Is it possible for Apoteket AB to retain its customers after de-regulation?

-A Case Study

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ABSTRACT

Purpose of the Study

To study how Apoteket AB can retain its customers after the government decision to implement de-regulation in Swedish pharmaceutical market. Apoteket AB was the only state-owned pharmacy for more than 38 years but now they are in competition with other pharmacy operators including supermarkets and gas stations. The main purpose of this study is to find out those vital factors which are important to customers in selecting pharmacy operators for buying prescription and non-prescription products.

Approach

The study begins by reviewing the Swedish pharmaceutical market and parliament decision of de-regulation about Apoteket AB monopoly. The literature then reviews the PESTEL framework, Porter model, customer relationship management and 7 P’s of marketing mix. We use Umeå university library for gathering material for our literature review. After that the authors reviewed different pharmacy operators and potential entrants in the Swedish pharmacy market. For this case study the authors have gathered the data through customer survey and semi-structured interview. The data was collected in Umeå (Sweden) with the help of questionnaire. We have collected the data with the help of convenience sampling technique at different locations in Umeå. Interview was conducted with Apoteket AB brand manager to understand their point of view about our research question. SPSS was used for analyzing the quantitative data, mainly descriptive statistic and Mann-Whitney U test were used for this purpose. Finally all the information’s were carefully analyzed by comparing with theories before drawing the final conclusion.

Findings

Four important aspects of customer’s retention were found; which are more community pharmacies, extended opening hours, low prices of over the counter products and added value to individual customers. Our respondents also show great confidence over the Apoteket AB personnel (Pharmacists). On the other hand we have also found that people appreciate the removal of Apoteket AB monopoly. Furthermore, we have found that after the implementation of de-regulation in Swedish pharmacy market over the counter (OTC) products have shown a 20% growth. The reason behind this growth may be the easy excess to such products and extended opening hours of supermarkets. The authors have also observed that people are willing to buy prescription products from other operators.

Key Words

Apoteket AB, De-regulation, customer retention, pharmaceuticals, Sweden, 7 Ps of marketing, customers
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<td>Over the Counter</td>
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<td>SAS</td>
<td>Scandinavian Airlines</td>
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<td>3</td>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>4</td>
<td>OAB</td>
<td>Apoteket Omstrukturering AB</td>
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<td>Swedish Kronor</td>
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<td>6</td>
<td>ICA AB</td>
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<td>7</td>
<td>COOP</td>
<td>Cooperative</td>
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<td>8</td>
<td>AXFOOD</td>
<td>Axel Johnson AB (Owner)</td>
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<td>9</td>
<td>PESTEL</td>
<td>Political, Environmental, Socio-cultural, Technological, Economic and Legal.</td>
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<td>RSP</td>
<td>Retail Selling Price</td>
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<td>SEB</td>
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Chapter 1

1. Introduction

The first chapter will introduce the study topic and will provide a background to the thesis work. The background discusses the thesis research area followed by problem recognition. After defining the problem a statement of research purpose and the research questions of this thesis research will be presented.

According to former CEO of SAS Sweden “I believe that the pharmacy-just like SAS Sweden- will be challenged from a variety of stakeholders both in terms of price and quality. This is where the pharmacy dares to make a route” (Ehrling, 2009).

1.1 Background

Customer retention in today’s highly competitive pharmaceutical industry is a critical strategic marketing issue for many managers. Nowadays companies’ focuses more on retaining existing customers instead of the old concept which was used by companies in 1990’s of focusing on creating new customers. If we study successful companies we come to know that such companies focus on customer retention. Long term success is only possible with retaining the existing customers in a highly competitive market (Gruber, 2009). Today many companies management has one common question that is; “What to do to retain the existing customers?”

BNET editorial explains that new customer acquisition is 5 to 10 times more expensive than retaining the existing one. They also suggest that annual increase of 5 percent in customer retention yield 25 to 100 percent profitability. Repeated customers also spend 67 percent more on average than new customers and 80 percent of the sales are contributed by 20 percent of customers. Also it is quite stressful, expensive and mostly not fruitful to get new customers (BNET, 2007). This shows that customer retention is an important aspect of business.

According to Ahmad & Buttle, “customer retention is increasingly being seen as an important managerial issue, in the context of saturated market or lower growth of the number of new customers”. Customers need good reason to stay otherwise the competitor is ready to give them good reason to leave the current product or service (Ahmad & Buttle, 2002, p.149).

Anonymous author said that “If we don’t care of our customers, someone else will”.

1.2 Problem Recognition

Pharmaceutical business on many ways is very important for the society. Pharmaceutical services are not only related with the dispensing and overdose of medication but also with the discard of expired medicines which have a big impact on the environment.

Apoteket AB is a Swedish state owned retail pharmacy chain. From 1971 Apoteket AB was in monopoly and it was the only state-owned organization responsible for pharmaceutical retailing (Hägglund, 2010). Apoteket AB enjoyed monopoly for decades but now facing a big
change in the shape of de-regulation in Swedish pharmacy market. The monopoly kept the prices high and made the purchase of over-the-counter drugs harder as one pharmacy is serving 10,000 inhabitants. The European court has ruled that the system is illegally run in Sweden (Neroth, 2005).

Sweden is the only member within the Organization for Economic Co-operation and Development (OECD) that had allowed monopoly in retail pharmacy to sell medicine to consumers. In many countries this right of selling medicines to consumers shares with those who want to run private pharmacy but they have to fulfill the requirements of competence, education and safety (Konkurrensverket, 2009:4).

Apoteket AB has faced change in the market with the government decision of bringing de-regulation in pharmacy sector especially in distribution of over-the-counter or non-prescription products. Now other players in the market are also active in the distribution of prescription and non-prescription products or Over-the-Counter (for example; pills for Headache, Pills for heartburn, Anti allergic, Nicotine patches, and many others).

1.2.1 Decision of the Swedish Parliament (Riksdagen)

For 38 years Apoteket AB was the only state owned retail Pharmacy services provider. After years of debate in Swedish Parliament (Riksdagen) on Feb 19, 2009 a bill was presented with the aim of de-regulating the Swedish pharmaceutical market from the state-owned monopoly. On April 29, 2009 the Swedish parliament passed the bill in favor of proposed de-regulation implementation. They set July 1, 2009 for the de-regulation to take place in the Swedish pharmaceutical market. The basic aim behind this decision was to facilitate the customer in acquiring medicines, to provide space for service improvements and to create price pressure for pharmaceuticals. The other reason behind this decision was that more people should come to this field and get the opportunity to acquire ownership of operating pharmacies (Apoteket Omstrukturering AB, 2010).

After losing its monopolistic position, of totally 946 pharmacies Omstrukturering AB sold 466 pharmacies of Apoteket AB in clusters to other actors and have exposed the Swedish pharmaceutical market to competition. 150 pharmacies will run in partnership between Apoteket and small businesses (Nyhetsverket, 2010). A parent company Apoteket Omstrukturering AB (OAB) has established that is responsible for the selling of approximately 65% pharmacies (Apoteket Omstrukturering AB, 2010). In 2008 Apoteket had net sales of SEK 41.7 million and an operating income of SEK 950 million (Apoteket AB, 2008).

1.2.2 The De-regulation Steps

The de-regulation accomplished in these four main steps:
1. In March 2008 government has allowed the sale of nicotine replacement products (Nicotine pills) outside the pharmacies e.g. supermarket.
2. Involved altered pharmaceutical provisions to hospitals (September 2008).
3. Swedish government allowed the establishment of private pharmacies in the Swedish market (July 2009).
4. From November 2009 government has allowed specific over the counter (OTC) medicinal products to be sold outside pharmacies for example; ICA, COOP, Ax food and other supermarkets (Lakemedelsverket, 2009).

After the De-regulation in pharmacy market it’s very important for Apoteket AB to retain its maximum customers and prepare itself for the competition. Because customers are free to choose the store/service provided by a variety of operators in the pharmaceutical market. And now the customer is no longer bound to buy a pill for headache from any state-owned Apoteket store, they can choose where they want to buy.

1.2.3 The Competitors in Swedish Pharmaceutical Market

Pharmaceutical products can be broadly divided into two main groups i.e.

A: Non-prescription products or Over-the-counter products.  
B: Prescription products

The Swedish over-the-counter products market is now mainly shared among many players likewise ICA, COOP, Gas stations, Axfood and others regular pharmacies. The other main four competitors for prescription and non-prescription products are:

1: Apoteket Hjärtat owned by the private equity firm Altor has 208 pharmacies, currently has 1500 employees and a turnover of SEK 7.1 billion.  
2: Kronans Droghandel Retail AB, a firm owned jointly by Oriola-KD Corporation and Köoperativa Förbundet (KF) has bought 171 pharmacies, having 930 employees and a turnover of SEK 4.4 billion.  
3: Medstop Holding AB owned by the private equity firm Segulah has bought 62 pharmacies, having 660 employees with a turnover of SEK 3.1 billion.  
4: Vårdapoteket i Norden AB has bought 24 pharmacies, having 230 employees with a turnover of 1.4 billion (Nyhetsverket, 2010).

1.2.4 Market Attractiveness Information’s

We know that OTC (or drugs for self-care) market is lucrative. In 2008 the total value of Swedish pharmaceutical market was 30.3 billion Swedish kroner’s (SEK). At the moment 446 pharmacies have been sold in clusters to other operators. 150 pharmacies will remain in state ownership and will later be sold to small entrepreneurs. Apoteket AB will retain only 330 pharmacies (Hautaniemi, 2009). The total over-the-counter products sale in 2008 was 3,338 million SEK and 2,800 million SEK sales were contributed by other health care products (Apoteket AB, 2008).

1.3 Problem Statement

After years of monopoly Apoteket AB is now facing competition. The government has sold significant portion of pharmacies to other actors/operators in Sweden. It is a transformation period for Apoteket, the company will confront with competitors in the Swedish pharmaceuticals market. With the de-regulation Apoteket AB is no more in monopoly in Swedish pharmaceutical market, other actors in the market are also selling pharmaceutical
products. Therefore the problem is to find out: *How Apoteket AB can retain its customers after the de-regulation of Apoteket AB monopoly?*

1.4 Research Aim

This research will concentrate on Apoteket AB. A specific group from population is taken into account in order to investigate key factors which are important for Apoteket AB in retaining its customers. For this thesis research, the authors choose Apoteket AB and other operators including supermarkets to understand the various key factors which are important to customers in choosing Apoteket AB, other operators or supermarkets in acquiring over-the-counter (OTC) and prescription products. They focus on the customers of Apoteket AB, other pharmacy operators and supermarkets in Umeå. They also take the Apoteket AB decision makers point of view to answer our research question by understanding their point of view about the affect of de-regulation.

1.5 Target Group (or Unit of Analysis)

This thesis work is aimed at the decision makers of Apoteket AB and customers of Apoteket AB, other pharmacy operators and supermarkets(customers of OTC products) in Umeå (Sweden). Apoteket AB decision makers could also get insight from the finding of this research in designing future marketing strategies to retain its maximum customer’s as in the near future competitive environment in Swedish pharmaceutical market will be tough.

1.6 Research Limitations

Due to time and resources constraints the authors did not include other operators (e.g. Kronans Droghandel, Apotek Hjärtat, supermarkets etc.) in the Swedish pharmacy market and the whole study was carried out in one city of Sweden i.e. Umeå. They have not got opportunity to conduct interview with other decision makers of Apoteket AB (e.g. Marketing director, sales director etc.). We have faced problem in evaluating annual reports and other information’s which were in Swedish language. It is not suitable to generalize the results of this study as the authors have conducted the whole study in Umeå.

1.7 Definitions

**Prescription Medicine**

“A prescription drug is a medication that can be purchased or given out only with written instructions from a licensed healthcare provider, such as a doctor, dentist, nurse practitioner or physician’s assistant, to a pharmacist. These written instructions are known as a prescription” (Bihari, 2008).

**Over the Counter Medicine**

“OTC, an acronym for ‘over the counter’, is the type of medication you can purchase at your local pharmacy without a doctor's prescription” (Asher, 2008).
Customer

“A person, company, or other entity which buys goods and services produced by another person, company, or other entity” (InvestorWords (a), 2010).

De-regulation

“The removal of government controls from an industry or sector, to allow for a free and efficient marketplace” (InvestorWords (b), 2010).

1.8 Disposition

- Chapter 2: Deals with literature review in which Pharmaceutical Market, De-regulation, PESTEL Framework, Industry Structure Analysis, Customer relationship Management, Customer Retention and 7 Ps of Marketing Mix are discussed in detail.
- Chapter 3: This portion of the study goes through influential competitors for example: Apotek Hjärtat, Kronans Droghandel, Medstop Apotek, Vårdapoteket, ICA AB, Ax food, Statoil and alliance boots.
- Chapter 4: In this chapter research methodology has been discussed in detail. Methodology Portion is further divided in to two parts: Theoretical Methodology and Practical Methodology.
- Chapter 5: This chapter deals with the findings of this research. Both quantitative and qualitative data has presented here. The quantitative data has been analyzed with the help of SSPS techniques.
- Chapter 6: In this chapter the authors analyzed and explained this research. They have compared the results with the theories and they include their own deeper insights.
- Chapter 7: In this Chapter the authors presented the final conclusion of this research. They also put managerial implication and suggestions for further studies.

Figure 1. Disposition (Own Diagram)
CHAPTER 2

2. Literature Review

In this chapter Pharmaceutical Market, De-regulation, PESTEL Framework, Industry Structure Analysis, Customer relationship Management and 7 Ps of Marketing Mix are presented. We also review the literature about the customer retention.

One of the shortest definitions of marketing is “Meeting needs profitably” (Huber, 2006, p.299). Any actual or potential offerings and substitutes from a rival company that could be considered by a buyer can be termed as competition; there are several levels of possible competition (Kotler & Lane, 2006, p. 26). The companies that satisfy the same customer needs are competitors according to the market approach (Kotler & Lane, 2006, p. 346).

![Diagram of Literature Review](Image)

Figure 2. Literature Review (Own diagram)

We follow this diagram to work on theory.

2.1 The Pharmaceutical Market

According to the Datamonitor, pharmaceutical market can be explained as following, “The pharmaceuticals market consists of ethical drugs only and does not include consumer healthcare or animal healthcare” (Datamonitor, 2009).

Data monitor also defines over the counter (OTC) pharmaceutical market, “The OTC pharmaceuticals market values the total sales of traditional medicines, cough and cold preparations (tablets, mixtures, lozenges, topical remedies, inhalers), vitamins and minerals (multi-vitamins, single minerals, single vitamins, tonics), indigestion preparations (tablets, powders, mixtures), analgesics (Paracetamol, other analgesics, Ibuprofen, Aspirin), and other
OTC healthcare products including: medicated skin products (anti-bacteria’s, acne treatments, anti-fungal, other medicated skin products, disinfectants), topical OTC medicines (anesthetic products, anti-itch products, antibiotic creams/gels), plasters & bandages (adhesive bandages/plasters, first aid tape, gauze pads/rolled gauze, other tape or bandage, liquid bandages), first aid kits and other OTC healthcare products (anti-smoking aids, rectal medications, eye/ear drops, sleeping aids, and motion sickness) at retail selling price (RSP) and include any applicable taxes” (Datamonitor, 2009).

2.1.1 Total Sales During 2009

Sweden represents 2.4% of the total European pharmaceutical market value while in comparison Germany represent 19.8% of the regional market value. In 2009, the total revenue generated by Swedish pharmaceutical market was $4,485.1 million, showing a compound annual growth rate of 4.6% for the period spanning 2004-2008. In these cardiovascular products showed lucrative market, representing 22.4% of the total market value. The pharmaceutical market is speculated to grow by the same rate for next five years meaning that the total market size will increased to value of $5,509.5 million by the end of 2014 (Datamonitor, 2009).

Pharmaceutical market comprises of many products which people use in variety of ways. They buy these products for the treatment of various diseases; these diseases range from routine headache to serious diseases. After the de-regulation customers are free to choose any operator for buying medicinal products, so it is important for Apoteket AB to retain its customers.

2.2 De-regulation of Swedish Pharmacy Market

Sweden has joined European Union in 1995 and was the only country in EU having monopoly in the pharmacy market for four decades. Sweden has since harmonized its legislation with the other EU member countries. Therefore, it was important to harmonize the Swedish medicinal legislation with that of the European community. The Swedish medical products agency is responsible for developing new legislation with the cooperation of EU member countries (Daley, 2001).

Swedish Minister for health and social affairs Göran Hägglund said, “I would like everybody in our country to be offered good quality, needs-based, accessible and effective health care. I seek to shorten health care queues. One way is to attract more care providers into the health and social services sector. More care providers from private and non-profit sectors will improve patients’ freedom of choice and their scope for comparing quality within the health and medical care sector. It is vital that we make it easier for the individual to be able to choose the care provider that suits them best. Patients not the system must be the focus of Swedish health care” (Regeringskansliet, 2008).

2.2.1 Government Submitted Pharmacy Reform Bill to the Riksdag

On February 20, 2009, Swedish government submitted a proposal on the pharmacy market to the Riksdag. The main purpose of the reform was to create opportunity for more pharmacies with longer working hours to meet the population requirements. This was the first step
towards liberalization of rules on operating pharmacy in Sweden. This gave the chance to more operators to contribute to a safe, accessible and customer-oriented supply of pharmaceutical products. At that time Sweden was one of the few countries in the world that has been still enjoying monopoly on the pharmacy market. Experience from de-regulations in Denmark and Norway has shown great potential to improve accessibility to the pharmaceutical products (Regeringskansliet (a), 2009).

