoming more conscious of their choices in relation to pharmaceutical products. This paper examines the impact of COVID-19 on brand equity and consumer behavior, specifically within the context of the pharmaceutical industry in Vietnam. By using quantitative and qualitative research before and during pandemic, this paper provides insights into the changing landscape of the pharmaceutical market during the pandemic.

2. LITERATURE REVIEW AND METHODOLOGY

In literature, people can identify an agreement between (Aaker, 1991), and (Kotler, Marketing management, 2009) that brand equity is defined as “a set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm's customers”. According to (Aaker, 1991), there are four components of brand equity, including brand awareness, brand association, brand loyalty and perceived quality. Brand awareness is the customers' ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory. Perceived quality is generated by each buyer's perception of up to seven elements. In evaluating these quality elements, consumers literally make up their mind about what company is saying matches the qualities they are perceived. Since there is the difference between perceived quality and the real quality, the creation of a quality product or service is still only a partial victory while it is still necessary to create perceptions of this quality with the market. Brand association both represents which a firm wants the brand to represent in the minds of consumers and is the most acceptable aspect of brand equity representing the basis for purchase decision and for brand loyalty. Lastly, brand loyalty can be defined as the extent of consumer faithfulness towards a specific brand and this faithfulness is expressed through repeat purchases and other positive behaviours (Kotler, 2006)

Theory of Planned Behavior is also supportive to health behavior theories and shows an important link between an individual's attitude and their subsequent behavior. Attitude toward the behavior posited in this theory is a critical factor affecting intention to engage in or refrain from that behavior (Ajzen, 1991). It might be implied a link between consumers' attitudes towards prescription drug use and their actual knowledge of prescription drugs. Actually, in study of (Bodenlos, 2014) which purpose was to develop and validate a scale measuring attitudes towards prescription drug use for nonmedical reasons, the result suggested that misusers of prescription psychiatric medication were more likely to endorse positive attitudes regarding medication seeking compared to non-users, and positive medication-seeking beliefs has also positive correlation with medication seeking behaviors. In this study, the attitude toward prescription drugs was assessed in the corner of achievement where the factors represented consumer behaviour about prescription drugs and its usage.

In this paper, to collect empirical evidence, quantitative and qualitative methods were used: (1) questionnaire before pandemic (called first phase) and (2) a focus group in pandemic (called second phase). The theoretical framework was used in the analysis of the data among age groups of consumers in Viet Nam through two time periods. The first phase focuses on consumer intention in purchasing prescription drugs and aims to compare the effects of product's brand equity on consumer behaviour in two different location categories. Target population was customers intending to buy prescription drugs in next one month and the questionnaire was spread among 300 respondents in Viet Nam. These respondents were collected from urban and rural locations in Viet Nam, by quota sampling. The past literature and published studies were adopted to the scales of this study. Brand equity which consisted on ten items adopted from research of Yoo, B., & Donthu, N. (2001) is measured through four components including brand awareness, brand association, brand loyalty and perceived quality. The next scale is purchase intention in consumer behaviour which has four items taken from Esch et al., (2006). The delivered questionnaires consisted of 15 questions, using Likert-scales from 1 to 5 ranged from “strongly disagreed” to “strongly agreed”. The quantitative analysis of this research will be conducted by using SPSS software with statistical technique including reliability and factor analysis, statistic descriptive analysis of the data. Then, through qualitative research in phase 2 (in pandemic), focus groups were conducted by author via Zoom, zalo and Google meet to get deeper information about consumer behavior change which encompasses people's behavior in their search, purchase, usage, and disposal of drugs.

3. RESULTS

Target population from Period no.1 was customers intending to buy prescription drugs in next one month. The questionnaire was spread among 300 respondents and collected from urban and rural locations in Viet through quota sampling. After the release of 300 respondents, the results of 203 samples were valid, representing a response rate of 67.6 percent. In period no.2 (six months after period no.1), the amount of 300 respondents in Viet Nam were delivered survey questionnaires like the first period. At the end of this period, the results of 197 samples were valid, representing a response rate of 65.6 percent with the age of respondents shown as figure. In this period, the sample showed the outnumber of rural respondents than urban.

