Impact of Brand Loyalty Programs on Chemists' Stocking Preferences

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Abstract - **Brand loyalty programs have become an important tool in the pharmaceutical industry. They directly affect chemists' stocking choices. By offering rewards like discounts, cashback, and points, these programs motivate chemists to focus on specific brands. This leads to more visibility, repeat sales, and better patient adherence. With the growth of digital platforms, gamification, and AI-driven solutions, loyalty initiatives are changing the way chemists engage and make inventory decisions based on consumer demand.**

This study shows that loyalty programs are not just promotional tools. They are essential for maintaining market share and strengthening relationships between brands and chemists. Through literature review, industry analysis, and primary research, the findings show that successful loyalty initiatives improve supply chain efficiency, build trust, and create a competitive edge over generics and online pharmacies. Ultimately, loyalty programs are beneficial for both pharmaceutical companies and chemists. They highlight the programs' importance in the changing healthcare retail landscape.

I.INTRODUCTION

The Indian pharma industry is one of the largest and fastest-growing in the world, with robust growth rates fueled by chronic disease treatments, low-cost production, and technology innovations such as e-pharmacy and biosimilars. The market size was projected to be $66.66 billion in 2025 and is expected to expand at close to 6% every year, touching over $88 billion in 2030. Reports on competing markets indicate even more optimistic growth estimates, with forecasts of up to $130 billion in 2030 and $174.31 billion in 2033.

The Indian pharma industry is the largest exporter of generics in the world, accounting for 20% of global generic exports and satisfying over 80% of the global demand for anti-retroviral drugs. The industry churns out over 60,000 generic drugs in 60 therapeutic segments and exports 500+ active pharmaceutical ingredients. Government initiatives like the Production Linked Incentive Scheme promote API production and indigenization.

Linked Incentive (PLI) scheme encourages domestic API production and self-reliance.

The pharmaceutical industry is relatively less affected by economic fluctuations due to its critical application, but it is affected by pricing and regulatory adjustments, particularly for generic medicines. By 2025, the global pharmaceutical industry is expected to expand by 3% in terms of overall production, with emerging markets accounting for an increasing share as their healthcare infrastructure develops. The industry is characterized by high R&D investments, acquisitions, and a focus on patient engagement and personalized medicine.

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The pharmaceutical sector in Gujarat is a major and fast-growing sector in the Indian pharmaceutical industry, which has a substantial influence on the chemists' stocking preferences through strong brands and loyalty programs. Gujarat accounts for about 30% of India's total pharmaceutical production and 28-31% of India's pharmaceutical exports.

II.LITERATURE REVIEW

Research on loyalty programs in Indian retail and pharmaceutical sectors consistently highlights their role in customer retention, engagement, and competitiveness. Bhandari (2017) shows that SMAC

technologies (Social, Mobile, Analytics, Cloud) enhance digital integration, repeat purchases, and personalized rewards. Rao (2019) and Francis (2025) emphasize that program success depends on reward relevance, perceived value, and ease of redemption, with personalized communication and offers driving participation. Vyas (2008) adds that strategic design, monitoring, and continuous evaluation are critical, though challenges such as high costs and consumer scepticism remain. Similarly, Kaur (2024) and Satya Prakash (2024) find that frequent engagement, simplicity, and targeted rewards improve retention, while generic programs are less effective.

Technology-enabled strategies dominate recent studies. Mittal (2024) and Bisht (2024) highlight the importance of mobile apps, analytics, and personalized rewards in boosting retention, though data privacy and regulatory compliance pose challenges. Anusha (2024) and Priya (2022) focus on digitalization in pharmacies and e-pharmacies, showing that online loyalty programs, mobile notifications, and personalized promotions enhance convenience, trust, and repeat buying. Collectively, these studies conclude that loyalty programs are most effective when customer-centric, digitally integrated, and personalized, offering relevant rewards and easy redemption while continuously adapting to consumer expectations.