The Swedish minister of health and social affair said “I am pleased that the Government is now presenting a bill on new regulations for the pharmacy market. Many inquiries have been devoted to this area but have never led as far as to a definite proposal. Now we have a proposal that will enable us to follow the example of many other countries so as to provide increased access and better service. In Norway, which has also reformed regulations in its market, the number of pharmacies has increased by more than 60 per cent. At the same time, queues have more or less disappeared” (Regeringskansliet (a), 2009).

The proposal submitted to the Riksdag involves the liberalization of rule on operating and owning of pharmacy/ies in Sweden. It was suggested to stress the pharmacy sector to continue the strict rules and regulations. It was also suggested that the Apoteket AB would remain the key player on the competitive market. The majority of pharmacies will remain under the state ownership and the remaining will be sold to the other operators (Regeringskansliet (a), 2009).

2.2.2 The Government's Decisions Concerning the Pharmacy Market

After presenting the bill in Swedish parliament on February 20, 2009 for de-regulation in pharmacy market, it was proposed that the monopoly of Apoteket AB to be replaced with some other system. In this situation the operators have to get license from the medical products agency to conduct retail trade of those medicinal products currently covered by Apoteket AB exclusively rights (Regeringskansliet (b), 2009).

The Swedish Pharmacy monopoly was de-regulated in July 2009, leading to greater competition in the pharmacy market. Still Apoteket AB has dominant position in the Swedish pharmacy market, having one third of the total pharmacies. The de-regulation will increase the number of pharmacies and ensure longer opening hours, as well as will create downward pressure on prices as more operators enter the market. Since November 2009, the sales of OTC products have been allowed on super stores along with pharmacies (Espicom, 2010).

From the above discussion we come to know that Swedish pharmacy market is now open for other operators and undoubtedly more pharmacy operators will enter in such a lucrative market. After the de-regulation the customers are free in choosing pharmacy operator for buying medicinal products. Supermarkets and other operators are busy in acquiring Apoteket AB customers as previously it was the only pharmacy services provider. So in such situation it is important for Apoteket AB to retain its customer. For retaining its customer Apoteket AB has to device such marketing strategies which are helpful and beneficial in future business. It will be better for Apoteket AB to look at affects of de-regulations in other countries in order to device effective strategies. In developing such strategies it is beneficial to understand the macro-environment of the business. PESTEL framework play important role in understanding the macro-environment, this framework can play vital role in designing future strategies for
customer’s retention. Now we will study about the macro environment which affects the company in many ways.

2.3 The PESTEL Framework

There are numerous frameworks existing for the analysis of macro-environment but the PESTEL framework discusses the various influences (six environmental influences) which contribute in the success or failure of a particular strategy in a good way. These influences are political, economic, social, technological, environmental and legal. Political influence is related with the role of governments especially when a government implement some polices, economics refer to the macroeconomics factors such as exchange rates, inflation rate and business cycle etc. social influence is related with culture and demographics; technological refers to change in technology, environmental concerns with the greening and legal concerns with legislative issues (Johnson, Scholes & Whittington, 2005, p. 65).

It is important for the business managers to anticipate changes in these factors and set direction for the company as they change in future. Many times these factors are interlinked with each other. Identifying key drivers for the change are important as they have higher impact on the success or failure of a strategy. In each industry these key drivers are different. Focus on PESTEL factors help managers to identify the key factors. Without clear idea of key drivers, it will be difficult for managers to take effective decisions (Johnson et al., 2008, p. 55).

Figure 3. Macro-Environmental Influences – The PESTEL Framework - Johnson, Scholes & Whittington.2005, p. 68.
External environment is unpredictable for every organization but up to some extent PESTEL framework summarizes the macro-environmental impact on organization. Here we know that government have decided to remove Apoteket AB monopoly from the Swedish pharmacy market. Although this was a purely political decision but it also imposes some legal, social, technological, environmental and economic influences. In our case the political and legal factors are more visible in the shape of Swedish parliament decision about de-regulation in the pharmacy market. It is important for Apoteket AB to consider these influences while designing strategies for customer retention. As we know that political and legal decisions have brought de-regulation in pharmacy market but it is important to consider technical, economic and other factors too for the customer retention strategies. As we know that technology play important role in pharmacy services for example; online pharmacy services etc. so better technology than competitors can play vital role in customer retention. On the other hand people are now more conscious to environment and prices (prices of OTC products) so Apoteket AB should also consider the environmental and economic factors of the PESTEL framework in designing strategies for customer’s retention.

It is important to understand all these six influences before developing a particular strategy. As these influences have important role in the success or failure of any strategy. Viewing all these forces we will apply the porter’s model of “The five competitive forces that shape strategy” to our study. Porter’s model is used to understand where power lies in the business and it will help Apoteket AB to know its current competitive position as well as the future desired competitive position.

2.4 Industry Structure Analysis

It’s important for a firm to be aware of the five competitor forces which can help the firm to understand the structure of its industry and attain a position that is more profitable and less vulnerable to attack by the competitors. The industry structure is crucial to determine the ground rules for competition. The competitive model that describe the main five competitive forces which surround the company and its surroundings are; threat of new entrants, bargaining power of both suppliers and buyers, threat of substitute products or services and rivalry among existing competitors. The company competitive strategy is therefore concerned with finding a position in the industry which is appropriate to respond to the five competitive forces (Porter, 2008, p. 79-80).
2.4.1 Threat of New Entrants

New entrants to a profitable industry bring new capacity and each new entrant desires to gain high market shares. The efforts of gaining share puts pressure on price, costs, and the rate of investment essential to compete. These new entrants reduce the profit potential of an industry. When threats are high the incumbents either lower their product prices or increase investments to discourage new competitors. There are several barriers to entry; these barriers give advantages to the incumbents relative to new entrants (Porter, 2008, p. 80-82).

1. Supply-side economies of scale is achieved by firms that has capabilities of producing large quantities, such firms enjoy lower costs by spreading the fixed cost over extra units. This type of advantages discourages entry of new competitors in the industry. Demand-side benefits of scale arise in industry from the willingness of buyers to pay for the company’s product also the number of other buyers increases, who patronize the company (Porter, 2008, p. 80-82).
2. Customer switching costs are fixed costs which a buyer face when switching a supplier. Larger switching costs make it difficult for the new entrants to gain customers in the industry. On the other hand large financial requirements in order to compete also discourage new entrants in the industry. Financial resources are needed for fixed facilities, customer’s credit, and building inventories and to bear startup losses (Porter, 2008, p. 80-82).

3. Incumbency advantages independent of size: An incumbent acquires cost or quality advantages not available to potential entrants. These advantages may be in the shape of proprietary technology, preferential access to best raw material sources, preemption of the most geographic locations, established brand identities or cumulative experience that has allowed incumbents to produce more efficiently, simply we can say a first mover advantage (Porter, 2008, p. 80-82).

4. Unequal access to distribution channels is also barrier for entrants. For the new entrants the distribution of product or service is very important. If the existing competitors have more strong hold over the wholesale or retail channels the more difficult for the new entrants to enter the industry. Sometimes the new entrants bypassing this barrier and set up its own distribution channel (Porter, 2008, p. 80-82).

5. Restrictive government policy, government policy can restrict or aid new entrants directly, as well as intensify (or abolish) the other entry barriers. Regulated industries like liquor retailing, taxi service and some air lines are the most visible examples. Sometimes government policies also make the entry easier by providing subsidies and research finding to all firms (Porter, 2008, p. 80-82).

6. New players feel fear of expected retaliation if; the incumbents have previously shown strong response to new entrants, incumbents possess fight back capabilities, the fear of incumbent price lowering to secure its market share in low growth industries (Porter, 2008, p. 80-82).

We know that switching costs in case of ‘pharmacy products’ are negligible and customers can easily switch to other operators. On the other hand government has allowed all operators to operate in Swedish pharmacy market and there are no restrictions on the entry of new operators. In these situations the other operators can easily enter the Swedish pharmaceutical market and Apoteket AB need to develop strategies for customer’s retention otherwise the competitors will take over its customers.

2.4.2 Bargaining Power of Suppliers

Powerful suppliers reduce the industry profitability and capturing more value for themselves by charging higher prices, lowering quality of products or services, or shifting costs to industry participants. Mostly firms depend on a wide range of suppliers for acquiring inputs. A supplier group is powerful if; the supplier is serving several industries and not dependent heavily on one industry, switching cost are more for the industry participants, differentiated supplier products (pharmaceutical companies that offer patent drugs with a distinctive medical benefits), no close substitute for the supplier product (Porter, 2008, p. 82-83). After the de-regulation the suppliers will be stronger since more actors can be played out towards each other. In such situations Apoteket AB can face pressure from the suppliers for higher
prices. Apoteket AB will need good relations with all suppliers to avoid future conflicts and make sure the availability of all kinds of products for its customers.

2.4.3 Bargaining Power of Buyers

Powerful buyer can lower the profit margins of the industry by lowering down the price and demanding better quality and more service (driving up the costs). They also compel the industry participants to play against each other. Buyers are powerful if they have more negotiating power than the industry players or if they are more prices sensitive. The buyers are powerful and showing great negotiating power when they are buying in bulks and the buyers are few. Buyers also pull the prices down when the products are standardized and they believe that they can find the equivalent product or service from other source. Buyers become more prices sensitive if they are buying undifferentiated, expensive products relative to their income or the product performance has limited consequences (Porter, 2008, p. 83-84).

Due to multiple operators in the pharmacy market the buyers are now stronger and they can pull the prices down for non-prescription products. Non-prescriptions products are mostly undifferentiated as any product available in Sweden must be according to EU standards so in this case buyers can easily switch to other operators. In this case it is important for Apoteket AB to consider the buyer power and give special attention to buyers while developing strategies for customer’s retention.

2.4.4 Threat of Substitute Products or Services

A substitute is a product which performs the same function as the industry product but by other ways. When substitute threat increases, the profitability of industry decreases. So it’s necessary for the industry to distinct its product performance, marketing and other means to safeguard the profitability. Threat of substitute becomes higher if the substitute product offer attractive performance-price trade off to the existing industry product. “The buyer’s cost of switching to the substitute is low. Switching from proprietary, branded drug to a generic drug usually involves minimal costs, for example, which is why the shift to generics (and the fall in prices) is so substantial and rapid” (Porter, 2008, p. 84-85).

The threat of substitute products will certainly grow and nowadays more herbal products are available worldwide, so it’s possible that such products can reduce the medicinal products especially of OTC products. On the other hand more generic products will be offered in OTC products category. So it’s important for Apoteket AB to consider such products while designing customer retention strategies.

2.4.5 Rivalry among Existing Competitors

Existing firms compete with each other in different ways, including price reduction, new product introductions, advertising campaigns, and improved services. Rivalry or competition among existing firms limits the industry profitability. The intensity of rivalry is greatest if: when competitors in industry are numerous or they are equal in size and power, high exist barriers, high commitment of rivals to the business and when firms have less familiarity with each other, diverse approach to competing or different goals (Porter, 2008, p. 85-86).
Price competition occurs most likely among firms when the products or services are identical and there is very less switching costs, fixed costs are high but the marginal costs are low or when the products are perishable. Competition may exist in the form of product features, support services, delivery time or brand image which create customer value and can support higher prices. On the other hand Competition can also improve the average profitability of an industry, when each competitor concentrates to serve specific group of customers with different products, services and different price mixes (Porter, 2008, p. 85-86).

We know that the competition among the current operators is going stiff day by day and they are trying to get maximum customers. In such situations it is possible that they can reduce the prices of OTC products, offer better services, invest more in advertisement, and even open more stores etc. Supermarkets and gas stations have extended opening hours and they are offering a long list of OTC products and customers can buy such products while they are buying grocery. So it is important to keep in mind the strengths and weakness of all these operators while developing strategies for customer retention.

We think that the above five forces can play vital role in the profitability of an organization. These forces can play important role in the retention of customers, if the managers utilize it in a wise way. Along with these force we are going to study customer relationship management as it is an important area for every organization. We know that loyal customers are the backbone of an organization as companies generate their revenue from the customers.

2.5 Customer Relationship Management

Customer relationship management can be defined in the light of our problem background as “The whole process of building & maintaining worthwhile customer relationships by delivering higher customer values & satisfaction” (Kotler, Armstrong, Wong & Saunders, 2008, p. 24).

Figure 5. Customer Relationship Management (Own diagram)
According to this diagram customer relationship management has three phases: Acquire, Retain and Extend customers. In the first phase companies acquire the customers then they try to retain these customers and finally try to extend the loyal customers bank. In addition, in the above diagram our problem background is related to customer retention by Apoteket AB, that’s why we are only focusing on customer retention in this diagram.

In today’s contemporary business world the use of customer relationship management is the key factor for the success of an organization. Customer relationship management helps the organizations to build a long term relationship with customers. Organization generates profit from its customer’s and for this reason they are considered as a backbone for the business. As we know that in Swedish pharmaceutical industry de-regulations has been implemented and the new operators are busy in acquiring customers by offering them variety of products and services as well as high expertise. In such situation it’s important for Apoteket AB to retain its customers. On customer retention there is a huge amount of literature is available, we are going to evaluate the various aspects of customer retention.

Due to severe pressure and cut-throat competition in today’s world, large number of companies focuses on customer relationship management. The anonymous behaviors for purchasing goods and services in future by the customers are also important to customer relationship management and to identify the future behaviors of the customers (Allen, Nabrzyski, Seidel, Albada, Dongarra & Sloot, 2009, p. 561).

Nowadays companies focusing more on keeping customers as compare to sell the product or service. For this purpose companies creating long term relationship with its customers and it is one of the significant mission for businesses. Moreover companies now started restructuring of their marketing departments and hire professionals and skilled managers to retain its customers (Ahmad & Buttle, 2002).

A study made by Reichheld’s (1996, cited in Ahmad & Buttle, 2002), stress that there are some customers which not only prefer long term customer relationship but also comparatively spend more, pay punctually and also require fewer services. He also point out some important aspects of customer retention likewise rewarding the sales force for retaining customers, minimize the selection of unprofitable customers through creative filtering and paying customers for re-buying of a company offerings.

According to stone et al., acquiring customer is highly expensive rather than keeping the existing customers (Stone, Woodcock & Machtynger, 2000, p. 03). In this competitive and global market, companies now understand that how to retain and attract the customers, companies necessitate to build strong and long term relationship with its customers as well as situate them at the heart of the business (Donaldson & O’toole, 2007, p. 07).

2.6 Customer Retention

Customer retention can be defined as, to maintain the customers who have bought the goods and services of such organization and make them available for repeat purchases. It happens only when the customer is loyal to a specific business, to a specific brand or to a specific product or service. As well as the customer is refusing to buy from other competitor. (BNET, 2010)
In past, there were few companies in the market for customers to purchase products or services. Customers have limited number of suppliers in the market or few good quality suppliers in the market or the markets were fast growing. So the companies at that time were not fully interested in their customer satisfaction. At that very time if a company could miss hundred customers a week but at the same time it acquired hundred more customers and it was considered satisfactory. In business terminology such companies operate on ‘Leaky Bucket’ theory. Which mean companies believe that they will always have new and enough customers for purchasing their product or service. Nevertheless, this customer churn increase operating cost of the company. But if a company retains its existing hundred customers then they have no need to acquire new hundred customers (Kotler et al., 2008, p. 385).

We think that Swedish pharmacy market will soon saturate by pharmacy operators and it will be important for Apoteket AB to maintain its existing customers. According to Ahmad & Buttle it is a significant managerial issue to retain its customers especially where the market is saturated and the new customer growth is lower. It is considered as a key objective of relationship marketing. The primary role of customer retention is to deliver greater relationship economies, such as retaining customer is cheaper than to acquire new ones. It is a significant mission of a business to maintain long-term relationship with the customers (Ahmad & Buttle, 2002).

Trasorras et al., states in their findings that there is highly significant relationship between service and customer retention, quality and customer retention, image and customer retention, price and customer retention, and value and customer retention (Trasorras, Weinstein & Abratt, 2009). In pharmacy business better services, quality, price and value plays important role in the customer retention. Apoteket AB can also get benefits from these research findings by offering better services to customers with competitive prices.

Rosenberg & Czepiel talk about the two marketing executives saying in their article. The one said about the companies who once find the customer and then not keeping them as “the way many companies relate to customers is akin to looking for a needle in a haystack, finding it, and then throwing it back to look for it once again”. The other executive saying about customer retention is like that, it is not worthwhile to get customers only but the most important thing is to keep them because getting customers need time and money (Rosenberg & Czepiel, 1984). Companies are now spending millions of dollars to understand the purchasing behavior of customers and influenced them to be loyal for their products or services. Moreover the companies are trying to retain their customers and persuade them to spend more (Coyles & Gokey, 2002, p. 101).

2.6.1 Benefits of Customer Retention

Both the customer retention and customer satisfaction plays an important role in the long-term success of a company. The behaviour of customer to repurchase, cross selling and higher customer satisfaction has positive impact on the customer mind which will generate confidence for the company products or services. All these aspects are directly interlinked with the economic success of the business (Gruber, 2009, p. 02).
2.6.1.1 Repurchasing

According to Mittal & Kamakura, when customers of the company are satisfied from the service and product they give positive feedback in the form of repurchasing the service or product. In most cases it’s true because mostly satisfied customers repurchase the product and give positive feedback about the product or service (Mittal & Kamakura, 2001).

2.6.1.2 Reduce Customer Churn

Results of many companies indicate that skilled and qualified managers who deals with customer relationship helps companies to retain its customers, and in return it helps in reducing customer churn. Customer relationship managers know about the customer preferences that’s why they play a vital role in retaining its customers and clutch the customers mind (Allen et al., 2009, p. 561).

