

**The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)**  
**“Nurturing Business and Banking Sustainability”**  
**Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020**

**Proceeding Book of**  
**The 2<sup>nd</sup> International Conference on Business and Banking Innovations**  
**(ICOBBI) 2020**  
**“Nurturing Business and Banking Sustainability”**  
**Surabaya, 14 - 15<sup>th</sup> August 2020**

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### FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2<sup>nd</sup> International Conference on Business and Banking Innovations was held on 14<sup>th</sup> – 15<sup>th</sup> August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program  
STIE Perbanas Surabaya

**Prof. Dr. Tatik Suryani, M.M.**

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# Exploration of Factors Affecting Customer Satisfaction And Loyalty in Community Pharmacies in Thailand: A Qualitative Study

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## ABSTRACT

Community pharmacy is considered one of the most successful businesses in Thailand due to high demand on customers in health market. The popularity of this business is in line with changing population demography since the country are becoming an aging society and facing new diseases and ailment. Thus, the business attracts greater number of competition is in correspondence to higher market demand. However, this business has been continuously and intensely competing with both local and global firms from developed countries such as US, Europe, and Japan. Therefore, gaining customer satisfaction and loyalty is the key driver to obtain pharmacy business survival. This study aims to strengthen competitive advantage of community pharmacy in Thailand by investigating factors affecting customer satisfaction and loyalty from pharmacists' perspective. This qualitative research explores how pharmacists define customer satisfaction and loyalty and ways to improve these outcomes for community pharmacy through interview approach. As a result, two major themes have come up from five interviews, including pharmacist attributes and physical environment. Implications and limitations are discussed.

## 1. INTRODUCTION

### Background

Community pharmacies in Thailand have been continuously and intensely competing with both local and global competitors from Europe and Japan. This fierce competition is in correspondence with population demography since the country is becoming an aging society and facing new diseases and ailment. Moreover, Thai consumers can legally purchase drugs, medication, and supplements from community pharmacies without prescription. Given this situation, there are more market needs that attract more number of players in this industry. Therefore, gaining customer satisfaction and loyalty is the key driver to obtain pharmacy business and stay competitive. This qualitative research investigates the definition of customer satisfaction and loyalty and ways to improve these outcomes for community pharmacy through interview approach.

Customer satisfaction is one of the essential elements for company's competitive advantage. It makes customers recognize the value, benefits, or even provide psychological convenience. Hence, having a strong quality value is essential to be able to compete effectively in today's market. Moreover, quality is primarily based on the customer experience of the actual product as when the customer recognizes the value of the quality; it creates confidence and satisfaction in that pharmacy, which may result in loyalty. Existing research showed adequate evidence that value is one of the key determinants of customer loyalty (Rabbanee et al., 2015)

Table 1 Pharmacy in Thailand

Factor	Thailand
Number of community pharmacies	13900+
Number of community pharmacies per 10K Population	21.06
Number of registered Pharmacists	40000+
Pharmacy regulation	Bureau of Drug Control FDA regulation compulsory
Pharmacist regulation	Ph_C regulation compulsory

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Source: Food and drug administration, the pharmacy council of Thailand

There are many components to building customer loyalty towards the store. Many pharmacy studies have discussed the relationship between consumer satisfaction and loyalty. Castaldo et al. (2016) found that satisfaction usually leads to loyalty. Furthermore, the increase of patient satisfaction can be beneficial from a business perspective because satisfied patients display loyalty to a specific pharmacy and promote it to other potential visitors (MacKinnon, 2005). Athavale et al. (2015) found that there is a positive relationship between general satisfaction with the pharmacy and loyalty behavior.

