



LUND UNIVERSITY
School of Economics and Management

Building customer loyalty in Swedish pharmacy retail

A comparison of the employee and customer views on loyalty
construction in the sector

by

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May 2021

Master's Program in International Marketing and Brand
Management

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Abstract

Keywords: customer loyalty; loyalty construction; manager view; employee view; customer view; pharmacy retail industry, pharmaceutical retailing.

Thesis purpose: The purpose of this research is to extend the concept of customer loyalty by applying it to a pharmacy retail setting using the perspective and understanding of both pharmacy professionals and consumers in order to comprehend which factors influence loyalty construction in this sector as opposed to in other retail industries.

Theoretical perspective: This study focuses on surveying previous literature on building customer loyalty in a general retail setting to establish the most utilized factors and determinants. Subsequently, through an abductive process we develop a theoretical model that empirically portrays the viewpoints of both employees and customers of which factors are paramount in the process.

Methodology: The paper holds an exploratory purpose and is designed as an in-depth qualitative study, guided by an abductive approach and the interpretation analytical methods explained in detail by Rennstam and Wästerfors (2018).

Empirical data: The paper holds two separate studies performed consecutively. The first study included ten semi-structured interviews with pharmacy retail professionals working with multiple pharmacy chains, while the second study was conducted with fifty-two customers of different ages and backgrounds through qualitative surveys. All respondents were interviewed in relation to loyalty construction and were chosen for participation through the use of snowball and convenience sampling techniques.

Originality: The present work provides a new perspective on customer loyalty within pharmacy retail, previously not discussed through the lens of pharmacy employees and their understanding of the concept. It provides valuable insight into the perceptions of employees as opposed to customers and their interaction. Thus, this paper provides a potential model representative of the factors that influence loyalty construction specifically in the context of Swedish pharmacy retail which stems from both the pharmacists' and customers' views.

Conclusion: This research provides both theoretical and practical implications for the retail literature. In terms of theoretical contribution, we created a model that can be utilized as a steppingstone and first of its kind in pharmacy retail research. Our practical considerations link to the everyday functioning of pharmacy retail chains, and what factors and steps should practitioners undertake to build customer loyalty in their retail chains and understand better their customer needs.

Acknowledgements

We would like to take the opportunity to thank Lund University for the most memorable year, full of amazing experiences, that gave us a chance to interact with distinguished professors and creative, smart and truly amazing classmates.

We would like to offer special thanks to our supervisor, Ulf Elg, who guided us through our writing process with patience, much appreciated advice and guidance. He gave us much of his time, shared his knowledge and perspective in a constructive manner and truly helped us make our work better. Thank you, Ulf!

On a similar note, we would like to thank Martin Moström (CEO of Retail House) for his support in the beginning of our writing process, as he devoted to us some of this personal time to help with developing the focus of this thesis and provided insights into the Swedish market we did not have previously, but ones that proved imperative for our work. Thank you, Martin!

Furthermore, we would like to acknowledge our interviewees, the time, candour and perspective they gave us, especially considering the current pandemic conditions and the fact that they either agreed to meet us in person or were ready to adapt to online meetings and open-ended surveys. We give special thanks to Emilia Fisal, a fellow classmate, who helped us in our interviewee procurement and gave us much of her time and support during our empirical data gathering steps. Thank you, Emilia!

Finally, we would like to appreciate our closest ones, our families, and friends, who were with us every step of the way, encouraging and believing in us! This has been an amazing journey for both of us!

Table of Contents

1. Introduction.....	1
1.1 Background	1
1.2 Problematization.....	2
1.3 Purpose	4
1.4 Research Question.....	4
1.5 Expected theoretical contribution.....	5
1.6 Thesis delimitation	5
1.7 Disposition	6
2. Literature review and theoretical framework.....	8
2.1 General loyalty observations and dynamics.....	8
2.1.1 Behavioural and attitudinal dimensions	8
2.1.2 Single channel to Multichannel transition	10
2.2 Factors influential to customer loyalty within retail	11
2.2.1 Communication aspects	11
2.2.2 Customer Loyalty programs	14
2.2.3 Private Label Brands (PLB)	17
2.2.4 Service quality	18
2.2.5 Technology	19
2.2.6 Green loyalty and Corporate Social Responsibility (CSR)	19
2.2.7 Re-patronage behaviour and advocacy	20
2.2.8 Customer price sensitivity and switching costs	21
2.3 Customer loyalty research in pharmacy retail setting	21
2.4 Theoretical framework	25
3. Methodology	28
3.1 Research approach and philosophy	28
3.1.1 Ontology	28
3.1.2 Epistemology	29
3.1.3 Objections and disadvantages of qualitative research methods.....	30
3.2 Data collection and the abductive approach.....	31
3.2.1 Research methods (semi-structured interviews and qualitative survey)	32
3.3 Selection criteria and Sampling strategy	34
3.4 Generalizability of findings.....	36