2.6.1.3 Reduced Marketing Cost

Those organizations that focus more on retaining customer indirectly reduce marketing costs. Such organization needs fewer dollars to replace churned customers. It is estimated that recruiting cost of new customers is 20 times higher for an advertising agency than retaining its existing customers which is very low. Some key agencies spend up to $ 400,000 on research for acquiring new customers (Buttle, 2009, p. 33).

2.6.1.4 Increase Business Life

According to Raab et al., customer retention increase business life by strengthening and securing the business from various threats e.g. fear of bankruptcy. It is accepted principle that experience makes the organization perfect. With good customer experience organization come to know the needs and wants of the customers. If organization feels that there is low level of risk then it focus more on innovation to increase and meet the requirement of the sales market (Raab, Ajami, Gargeya & Goddard, 2008, p. 82-83).

2.6.1.5 Increase Customer Trust

Customer retention also helps customers to increase their trust on the organization. Customer also refers such organization to others, so in this way organizations get the ‘word of mouth’ advertising benefits likewise positive image in other minds (Raab et al., 2008, p. 82).

We know that customer retention is very important for the success and survival of business in this contemporary business environment. Seven P’s of marketing mix plays important role in the retention of customers along with attracting new customers to one’s business. Therefore the effective utilization of 7 P’s is very important in customer retention. Here is some discussion about the seven P’s component of marketing mix.

2.7 The Seven P’s Component of Marketing Mix

To achieve its objectives a company need to device marketing plan or program consisting of various decisions to choose tools for acquiring and retaining its customers.
Initially there were four P’s of marketing but later on three additional P’s were added to make extended marketing mix. Seven P’s of Marketing mix are: Product, Price, Promotion, Place, Packaging, Positioning and People. The additional three P’s are people, process and physical evidence (Booms & Bitner, 2010). Rosenberg and Czepiel suggest a separate marketing mix for customer retention along with customer acquiring. The reason behind this suggestion is the company bias of favoring customer getting rather than retention. They believe that customer retention is useful in conjunction with the acquisition of new customers (Rosenberg & Czepiel, 1984).

Figure 6. 7 P’s of Marketing Mix (Own Diagram)

2.7.1 Product

For companies to deliver value to its customers/consumers, it has to create an offering that satisfies its needs i.e. the product. Such product will consist of combination of goods and services that the firm wants to offer to its target market (Kotler et al., 2008, p. 49). Keeping in view the needs and wants of customer groups companies offer a product or service. According to Rosenberg and Czepiel, retaining customers require offering something more than the basic product which make them attracted in the beginning (Rosenberg & Czepiel, 1984). In order for Apoteket AB to retain their customers after the de-regulation, it will be better that they have to place a stronger focus on their product portfolio to make it attractable than what they had before when they were in monopoly.
2.7.2 Price

After product development the firms then figure out how to charge their customers for the product. It is the amount of money that the customer has to pay for a product or service to acquire it (Kotler et al., 2008, p. 49). Price is the most visible element of marketing mix because it represents the per unit value the company receives in return for a product or service. The other elements of marketing mix represent cost likewise expenditure of product design, advertisement expenses for promotion and transportation and distribution cost for placement of the product etc. (David, 2005, p. 15). It is expected that de-regulation will bring pressure for lowering the prices of non-prescription products.

2.7.3 Place

Place or placement is that element of marketing mix which make the product available to the customers/consumers i.e. how and where the company make the product accessible for its customers/consumers (Kotler et al., 2008, p. 50). According to David, place involve the channels of distribution, its use and management, locations of stores or outlets, how the company held the inventory and how the company transport these goods. For consumers to ensure that all goods and services are available at the right time, place and in the right quantities the above mentioned have to be taken into account (David, 2005, p. 15). According to Rosenberg and Czepiel, distribution is to make product available to the consumer, generally distribution system focus where the ultimate user will buy the product (Rosenberg & Czepiel, 1984). Availability and accessibility of pharmacy stores can affect the customer’s retention. In the absence of pharmacy store people will buy the non-prescription from the supermarkets, so it is important for Apoteket AB to ensure their store for customers who want to buy from them.

2.7.4 Promotion

The fourth element of extended marketing mix is promotion. To convince the consumers, the company has to communicate with targeted consumers in order to inform them about the company offering. Decisions have to be made about the right advertising, sales promotions, selling personnel and public relation. This will give best promotion to the company offering (Kotler et al., 2008, p. 50). According to Rosenberg and Czepiel, product promotion offer extra benefits when it focuses on existing customers and if the marketer knows its customers then the desired benefits are easily obtained by targeting them with reinforcing communications. They also suggest that the firm must encourage post-purchase communication with the consumers as some customer encounter some sort of minor or major problems after purchasing the product or service (Rosenberg & Czepiel, 1984).After de-regulation promotion can play vital role in the customer retention because after de-regulation it is important for Apoteket AB to differentiate their brands from the competitors.

2.7.5 People

People consume products or services directly or indirectly and they are important part of the extended marketing mix. Well-informed employees, workers and management play important role to provide quality services to the consumers and add value to the total product or service offering (Booms & Bitner, 2010). According to Rosenberg & Czepiel, sales people play a
crucial role in customer retention especially when they are dealing with the customers at a retail or service counter as they represent the company (Rosenberg & Czepiel, 1984). Apoteket AB personnel who are dealing the customers or patients on the counters can play important role by delivering better services and sharing their knowledge (in the shape of counseling).

2.7.6 Process

The procedures, mechanisms and flow of activities help the company in delivering the products or services, so that the consumers have to consume it (Booms & Bitner, 2010). In pharmacies processes play vital role because it’s a very important and sensitive job; a minor mistake can lead to a big problem.

2.7.7 Physical Evidence

Physical evidence helps the customer to judge the company and its products. “The ability and environment in which the product or service is delivered to the customer, both tangible goods that help to communicate and perform the product and intangible experience of existing customers and the ability of the business to relay that customer satisfaction to potential customer” (Booms & Bitner, 2010).

We believe that the effective utilization of the 7 P’s not only important in attracting new customers but also plays a vital role in the retention of the existing customers. It will be beneficial for Apoteket AB to use the right mix of these marketing P’s.
Chapter 3

3. Competitors

In this chapter we have discussed the influential competitors for example Apoteket Hjärtat, Kronans Droghandel, Medstop Apotek, Vårdapoteket, ICA AB, Ax food, Statoil and Alliance Boots.

3.1 Apotek Hjärtat

Apotek Hjärtat has 207 pharmacies throughout Sweden, and more than 2000 employees and a turnover of SEK 7 billion approximately. Thus Apoteket Hjärtat is the largest independent pharmacy chain and has planned to open 100 new pharmacies throughout Sweden in near future (Apotek Hjärtat (a), 2010). On April 20, 2010 Apotek Hjärtat has opened its first pharmacy under its own new pharmacy concept. Apotek Hjärtat has planned to open additional six new pharmacies before this summer at locations: Stenungsund, Vaxjo, Sala and Limhamn and in Norrköping and Växjö (Apotek Hjartat (b), 2010).

Apotek Hjärtat is owned by Apopharm Holding AB and it is owned by Altor Fund iii. Altor is a venture capital fund and holding SEK 20 billion at its disposal. Altor investors are Skandia Life, 3rd AP Fund, SEB and Nordea Investment Management Life & Pensions. Altor has the ability to maintain investment over decade (Apoteket Hjärtat (c), 2010).

3.2 Kronans Droghandel

Kronans Droghandel has more than one hundred years of experience in Swedish pharmaceutical market. Kronans Droghandel has been distributing drugs to all pharmacies in Sweden since 1907. After de-regulation company has decided to re-set up pharmacies and now they have the third largest pharmacy chain with more than 170 pharmacies throughout the country (Kronans Droghandel (a), 2010). Kronans Droghandel bought 171 pharmacies across the country. The total value of these pharmacies is 1.56 billion SEK and having 931 employees (Kronans Droghandel (b), 2009).

Kronans Droghandel is owned by Oriola-KD Corporation which is engaged in retail, wholesale and distribution business of pharmaceuticals, medical products and merchandise in Sweden, Denmark, Finland, Russia and Baltic states. Oriola-KD and Cooperative Union, KF owns Kronans Droghandel. Before de-regulation in pharmacy market both firms have decided to work in collaboration to strengthen their positions for acquisition of pharmacies at the forthcoming sellout and to jointly establish new pharmacies, including at the Grocery Stores and Coop supermarkets. Kronans Droghandel 80% shares are owned by Oriola-KD and responsible for the company future development and 20% by Cooperative Union, KF (Kronans Droghandel (c), 2010).

3.3 Medstop Apotek

Medstop Holding AB (Apotek) is a Swiss based pharmacy owned by private equity firm Segulah has bought 62 pharmacies, having 660 employees with a turnover of SEK 3.1 billion
(Nyhetsverket, 2010). In January 2010 Medstop started operations of 62 pharmacies in the region of Mälardalen, Gotenburg and Scania. The management goal is to increase the number of commercial pharmacies to 75 within five years of operation. Medstop is involved in the sales of prescription and non-prescription products. They also offer their own brands in skin and body care segments (Medstop Apotek, 2010).

3.4 Vårdapoteket

Vårdapoteket business is based on 24 pharmacies in hospitals in southern and central Sweden. It has about 300 employees with a turnover of SEK1.4 billion. The 24 outpatient pharmacies purchased are located in universities, county and hospitals in nine different counties. The main owner of the company is Priveq investment and Investor Growth Capital with an equal investment and ownership and all the owners of this company are Swedish (Vårdapoteket, 2010).

Swedish supermarket has given flying start to the sale of OTC medicines and 10 percent of the total OTC market share went straight away to supermarkets. Supermarkets generate around SEK 3.5 billion net sales of OTC medicines which is one tenth of the total sales of medicine in Sweden. Supermarkets can sell up to 540 different OTC products in Sweden (Kesko, 2010).

3.5 ICA AB

ICA Group (AB) is one of the well-known and leading companies of Northern Europe. ICA has around 2220 (own and retailer owned) stores in Sweden, Norway and Baltic countries. This group includes ICA Norway, ICA Sweden, Rimi Baltic as well as ICA Bank provides financial services to its Swedish customers. ICA AB is joint venture in which 60% is owned by Royal Ahold N.V of the Netherlands and 40% owned by Hakon invest AB (Sweden). In 2009 ICA Sweden had generated net sales of 59,003 Million SEK. Furthermore ICA Sweden has 1359, ICA and Rimi stores Norway were 612 and Baltics were 246 stores in 2009. This group has approximately 20,412 employees (ICA AB, 2009).

Since November 2009 government has allowed grocery stores and other retail outlets to sell OTC products to customers over the age of 18 years. ICA Sweden is selling variety of OTC products. According to Kenneth Bengtsson CEO ICA, ICA is planning to open 100 pharmacies in the Swedish pharmacy market. These pharmacies will be located in existing ICA stores which will be operated and owned by the firm, a so-called shop in shop solution (Simpson, 2009).

April 20, 2010 ICA Sweden opened first pharmacy with the name of “Cura” inside Maxi ICA Hypermarket Göteborg. The aim behind this decision was to provide food and medicine under the same roof. Cura pharmacies provide variety of prescription and non-prescription medications under the supervision of competent and trained staff, good locations and extended opening hours (0800-2200) seven days a week. ICA made it easier for its customers to access pharmacy during normal shopping hours. ICA has opened eight more new in store pharmacies in the following locations: Gothenburg (Mölndalsvägen), Kungälv, Halmstad (Flygstaden), Helsingborg (Berga), Västerås (Hall), Botkyrka, Karlskrona (Lyckeby) and Södertälja. ICA has also planned to open 30 new inside store pharmacies before the year is
over and to increase the number of Cura pharmacies to 100 within 2-3 years. ICA Sweden is selling up to 90 different OTC products and is working on establishing full service pharmacies (ICA AB, 2010).

3.6 Axfood

In 2000, Axfood was established through the merger of Hemköp and D & D Daggligvaror and through the acquisition of Spar Inn Snabbgross, Spar Sverige and Spar Finland (Axfood (a), 2010). The main area of business for Axfood is food retailing and wholesaling trade in Sweden. Axfood wholly owned 230 stores in Willys, Hemköp and PrisXtra chain, which are involved in the retail operations. Axfood also work in collaboration with a large number of proprietor-run stores (approximately 840 stores). These stores are tied to AXFOOD and include those stores within the Willys and Hemköp chains as well as stores run under the Handlarnand Tempo profiles. Dagab & Axfood Närlivs are responsible for wholesale business. The market share of Axfood in Sweden is 19.3% and the net sale in 2009 is SEK 32,378 million. During 2009 the average number of Axfood employees was 6,816. The main owner of Axfood is Axel Johnson AB and owns approximately 46% shares (Axfood (b), 2010).

3.7 Statoil

Statoil is basically one of the oldest fuel/energy company and show great concerns towards climate. Each day approximately 360,000 customers visit Statoil. The organization is involved in the sales and distribution of fuel and electricity. Statoil also offer their services in area of car rental, car wash, fast food and pharmacy. Statoil share in Swedish gasoline market is about 24%. Today Statoil has 190 automatic stations and over 310 full-service stations in Sweden (Statoil, 2010). After the de-regulation in Swedish pharmacy market Statoil has started the sales of non-prescription products. Statoil offer variety of non-prescription medical products and 24 hours services to customers.

We expect that after de-regulation in pharmacy market many national and international operators would wish to start their operations in Swedish pharmacy market. One of the new operators who wish to start its operations in Swedish pharmacy market is Alliance Boots.

3.8 Alliance Boots

Alliance Boots is an international pharmacies operator organization, offering variety of products and services. In 1849 Boots opened its herbal remedies store in Nottingham. In 2006 Boots merged with Alliance UniChem and Alliance Boots was formed. In 2008 the company formed 50:50 joint ventures with third largest pharmaceutical wholesalers (Guangzhou Pharmaceutical Corporation) in china. Today the company operates in both retail and wholesale businesses. Alliance Boots operates pharmacy service in the UK, Norway, Republic of Ireland, Netherlands, Italy and Russia. They have also pharmacies in Thailand and have a joint venture to operate pharmacies in Switzerland, china, Lithuania and Italy. They have also 450 franchise stores in Middle East (Alliance Boots (a), 2010). Alliance Boots have more than 115,000 employees. They operate wholesale distribution in 16 countries and serve 150,000 pharmacies, doctors, health centers and hospitals. Alliance Boots has more than
3,250 health and beauty stores in ten countries, of which boots have 3150 stores having t
pharmacy stores (Alliance Boots (b), 2010).

Alliance Boots plan to open pharmacies in joint venture with Farmacevtföretagarna in
Swedish pharmacy market. Farmacevtföretagarna is a Swedish cooperative firm owned by the
Swedish pharmaceutical association. According to the chairman of Farmacevtföretagarna
(Sverker Littorin), Boots is the best possible partner for the company as they have wide range
of products and high professional services (Sullivan, 2010).

As we have discussed in the previous chapter that existing operators compete with each other
for gaining maximum market share. In such situations they put pressure on each other to
reduce the product prices, offer extra services with products and invest more in marketing
activities. During the competitors analysis we found that all the operators are well
experienced and have the abilities to compete with each other. In this case they are affecting
the Apoteket AB current customer bank as they are offering better services than Apoteket AB
for example extended opening hours of supermarkets and gas stations. In this case Apoteket
AB will lose market share as the competition becomes aggressive.
Chapter 4

4. Methodology

We divide the methodology chapter into two parts: theoretical methodology and practical methodology.

4.1 Theoretical Methodology

4.1.1 Research Purpose

Our research is descriptive in nature. It is a research which normally answers about what, how and why (ECS MCREL, 2004). Therefore our research mainly focuses on the question ‘How’. So, it fits to our research because we are going to identify those factors which can help Apoteket AB to retain its customers after the implementation of de-regulations in Swedish pharmaceutical market.

4.1.2 Research Philosophy

Saunders et al. state that, research philosophy is related to “the development of knowledge and the nature of that knowledge in relation to research” (Saunders, Lewis & Thornhill, 2009, p. 107). As a researcher it is important to explain one’s philosophical stance in the beginning of research, as it influences the later steps of the research to a larger extent. Ontology and epistemology are two major concepts in the research philosophy which influences the choice of research methodology. Research philosophy shows that how researcher views this world as well as how he/she interprets this world mean reality (Saunders et al., 2009, p. 108).

According to Bryman & Bell, ontology means what is reality? Which means that “is reality is external to the social actors?” or whether they can and should be considered as social construction builds up by social actors as a result of their perceptions and actions? This shows the researcher point of view about the way the world operates i.e. objectivism and constructivism/subjectivism (Bryman & Bell, 2007, p. 22).Saunders et al. defined ontology as metaphysical branch related to “the nature of reality” (Saunders et al., 2009, p. 110).

Objectivism is an ontological stance where “social phenomena and their meanings have an existence that is independent of social actors” which mean that reality is not constructed by social actors (Bryman & Bell, 2007, p. 22).

According to Saunders et al. Constructivist position argues that “social phenomena are created from the perceptions of consequent action of social actors” which means that social actors can construct reality and it’s not exist (Saunders et al., 2009, p. 111). This ontological approach views that reality is constructed by social actors and influenced by elements such as interaction among subjects/social actors, individual preferences and actions (Bryman & Bell, 2007, p. 23).

Epistemology is concerned with how to study the reality. It is related with the nature of facts and challenges, is the social science research can be conducted in the similar way as the
natural science research (Bryman & Bell., 2007, p. 16). Saunders et al., describe epistemology as “what constitute acceptable knowledge in a field of study” (Saunders et al., 2009, p.112). Epistemology may be classified into three types for example; positivism, interpretivism and realism.