Recent studies continue to highlight the dual perspectives of consumers and pharmacy owners regarding loyalty programs in India. Bagali, Akash & Kundury (2024) show that consumers value rewards, convenience, and personalization, while pharmacy owners view loyalty initiatives as tools for retention and competitive advantage. Jayaprakash (2009) links service quality and trust in community pharmacies to stronger loyalty, emphasizing that programs are most effective when combined with personalized service. Saklani (2018) and HR (2014) further demonstrate that simplicity, transparency, and clear communication are critical success factors, with frequent-purchase categories such as FMCG and pharmaceuticals benefiting most. Srinivas, Praneetha & Ganesh (2019) reinforce the importance of transparent communication and personalized rewards, while Vyas (2008) highlights strategic planning and monitoring as essential, despite challenges like high costs and consumer scepticism.

Technology and personalization dominate more recent findings. Huong et al. (2024) emphasize digital adoption and consumer-centric strategies in the booming pharmaceutical industry, forecasting continued growth of loyalty-driven programs. Nguyen (2025) identifies service quality, reward relevance, and accessibility as key drivers of loyalty in pharmacy chains, with personalization and timely communication increasing effectiveness. Soni (2021) adds that meaningful, easily redeemable rewards and digital platforms are vital for sustained participation. Collectively, these studies conclude that loyalty programs are most effective when customer-focused, digitally integrated, and personalized, bridging consumer expectations with business goals while addressing challenges of cost, awareness, and sustainability.

III.PROBLEM STATEMENT

Chemists sometimes find it difficult to understand and be a part of the brand loyalty program due to a lack of clear communication. Small pharmacies usually suffer as many of these schemes are designed for larger retailers, leading to inequalities in the level of fair competition. Sometimes, the loyalty program is more focused on the supply of a drug than the actual need for it, leading to a lack of diversity in the pharmaceutical market and ethical issues of impartiality.

Other issues include the timing of reward payment, the use of points systems, and the frequent changes in the rules governing the programs. The increasing use of mobile apps and digital platforms also creates the problem of the digital divide, leaving out chemists in semi-urban and rural areas. The programs also tend to focus on sales rather than partnerships and offer intangible rewards instead of tangible benefits such as credit facilities and training. However, the gap between the companies and the chemists underscores the importance of transparent and patient-centred loyalty programs.

IV.OBJECTIVES OF THE STUDY

1. To analyse the structure, design, and important features of brand loyalty programs adopted by

pharmaceutical companies and the manner in which they communicate to chemists.

2. To determine the level at which the loyalty programs affect chemists' stocking preferences, brands, and purchasing behaviour.

3. To determine the motivational and behavioural elements that encourage or discourage chemists from actively engaging with such programs.

HYPOTHESIS:

1.Effect of Brand Loyalty Programs on Stocking Preferences

H_0: Brand loyalty programs do not have a significant influence on chemists' stocking preferences and brand choices.

H_1: Brand loyalty programs have a significant influence on chemists' stocking preferences and brand choices

2.Impact of Loyalty Program Features on Participation

H_0: The structure, design, and features of loyalty programs do not significantly affect chemists' participation in these programs.

H_1: The structure, design, and features of loyalty programs significantly affect chemists' participation in these programs.

3.Role of Motivational and Behavioural Factors

H_0: Motivational and behavioural factors (such as incentives and rewards) do not significantly influence chemists' engagement with loyalty programs.

H_1: Motivational and behavioural factors (such as incentives and rewards) significantly influence chemists' engagement with loyalty programs.

V.RESEARCH METHODOLOGY

The objective of this study is to investigate and analyse the effect of brand loyalty programs on the chemists' stocking preferences in the city of Vadodara, Gujarat, using a descriptive single cross-sectional research design. The study aims to analyse the effect of loyalty programs offered by pharmaceutical companies on chemists' stocking preferences of certain brands over others.

To make the study unbiased and balanced, a simple random sampling technique was employed. The study used a structured questionnaire to collect data from chemists on their views regarding loyalty programs, brand recall, promotional offers, and stocking preferences.