Another critical factor in creating customer loyalty is having a strong relationship with customers or having a strong relationship with customers through salespersons by providing excellent service quality. Haque et al. (2012) found that personal support strongly impacted customer satisfaction. Many researchers believe that service quality affects store loyalty through the mediating influence of customer satisfaction (; (Kassim & Asiah Abdullah, 2010; Kumar et al., 2010; Yee et al., 2010). Hence, businesses tend to generate more profits from maintaining relationships with old customers better than to continually seeking out new customers as maintaining a good relationship with loyal customers tends to stimulate the repetition of purchase and paying for a higher price product as the foundation of brand loyalty is already established.

From the previously stated information, the researchers are interested in studying the development of customer satisfaction and loyalty model in the purchase of products at community pharmacies. The research will be looking that ways that enhance these two important outcomes. The result of the research will then provide the pharmacists with useful information in developing strategies and business plans to meet the needs of customers that will strengthen the relationship between customers and the store as well as create customer loyalty to benefit the overall long-run business growth.

Qualitative research on the viewpoint of the pharmacist for customer satisfaction in pharmacy sparse (White & Klinner, 2012). This qualitative research investigates the definition of customer satisfaction and loyalty and ways to improve these outcomes for community pharmacy through interview approach.

## 2. RESEARCH METHOD

### Study design

This study conducted a qualitative research approach with five in-depth interviews and observations to generate information on factors affecting customer satisfaction and loyalty. Data was collected from community pharmacies in Bangkok, Thailand between May 01, 2020, and June 01, 2020.

A comprehensive list of community pharmacies in Thailand was generated from Food and Drug Association (FDA). Thailand has three types of community pharmacies, franchised pharmacy, and chain pharmacy. This name difference, as listed from highest to lowest level, is indicative of the type of drugs they should dispense and thus the level of services they offer. Of these, the study targeted the highest level community pharmacies. The sampling method used in this research is purposive and snow-ball sampling method because it helps researchers find the most suitable respondents (Miles, M.B & Huberman, 1994; Suri, 2011). In doing so, the community pharmacists who met the criteria were selected for the study one at a time and then approach other others based on current participant's recommendation until information reached saturation.

### Data collection

Following Yin (1994) method, a list of open-ended questions was developed and used as an interview protocol. The questions were derived from both the service quality literature and new insights during interview process to cover all potentially relevant problems from each participant. Initial questions asked general information about participant's role and responsibilities in community pharmacy in relation to main business, products, and services, followed by a brief description of the factor affecting customer satisfaction and loyalty. This approach helped to gain very detailed information about 1) ways to satisfy customers, and 2) marketing strategy to maintain customer loyalty.

The in-depth interviews were conducted at the spot with dispensing pharmacy professionals using semi-structured open-ended interview checklist with probing on prevailing dispensing practice. The interview questions were classified into two sections. The first section focused on personal and professional information such as the pharmacy professional's age, work experience and educational background. The second section was designed to explore the professional's view on the factors that affect customer satisfaction and loyalty.

The researchers with previous experience in qualitative methods of data collection were trained to car-



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ry out the interview. The average duration of the interview was ranging from 40 to 60 minutes depending on how much information each informant provides during the interviews. Some interviews were interrupted by customers during the interview and took a longer period. All interviews were tape-recorded. Creswell (2012) accord that audio recorder is one of the capable good ways to record the response of the participant in the interview. After that transcribed verbatim format for expansion later. The interview was done and any ambiguities raised from the interviewee were cleared at the time of the interview.

### Data management and analysis

An interview guideline was prepared prior to data collection. Audio-recorded Thai language versions of the interviews and observations were translated to English and complete transcripts of all interviews and observation notes were prepared. The notes were thoroughly read and the raw data was categorized under pre-developed coded themes and sub-themes. Two major themes were defined: service quality and services cape. Within the perceived reasons for service quality, five major sub-themes were found. Also, services cape was found to have four major subthemes.

To check the accuracy of the translation, one of the recordings was translated and transcribed by a bilingual pharmacist and compared with the primary work. In reporting the findings, codes were used to maintain anonymity of participants. Furthermore, findings of the study were communicated to couple of the study participants for authenticity of interpretations.