Positivism is followed by natural scientists as a philosophical stance. They assume that the social reality is same for everyone and quantified with a law like generalization. As Saunders et al., state that this type of research is mainly value free (contrast to feeling research), which mean that the researcher and subject do not effect/influence each other (Saunders et al., 2009, p. 113).

Interpretivism is a philosophical stance and contrasts positivism. It assumes that social science and natural science research cannot take the same stance, as people and organizations are fundamentally different from each other (Bryman & Bell, 2007, p. 17). Interpretivist approach argues that the world of business and management is highly complex, underpinned/constructed by number of other elements that add complexity and uncertainty to it. Such complex behaviours are not possible to study through natural science approach. It is important for a researcher to understand humans as social actors as they contribute in the construction of reality, as they are in continuous process and interpret their surroundings. As every individual is different from other so the researcher has to take the human side of the social actions (Saunders et al., 2009, p. 115-116).

Realism share features with positivism and Saunders et al. describe it as “the senses show us as reality is the truth: that object has an existence independent of the human mind”. It is similar to positivism in the essence that it assumes the scientific approach in collection and analysis of data (Saunders et al., 2009, p. 114). It is also considered as a mixture of positivist and interpretivist approach as described by Bryman & Bell, “a belief that the natural and social sciences can and should apply the same kinds of approach to the collection of data and to explanation” (Bryman & Bell, 2007, p. 18). Realism has two major forms: direct realism claims what we see through our eyes is reality; critical realism urges that our sensation influence what we see as a reality (Saunders et al., 2009, p. 114-115).

Keeping in view the research question “How Apoteket AB can retain its customers?” the researcher has decided to take a mix of both positivist and interpretivist approach. The reason for this approach is that the authors are dealing with a real case where Apoteket AB is facing de-regulation in the Swedish pharmacy market. For the first part (stage) of this study the authors will use positivist approach due to the reason that we will collect customer’s responses about our research question. We will investigate the important factors of customer retention discussed in our theoretical framework are favored/not favored by the customer responses. For the second part (stage) of this study we will use the interpretivist approach. As per interpretivist approach, the authors (researcher) as per their norm and values will interpret the Apoteket AB decisions maker approach towards our research question that is; how they are looking the matter of customer retention after the de-regulation of Apoteket AB monopoly. It is also appropriate to not generalize the findings of this research. On the other hand the ontological position is objectivist and constructionist that are due to the author epistemological stances. These ontological approaches will lead the authors in accomplishing their conclusive result to answer their research question.
4.1.3 Research Approach

The concern of research approach is about the way in which the researchers will collect data to answer their research questions (Saunders et al., 2009). There are two key approaches use by the researchers.

Deductive Approach

Inductive Approach

Deductive approach involves the development of an idea or hypothesis from existing theory and then tested it through the collection of data (Graton & Jones, 2004, p. 26). In deductive approach the researcher work on what is already known about a particular subject matter. He/she develops a hypothesis and collects data about the topic and then accepts or rejects the hypothesis in the light of data analysis. Development of hypothesis needs expertise of the researcher (Bryman & Bell, 2007, p. 11). Saunders et al. explain deductive approach as “a clear theoretical approach which is developed prior to the collection of data” (Saunders et al., 2009, p. 41). Literature is reviewed for some projects to identify theories and facts that will guide the data collection process. These theories or facts are tested by analysing the gathered data (Saunders et al., 2009, p. 61). Natural science approach mainly follows deductive approach, where a hypothesis is developed from the theory (Saunders et al., 2009, p. 124).

Inductive approach involves collecting data first then examining that data and constructing a theory (Babbie, Halley & Zaino, 2003, p. 13). Crowther & Lancaster says that inductive research is based on developing theories or explanations through the observations from observed world (Crowther & Lancaster, 2008, p. 40). In this approach a theory is developed after the data collection and analysis (Saunders et al., 2009, p. 41). Bryman & Bell propose that in this stance “theory is the outcome of research” (Bryman & Bell, 2007, p. 14).

These two approaches contrast each other, it’s not important for a researcher to stick to only one of these two approaches. Bryman & Bell also argue that these two approaches “are better thought of as tendencies rather than as a hard-and-fast distinction” (Bryman & Bell, 2007, p. 15). Saunders et al., also support the combination of the inductive and deductive approach in the same piece of research and argue that it’s not only possible but also advantageous to do so (Saunders et al., 2009, p. 127).

For this research work the authors have decided to adopt both the deductive and inductive research approach. The reason behind this decision is the vast area of knowledge to study. Firstly there is a huge literature available on customer retention which leads the authors to deductive approach, for this purpose data is collected by customer survey (Quantitative approach). The empirical findings will be tested against our theoretical framework, and on the basis of which conclusion regarding this study would be derived. We will also use these findings for developing of semi-structure interview for Apoteket AB decision makers to understand their point of view about these findings (important factors of customer retention), but we will keep these finding secret from them. Secondly as we described above that knowledge is subjective in nature so this need interpretivist approach, for this purpose inductive approach (qualitative approach) is applied. For the second phase of research that is interview with Apoteket AB decision makers, we adopt inductive approach to get deeper insights for answering their research question. We also believe not to develop a hypothesis
but to collect and analyse the data to answer the research question accordingly but at the same time we have developed hypothesis in the sub analysis part to analyse our quantitative data more thoroughly.

4.1.4 Research Strategy

Research strategy means a general directions followed by a social researcher to conduct the business research (Bryman & Bell, 2007, p. 28). There are two research strategies and it is upon researchers either they follow single or combination of these two research strategies. The two research strategies are qualitative and quantitative Research strategies. Social science researchers use two main methods in their studies i.e. qualitative and quantitative approaches, which directly influence the type of data collection method used in the research (Kekäle, Weerd-Nederhof, Cervai & Borelli, 2009).

Quantitative research involves deductive approach and mainly concerns with the testing of hypothesis/theory. It follow the procedures and norms of natural science, it also believe that social reality is external to the social actors (Bryman & Bell, 2007, p. 28).

Qualitative research focuses on words rather than quantifications and quantitative research is concerned with the research which focuses on quantifications rather than words (Bryman & Bell, 2007, p. 28). Normally qualitative research follows inductive approach and it is used to generate theory.

The authors of this research have decided to use both qualitative, quantitative methods. We choose both research strategies for many reasons. Firstly, we want to involve both customers and Apoteket AB decision makers to understand their point of views about this topic. Secondly, in this research our concern is both subjective and objective to answer our research question in a better way. In quantitative research customers (in Umeå) are on focal point, where customer survey is used for this purpose. Here our concern is with numbers (rather than words or images) to provide solid reasons for answering our research question. The qualitative method of data collection mainly focuses on interviews with the Apoteket AB decision makers to get deeper insights about our research question. Here our concern is with words, images rather than with numbers as we are conducting interview with Apoteket AB decision makers to understand their point of view about our research question.

4.1.5 Secondary Data Collection

Bryman & Bell argue that secondary data analysis is the analysis by a researcher who will probably have not been involved in the collection of that data, and for the purpose that in all likelihood were not envisage responsible for the data collection (Bryman & Bell, 2007, p. 326). For this type of data collection we mainly depend on the companies personal home pages. We used annual reports for this thesis, especially to getting sales figures of different operators. We have also used the Umeå university library sources especially for the literature review part.
4.1.6 Case Study

According to Yin, case study is beneficial and used in many situations. Case studies contribute to our knowledge of individual, group, organizational, social, political, and related phenomena (Yin, 2009, p. 04). Saunders et al., define a Case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence” (Saunders et al., 2009, p. 61). We take only one organization i.e. Apoteket AB for this study due to the reason that Apoteket AB is facing the problem of customer retention after the implementation of de-regulation in Swedish pharmacy market. We believe that this study will help Apoteket AB in retaining their customers in the de-regulated pharmacy market.

4.2 Practical Methodology

We have divided this study in two phases or parts. In the first part we have conducted quantitative research with the help of customer survey. For this purpose we have collected the data in Umeå (Sweden) and SPSS was used for analyzing this data. In the second phase we have developed semi structure interview for Apoteket AB decision makers to understand their point of view about our research question. The reason behind this decision was to avoid the confusion of having two epistemological stances (i.e. positivist and interpretivist) at the same time because it is sometimes difficult for the researchers to follow the both beliefs throughout the study separately.

4.2.1 Selection of the Research Topic & Preconception

From 2009 there is a huge discussion regarding the de-regulation in pharmacy market; people have different opinions regarding the merits and demerits of de-regulation. First we were thinking to work on customer retention in the consumer market but in the initial phase of information search we found quite similar work as we were thinking before. We know that pharmacy plays important role in the society then we have decided to relate this topic to the current issue of de-regulation in pharmacy market. As we know that due to de-regulation in pharmacy market Apoteket AB has lost approximately 2/3 of its pharmacies and market has been exposed to other national and international pharmacy operators. We have good understanding with the topic of customer retention as we know its importance from the consumer behavior course. Another important aspect of this topic is that we also want to understand the customer point of view about the de-regulation in the pharmacy market. We also tried to gather all possible information’s about the new operators in the pharmacy markets to understand their influence on Apoteket AB. There are some other reasons also for the selection of this subject/topic; firstly one of the authors has worked with Pfizer as a professional services representative for more than five years and knows the importance of customer retention in pharmaceutical market. Secondly, pharmaceutical market is a very lucrative but yet there is not sufficient work done by students. Thirdly, both authors are interested in understanding those factors which are important in customer retention especially in pharmaceutical market.

Some of the above mentioned reasons are certain pre-involvement or interests for us in this study and such interests are important for the researcher to be involved objectively in the thesis work. As such involvements help the authors in choosing appropriate methods and tools
for the collection and analysis of data. When the authors have no familiarity with chosen field of study then they can create complications for themselves as they have no clear idea where work might be headed and what are going to be the end result. In research work objectives setting is not always easy task; in our case we had gone through a lot of discussion in order to specify our research objectives for this study. The objectives of our study in turn represent the research question of our study. Thus the objective is to find out those factors which are important for Apoteket AB to retain its customers after the de-regulation in Swedish pharmacy market.

4.2.2 Data Collection Methods

According to Kekälä et al., Social science researchers use two main methods for the collection of data in their studies i.e. qualitative and quantitative methods which directly influence the data collection method in the research (Kekälä et al., 2009). To understand the research question the authors have decided to use mixed method of research. According to Tashkori and Teddlie (2003, cited in Saunders et al., 2009, p. 153), it’s better to use mixed methods if they provide better understanding of your research questions and where they provide opportunity to evaluate in a better way where your research findings can be trusted and inferences made from them. The use of different methods in the same research offer several advantages for example; interview can be used at the exploratory stage of the research to give better understanding of the problem and social survey to give explanatory data.

We started our data collection with the secondary data source, on the basis of which theoretical framework is developed. We have also used annual reports for taking key financial figures for different operators especially for Apoteket AB. For such data collection we used the company’s websites, official sources and other authentic and reliable sources for example; datamonitor etc. We have relied mainly on our university library’s electronic search engine for getting rich literature relevant to our study. The books available at the Umeå university library has been the most utilized source in this study. We got a lot of help from these books especially in methodology part, where we got guidance from these books in selecting appropriate methods for this study on different occasions. For primary data collection we have decided to conduct both interview and social survey (Questionnaire) to answer our research question. This decision is based on the type of research question and for this purpose the author will use the above mentioned methods to collect primary data.

4.2.3 Social Survey Questionnaire

Saunders et al. argue that survey allows the researcher to collect quantitative data which can analyse by statistical methods. This technique is mostly associated with deductive approach and answer the questions for example who, what, where, how much and how many etc. Thus it is used for explanatory and descriptive research (Saunders et al., 2009, p. 144). The self-completion questionnaire also referred to as a self-administered questionnaire (Mail or Postal questionnaire). The respondents complete the questionnaire themselves by answering the questions. There are several benefits of self-administered questionnaire for example cheaper to administer, quicker to administered, absence of interviewer effects, no interviewer variability and convenience for respondents (Bryman & Bell, 2007, p. 240).
4.2.4 Questionnaire Design

Our questionnaire for customer’s survey is mainly based on 7 P’s of marketing for example product, price, place, promotion, people, process and physical evidence but we have also included other elements from our literature review. The questionnaire mainly contains four parts, in the first part there are general questions about the pharmacy market and de-regulation in Swedish pharmacy market. The second part is specifically related to the customer satisfaction with Apoteket AB services and products. In this part seven questions were asked from the respondents about the Apoteket promotional Activities, opening hours, queue time, sales person competency, number of outlets, prices of non-prescription products and product range variety. Third section of the questionnaire is related with the suggestions of respondents for Apoteket AB. This is a multiple choice question, where a respondent can choose multiple suggestive options. These options were more pharmacies, low prices for non-prescription medicines, extensive promotion, home delivery with minimal charges, shorter queue timings, extended opening hours, environment friendly packaging and improve quality standards. The fourth section of the questionnaire is related with respondent personal information’s for example gender and age. In the end we have also given opportunity to the respondents for their own point of view for example; “suggestions for improvement in pharmacy services” in the shape of open ended question. It can help us in drawing our conclusion.

We have designed the questionnaire and discussed with our supervisor, after that the questionnaire was tested by four randomly selected respondents. All the statements were quite understandable and clear accept question number 5 and 8, which were ambiguous to them. We discussed those points with our supervisor and he recommended some changes about wordings and positions of some questions. We reset the questionnaire according to that situation. (See appendix 1 & 2)

4.2.5 Questionnaire Administration

We will discuss later in this chapter that we have used convenience sampling technique for our data collection. The main reason behind this decision was our target group. Our target group was all those customers who were coming out from pharmacy or buying non-prescription medical products from grocery shops. It was quite challenging job but we were determined for the data collection. During 10 days of period we have collected 135 responses. We administered the questionnaire in two different ways, firstly we were standing in front of pharmacies or grocery shops and asking for cooperation from the respondents to fill the questionnaire, and secondly if they were refusing for cooperation at the site then we were taking commitment for the online questionnaire completion. For the completion of online survey we asked for email address from the respondents but some respondents were not feeling comfortable with this request too then we handed over the link address to them. We used the free online survey facility from Zoomerang, www.zoomerang.com. We have generated two web links each contained twelve questions. The addresses of these links are as follow:


Along with survey links complete information’s were provided to them about the survey purpose. We have sent 107 survey links to respondents but we got only 29 responses from
them. With the aim to increase response rate, we have translated the questionnaire into Swedish language. We printed more than 90 percent of questionnaires in Swedish language because our main target audiences were Swedish population in Umeå. We guided the respondents and offer help during questionnaire filling time. Throughout the questionnaire filling process we were in close contact with the respondents. We asked many people but up to 30 percent people respond to our request for filling the questionnaire. We face communication problem especially with elder people because our medium of communication was English, so we haven’t collected sufficient responses from them.

4.2.6 Reasons for Low Response Rate

Our initial expectation for the response rate was high but when we started with data collection then we felt that it’s a hard task. The reasons for low response rate may be:
I: At super markets and pharmacies people (customers) have time constraints.
II: People don’t want to share information’s at such public places.
III: Language difference may be one of the biggest reasons because we were not able to communicate the respondents in Svenska (Swedish language).
IV: People feel insecure about sharing personal data with strangers.
V: Work load may be one of the important reasons for low response (especially for online survey response).
VI: Junk-mail folder and virus threats also reduce the response rate.
Below we have presented our data in the form of a table. This will give information’s to our readers about locations of our data collection.
We have collected 135 responses in which 6 questionnaires were incomplete so we have decided to not include in the analysis of data.

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<th>Ålidhem Centrum</th>
<th>University Hospital</th>
<th>Downtown Apoteket</th>
<th>Online Surveys</th>
<th>Miscellaneous</th>
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* M – Male  * F – Female

4.2.7 Measurement

We have used different scales for measuring the customer responses. Question 1, 3-9, 11 and 21 were measure three-point scale i.e. “Yes, No and do not know”. Question 2 (Good, Bad or Do not know) and 10 (Price, Brand name or Availability) were also measured three-point scale i.e. Question 12-19 were measured by using 5-point scale, the customers rate their level of satisfaction or dissatisfaction (1- very dissatisfied and 5- very satisfied). These questions were based on the customers actual experience with Apoteket AB. Question 22 was about “gender” and question 23 was about “age”. In study we used confirmation questions to confirm the respondent’s consistency with the questionnaire.
4.2.8 Data Analysis and the Statistical Tools used for the Data Analysis

Data analysis was done in two main steps: preliminary analysis stage and sub analysis stage. In preliminary analysis we mainly focus on descriptive statistics to summarize and find out the key elements. Researchers use inferential statistics whenever they want to test hypothesis. Different statistical software’s are used to test hypotheses for example; SPSS and we have also decided to use this software. We want to conduct a sub analysis to identify the important factors to answer our research question. For this purpose we have generated hypotheses to test it through Mann-Whitney-U test. The main principle of hypothesis testing is to formulate a null hypothesis (opposite statement) then finding indicators that helps the researcher to accept or reject the null hypothesis.

The authors have decided to analyze the raw data collected during survey process by using SPSS as a statistical tool. We believe that specialized statistical program for example SPSS can provide us an opportunity to answer our research question in a presentable way. As our research is descriptive in nature so we will try to investigate all those important parameters which can help us in answering our research question. For this purpose we will conduct descriptive tests and Mann-Whitney U Test to answer our research question.