Research Design-

Descriptive single cross-sectional design is utilized to comprehend the motivational and behavioural aspects that affect chemists' participation towards loyalty programs provided by pharmaceutical companies

- The proposed study will adopt a descriptive single cross-sectional design, which entails gathering information from the target population at a particular point in time.
- This design is utilized to systematically describe the present state of awareness, attitudes, perceptions, and practices with respect to Brand Loyalty Programs on Chemists' Stocking

Source of Data-

- Primary Data: Gathered directly from chemists using online questionnaires (Google Forms) and direct interactions at retail pharmacy stores.
- Secondary Data: Gathered from authentic sources such as Google Scholar, ResearchGate, Sci-Hub, company publications, trade magazines, pharmaceutical marketing publications, and industry publications

Data Collection Method-

The main data was collected using a structured questionnaire comprising:

Close-ended questions, Likert-scale items to measure perceptions and agreement levels

This method enabled the capture of chemists' perceptions regarding the impact of loyalty programs and incentives on their stocking decisions.

Population-

The population for this study comprises chemists and retail pharmacists practicing in Vadodara city. A total of 500 respondents were chosen, representing a cross-section of chemists from various areas and market segments.

Sampling Method-

The simple random sampling method was employed, which provided an equal probability of selection for every chemist in the population. This assisted in minimizing bias and ensuring the validity of the findings.

Sampling Frame-

The sampling frame included chemists and retail pharmacy stores in Vadodara city. Data collection was conducted using emails, Google Forms, and telephonic interviews.

Data Collection Instrument-

The primary instrument used for data collection was a structured questionnaire, which comprised:

- Five-point Likert scale items to measure agreement levels
- Close-ended questions like rating and ranking scales to determine specific preferences
- One open-ended question at the end to enable respondents to provide additional perspectives on loyalty programs and their impact on stocking decisions.

VI.DATA ANALYSIS

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
1. Age:	150	1	5	2.97	.097	1.184	1.402
2. Gender:	150	1	2	1.52	.041	.501	.251
3. Educational Qualification:	150	1	3	2.06	.055	.678	.459
4. Annual Income:	150	1	5	3.33	.089	1.090	1.188
Valid N (listwise)	150						

Age Profile: Most respondents fall within the 36–40 years (29.3%) group, with strong representation from 25–30 years (24.7%) and 31–35 years (24.7%). This indicates a workforce largely in its mid-career stage, with fewer at the entry level (12.7% below 25) or nearing retirement (8.7% above 40).

Gender Balance: The sample is nearly evenly split, with 52% female and 48% male respondents. This balance suggests that the findings are not skewed by gender dominance and reflect a diverse perspective.

Educational Strength: A highly qualified workforce is evident, with 54% postgraduates, 26% professional degree holders, and 20% graduates. This academic strength highlights a talent pool capable of analytical thinking and specialized expertise, which is crucial in sectors like pharmaceutical retail.

Income Distribution: Most respondents are concentrated in the mid-income brackets (₹4–6 lakh and ₹6–8 lakh, each 35.3%), reflecting a strong middle-class demographic. Smaller proportions earn below ₹2 lakh (9.3%) or ₹2–4 lakh (8%), while 12% earn above ₹8 lakh, representing higher-income professionals. This distribution suggests financial stability and purchasing power concentrated in the middle tier.

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
5 . What is the primary objective of brand loyalty programs in the pharmaceutical retail sector?	150	1	4	2.51	.063	.775	.600
6. Who are the primary intermediaries targeted by loyalty programs in the pharma supply chain?	150	1	4	2.57	.073	.893	.798
7. Which of the following benefits is most commonly offered to chemists through loyalty programs?	150	1	4	2.55	.068	.832	.692
8. Loyalty programs mainly influence which decision of chemists?	150	1	4	2.77	.068	.837	.700
9. Which technology trend has strengthened loyalty programs in pharma retail?	150	1	4	2.54	.065	.791	.626
14. What is one major strategic advantage of loyalty programs for pharmaceutical companies in relation to chemists?	150	1	4	2.45	.072	.887	.786
15. Gujarat is significant in the pharma sector because it contributes approximately:	150	1	4	2.41	.073	.891	.794
16. Which digital platform type is increasingly used for loyalty tracking?	150	1	4	2.67	.071	.872	.761
Valid N (listwise)	150						

Most respondents view improving packaging quality (42%) as the main goal of brand loyalty programs, followed closely by encouraging repeat stocking and brand preference (40.7%).

Chemists (38%) are the primary intermediaries targeted by loyalty programs, with patients (34.7%) also significant, while doctors (12%) and regulators (15.3%) are less emphasized.