### 3. RESULTS AND DISCUSSION

A total of five in-depth interviews were done with pharmacy professionals from the community pharmacies in Thailand. All participants were pharmacists holding bachelor degree in pharmacy while two of them were studying master's degree in business administration. Their ages range between 26 and 66 years. In terms of job experience, the participants had worked in community pharmacy for a range of 2 to 34 years. The characteristics of informants can be displayed in the following table.

Table 2. Characteristics Of Informants

Code	Position	Age (years)	Tenure (years)
Rx1	Employee	35	9
Rx2	Owner	26	3
Rx3	Owner	37	15
Rx4	Owner	66	34
Rx5	Employee	32	7

### Definition of customer satisfaction and loyalty

All the participants agreed that customer satisfaction leads to loyalty. Many participants explained in the following statement.

"If we are satisfied then we will go back and buy again, become loyalty (Rx1)"

"Satisfaction with loyalty must be in parallel, because if there is no satisfaction, then there would be no loyalty (Rx2)."

Some people define customer satisfaction on pharmacies as different personal preferences. As explained in the following statement

"Customers are a measurement of satisfactory level. If the customers are satisfied with the service, they will come to the pharmacy even if product price is high. This factor signifies competitive advantage which is the most effective tool in getting more customers (Rx3)."

In terms of customer loyalty, the loyal customers of pharmacy will repeat their purchases, and recommend to friends and relatives or via word of mouth. One of the participants explained in the following statement:

"Repeat purchases occur when you have a problem or need an advice from professionals (Rx1)"

Another participant suggested that:

"We are able to increase customer loyalty with FDA-affiliated programs such as receiving pharmacies and quitting smoking, giving customers the importance of pharmaceutical care (Rx4)."

### Factors affecting customer satisfaction and loyalty

#### Pharmacist Competence

Pharmacist competence involves the ability, skill, knowledge of expertise, and profession in pharma-



ceutical career. A competent pharmacist should be able to provide correct instruction to their customers who experience illness, ailment, and disease. This instruction covers how to use and keep medication properly such as frequency, condition, and taking procedures. Pharmacist's ability to give instructions, disperse medication, and provide sound after-use advice exhibits the degree of product or service knowledge. Many informants suggested that pharmacist competences can potentially lead to customer satisfaction and loyalty. All participants agreed that pharmacists must have sufficient knowledge of medications and recommend to customers. For example, one of the participants informed that:

"Pharmacy is a person who has the knowledge and need to translate the words to explain to those who do not know about that, listen and understand as well (Rx2)."

"Many loyal customers come to my pharmacy because they believed in my expertise. Their past experience to get recovered by competent pharmacist is the major reason for them to come back to the same place. On the other hand, they did not believe in other shop where the pharmacist lack of knowledge and sell wrong medication (Rx3)."

More interestingly, most of loyal customers have knowledge about their illness and physical problems and type of medicines that can relieve their pain. They know whether the pharmacists are capable to satisfy their needs or not. As indicate by one the informants in the following statement:

"Every time customers come to buy medicine. Customers will also have knowledge back. Suppose, for example, he has a respiratory disease, must do something other than taking medicine We inquire until we know the reason why customers are like this and recommend care to not come back to get this disease again (Rx4)."

### Empathy

Empathy occurs when customers feel warm welcome from the staff/ pharmacist during the conversation. It was assessed by the customers who regularly visit and ask for favor from the pharmacist. From the interviews, all participants agreed that pharmacists should have service mind and caring personality when recommending suitable medications for the customers. This finding was strengthened by one of the participants who stated that:

"Customers at my old pharmacy were from lower-income family, which means they have to work hard for a living. Therefore, I tried to offer the medicines that fit their income and will not cause trouble to the customers (Rx3)"

In addition, sincerity is one of the most important drivers for pharmacist empathy. A sincere pharmacist always looks for a real health problem of the customers and pay deep attention one person at a time. As one of the interviewees explained:

"Customers came to buy eyewash which is used regularly. I said that using it for a long time will cause dry eyes. The decision depends on the client themselves. Customers may or may not buy. However, we tell the sincerity. So it made them feel that I didn't only want to just sell medicines. In this case, I am really concerned about their problems. (Rx4)."