Mann-Whitney U Test

Mann-Whitney U test is an alternative to t-test and non-parametric in nature. Non-parametric tests compare two population means of the same population and used to test whether two population means are equal or not. Wilcoxon developed Mann-Whitney U test in 1945 and used for equal sample size to test the median of two populations. This test is used for ordinal data and equivalent to chi-square test. Here is Mann-Whitney U test formula:

\[ U = n_1 n_2 + \frac{n_2 (n_2 + 1)}{2} - \sum_{i=1}^{n_2} R_i \]

Where: \( U=\)Mann-Whitney U test, \( n_1 = \) sample size one, \( n_2= \) Sample size two, \( R_i = \) Rank of the sample size. Mann-Whitney U test is a non-parametric test and has no concern with the distribution but assume the following some assumption (Statistics solutions, 2010).

4.2.9 Semi-Structured Interview

There are three types of interviews; unstructured, semi-structured and structured interviews. In semi-structured interview the researcher has a list of questions on a particular topic to be covered, which is referred as interview guide. There is great flexibility for the interviewee how to answer the questions. The questions may not follow the exact pattern outlined on the interview schedule but all questions will be asked with similar wording from each interviewee. According to Saunders et al. semi-structured interviews are ‘qualitative research interviews’ and are non-standardized. The researcher may ask additional questions to explore his/her research question (Saunders et al., 2009, p. 320).
4.2.10 Interview Guide

Bryman & Bell label Semi-structured interview as non-standardized type of interview (Bryman & Bell, 2007, p. 474). In semi-structure interview mostly the researcher will have a list of themes and questions to be covered and this can vary from interview to interview. There is flexibility for the researcher to omit some questions or change the order of questions in a particular interview (Saunders et al., 2007, p. 320). The questionnaire for the semi-structured interview with Apoteket AB brand manager was designed on the basis of customer survey results and literature review mainly the PESTEL framework and the five competitor’s forces. The interview covers many broad topics for example; the basic information’s about the company, de-regulation effect of on the core businesses, competitors and new business strategies that Apoteket AB will adopt to compete in the new competitive market.

We have decided to conduct face-to-face interview with Apoteket AB decision makers. Bryman & Bell favor face-to-face interview over other type of interviews for example; telephonic interviews, as the interview setting and presence of both parties provides more confidence and ease of understandability to each other. Any kind of ambiguity can be cleared by asking supporting/follow up questions from the respondent. Non-verbal gestures in face-to-face interview provide important clues about the respondent comfort and understanding of the questions, on the basis of which some questions can be skipped, rephrased or less emphasized (Bryman & Bell, 2007). For this purpose semi-structure interview will be carrying out with the respondent/s. we have used open ended questions in the semi-structured interview guide, as its offer greater flexibility to the respondents to express their point of view in a better way. (See appendix 3 for interview guide)

4.2.11 Information about the Interview & Interviewee

We have conducted face to face interview with Apoteket AB brand manager at Stockholm in her office, in a setting comfortable for both parties. From the perspective of ethics, she was provided with all kind of confidentiality concerns for example; to use the recorder or not? The interview continued for 30 minutes. She has joined Apoteket AB in 2005 and still serving there. We have recorded the whole interview with the help of recorder after getting her permission. We have decided to transcribe the interview in our own words and not to write word by word reply of the respondent.

4.2.12 Research Sample & Participants

According to Adams et al., sampling is a technique of selecting appropriate sample to determine the specific characteristics of population under investigation (Adams, Raeside, Khan &White, 2007). Saunders et al., believes that some research question require sample data to generalize the finding about population from which sample has been selected. Sampling is best technique when it’s not possible to survey the entire population; budget constraints restrict you from surveying the whole population or having time constraints (Saunders et al., 2009, p. 210-212). According to Bryman & Bell, sample is the segment of population that is selected for investigation. It is considered as a subset of the population. Usually two types of approaches are used for selecting sample: probability or a non-probability approach (Bryman & Bell, 2007, p. 182).
Probability Sample is selected through random selection of cases so that each unit in the population has a known chance of being selected. Most often representative sample of the population is the outcome of this sampling approach. The main aim of this sampling approach is to minimize the sampling errors (Bryman & Bell, 2007, p. 182). Saunders et al., argue that in probability sampling the chance of selection is known and equal for each and all cases. It makes possible to answers research questions in a way to achieve objectives that require including all characteristics of the population (Saunders et al., 2009, p. 213).

In Non-Probability Sampling approach the chance of selection for each case is not known and it is difficult to answer the research questions that require you to make statistical inferences about the characteristics of population (Saunders et al., 2009, p.213). According to Bryman & Bell, the term non-probability sampling is used as for all kinds of sampling that are not accomplished according to the rules of probability (Bryman & Bell, 2007, p. 197). Simply it’s a sample that has been obtained by not using a random selection method. In essence, this means that some units in the population are more likely to be selected than others. There are three main forms of non-probability sampling (Bryman & Bell, 2007, p. 182).

Convenience Sampling is one in which the group of respondents (cases) is simply available to the researcher by virtue of its accessibility (Bryman & Bell, 2007, p. 197). According to Saunders et al. convenience sampling is selecting haphazardly those cases that are approached easily to obtain them for your sample (Saunders et al., 2009, p. 241).

Snowball sampling technique is useful when it is difficult to spot out the members of desired population (Saunders et al., 2009, p.240). In the beginning researcher contacts with a small group of cases who are relevant to the research topic and then ask them to identify other similar new cases (Bryman & Bell, 2007, p. 200).

Quota sampling technique is completely a non-random and usually used for interview survey. It ensures that the sample contains all variables of the population and the sample truly represents the population (Saunders et al., 2009, p.235). A sample that reflects a population in terms of the relative proportions of people in different categories, such as gender, ethnicity, age groups, socio-economic groups, and region of residence, and in combination of these categories (Bryman & Bell, 2007, p. 201).

The authors of this research have decided to use Convenience Sampling technique for collecting data from the respondents. This study focuses on the respondents living in Umeå (Sweden), to understand their point of view about our research question. Our sample will comprise all those people who buy prescription or non-prescription products from Apoteket AB or other operators for example; Kronans Droghandel or supermarkets. The main reason behind this approach is that the authors have decided to collect data from respondents while they are coming out from pharmacies (Apoeteket AB, Kronans Droghandel, etc.) and supermarkets while buying prescription and non-prescription medical products. The data collection was done in Ålidhem Centrum (where Kronans Droghandel, ICA super market and Coop Konsum are located), university hospital, Apoteket AB (Down town), Kronans Droghandel (Down town) and Hemköp. We used judgmental approach while interviewing the Apoteket AB decision makers.
4.2.13 Ethical Principles

It is important for every researcher to adopt ethical principles in their research work. According to Diener and Crandall (1978, cited in Bryman & Bell, 2007, p. 132) there are four ethical principles.

Harm to Participant

It is the ethical responsibility of every researcher not to ask such questions or demand some information’s from the respondents which may be harmful for the respondents in their professional or personal life.

Lack of Informed Consent

Another ethical responsibility of the researcher is to explain the purpose and nature of the topic to the respondent(s)/participant(s) in advance and then request for the participation. Moreover give free hand to the respondent(s)/participant(s) whether to participate or deny and not to force the respondent(s)/participant(s) to participate in the research.

Invasion of Privacy

It is the ethical responsibility of the researcher to maintain the confidentiality and anonymity of the respondents. If a respondent(s)/participant(s) say that their name would not be mentioned in the project or thesis report. Ensure the participants that the data or information’s which is given by them will be used only in the specific study.

Deception

It is also the ethical responsibility of the researcher to show its actual identity to the respondent/participant and not to use fake identity. Moreover if the researcher wants to use some electronic devices during the interview then researcher is liable to confirm from the respondent in advance that he or she is willing to use electronic device during the interview. Then if the respondent/participant accepted the request then researcher will use otherwise not to use the electronic device.

Bryman & Bell, 2007 stress on ethical issues, not to be ignored as they directly relate to the integrity of the research and it is a way to do the research honestly and responsibly. We have referenced all the literature for example; books, journals, annual reports etc. in order to avoid plagiarism. In addition during this research study we never disobeyed the above four ethical stances to avoid any possible problems for the respondents in their personal and professional life. We have kept the data anonymous and used the electronic device after the respondent’s permission. For the data collection we never hide our identity from the respondents, so that they must know the purpose of this data collection.

4.2.14 Truth/ Quality Criteria

Mainly three types of truth/quality criteria’s are used for the evaluation of the research study, which include: Reliability, Validity and Replicability. The major portion of this study is
quantitative research so we have decided to include quality criteria only for the quantitative research.

Reliability

According to Bryman & Bell reliability is primarily concerned with consistency of measure of a concept. Mainly it answers the question, whether the results of the study are repeatable or not (Bryman & Bell, 2007, p.163). Saunders et al. explain that reliability is the extent of consistent findings with the use of same data collection methods and analysis procedures (Saunders et al., 2009, p. 156). We believe that this study can be repeated by using the same data collection methods and analysis procedures. On the other hand we are not sure that can this study produce the same results if repeated in bigger cities of Sweden because the situations in bigger cities may be different from Umeå.

Validity

“Validity is concerned with whether the findings are really about what they appear to be about” (Saunders et al., 2009, p. 157). According to Bryman & Bell, validity is concerned with the issue of measurement that “whether or not a measure of concept really measures that concept” (Bryman & Bell, 2007, p. 163). Simply we can say that validity is related with the integrity of conclusion which is derived from a research. There are mainly three types of validity. Measurement validity; it answer the question whether or not the measurement addressed the question for which it was devised. Internal validity deals with the matter of causality, it shows whether the relationship between cause and effect is true or not. External validity guides whether the results of the research can be generalized or not. Finally the ecological validity refers to whether the findings of a particular research are applicable to people’s daily life (Bryman & Bell, 2007, p. 40-43).The measurement validity for this study is strong because the questionnaire, the interview and the theories applied are relevant to the research topic. The internal validity is also strong as it identifies those factors which are important to the customers in selecting the pharmacy operators. The cause and effect relationship between the answers and real findings are quite valid. The external validity is low since we have carried the whole study in Umeå (Sweden); therefore it is difficult for us to generalize the findings to wider perspective.

Replicabilty

Scientists may replicate each other work to avoid possible influences of bias or lack of objectivity of another researcher. The results of a research should not be affected by the researcher’s special characteristics or expectations (Bryman & Bell, 2007, p. 171). We believe that quantitative research portion can pass the replicability criteria as the questionnaire carry predetermined answers and it will be easier for another researcher to replicate our study, but on the other hand we have used many open ended questions in our interview section so this research may not fulfill this criterion as a whole.
CHAPTER 5

5. Findings

This chapter deals with the findings and objectives of this research. Here we will use different SPSS techniques to find out the important factors which may be helpful for Apoteket AB to retain its customers.

As we discussed earlier that primary objective of the data collected from customer survey is to answer our research question. Here we will dig out those important elements which can help Apoteket AB in retaining its customers in the de-regulated pharmacy market. This will help us to accomplish our study objectives.

5.1 Findings

In this section we will analyze our questionnaires and interview in order to answer our research question.

5.1.1 Demographic Information’s of Respondents

We have collected information’s on two main demographic components during our customer survey. 46.5% of our respondents were males and 53.5% were females. 39.5% of our respondents belong to age group (18-25), 28.7% of respondents were from age group (26-35), 10.1% of respondents were from age group (36-45), 10.9% of respondents were from age group (46-55) and 10.9% of respondents belonged to age group above 55 years. Total numbers of our respondents were 129.

Table 2.a Demographic Information’s of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>60</td>
<td>46.5</td>
<td>46.5</td>
<td>46.5</td>
</tr>
<tr>
<td>Female</td>
<td>69</td>
<td>53.5</td>
<td>53.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.b

<table>
<thead>
<tr>
<th>Age in years</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td>51</td>
<td>39.5</td>
<td>39.5</td>
<td>39.5</td>
</tr>
<tr>
<td>26-35</td>
<td>37</td>
<td>28.7</td>
<td>28.7</td>
<td>68.2</td>
</tr>
<tr>
<td>36-45</td>
<td>13</td>
<td>10.1</td>
<td>10.1</td>
<td>78.3</td>
</tr>
<tr>
<td>46-55</td>
<td>14</td>
<td>10.9</td>
<td>10.9</td>
<td>89.1</td>
</tr>
</tbody>
</table>
5.1.2 Respondent’s Perception about De-regulation in Swedish Pharmacy Market

During our data analysis we found that most of the respondents appreciate de-regulation in pharmacy market. For the confirmation of this statement we put a follow up questions in our survey to confirm the respondent’s responses about this current issue in Swedish pharmacy market. For this regard we used question no 3 and 4 as a follow up questions in our questionnaire. In table (3.a) 48.1% of our respondents said good to “de-regulation in pharmacy market” while 25.6% consider it bad. 26.4% say Don’t know to this statement. According to table (3.b) 47.3% of respondents appreciate “de-regulation in pharmacy market” while 27.9% do not appreciate it. Table (3.c) also support the decision regarding pharmacy market, 49.6% respondents think that de-regulation in pharmacy market has positive impact (regarding availability and price of pharmaceutical products) while 30.2% are not agree with this statement. 24.8% of respondents respond as don’t know to this statement.

Table 3.a

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>62</td>
<td>48,1</td>
<td>48,1</td>
<td>48,1</td>
</tr>
<tr>
<td>Bad</td>
<td>33</td>
<td>25,6</td>
<td>25,6</td>
<td>73,6</td>
</tr>
<tr>
<td>Don’t know</td>
<td>34</td>
<td>26,4</td>
<td>26,4</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
Table 3.b

<table>
<thead>
<tr>
<th>Would you Appreciate De-regulation in Pharmacy Market?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>61</td>
<td>47,3</td>
<td>47,3</td>
<td>47,3</td>
</tr>
<tr>
<td>No</td>
<td>36</td>
<td>27,9</td>
<td>27,9</td>
<td>75,2</td>
</tr>
<tr>
<td>Don’t know</td>
<td>32</td>
<td>24,8</td>
<td>24,8</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.c

<table>
<thead>
<tr>
<th>Do you think De-regulation in Pharmacy Market has Positive Impact on Pharmacy Market?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>64</td>
<td>49,6</td>
<td>49,6</td>
<td>49,6</td>
</tr>
<tr>
<td>No</td>
<td>39</td>
<td>30,2</td>
<td>30,2</td>
<td>79,8</td>
</tr>
<tr>
<td>Don’t know</td>
<td>26</td>
<td>20,2</td>
<td>20,2</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

5.1.3 Respondent Perceptions about Grocery Stores

We found that 53.5% of respondents are not willing to buy non-prescription products from grocery shop or gas station while 38% are buying such products from such places. For the confirmation of this statement we also put a follow up question (Question No 8) in our questionnaire. Question no 8 (When buying non-prescription products, is it important to buy from a qualified person?) has almost produced the same results. 55.8% respondents think that “it is important to buy non-prescription products from a qualified person” and 35.7% do not consider it important. This supports their decision of not buy from a grocery store.

Table 4

<table>
<thead>
<tr>
<th>Are you buying Non-Prescription Medical Products from Grocery Shops or Gas Station other than Apoteket AB?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>49</td>
<td>38,0</td>
<td>38,0</td>
<td>38,0</td>
</tr>
<tr>
<td>No</td>
<td>69</td>
<td>53,5</td>
<td>53,5</td>
<td>91,5</td>
</tr>
<tr>
<td>Don’t know</td>
<td>11</td>
<td>8,5</td>
<td>8,5</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.4 Selection of Non-Prescription Medical Products (Important Factors)

We asked the respondents which attribute is more important to you, when buying non-prescription products. We have found that 35.7% of respondents give 1\textsuperscript{st} priority to price in selecting non-prescription products. 33.3\% think that brand name is important to them and 31.0\% stress on availability of such products. All the three percentages have no big difference among each other and it shows that all these three attributes are equally important to them.

<table>
<thead>
<tr>
<th>Which is more Important to you, when Buying Non-Prescription Drugs?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Price</td>
<td>46</td>
<td>35,7</td>
<td>35,7</td>
<td>35,7</td>
</tr>
<tr>
<td>Brand name</td>
<td>43</td>
<td>33,3</td>
<td>33,3</td>
<td>69,0</td>
</tr>
<tr>
<td>Availability</td>
<td>40</td>
<td>31,0</td>
<td>31,0</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.5 Respondent’s Response towards other Operators (e.g. Kronan Droghandel etc)

In response to this question we found that 45.7% of the respondents showed willingness to buy prescription products from pharmacy operators other than Apoteket AB but 31.8% say that they are not willing to buy prescription products from other operators than Apoteket AB. 22.5% show no concern about this issue.

Table 6

<table>
<thead>
<tr>
<th>Would you like to Buy Prescription Products from Operators (Kronan Droghandel etc) other than Apoteket AB?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Yes</td>
<td>59</td>
<td>45,7</td>
<td>45,7</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>41</td>
<td>31,8</td>
<td>31,8</td>
</tr>
<tr>
<td></td>
<td>Don’t know</td>
<td>29</td>
<td>22,5</td>
<td>22,5</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.6 Respondent’s Perception towards Removal of Apoteket AB Monopoly

When we asked our respondents about the removal of Apoteket AB monopoly then we came to know that 32.6% of our sample was satisfied with the removal of Apoteket monopoly and 17.1% show dissatisfaction with the removal of Apoteket AB monopoly. 38.8% of respondents were “neither satisfied nor dissatisfied” and only 6.2% were very dissatisfied with this decision from government side.