The most common benefit offered to chemists is reward points and cashbacks (44.7%), followed by government subsidies (33.3%), with insurance coverage (14.7%) and free prescriptions (7.3%) being less frequent.

Loyalty programs mainly influence stocking preferences (41.3%), but also affect staff decisions (32.7%) and store branding (20.7%), while store location (5.3%) is least impacted.

SMAC technologies (Social, Mobile, Analytics, Cloud) and Robotics (40.7% each) are the key technology trends strengthening loyalty programs, with biotechnology (10.7%) and blockchain (8%) playing smaller roles.

Gujarat is highly significant in India's pharma sector, contributing around 30% of production (36.7%) and 20% of exports (36%), making it a major hub for both domestic manufacturing and global supply.

Mobile apps and dashboards (38%) are increasingly used for loyalty tracking, though traditional methods like fax systems (35.3%) and manual registers (19.3%) remain in use, while paper records (7.3%) are least preferred.

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
12. What is a major concern of chemists regarding loyalty programs?	150	1	4	2.53	.071	.864	.747
13. Which factor discourages small chemists from participating in loyalty programs?	150	1	4	2.51	.065	.800	.641
17. Which hypothesis tests the ethical impact of loyalty programs?	150	1	4	2.59	.066	.812	.659
18. What motivates chemists more to participate in loyalty programs?	150	1	4	2.62	.068	.833	.694
Valid N (listwise)	150						

Small chemists are mainly discouraged by low customer demand (46.7%), with high minimum purchase thresholds (34%) also being a barrier. Limited digital access (11.3%) and government restrictions (8%) play a smaller role.

When testing hypotheses, nearly half (48%) emphasize the ethical implications of loyalty-driven decisions, while digital adoption (31.3%) is also important. Sales growth (10%) and distributor roles (10.7%) are less prioritized.

Chemists are motivated most by practical benefits like cashback and credit support (38.7%) and advertising slogans (38.7%), showing that both tangible rewards and strong marketing drive participation. Free samples (15.3%) have moderate influence, while abstract point systems (7.3%) are least effective.

Overall, chemists' concerns and motivations highlight a tension: they worry about ethics and product variety, yet are drawn to financial perks and promotional appeal, suggesting loyalty programs must balance responsibility with reward.

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
8. Loyalty programs mainly influence which decision of chemists?	150	1	4	2.77	.068	.837	.700
10. Which market segment dominance most influences chemists' stocking decisions in India?	150	1	4	2.61	.077	.940	.883
11. Why do chemists prefer brands with strong loyalty programs?	150	1	4	2.62	.063	.766	.586
19. Which factor, apart from loyalty programs, also affects chemists' stocking decisions?	150	1	4	2.53	.069	.849	.721
20. The main purpose of studying loyalty programs in pharma retail is to:	150	1	4	2.75	.068	.837	.700
Valid N (listwise)	150						

Chemists' stocking decisions are most shaped by chronic therapies (37.3%), followed by acute therapies (30.7%). Herbal medicines (18.7%) play a moderate role, while OTC medicines (13.3%) are least prioritized.

Apart from loyalty programs, brand reputation and consumer demand (40.7%) are the biggest factors influencing stocking decisions. Store interior design (36%) also matters, while manufacturer location (13.3%) and weather conditions (10%) have smaller effects.

The main purpose of studying loyalty programs is to understand their impact on chemists' stocking behaviour (52%). Other reasons include improving patient diagnosis (22.7%), promoting online pharmacy (16%), and increasing drug prices (9.3%), which are less significant.

Chemists prefer brands with strong loyalty programs because of higher customer demand and rewards (41.3%) and free advertisements (41.3%). Fewer value fewer competitors (12.7%), and lower expiry risk (4.7%) is the least important.

VII.INTERPRETATION

The demographic profile reveals that most of the respondents belong to the mid-career stage (25-40 years). Gender-wise representation is also balanced, and educational qualification is also higher, especially among the postgraduate and professional groups. It can be concluded that the respondents belong to an educated and diverse workforce with the ability to make decisions in the retail industry of the pharmaceutical sector. The income level also shows that the majority belong to the middle-income group (₹4 to 8 lakhs).