In Thai culture, we pay respect to the elderly especially those who are sick and weak. Most of the informants confirmed this situation by stating that:

"When an old patient enters the pharmacy, we keep listening to with full intention and get to know what they want in addition to medication. In doing so, we can explain exactly the needs of the elderly. It often takes a lot of time to let the elderly to talk. The other thing is to pay attention to the patients regarding health care after using the drug by calling to ask how the medication is used. What should be the best solution for their illness? (Rx5)."

### Responsiveness

Responsiveness was mentioned by many informants. Pharmacists respond to customers' request quickly, promptly, rapidly, immediately, instantly and with accurately. These characteristics make customers better understand the instruction of using medications. From the interviews, most participants agreed that pharmacists should recommend suitable drugs that match their symptoms. For example, one of the participants informed that:

"I regularly answer customers' question and query via Line official. I do not sell products but provide useful information (Rx3)"

"Right now, there are a lot of people who can access new communication technology. If you create this channel for communicating with them, your customers will receive the response quickly, such as Line ap-

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plication or phone calls to ask for recommendations. Customers like it a lot (Rx5)."

### Personalization

Personalization is found to be an important factor driving customer satisfaction and loyalty. In doing so, pharmacist attempts to evaluate and pre-diagnose each individual consumer's health conditions in order to provide correct information of treatment and medication application. This evaluation promotes customization and individualized attention for the customers. This differential treatment during service encounters provides them with a sense of the special person that leads to the function of service quality. From the interviews, most participants agreed that pharmacists should have greater attention when discussing with customers who are suffering from their illnesses. As one of the pharmacists elaborated that:

"Our pharmacy is tailor-made, not into mass market. I sell like one type medicine for a person at a time because each individual has different kind of illness. Even though their symptoms may look the same, it doesn't mean that they have to take the same dose of medicine. This personality builds up charm to the pharmacist who makes his/her customers satisfied. (Rx3)"

### Interpersonal relationships

Interpersonal relationships were found when a pharmacist made a close connections and interactions with their customer. Some participants preferred to listen to the recommendations from the pharmacists who are knowledgeable in their field. For example, one of the participants informed that:

"As a good pharmacist, we are very friendly when providing our services to the customers. We are willing to discuss and nicely give all information on customers' health. Making good relationships with the customers make us know the real problem even though such problem was a personal issue. Patients can follow and recover from the disease or illness (Rx2)."

More importantly, a pharmacist who had a good relationship with his/her customers can obtain deep personal information about customers' lifestyle, behavior, and attitude that may influence their sickness. As a pharmacist suggested that:

"I am very friendly and understandable personal when talking to my clients about symptoms and try to approach customers to ask about the symptoms. Many times, they didn't want to reveal any personal information, friendliness broke the interpersonal barriers and opened our relationship. Most customers want someone who treats themselves well. If we speak beautifully, they will probably like it more than it should be impressive since first meeting (Rx5)."

### Ambient conditions

In terms of physical environment, ambient conditions in the pharmacy have found in many ways. For example, the temperature, lighting, noise, music, and scent are the common discovery. Generally, ambient conditions affect customers' five senses. Consciously, consumers may not be aware of what they can see, hear, touch, or smell. The ambient conditions help organizations to develop an excellent first impression. Ambien's have identified ambiance as a factor that affects human perceptions and responses to the environment.

"The light is to be bright like seeing the product clearly. The shop looks eye-catching, it makes us look comfortable. The shop has soft music, such as when waiting in a queue, do not know what to do, it feels pressured. If there is soft music, customers can listen to music to enjoy, resulting in more shopping while waiting (Rx1)."