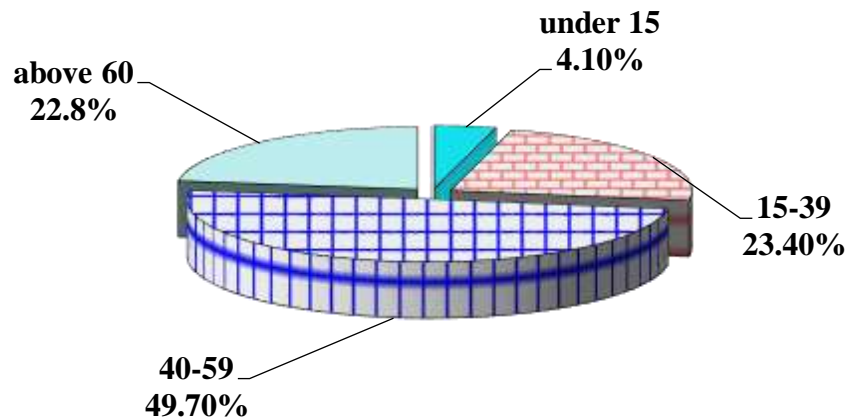


Figure 1. Age range distribution of Sample in Second period

Both in 2 periods, there was correlation between attitudes toward prescription drugs and purchase intention. The result show the better understanding and attitude customers achieved toward prescription drugs, but it can not be proven to support for the more customer intention in purchasing increase. Additionally, consumer behaviour also was strongly correlated with perceived quality, which means the better perceived quality leading customers to be more tendency to buy treatment drug. There is a link between the connection time series' result with public health interventions which was the spread of Disclosure of list name of original drug and Health insurance payment policy change in hospitals of Viet Nam. Between two time periods, the Health insurance payment policy changed the group of drugs with available to decrease in price in prescription drugs in that list. In some cases, consumers in medical context of Viet Nam easily approach to buy prescription drugs without doctor prescription which can lead to the result of purchasing and re-purchasing drugs after good evaluation of quality. And that explains why purchase intention of consumer in consumer behaviour was correlated with Perceived quality.

Shifting to second phase, focus groups were conducted by author via Zoom, zalo and Google meet. The author served as moderator of all focus groups. Attendees were explained the purpose of the focus groups and asked to volunteer (all present in the Zoom, zalo and Google meet sessions volunteered, hence 7 participants/group, 8 groups were conducted with a total of 56 volunteers). There was no credit granted for participation, no one was penalized for non-participation. All were either traditional age undergraduate students (ages 19–22), and some in the ages 30–35 (39 males, 15 females). The purpose of focus group is to explore how participants, as consumers, were affected by the COVID-19 pandemic, particularly between the time that they were forced to wear masks and isolate yourself from others starting in mid-March 2020 up to 2022. The pandemic has had a profound impact on brand equity in the pharmaceutical industry. The following sections discuss the various aspects of brand equity that have been affected by the crisis.

Impact of COVID-19 on Brand Equity in the Pharmaceutical Industry

Perceived quality is a critical component of brand equity, as it reflects consumers' evaluation of a product's overall excellence or superiority. During the pandemic, consumers have become more conscious of the quality of pharmaceutical products, as their health and well-being have become top priorities. Consequently, pharmaceutical brands that can demonstrate high perceived quality may enjoy a competitive advantage in the market. As the pandemic continues to unfold, consumers have become more aware of health-related issues and are paying greater attention to



the brands they choose for pharmaceutical products. This heightened awareness has led to an increase in brand recognition and recall, which are essential components of brand awareness. Pharmaceutical brands with high levels of brand awareness are likely to benefit from increased consumer preference during the pandemic. Consumers are increasingly associating brands with factors such as safety, efficacy, and trustworthiness. Brands that can establish strong associations with these attributes may see an increase in brand equity during the pandemic. In pandemic, brand loyalty is not a key component of brand equity, although it reflected the extent to which consumers remain committed to a specific brand before pandemic. The pandemic has led to increased consumer reliance on pharmaceutical products a long with the high price and lacking of supply source, which may, with people buying whatever is available, have weakened brand loyalty. Brands that cannot maintain and enhance customer loyalty no more during the pandemic..