Chemists view the loyalty program to be mainly focused on enhancing the quality of the packaging and facilitating repeat stocking. Reward points and cashback have the highest perceived value, followed by government subsidies and insurance coverage. The stocking preference is significantly impacted by the loyalty program, especially in chronic therapy, but is equally driven by the reputation of the brand and consumer demand. Technology is also seen to be impacting the loyalty program, with the integration of SMAC tools, robotics, and mobile technology used to track the loyalty program, although traditional methods like fax and manual registers are also used. The fact that Gujarat is the hub of the pharma industry, with respect to production and export, also supports the importance of the loyalty program.

The challenges identified for the small chemists were low customer demand, high purchase requirements, and the issue of digital access, which leads to a sense of inequality among consumers. Ethical considerations were a major concern, as almost half of the participants raised the issue of loyalty schemes potentially impacting stocking requirements over patient requirements. However, the chemists are driven by the benefits of cashback, credit support, and advertising schemes, which indicates the conflict of ethics over the benefits of loyalty schemes. The findings indicate that loyalty schemes do have an impact on the stocking requirements, but there is a need to balance the ethics with the benefits of the schemes.

VIII.FINDINGS

The loyalty programs in retail pharmacies are mainly directed towards improving the quality of packaging and stocking rather than reducing prices, and the target group is chemists and patients, considered the major distribution and consumption entities. For the chemists, reward points and cashback, along with some government initiatives, are considered the most important loyalty program feature, and the stocking preference, especially in chronic therapy formulations, is considered the feature most impacted by loyalty programs. Technology is considered the key influencer in loyalty program development, and SMAC (Social, Mobile, Analytics, Cloud), robotics, blockchain, and biotech have impacted the industry to some extent, especially in the case of the state of Gujarat, which is known for its production and export of these goods.

Meanwhile, key limitations and incentives govern the process. Chemists have strong programs that reward meeting customer demands and advertisements, but ethics and product variety are major limitations. Small chemists are limited mainly by low customer demands and high minimum order requirements, and programs continue to utilize a combination of new tracking tools such as apps and dashboards, as well as old tools such as fax and registers. Pharmaceutical companies utilize loyalty programs to increase brand recognition and

deal with regulations, but the programs must consider the tangible benefits and fairness to avoid widening the gap in the digital divide and market gaps.

IX.SUGGESTIONS

Improve loyalty programs to offer direct incentives to chemists in the form of cash backs, credit support, and free advertisements, while at the same time providing transparency to the program and its reward system to overcome the ethical issues and stocking bias. Simplify the system for small chemists by reducing the minimum purchase requirements and providing them with locally tailored schemes to meet the needs of the community, which would align with the market needs such as chronic therapy products to meet the long-term needs of the consumers. Implement innovative loyalty program models in the state of Gujarat, which is known for its manufacturing and exporting capabilities, to test the model before rolling it out on a wider scale.

Promote digital adoption by moving tracking to mobile apps and dashboards and replacing fax/manual registers and provide training to bridge the digital literacy gap in the semi-urban and rural population. Make continuous monitoring and evaluation integral to all programs, use data to improve the reward and communication programs, and provide alternatives such as improved credit offers and training programs to complement the points-based reward systems to make them more tangible and increase their perceived value.

X.CONCLUSION

The study emphasizes how loyalty programs are becoming increasingly significant in determining the dynamics of pharmaceutical retail, especially in affecting the stocking behaviour of chemists. The results show that while ethical issues and product variety continue to be major obstacles, tangible benefits like cashback, credit support, and advertising incentives are the best inducers of participation. The data also highlights the importance of technology, as traditional tracking methods are gradually being replaced by dashboards and mobile apps, even though older systems are still used.

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In summary, pharmaceutical retail loyalty programs are developing into strategic instruments that strike a balance between monetary rewards, moral considerations, and technology uptake. The continued use of conventional tracking techniques and worries about equity draw attention to areas that need improvement, even though they are effective in inspiring chemists with concrete advantages and promotional assistance. In order to guarantee that loyalty programs not only encourage stocking behaviour but also support long-term growth and trust within the pharmaceutical ecosystem, they must be created with inclusivity, transparency, and innovation at their core as the industry continues to evolve.

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