### Area Space

Area space was mentioned when the customers enter the pharmacy. It is revealed as the size of the store, layout of furnishings, cleanliness of the counters, modern machinery and equipment, and other facilities, such as water tank. Customers are favor of a comfort-designed layout when they themselves walked around the area. Sometimes, the customers want to see the products on shelf without assistance from the staff as they make their decision by their own. As on the pharmacists described:

"It is easier for the customers to pick and view items by themselves. Pharmacies should be organized in proper layout/sections. For example, customers will go to buy wound dressing equipment. If organized in the same group and in the same area, such as an antiseptic and saline solution. It is convenient to not have to walk to find this item in messy area. You can also put other related items for purchase, such as wa-

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terproof adhesive plaster (Rx1)."

"Modern pharmacies normally organize general products on shelves, arrange seats in place, and beautifully categorize the medicine into sections. Customers do not have to sit and wait for us only. Customers choose to pick their own products. Old-fashioned pharmacies will have to wait for staff to pick up, may not be able to serve customers on time (Rx4)."

### Hygiene and cleanliness

Hygiene and cleanliness were most wanted when in the pharmacy. These characteristics cover all aspects of the service environment. In particular, the current pandemic situation in the world is Covid 19. Hygiene and cleanliness can create positive emotions and expected to affect consumer responses. From the interviews, most participants agreed that pharmacists must have sufficient knowledge of medications and recommend to customers. For example, one of the participants informed that:

"I have to make sure that I always keep my shop clean by doing all tasks by myself. Many customers were demanding and considerate. I told them don't take off shoes. He seems to be alright, take off your shoes better (Rx3)"

"Regarding the cleanliness, what is the floor? Do not have any debris or dust at all. The location of the place is organized and there is no dust. The glass area is clear and clean without any fingerprints. Therefore, my pharmacy is more attractive for the incoming customers (Rx5)."

### Dress code

The informants emphasized the importance of dress codes of the pharmacists. Their uniform of white gown signifies health and safety and promotes a professional image. Thus, the sight of a community well-dressed pharmacist helps customers identify the health care profession and authority because it represents a symbol of the profession. For example, one of the participants informed that:

"Most customers often observe the staff wearing the pharmacist's gown. Nowadays, customers are realizing the existence of pharmacists. Customers perceived that white gown is certified by Pharmacy Council logo. Today, people receive information of health care issues much easier than in the past so they know who would be the right pharmacist to discuss with (Rx3)."

## 4. CONCLUSION, IMPLICATION, AND LIMITATIONS

This article aims at exploring the factor influencing customer satisfaction and loyalty in community pharmacy business in Thailand. By using qualitative research through interview approach, the researchers have found insightful evidence from five interviews with pharmacists who work closely with customers at the community pharmacy. Several factors affecting customer satisfaction and loyalty have been found from the interviews. Implications can be suggested to pharmacy owners who are looking for ways to increase customer satisfaction and loyalty. Service quality involving pharmacist's competence, empathy, responsiveness, personalization, and interpersonal relationship should be well-developed and trained as for gaining customer satisfaction. Moreover, physical environment including ambient conditions (e.g. lighting, smell), area space, hygiene and cleanliness, and dress code should be managed by the owner and staff.

In addition to the characteristics and importance of these factors, they are also found to increase customer satisfaction which then increases loyalty. As a result, community pharmacies can improve their business performance and enhance competitive advantage without additional investment. However, this study has some limitations. First, the number of participants is limited because of time constraint and availability of the participants. Also, all participants are pharmacists so that the responses are directed to only one perspective. Second, since this is a qualitative research, the results could be generalized to other contexts.

## 5. SUGGESTION

The research should gain more participations and open to those who are regular or loyal customers. Future quantitative approach should be undertaken to gain wider understanding of this business phenomenon.



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