Table 7

<table>
<thead>
<tr>
<th>Overall, how Satisfied are you with the Removal of Apoteket AB Monopoly?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>8</td>
<td>6.2</td>
<td>6.2</td>
<td>6.2</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>22</td>
<td>17.1</td>
<td>17.1</td>
<td>23.3</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>50</td>
<td>38.8</td>
<td>38.8</td>
<td>62.0</td>
</tr>
<tr>
<td>Satisfied</td>
<td>42</td>
<td>32.6</td>
<td>32.6</td>
<td>94.6</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>7</td>
<td>5.4</td>
<td>5.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
Majority of our respondents show no concern about the promotional activities of Apoteket AB. 55.0% were ‘Neither satisfied nor dissatisfied’ with promotional activities Apoteket AB, 27.1% show satisfaction towards the promotional activities and only 15.5% of respondents show dissatisfaction towards the promotional activities of Apoteket AB.

Table 8

<table>
<thead>
<tr>
<th>How Satisfied are you with the Promotional Activities (Advertisement) of Apoteket AB?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Very dissatisfied</td>
<td>3</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td>Dissatisfied</td>
<td>20</td>
<td>15.5</td>
<td>15.5</td>
</tr>
<tr>
<td></td>
<td>Neither satisfied nor dissatisfied</td>
<td>71</td>
<td>55.0</td>
<td>55.0</td>
</tr>
<tr>
<td></td>
<td>Satisfied</td>
<td>35</td>
<td>27.1</td>
<td>27.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>129</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
5.1.8 Respondent’s Response about the Opening Hours of Apoteket AB

We found that 31.0% of our respondents were satisfied while 5.4% of our respondents were very satisfied with the opening hours of Apoteket AB while 26.4% were not satisfied with the opening hours of Apoteket AB. Majority of our respondents i.e. 34.9% were neither satisfied nor dissatisfied with the Apoteket AB opening hours.

Table 9

<table>
<thead>
<tr>
<th>How Satisfied are you with the Opening Hours of Apoteket AB?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>3</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>34</td>
<td>26.4</td>
<td>26.4</td>
<td>28.7</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>45</td>
<td>34.9</td>
<td>34.9</td>
<td>63.6</td>
</tr>
<tr>
<td>Satisfied</td>
<td>40</td>
<td>31.0</td>
<td>31.0</td>
<td>94.6</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>7</td>
<td>5.4</td>
<td>5.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.9 Respondent’s Response about the Queue Time of Apoteket AB

During this analysis we found that 38.8% of our respondents were satisfied and 4.7% of our respondents were very satisfied with the Apoteket AB prescription filling/queue time. 42.6% were neither satisfied nor dissatisfied and only 12.4% of respondents show dissatisfaction with prescription filling time of Apoteket AB.

Table 10

| How Satisfied are you with the Queue Time/Prescription Filling Time of Apoteket AB? |
|---------------------------------|-----------------|-----------------|-----------------|
|                                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                           |           |         |                |                   |
| Very dissatisfied               | 2         | 1.6     | 1.6            | 1.6               |
| Dissatisfied                    | 16        | 12.4    | 12.4           | 14.0              |
| Neither satisfied nor dissatisfied | 55   | 42.6    | 42.6           | 56.6              |
| Satisfied                       | 50        | 38.8    | 38.8           | 95.3              |
| Very satisfied                  | 6         | 4.7     | 4.7            | 100.0             |
| Total                           | 129       | 100.0   | 100.0          |                   |
5.1.10 Respondent’s Response about the Apoteket Personnel (Pharmacists)

In this analysis we found that 30.2% of our respondents were very satisfied with the Apoteket staff (pharmacist) competence, 45% of respondents say that they are satisfied with the Apoteket AB pharmacists competence. 19.4% of respondents said they are neither satisfied nor dissatisfied with competence level of Apoteket AB personnel while only 5.4% of respondents were dissatisfied with the competency of Apoteket AB personnel.

Table 11

<table>
<thead>
<tr>
<th>How Satisfied are you with the Sales Person (Pharmacists at Counter) Competence of Apoteket AB?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Dissatisfied</td>
<td>7</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>Neither satisfied nor dissatisfied</td>
<td>25</td>
<td>19.4</td>
</tr>
<tr>
<td></td>
<td>Satisfied</td>
<td>58</td>
<td>45.0</td>
</tr>
<tr>
<td></td>
<td>Very satisfied</td>
<td>39</td>
<td>30.2</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Figure 15

5.1.11 Respondent’s Response about the number of Apoteket AB Outlets

36.4% of our respondents were satisfied while 7.8% respondents were very satisfied with the number of Apoteket outlets. 38% of respondents were neither satisfied nor dissatisfied with the number of Apoteket outlets but only 14% of respondents showed dissatisfaction with the number of Apoteket outlets at Umeå.

Table 12

<table>
<thead>
<tr>
<th>How Satisfied are you with the number of Apoteket AB Outlets (Pharmacy Stores)?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Very dissatisfied</td>
<td>5</td>
<td>3,9</td>
<td>3,9</td>
</tr>
<tr>
<td></td>
<td>Dissatisfied</td>
<td>18</td>
<td>14,0</td>
<td>14,0</td>
</tr>
<tr>
<td></td>
<td>Neither satisfied nor dissatisfied</td>
<td>49</td>
<td>38,0</td>
<td>38,0</td>
</tr>
<tr>
<td></td>
<td>Satisfied</td>
<td>47</td>
<td>36,4</td>
<td>36,4</td>
</tr>
<tr>
<td></td>
<td>Very satisfied</td>
<td>10</td>
<td>7,8</td>
<td>7,8</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.12 Respondent’s Response to Apoteket AB Prices (OTC Product Prices)

25.6% of respondents are dissatisfied while 4.7% of respondents are very dissatisfied with Apoteket AB prices while 22.5% shows satisfaction with the price. Majority of our respondents (45.7%) are neither satisfied nor dissatisfied with the Apoteket AB prices.

Table 13

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>6</td>
<td>4,7</td>
<td>4,7</td>
<td>4,7</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>33</td>
<td>25,6</td>
<td>25,6</td>
<td>30,2</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>59</td>
<td>45,7</td>
<td>45,7</td>
<td>76,0</td>
</tr>
<tr>
<td>Satisfied</td>
<td>29</td>
<td>22,5</td>
<td>22,5</td>
<td>98,4</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>2</td>
<td>1,6</td>
<td>1,6</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.13 Respondent Response about the Apoteket AB Products Range

52.7% of our respondents were satisfied while 14% of our respondents were very satisfied with the Apoteket products range. 28.7% of respondents were “neither satisfied nor dissatisfied” and only 3.1% of respondents were dissatisfied with the Apoteket products range.

Table 14

<table>
<thead>
<tr>
<th>How Satisfied are you with the Apoteket AB Products Range?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Very dissatisfied</td>
<td>2</td>
<td>1,6</td>
<td>1,6</td>
<td>1,6</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>4</td>
<td>3,1</td>
<td>3,1</td>
<td>4,7</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>37</td>
<td>28,7</td>
<td>28,7</td>
<td>33,3</td>
</tr>
<tr>
<td>Satisfied</td>
<td>68</td>
<td>52,7</td>
<td>52,7</td>
<td>86,0</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>18</td>
<td>14,0</td>
<td>14,0</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.14 Respondent’s Suggestions for Apoteket AB

We have put a multiple choice question in our survey for our respondents to choose as much option as they want from a list of suggestions. The reason behind this question was to understand the customer’s involvement in this issue and how much they are willing to suggest for Apoteket AB to improve their future performance. 40% of respondents suggest for Apoteket that they should open new pharmacies in previously un-served areas of Umeå. 62.8% suggests low prices of OTC products for Apoteket AB and they believe that Apoteket should reduce the prices of OTC products. 17.8% of respondents suggest extensive promotion for Apoteket AB that it will help Apoteket AB in customer awareness. 17.8% respondents suggest home delivery service with minimal charges for Apoteket AB. 17.1% respondents think that Apoteket AB should reduce the queue time. 60.5% respondents suggest that Apoteket AB has to extend its opening hours as people face problems in buying OTC products in the evening. 20.9% respondents stress on environmental friendly packaging and 20.2% respondents also suggest improved quality standards.
5.1.15 Respondent’s Responses about more Operators in the Swedish Pharmacy Market

In response of this question 42.6% of respondents do not want more national or international operators in Swedish pharmacy market. 27.9% respondents think that more pharmacy operators should operate in Swedish pharmacy market while 29.5% respond “Don’t know” to this question.

Table 15

<table>
<thead>
<tr>
<th>Do you think more International Operators should Operate in the Swedish Pharmacy Market?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Yes</td>
<td>36</td>
<td>27,9</td>
<td>27,9</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>55</td>
<td>42,6</td>
<td>42,6</td>
</tr>
<tr>
<td></td>
<td>Don't know</td>
<td>38</td>
<td>29,5</td>
<td>29,5</td>
</tr>
<tr>
<td>Total</td>
<td>129</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>
5.1.16 Sub analysis (Mann-Whitney U Test)

With the help of Mann-Whitney U Test we will test the hypothesis generated for the sub analysis. The main reason of this test was to diagnose important aspects of customer retention for Apoteket AB. For this purpose we have generated 7 different hypotheses to understand the customer preferences for the selection of Apoteket AB or other operators while buying prescription products. Two populations were compared i.e. one population (Would you like to Buy the Prescription Products from Operators (Kronans Droghandel etc.) other than Apoteket AB? ) and second (who has actual experience with Apoteket AB i.e. Q12-Q19) . We have taken 95% of confidence level for this analysis.

Table 16

<table>
<thead>
<tr>
<th>Would you like to Buy the Prescription Products from Operators (Kronans Droghandel etc) other than Apoteket AB?</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q13-How Satisfied are you with the Promotional Activities (Advertisement) of Apoteket AB?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>59</td>
<td>48.58</td>
<td>2866.00</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>53.27</td>
<td>2184.00</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q14-How Satisfied are you with the Opening Hours of Apoteket AB?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>59</td>
<td>44.65</td>
<td>2634.50</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>58.91</td>
<td>2415.50</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q15-How Satisfied are you with the Queue Time/Prescription Filling Time of Apoteket AB?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>59</td>
<td>47.47</td>
<td>2800.50</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>54.87</td>
<td>2249.50</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q16-How Satisfied are you with the Sales Person (Pharmacist at Counter) Competence of Apoteket AB?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>59</td>
<td>46.60</td>
<td>2749.50</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>56.11</td>
<td>2300.50</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q17-How Satisfied are you with the number of Apoteket AB Outlets (Pharmacy Stores)?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>59</td>
<td>41</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>42.14</td>
<td>62.52</td>
<td>2563.50</td>
</tr>
</tbody>
</table>

Q18-How Satisfied are you with the Prices of Apoteket AB Products?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>59</td>
<td>41</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>44.56</td>
<td>59.05</td>
<td>2421.00</td>
</tr>
</tbody>
</table>

Q19-How Satisfied are you with the Apoteket AB Products Range?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>59</td>
<td>41</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>48.15</td>
<td>53.88</td>
<td>2209.00</td>
</tr>
</tbody>
</table>

Table 17

Test Statistics

<table>
<thead>
<tr>
<th>How Satisfied are you with the Promotion Activities (Advertisement) of Apoteket AB?</th>
<th>How Satisfied are you with the Opening Hours of Apoteket AB?</th>
<th>How Satisfied are you with the Queue Time/Prescription Filling Time of Apoteket AB?</th>
<th>How Satisfied are you with the Sales Person (Pharmacists at Counter) Competence of Apoteket AB?</th>
<th>How Satisfied are you with the number of Apoteket AB Outlets (Pharmacy Stores)?</th>
<th>How Satisfied are you with the prices of Apoteket AB products?</th>
<th>How Satisfied are you with the Apoteket AB Products Range?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mann-Whitney U</td>
<td>Wilcoxon W</td>
<td>Z</td>
<td>Asymp. Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1096.000</td>
<td>2866.000</td>
<td>-.869</td>
<td>.385</td>
<td>859.000</td>
<td>2629.000</td>
<td>2841.000</td>
</tr>
<tr>
<td>864.500</td>
<td>2634.500</td>
<td>.2544</td>
<td>.011</td>
<td>716.500</td>
<td>2629.000</td>
<td>2629.000</td>
</tr>
<tr>
<td>1030.500</td>
<td>2800.500</td>
<td>-.1366</td>
<td>.172</td>
<td>716.500</td>
<td>-3.659</td>
<td>-.1094</td>
</tr>
<tr>
<td>979.500</td>
<td>2749.500</td>
<td>-1.716</td>
<td>.086</td>
<td>2486.500</td>
<td>.009</td>
<td>.274</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Asymp. Sig. (2-tailed): ,385, ,011, ,172, ,086, ,000, ,009, ,274

Testing of Hypothesis

i. Role of Promotional Activities

_Ho:_ Promotional activities do not play important role in the selection of pharmacy store in buying prescription products.

_HI1:_ Promotional activities play important role in the selection of pharmacy store in buying prescription products.
From the above table of test statistics we can see that null hypothesis is true at 95 percent confidence level for the role of promotional activities in the selection of pharmacy store to buy prescription products. There is no significant level of difference (0.385) between the two groups of sample. So here we will accept the null hypothesis and reject the alternative hypothesis that promotional activities plays important role in the selection of pharmacy store in buying prescription products.

ii. Role of Opening Hours

**Ho:** Opening hours do not play important role in the selection of pharmacy store in buying prescription products.

**H1:** Opening hours play important role in the selection of pharmacy store in buying prescription products.

From the above table of test statistics we reject the null hypothesis for the role of opening hours in the selection of pharmacy store in buying prescription medicines. There is significant difference (.011) between the two groups at 95 percent confidence level, which means that alternative hypothesis is true. So in this case people value the opening hours of Apoteket AB while purchasing prescription products.

iii. Role of Queue Time

**Ho:** Queue time do not play important role in the selection of pharmacy store in buying prescription products.

**H1:** Queue time play important role in the selection of pharmacy store in buying prescription products.

From the above table of test statistics we conclude that the null hypothesis is true and thus we accept it. There is no significant difference (0.172) between the two groups at 95 percent level of confidence. In this case we will reject the null hypothesis that queue time play important role in the selection of pharmacy store in buying prescription products.

iv. Role of Pharmacist Competence

**Ho:** Pharmacist competence do not play important role in the selection of pharmacy store in buying prescription products.

**H1:** Pharmacist competence play important role in the selection of pharmacy store in buying prescription products.

From the above table of test statistics we accept the null hypothesis for the role of pharmacist in selection of pharmacy in buying prescription products. There is no significance difference (0.086) between the two groups at 95 percent level of confidence. Thus we reject the alternative hypothesis that pharmacist’s competence play important role in the selection of pharmacy store in buying prescription medicines.
v. **Role of Pharmacy Outlets**

*Ho:* Number of pharmacy outlets do not play important role in the selection of pharmacy store in buying prescription products.

*H1:* Number of pharmacy outlets play important role in the selection of pharmacy store in buying prescription products.

From the above table of test statistics we reject the null hypothesis for the role played by the number of outlets in the selection of pharmacy store. There is significant difference (0.000) between the two groups at 95 percent level of confidence. This means that the null hypothesis is not true and we accept the alternative hypothesis.

vi. **Role of Low Prices**

*Ho:* Low price of products do not play important role in the selection of pharmacy store in buying prescription products.

*H1:* Low price of products play important role in the selection of pharmacy store in buying prescription products.

From the above table of test statistics we accept the null hypothesis for the role played by price of products in the selection of pharmacy stores. There is significant difference .009 between the two groups at 95 percent level of confidence. That’s why we reject the null hypothesis and accept the null hypothesis.

vii. **Role of Products Range**

*Ho:* Products range play do not important role in the selection of pharmacy store in buying prescription products.

*H1:* Products range play important role in the selection of pharmacy store in buying prescription products.

From the above table of test statistics we accept the null hypothesis for the role played by “Products range” in the selection of pharmacy stores in buying prescription medicines. There is no significant difference (0.274) between the two groups at 95 percent level of significance. That’s why we accept the null hypothesis and reject the alternative hypothesis that product range play important role in the selection of pharmacy stores.

**5.2 Interview with Apoteket AB Brand Manager**

**Introduction**

According to our respondent, they have 330 pharmacies and round about 6000 employees. These pharmacies are situated throughout the country and it has different opening hours. The opening hours correspond to other stores near pharmacies, the opening hours can be 10:00 to 18:00 or it can be later in the evening and sometimes it can be open on Saturday and Sunday.
Affects of De-regulations

According to Apoteket AB brand manager, de-regulation has affected the company in many ways. Due to de-regulation Apoteket AB has lost 660 pharmacies, before de-regulation Apoteket AB were running more than 950 pharmacies throughout the country. The most important affect is the change in rules of pharmacies and how to put prices on pharmacy products. She said that actually it’s a very big change for Apoteket AB for example if you take the employees, they can more easily move to other employers after the de-regulation so it’s a very big change for the employees too. In response to our one question she expressed her views in such a way that:

“It’s a big change of course because now we are not the one who controls the whole system as we had before. Early we have the entire infrastructure for IT; today another party is responsible for that”.

Apoteket AB does not own as many pharmacies as before so it’s a big change for it as 2/3 pharmacies are owned by competitors. The competitors are active in the Swedish pharmacy market and sharing the cake (profit) with Apoteket AB. She mentioned in this way:

“So it’s a lot of changes and of course the competition is a change in itself to bench mark with other pharmacies”.

She also explained that this change took a lot of time to implement so I don’t think this affect is so hard/big for us. We have looked on it for a long time and I think it’s a good change.

In response to one question about the de-regulation affect on the OTC products sales, she said that we are not selling the same volume of OTC products as we did before. At that time we were serving the whole market alone but now there are many other operators in this market too. She said on the other hand we have not seen so big change as we were expecting before the de-regulation. According to her,

“We still sell a good volume of our OTC products and we haven’t seen so much price pressure even we expect price pressure next year. We think that there will be aggressive competition in OTC products in near future. We noticed that OTC products market has been expanded by 20% and people are buying more over the counter products than before due to easy accessibility”.