Impact of COVID-19 on Consumer Behavior in the Pharmaceutical Industry

The pandemic has caused significant shifts in consumer behavior within the pharmaceutical industry. The following sections outline the various aspects of consumer behavior that have been affected by the pandemic: Health Consciousness, Technology Adoption, Price Sensitivity, Emphasizing Perceived Quality. The COVID-19 crisis has heightened consumers' focus on health and well-being, leading to an increased demand for pharmaceutical products that can address their health concerns. This shift in consumer behavior has created new opportunities for pharmaceutical brands to cater to the health-conscious market. The pandemic has accelerated the adoption of digital technologies in various aspects of life, including the pharmaceutical industry. Consumers have become more reliant on e-commerce platforms and online services for purchasing pharmaceutical products, leading to a significant shift towards digital channels for both consumers and businesses. The economic impact of the pandemic has led to increased price sensitivity among consumers. As a result, pharmaceutical brands offering products with competitive pricing and value for money may gain an advantage in the market. Given the increased focus on health and well-being during the pandemic, pharmaceutical brands must prioritize perceived quality in their marketing strategies. By highlighting the safety, efficacy, and reliability of their products, brands can appeal to health-conscious consumers and enhance their brand equity.

4. CONCLUSION

In the modern era, the relationship between brand equity and consumer behavior plays a crucial role in determining the success of a company's products and services. The empirical data and the statistical tests in this study support the existence of causal relationship between the four components – brand loyalty, brand awareness, brand associations, and perceived quality – and consumer behaviour. As consumers become more price-sensitive during the pandemic, pharmaceutical brands must focus on offering competitive pricing and value for money. By adopting pricing strategies that appeal to budget-conscious consumers, brands can maintain market share and protect their brand equity during the crisis. As a result, there is the suggestion on concentrating to build brand equity that can affect to consumer behaviour, managers should not undervalue the effects of perceived quality from prescription drugs' customers who were mistakenly assumed to have no choice in medical field. The second implication is for academics and researchers, that further quantitative research may be in need to identify the determinants of brand equity using Interrupted Time Series Design with Comparison Group (ITS-CG) for the evaluation of a wide range of public health interventions with larger sample size and random sampling to predict deeper purchase behavior of drug buyers in medical context.

The levels of medical system and complicated drug usage in Viet Nam is so much different to others previous study in this fields around the world, which sometimes is blamed for poor conditions in Vietnam, and it is really a big gap. Foreign drug manufacturers and sellers should pay much attention in adapting to Vietnamese business environment and law, understanding more about prescription drug selling system. As Vietnam opens up to more foreign investment, the country's pharmaceutical industry is emerging as a lucrative market. However, the industry faces challenges related to regulatory standards, intellectual property rights, and the prevalence of low-cost generics and counterfeit products. In this context, understanding the impact of COVID-19 on consumer behavior and brand equity within the Vietnamese pharmaceutical sector becomes crucial for both domestic and international players. Moreover, the COVID-19 pandemic has had a profound impact on consumer behavior and brand equity within the pharmaceutical industry. By understanding these changes and adapting their marketing strategies accordingly, pharmaceutical brands can successfully navigate the challenges posed by the pandemic and emerge stronger in the post-pandemic landscape. Emphasizing perceived quality, and focusing on price and value may become key strategies for pharmaceutical brands to thrive during this unprecedented crisis.



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