Advantages of Apoteket AB over Competitors

According to Apoteket AB brand manager, the biggest advantage of Apoteket AB over the competitors is its ownership by government. The respondent believes that:

“One of the biggest advantages that Apoteket AB is still owned by the government which means we are owned by the Swedish people. We are very known people, people trust us very much and we are still market leader”.

She also stated that still we have more pharmacy stores than any operator in the market and we have also online pharmacy with the name of ‘www.apoteket.se’. She explained we can sell
over the e-store mean that customers can order their prescriptions, OTC or other products over the internet from our stores and that’s a big advantage over the competitors. We know better the system and Swedish pharmacy market that’s a good advantage too.

According to her Apoteket AB has great advantage over ICA, COOP, Gas Station and AXFOOD, she explained it in this way that:

“The most important thing is knowledge and competencies, these stores have no competencies in pharmaceuticals. We have all OTC products but the Supermarkets and Gas stations has short list of these products. Our employees have more knowledge and competence than such stores employees which favors us more than them”.

**Competition**

According to Apoteket AB brand manager, they are in direct competition with Apotek Hjärtat, Kronans Droghandel and Medstop for both prescription and non-prescription products. They are also competing with ICA, COOP, Gas Stations and Axfood for non-prescription products. About ICA in-store pharmacies she replied that:

“In this case they are our competitors like Apotek Hjärtat and Medstop. They are in competition with us and ICA has good opening hours so much broader than us but in the other hand they has very small stores so they can’t offer so much products and so much people can’t work there. So they do not have unique specialty as we have”.

When we asked about the biggest threat (i.e. from national or international operators) for Apoteket AB; then she replied that:

“It can be from both; it can be national or international operators”.

She further explained that we can minimize these threats by managing our own organization for example to change a monopoly organization to competition organization. She further said if we compare with other countries Sweden has very good pharmacy standards and I think Apoteket AB is a strong stakeholder for this system. Apoteket AB views itself a strong competitor for both national and international operators in Sweden. They consider this competition as a challenge rather than a problem itself. She further said

“We don’t want to protect the Swedish pharmaceutical market in any way. We welcome all those who want to be here”.

**Strategies**

We have adopted many strategies after the de-regulation said by Apoteket AB brand manager. These strategies are about existing products, new products and branding exclusive products for example “Apoliva”. The interviewee said that we have changed our strategies regarding our stores; starting new stores, rebuilding many of our existing stores and display of stores. How our stores are looking and where they are located? We are planning to meet our customer’s needs both by offering wide range of products and easy accessibility. She believes that customers select the nearest pharmacy store for purchasing prescription products. So we
must have good locations and this is the main reason of building new pharmacy stores which will facilitate the prescription customers.

According to our respondent price is an important element of marketing and Apoteket AB is looking for better price negotiation strategies. She added that it is necessary to compete on price basis but we do not want to become a low price actor. We want the people trust in our services but price is one of the competitions which we need to do. During monopoly they never considered price as an important marketing tool but to compete with other operators it’s important to consider price along with other P’s of marketing. Moreover we have new brand and logistic policies. She said; Apoteket AB new strategies focus mainly on customers, products and stores. In response to our question about opening of new store, she said:

“Yes of course, if we see any space for providing good services along with profitability as it’s the ultimate goal of any business”.

She concentrate on more added values to individual customers regarding the use of both prescription and non-prescription products. These added values can be achieved by the competence and experience of Apoteket AB staff which deals customers every day.

We are also operating in the markets of Norway and Germany where we offer different services like Apodos (when you dispense pharmacy products for long many times in special way). Apoteket AB has not yet decided to open pharmacy stores outside the boundaries of Sweden. Apoteket AB is selling cosmetics and cosmetic products are available at all stores. They sell only their own brands like “Apoliva”. When we asked about Apoteket AB new positioning strategy then she said we have decided but I am not allowed to discuss it publically.
Chapter No. 6

6. Analysis

This chapter deals with analysis about the findings of previous chapter. We will put our deeper insights about these findings and also we will try to connect our analysis to our theoretical framework.

6.1 People Response about the De-regulation in Pharmacy Market

For this purpose we have asked four questions from our respondents to understand their views about the de-regulation in pharmacy market. Most of our respondents appreciate this move in pharmacy market. The responses to all four questions were positive and they were happy with the removal of Apoteket AB monopoly. We conclude that the reason behind such responses may be the easy access to non-prescription products, as now grocery stores for example: ICA, Axfood and other stores including Statoil are selling non-prescription products to the customers. This may be due to the extended opening hours of supermarkets which help the customers in acquiring non-prescription medical products. The customers also appreciate the de-regulation in pharmacy market because they think that this will lower the prices and increase accessibility to the medical products. We conclude this from the responses of question 4, where we asked our respondents about the ‘positive impact of de-regulation in pharmacy market’. In chapter two ‘the Porter’s five force of competition’, explained that when competition among the existing competitors increases the pressure on existing operator’s increases to lower the prices. When competition increases the buyers also gain power to lower the prices of products (Porter, 2008). These may be the reasons that customers appreciate the de-regulation in pharmacy market, they believe that this decision will lower the prices of medical products especially non-prescription products. The government decision about the de-regulation also favors these responses. We believe that de-regulation will lower the prices of non-prescription products, and will also increase the accessibility of medicinal products as many operators wish to come in the Swedish pharmacy market.

6.2 Perception towards Grocery Store

We evaluate our respondents by asking two question regarding grocery store as a choice for buying non-prescription medicines. Majority of our respondents were not willing to buy medical products from a grocery store. The main reason behind this attitude of respondents was that they believe to buying medical products from grocery store is not good because they have no qualified personnel. Majority of our customer think that it’s important to buy non-prescription products from a qualified person. According to Booms and Bitner, knowledgeable employees, workers and management play important role to provide quality services to the consumers and add value to the total product or service offering (Booms & Bitner, 2010). This may be the main reason that people stress to buy non-prescription medical products from a qualified person. The other reason may be the removal of Apoteket AB monopoly in the pharmacy market to which still the Swedish citizens are not familiar and not trusting on grocery stores as buying medical products from a grocery stores are unfamiliar to them. In many countries people are buying non-prescription products from grocery stores and we believe that Swedish people will soon familiar to buy such products from such stores.
6.3 Important Factors in Selection of Non-Prescription Medicines

We asked our respondents on three dimensions about their selection criteria for non-prescription medical products. There were no significant differences among the different aspects for selecting OTC products. All the respondents stress almost equally on these three dimensions i.e. price, brand name and availability. According to Armstrong & Kotler, price and place (availability) plays important role in the selection of a product as these are the most visible factors (Armstrong & Kotler, 2007, p.52). Brand name is also important to respondents as they are using some brands for many years and have good experience with them e.g. Alvidon etc.

6.4 Customers view about other Operators in Pharmacy Market (e.g. Kronan Droghandel)

Customers show positive response towards other pharmacy operators in Swedish pharmacy market and they are willing to buy from operators like Kronans Droghandel, Apotek Hjärtat etc. We think that customers believe that such operators have the same competent staff as Apoteket AB, because mostly the same pharmacists are working there and even the pharmacies are the same. So many customers do not feel difference in their services. Customers believe that such operators can play important role in improving the pharmacy services. According to porter existing firms compete with each other in a different ways for example reducing price, new product introductions, advertising campaigns, and improved services. He further explains that price competition can occur among firms especially when products and services are identical and the switching costs are less (Porter, 2008). So this may be one of the reason that customers are willing to buy from other operators to put pressure on Apoteket AB to lower the prices of non-prescription products and improve other services. We conclude from these that people favor the government decision about Apoteket AB de-regulation. This willingness of buying from other operators will push the existing operators to improve their pharmacy services.

6.5 Response about the Opening Hours and Queue Time of Apoteket AB

Majority of our respondents were satisfied with the Apoteket AB opening hours and major portion of our respondents did not show any concern about the opening hours of Apoteket AB. As we know that opening hours of Apoteket AB was one of the biggest issue during the de-regulation decision (Göran Hägglund, 2008). We think that there are several reasons for this response: it may be possible that the respondents didn’t pick the question in a right way or the sample selected has no experience of buying medicines in late hours. Regarding queue timings of Apoteket AB, most of our respondents were satisfied. The main reason behind this may be the small population of Umeå as the pharmacy faces less pressure of patients/customers. We also think that the reason behind these responses may be our target audience as most of them are in the age of 18-35. They face less health problems compare to older people due to fitness.

6.6 Customer’s Response about Apoteket AB Personnel and Outlets

Majority of our respondents showed high level of satisfaction with the Apoteket AB personnel (pharmacists). We think this a very good reason for Apoteket AB to retain its
customers. As we discussed in literature review chapter that sales people play a crucial role in customer retention especially when they are dealing with customers at a retail or service counter as they represent the company (Rosenberg & Czepiel, 1984, p. 274). So we believe that this is a very strong point for Apoteket AB to retain its customers. Respondents were also satisfied with Apoteket AB outlets. The reasons behind this may be the location of our data collection because we collected the data at Ålidhem Centrum, university hospital and downtown, where people have easy access to the pharmacy stores. As we discussed earlier in chapter two that place or outlet plays important role in the availability of products. So this is a good indicator for Apoteket AB that people are satisfied with the outlets at Umeå but still there is room for new pharmacies.

6.7 Customer’s Response about the Apoteket AB Prices and Products Range

Generally people are not satisfied with the Apoteket AB product prices especially of non-prescription products. As we discussed in the literature review that Price is the most visible element of marketing mix because it plays important role in the selection of product especially when the products are identical. It will be better for Apoteket AB to re-consider its OTC products prices and take the advantage of large volume sales. Our respondents showed satisfaction about the products range available at Apoteket AB. We have also the same thinking that Apoteket AB has good product mix both in prescription and non-prescription medicines. As we studied in our literature review that that companies deliver values to customers via a product or service that satisfy their needs (Kotler et al., 2008, p. 49; David, 2005, p 15). It may be possible that the other operators extend this product range, so it will be better for Apoteket AB to keep eyes on such products and include them into its portfolio.

6.8 Discussion about the Respondent’s Suggestions for Apoteket AB

Majority of our respondents stress on three important suggestions for example: low prices of non-prescription medical products (Prescriptions products prices are regulated by government), extended opening hours and more pharmacies. We also believe that these three elements play important role in customer retention. We discussed earlier in literature review that that profitable industry attracts other operators/entrants and along with the buyer’s power which lowers the profit margins. New entrants in the market then compete to gain maximum market share. So we are also agree with the respondents regarding their suggestions of more pharmacies, low prices and extended opening hours. We think that these are very valid suggestions for Apoteket AB as competitors are not still in strong position and Apoteket AB can manage new stores before the competitors, as competitors are busy at the moment to establish their business.

6.9 Discussion about Mann-Whitney U Test

We have selected Mann-Whitney U test to support us in answering our research question, for this purpose we have generated hypotheses in a sub analysis portion. From this analysis we came to know that number of pharmacies, opening hours and low prices of products play important role in the selection of pharmacy. These are the three points which we got during our analysis that customers will not buy prescriptions products from other operators if Apoteket AB improves the number of pharmacies, opening hours and lower its prices. This is also supported by our literature review where 7 P’s of marketing stress on these aspects. This
shows the people favor Apoteket AB, we believe that if Apoteket AB cope with these issues then they will not buy from other operators.

6.10 Interview with Apoteket AB Brand Manager

We have conducted interview with Apoteket AB brand manager. She provided deeper insight of the current challenges Apoteket AB is facing. She said that currently we have 330 pharmacies and 6000 employees and these pharmacies have different opening hours. This means that Apoteket AB is still the major and dominant operator in the Swedish Pharmacy market.

Effects of De-regulation

We believe that de-regulation in pharmacy market has affected the company in many ways for example: Apoteket AB has lost almost 2/3 of its total pharmacy stores and round about the same number of employees. Apoteket AB is facing this change due to government decision about de-regulation in pharmacy market. As PESTEL framework suggests that macro environment can affect the company in many ways, and Apoteket AB should plan in a better way to cope with these influences especially political and legal. Currently Apoteket AB is facing pressure from its competitors as they are competing for the same employees and customers. Employees have now many alternatives to choose, they can move more easily among various employers. De-regulation has also change the pricing rules for Apoteket AB before they were in monopoly and they were pricing the products according to their own system but now competition in OTC products has compelled them to price the products according to the competition. We agree with Apoteket AB brand manager that in near future they will face more pressure regarding non-prescription products, and it is also supported by our literature review where porter’s model suggest that competition among existing operators and increased bargaining power of buyers lowers the prices of products. Due to de-regulation in pharmacy market they have loose the OTC market as they are not selling the same volume but she also mentioned that the OTC market has expended by 20% after the de-regulation. This shows that de-regulation has positive impact on the sales of OTC products; this may be due to the reason as she explained during the interview that the accessibility to such products has increased than before. People can easily buy such products from the grocery stores. Regarding change she states that;

“It’s a big change of course because now we are not the one who controls the whole system as we had before. Early we have the entire infrastructure for IT; today another party is responsible for that”.

So we also believe that it’s a big change for Apoteket AB as they are no more in monopoly and the competitors are aggressive to own the Apoteket AB customers. According to our customers survey we found that people appreciate de-regulation in Swedish pharmaceutical market and in this case customers will buy medicinal products from any of the operator instead of Apoteket AB. So they will face price pressure in the near future when super markets and other operators offering the OTC products on much lower prices than Apoteket AB. Our customer survey also supports this statement because major portion (35.7%) of our respondent prefers low prices in selecting OTC product. Also we have studied in the literature review that new entrants to a profitable industry bring new capacity and each new entrant
desires to gain high market shares. The efforts of gaining share puts pressure on price, costs, and the rate of investment essential to compete. These new entrants reduce the profit potential of an industry. When threats are high the incumbents either lower their product prices or increase investments to discourage new competitors. There are seven barriers to entry; these barriers give advantages to the incumbents relative to new entrants (Porter, 2008). We believe that de-regulation is a big change for Apoteket AB; they will have to face a lot of pressure as they are not now in monopoly.

Advantages of Apoteket AB over Competitors

Definitely we are agreeing with the Apoteket AB brand manager that Apoteket AB has many advantages over the competitors. One of the biggest advantages of Apoteket AB over the competitors is its ownership by government and she explained in this way:

“One of the biggest advantages that Apoteket AB is still owned by the government which means we are owned by the Swedish people. We are very known people, people trust us very much and we are still market leader”.

We believe that Apoteket AB has a good reputation in Swedish pharmaceuticals market and people trust them as they have served the Swedish people for four decades. We also think that they are known people and people trust them but at the same time our customer survey shows that 47.3% of our survey respondents appreciate de-regulation in pharmacy market, which shows that they can buy medicinal products from any of the operator. Before they were in monopoly and customers have no other choice to buy medicinal products from other operators but now they have several alternatives. She also believes that they have competent and professional staff compared to supermarkets and gas stations. This statement of Apoteket AB brand manager is also supported by our customer survey results as 75% of our respondents are very satisfied or satisfied from the Apoteket AB staff. Our literature review also stress on the competence of company personnel as they are in direct contact with the customers and transfer the company value to the customers. So we believe that it will be beneficial for Apoteket AB to retain its employee as they are the assets of this organization.

She said we have a long list of OTC products compared to grocery stores but on the other hand they are also in competition with other pharmacy operators which have the same competencies as Apoteket AB and offering the same range of both prescription and non-prescription products. So in this situation we believe that Apoteket AB has no advantage over other pharmacy operators. One thing which makes Apoteket AB superior is its online pharmacy service with the name of “www.apoteket.se”. So customers can order their prescription and non-prescription products over the internet; so it’s the only advantage that Apoteket AB is enjoying at the moment compared to other pharmacy operators. Regarding grocery stores we believe that they have extended shopping hours compared to Apoteket AB so in this case they are in good position than Apoteket AB as people mostly buy their grocery after working hours and in these situations they can buy OTC products from such store.
Competition

According to the Porter model of five competitive forces, existing firms compete with each other in different ways. This competition includes price reduction, new product introductions, advertising campaigns, and improved services (Porter, 2008).

Apoteket AB brand manager believes that they are in direct competition with Apotek Hjärtat, Kronans Droghandel and Medstop for both prescription and non-prescription products and only for non-prescriptions products with supermarkets and gas stations. When it comes to ICA’s in-store pharmacies she believes that they are our competitor like Apotek Hjärtat and Medstop but they are in better position because they have good opening hours. At the same time she thinks that ICA in-stores are small and they can’t offer many products as we are offering. We believe that customers have now more alternatives to choose their pharmacy stores. At the same time we think that in near future the competition will become stiff as there will be more operators in the market because many operators have announced that they will open new stores in near future. Our customer survey suggests that majority (45.7%) of our respondents are willing to buy prescription products from operators other than Apoteket AB. This will compel Apoteket AB to prepare itself for competition as both national and international operators are ready to take the customers away from Apoteket AB. Regarding the biggest threat for Apoteket AB; she explained her feeling in these words:

“It can be from both; it can be national or international operators”.

She stressed that Sweden has very good pharmacy standards and we are the strong holders for this system. One thing we noticed is that they accept this change as a challenge rather than a problem and this shows their positive attitude towards the competition and she explained in this way:

“We don’t want to protect the Swedish pharmaceutical market in any way. We welcome all those who want to be here”.

Porter explains that government policies can restrict or add new entrants directly, as well as intensify (or abolish) the other entry barrier (Porter, 2008, p. 80-82). We know that government has removed Apoteket AB monopoly and every operator is allowed to conduct business activities in Swedish pharmaceuticals market. So in such situation Apoteket AB has less opportunity to restrict other operators. Competitors are very aggressive in establishing new stores and in this case they will compete for Apoteket AB employees to hire them by offering good salaries and in this case it will hard situation for Apoteket AB to keep their employees.

Future Strategies

We used Mann-Whitney U test for analyzing our customer survey which shows that number of pharmacies, opening hours and low prices play important role in the selection of pharmacy. Our literature review of 7 P’s of marketing also stress on these aspects. We also believe that these factors are very important for customer retention. Apoteket AB have adopted many new strategies; which are about `existing products` mean how to improve the existing products, `new products` mean to introduce new products in the market and branding exclusive products
for example: “Apoliva”. They have also plan to open more stores and rebuild the old stores to give them better look. They are thinking about the opening of new stores and really this is a very positive initiative towards customer retention. About opening new stores she said that:

“Yes of course, if we see any space for providing good services along with profitability as it’s the ultimate goal of any business”.

Our respondent believes that their ultimate goal is to reach the customer both by offering wide range of products and easy accessibility. We believe that new stores will play important role in customer’s retention as people select nearest store to purchase their prescription products because according to Swedish law prescription products are available at the same prices in every pharmacy stores and government set the product prices. So in this case people will approach the nearest pharmacy.

We realized an interesting and positive initiation from Apoteket AB during the interview with our respondent that they are concentrating more on added values to the individual customers. She thinks that offering added values to individual customers are more beneficial than going for price competition and we have all competencies to deliver these added values to our customers. Apoteket AB new strategies are to mainly focus on its customers, products and stores. Our literature review also supports her statement, as Rosenberg and Czepiel argue that retaining customers require to offer something more than the basic product which make them attracted in the beginning (Rosenberg & Czepiel, 1984).

Our respondent believes that Apoteket AB is looking for better price negotiation strategies and we don’t want to position ourselves as a low price actor but still she thinks that price is very important to consider as a competition tool. Porter suggest that Price competition occurs most likely among firms when the products or services are identical and very less switching costs, fixed costs are high but the marginal costs are low or when the products are perishable. Competition may exist in the form of product features, support services, delivery time or brand image which create customer value and can support higher prices (Porter, 2008). We agree with her arguments about the price but at the same time it’s important to consider it as soon as possible otherwise the competitors will initiate and it’s may possible that they can lose major sales of OTC products.

According to our respondent they are already operating in the markets of Germany and Norway where they are offering different services. They are also selling cosmetics products in various stores throughout Sweden but they offer only their own brands for example: Apoliva etc. We believe that Apoteket AB should continue its business in the other countries and by this way they can extend their business. On the other hand cosmetics are becoming very lucrative field day by day and we expect that Apoteket AB will launch more cosmetics brands in near future.
Chapter 7

7.1 Conclusion

This chapter includes conclusion about our research question which is based on literature review, competitor analysis, quantitative data and qualitative data analysis. We will also present managerial implications and suggestions for future studies in this chapter.

The main purpose of our work was to answer our research question that is “How Apoteket AB can retain its customers after the de-regulation of Apoteket AB monopoly”? For the purpose to answer this question we have decided to get the customer responses, Apoteket AB decision maker’s point of view and to study the competitor’s strategies and aggressiveness in Swedish pharmacy market.

Through the empirical investigation we have found that de-regulation has affected Apoteket AB in many ways. They have lost 2/3 pharmacies in which some pharmacies were very famous and profitable. Apoteket AB is still the market leader but its position is very weak compared to when they were in monopoly. New operators have started their pharmacy services in the Swedish pharmaceutical market.

According to our investigations, both customers and Apoteket AB brand manager stress on four crucial aspects that is ‘low prices of non-prescription products’, ‘more community pharmacies in previously un-served areas’, ‘extended opening hours’ and ‘added value to individual customer’. If we recall from the previous information’s gathered about the de-regulation in pharmacy market, the government decision was also based on the same parameters i.e. more community pharmacies, better services, extended opening hours for customers and price pressure which will lower the prices of medical products. During empirical investigations we have also found that the people appreciate de-regulation in pharmacy market and they think that this will bring positive change in the pharmacy market in the form of better access and lower prices for medicinal products. Furthermore we have found that customers are willing to buy from other pharmacy operators in the pharmacy market for example: Kronans Droghandel, Apotek Hjärtat etc. On the other hand, we have found that customers have great confidence in Apoteket AB personnel; so it’s a positive indicator for Apoteket AB in customer retention.

From the competitor analysis we have found that ICA has opened its first in-store pharmacy and is planning to open 100 own ICA brand in-store pharmacies in coming few years. Apotek Hjärtat is the second largest pharmacy operator in Swedish pharmacy market and has announced to open new pharmacies in this summer. We also came to know that Alliance Boots has planned to open pharmacies in joint venture with Farmacevtföretagarna. We have observed that non-prescription market is becoming lucrative and the sales of pain killer and other OTC products has grown by 20% after the de-regulation in pharmacy market and the main reason behind this is the easy access (due to availability of OTC products at more stores and long opening hours of super markets and gas stations).
7.2 Managerial Implications

The de-regulation in pharmacy market has changed the situations and Apoteket AB is no longer in monopoly, buyers are free in choosing their pharmacies and super markets are trying to build own in-store pharmacies. In such situations it will be beneficial for Apoteket AB to look at the results of de-regulation in other countries for example Norway and Denmark to come with specific strategies to maintain its leadership in Swedish pharmacy market. Here we are presenting several managerial implications, which may help Apoteket AB in retaining its customers;

- We suggest for Apoteket AB to open new pharmacies in previously un-served areas, so as to restrict the competitors from opening new pharmacies in those areas. This would provide opportunity for Apoteket AB to retain its customers (especially prescription products buying customers; as such customers prefer to collect their prescriptions from the nearest pharmacy store).

- It will be better if they plan to operate for extended hours so the customer will not feel the need to buy medical products from the grocery stores or gas stations.

- It needs also considerations to look at the non-prescription product prices because competitors are offering the OTC products with low prices and customers also prefer to buy non-prescriptions products at low prices. This will increase the confidence level of the existing customers over Apoteket AB.

- People have great confidence on the Apoteket AB personnel (pharmacists) and they are the assets of Apoteket AB, so it is suggested for Apoteket AB to retain their staff as after the de-regulation employees can move more easily to other operators.

- It will be beneficial for Apoteket AB to offer added value to individual customers, this will help Apoteket AB to differentiate their services from the competitors.

- We also suggest for Apoteket AB to improve the cosmetics portfolio and extend their services to other countries too, which will improve the company revenue in long run. By doing business in other countries, Apoteket AB can develop more expertise which will in turn help them in retaining the existing customers.

7.3 Suggestions for Further Studies

In this study we have used questionnaire (customer survey) and interview for primary data collection, on the other hand companies’ web sites and annual reports for the secondary data collection. We conducted interviews with Apoteket AB brand manager to know their point of view about the de-regulation. We will suggest for further studies to include other Apoteket AB decision makers (e.g. Marketing and Sales directors) for getting deeper insight of this problem and also to include other operators in the pharmacy market. We also recommend random sampling technique for the customer survey instead of convenience sampling technique which will offer precision in the results as convenience sample do not represent the entire population from statistical point of view. Finally, we suggest conducting the study in bigger cities of Sweden to collect a representative data.
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Appendix 1

Customer Survey Questionnaire (in English)

Questionnaire

We are students of Umeå school of Business education Umeå University. We are collecting data for our academic research (Thesis). We will treat your answers anonymously. It will take 5-10 minutes to complete. Every question should have only one answer, unless indicated otherwise. If you have any questions, feel free to ask the interviewer.

What is de-regulation in Swedish pharmaceutical market?

For 38 years Apoteket AB was the only state owned retail Pharmacy service providers in Sweden. Apoteket AB was in monopoly and on April 29, 2009 the Swedish parliament passed the bill in favor of proposed de-regulation implementation. The basic aim behind this decision was to facilitate the customer in acquiring medicines, to provide space for service improvements and to create price pressure for pharmaceuticals. Today more international and national operators are offering their services in Swedish pharmacy market.

Note: By Apoteket we mean the old government owned pharmacy not every pharmacy.

Q1. Do you know government has removed Apoteket monopoly on the sale of medicine/medical products in 2009?
   Yes □  No □  Don’t know □

Q2. What do you think about the de-regulation in pharmacy market?
   Good □  Bad □  Don’t know □

Q3. Do you think de-regulation in pharmacy market provides easy access in acquiring medicinal products?
   Yes □  No □  Don’t know □

Q4. Do you think de-regulation in pharmacy market has positive impact on pharmacy market? (By positive impact we mean effect on price, availability of medical products)
   Yes □  No □  Don’t know □

Q5. Do you appreciate the de-regulation in pharmacy market?
   Yes □  No □  Don’t know □

Q6. Do you think de-regulation in pharmacy market has lowered the prices of medical products?
   Yes □  No □  Don’t know □

Q7. Are you buying non-prescription medical products from grocery shops or gas station other than Apoteket?
   Yes □  No □  Don’t know □
Q8. When buying non-prescription products, is it important to buy from a qualified person?
Yes □ No □ Don’t know □

Q9. In buying non-prescription products, do you think price is the determining factor in your choice?
Yes □ No □ Don’t know □

Q10. Which is more important to you, when buying non-prescription drugs?
Price □ Brand Name □ Availability □

Q11. Would you like to buy prescription products from operators (Kronan Droghandel etc) other than Apoteket AB?
Yes □ No □ Don’t know □

You should rank the below statement as follows:

Very Dissatisfied, Dissatisfied, Neither Satisfied Nor Dissatisfied, Satisfied, Very Satisfied
1 □ 2 □ 3 □ 4 □ 5 □

Q12. Overall, how satisfied are you with the removal of Apoteket AB monopoly?
1 □ 2 □ 3 □ 4 □ 5 □

Q13. How satisfied are with the promotional activities (Advertisement) of Apoteket AB?
1 □ 2 □ 3 □ 4 □ 5 □

Q14. How satisfied are you with the opening hours of Apoteket AB?
1 □ 2 □ 3 □ 4 □ 5 □

Q15. How satisfied are you with the queue time/Prescription filling time of Apoteket AB?
1 □ 2 □ 3 □ 4 □ 5 □

Q16. How satisfied are you with the sales person (Pharmacists at counter) competence of Apoteket AB?
1 □ 2 □ 3 □ 4 □ 5 □

Q17. How satisfied are you with the number of Apoteket outlets (pharmacy stores)?
1 □ 2 □ 3 □ 4 □ 5 □

Q18. How satisfied are you with the prices of Apoteket products?
1 □ 2 □ 3 □ 4 □ 5 □

Q19. How satisfied are you with the Apoteket AB Products range?
1 □ 2 □ 3 □ 4 □ 5 □
Q20. What you will suggest for Apoteket AB (Tick those applies to you)

- More Pharmacies
- Low prices of medicines
- Extensive promotion
- Home delivery with minimal charges
- Shorter queue timings
- Extended opening hours
- Environment friendly packaging
- Improve quality standards

Q21. Do you think more international operators should operate in the Swedish pharmacy market?

Yes □ 
No □ 
Don’t know □

Q22. Please indicate your gender

Male □ 
Female □

Q23. Please indicate your age

18-25 □ 
26-35 □ 
36-45 □ 
46-55 □ 
Above 55 □

Q24. If you have other comments or suggestions about pharmacy services:

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

Thank you very much for your participation.

Best Regards.
Appendix 2

Customer Survey Questionnaire (in Svenska)


Vad är avregleringen på den Svenska apoteksmarknaden för något?

Under 38år så var Apoteket AB var den enda statligt ägda detaljhandeln av apotekets tjänsteleverantörer i Sverige. Apoteket var i monopolställning och den 29 april 2009 antog den svenska Riksdagen lagförslaget till förmån för förslaget till avregleringens genomförande. Det grundläggande syftet bakom detta beslut var att underlätta kunden för att förvärra läkemedel, att ge utrymme för förbättringar av service och att skapa prispress på läkemedel. Idag finns det mer internationella och nationella aktörer som erbjuder sina tjänster på den svenska apoteksmarknaden.

Observera: Genom Apoteket menar vi de gamla statligt ägda apoteken och inte alla apotek.

Q1. Vet du om att regeringen har tagit bort apotekets monopol på försäljning av läkemedel/ medicinska produkter under 2009?
   Ja ☐ Nej ☐ Jag vet inte ☐

Q2 Vad tycker du om avregleringen på apoteksmarknaden?
   Bra ☐ Dåligt ☐ Jag vet inte ☐

Q3 Tror du att avregleringen på apoteksmarkanden ger enkel åtkomst till att köpa läkemedel?
   Ja ☐ Nej ☐ Jag vet inte ☐

Q4. Tror du att avregleringen på apoteksmarkanden har positiv inverkan på apoteksmarkanden?(Genom positiva effekter menar vi effekter på priser, tillgång på medicinska produkter)
   Ja ☐ Nej ☐ Jag vet inte ☐

Q5. uppskattar du avregleringen på apoteksmarkanden?
   Ja ☐ Nej ☐ Jag vet inte ☐

Q6. Tror du att avregleringen på apoteksmarkanden har sänkt priserna på läkemedel?
   Ja ☐ Nej ☐ Jag vet inte ☐

Q7. Köper du receptfria läkemedel från livsmedelsbutiker eller bensinstationer istället för apoteket?
   Ja ☐ Nej ☐ Jag vet inte ☐
Q8. Vid köp av receptfria produkter är det viktigt att köpa dessa från en kvalificerad person?  
Ja □     Nej □     Jag vet inte □  

Q9. Nar du köper receptfria produkter, anser du att priset är den avgörande faktorn i ditt val?  
Ja □     Nej □     Jag vet inte □  

Q10. Vilket är viktigast för dig, när du köper receptfria läkemedel?  
Pris □     Varumärke □     Tillgänglighet □  

Q11. Vill du köpa receptbelagda produkter från andra operatörer som (Kronan Droghandel etc) än apoteket?  
Ja □     Nej □     Jag vet inte □  

Var vänlig och ranka de underliggande påståendena:  
Väldigt missnöjd, missnöjd, varken nöjd eller missnöjd, nöjd, väldigt nöjd  
1 □     2 □     3 □     4 □     5 □  

Q12. Sammantaget, hur nöjd är du med avskaffandet av apoteket monopol  
1 □     2 □     3 □     4 □     5 □  

1 □     2 □     3 □     4 □     5 □  

1 □     2 □     3 □     4 □     5 □  

Q15. Hur nöjd är du med väntetiden hos Apoteket  
1 □     2 □     3 □     4 □     5 □  

1 □     2 □     3 □     4 □     5 □  

Q17. Hur nöjd är du med utbudet av apotekets försäljningsplatser.  
1 □     2 □     3 □     4 □     5 □  

1 □     2 □     3 □     4 □     5 □  

1 □     2 □     3 □     4 □     5 □
Q20. Vad skulle du föreslå för Apoteket (ringa in de alternativ som passar dig)

☐ Fler apotek
☐ Låga priser på mediciner
☐ Ökad marknadsföring
☐ Hemleverans till en mindre kostnad
☐ Kortare väntetid
☐ Längre öppettider
☐ Miljövänliga förpackningar
☐ Förbättra kvalitetsstandarden

Q21. Tycker du att fler internationella aktörer bör verka på den svenska apoteksmarknaden?
Ja □  Nej □  Jag vet inte □

Q22. Ange ditt kön.
Man □  Kvinna □

Q23. Var vänlig och markera din ålder.
18-25 □  26-35 □  36-45 □  46-55 □  Över 55 □

Q24. Har du några andra kommentarer eller förslag gällande apotekstjänster:
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Tack så mycket för ditt deltagande i denna undersökning.
Appendix 3

Interview Guide for the Apoteket AB brand manager

We are students of USBE Umeå University. We are collecting data for our academic research (Thesis). Our thesis topic is “How Apoteket AB can retain its customers after the De-regulation in pharmacy market”. We follow all ethical stances of the research. We will keep all the data confidential.

Q1. Can you provide us information about the current number of employees, pharmacies and opening hours of Apoteket AB?

Q2. Have you noticed any changes in the pharmacy market after the removal of monopoly? If yes then what kind of changes?

Q3. How has the de-regulation affected the company?

Q4. How much has the de-regulation affected the company especially when it comes to the sales of non-prescription (OTC) products?

Q5. Has the company adopted any new strategies after the De-regulation to handle the new situations? If yes then what kind of strategies?

Q6. We know that non-prescription products market is growing, how will Apoteket AB compete with influential competitors like ICA, COOP, Gas stations and AXFOOD to retain the non-prescription (OTC) product customers?

Q7. Has Apoteket AB adopted new strategies to retain its customers for prescription products in the new competitive market?

Q8. Has Apoteket AB any advantages over the competitors? If yes then what kind of advantages?

Q9. Has Apoteket AB been planning to open new pharmacies to extend pharmacy services in previously un-served areas?

Q10. How will Apoteket protect the pharmacy market from new entrants (National and international operators)?

Q11. Have Apoteket AB planned to establish own distribution channels that will serve the whole pharmacy market?

Q12. Has Apoteket AB planned to compete with other operators on price aspect?

Q13. What is the biggest threat to Apoteket AB and are these threats related to national or international operators?
Q14. Has Apoteket AB been planning to enter other countries and other businesses like for example cosmetics?

Q15. Has management decided the key aspects on which the company should be positioned?

Best Regards.