3.5 Quality of the research	37
3.5.1 Validity and reliability.....	37
3.5.2 Reflexivity	38
4. Manager/pharmacist view on creating and constructing loyalty	39
4.1 Managing changes in the competitive environment.....	40
4.2 Building long-term customer relationships	42
4.2.1 Customer satisfaction	42
4.2.2 Personalization.....	44
4.2.3 Memberships and customer loyalty programs.....	45
4.2.4 Private label brands	46
4.2.5 Branding and cultural heritage aspects.....	46
4.3 Employee knowledge and involvement	47
4.3.1 Organizational culture – the impact of training.....	47
4.3.2 Organizational culture – the impact of personal qualities and instincts	48
4.4 Digitalization and digital solutions	50
4.5 COVID-19 (2020)	52
5. Customer view on loyalty	53
5.1 Developing customer relationships with the pharmacy	54
5.1.1 Employee behaviour, involvement, and knowledge.....	54
5.1.2 Trust and brand name	58
5.1.3 Customer loyalty programs - exclusive and unique or not?	59
5.2 In-store environment and product assortment.....	61
5.3 Location and convenience	63
5.3.1 Service quality and speed	63
5.3.2 Personal number as a factor.....	64
5.4 Digital solutions	65
5.4.1 The digitalized customer journey	67
5.4.2 COVID-19 and changes in consumer behaviour.....	68
6. Analysis and discussion	70
6.1 Mapping the findings and analysis.....	70
6.2 Addressing the research purpose.....	71
6.3 Discussing the Research question and sub questions.....	77
6.3.1 How is customer loyalty constructed through the lens of managers and employees in pharmacy retail as opposed to that of their consumers?.....	77

6.4 Evaluating the theoretical framework	87
7. Conclusion	89
7.1 Summary of the research process.....	89
7.2 Theoretical contribution	89
7.3 Managerial and practical contribution.....	91
7.4 Limitations	92
7.5 Avenues for further research.....	93
References	95
Appendices.....	102
Appendix A: Survey and interview guide	102
Manager's interview questions:.....	102
Pharmacist's interview questions:	103
Customer's survey questions:.....	106
Appendix B: Operationalization of concepts	107
Appendix C: Interviewee Consent Form.....	108
Qualitative survey Consent form - employees:	108
Qualitative survey Consent form - customers:	109
Appendix D Customer Survey Pie chart respondent data	110
Appendix E Solutions in-store by pharmacy	111
Lloyds Apotek	111
Apoteket AB	112
Kronans Apotek	113

List of Tables:

Table 1: Factors that influence loyalty construction according to managers/employees and customers	26
Table 2: Employee respondents	35
Table 3: Key factors for loyalty construction through the customer view	53

List of Figures:

Figure 1: Four step figure for theoretical framework implementation	25
Figure 2: Factor reasoning scheme on customer loyalty in pharmacies	71
Figure 3: Detailed model of customer loyalty construction in pharmacies	73
Figure 4: Outside aspects to consider when strategizing and constructing customer loyalty.....	87

1. Introduction

In this first chapter, we outline the background, problematization, and purpose of our research. We discuss customer loyalty in the context of pharmacy retail identifying theoretical gaps. Further building on this, we present the relevant problematization and purpose of our work as well as our expected contribution to the field. In the final section of the chapter, we display an outline of the following chapters.

1.1 Background

Within retailing loyalty has been discussed in the context of multiple factors. For example, Chen and Lamberti (2016) highlight the strengths of communication and channel factors where businesses are motivated to adopt a multichannel approach due to the effects of the respective economic benefits, such as the customer benefits, including loyalty, customer satisfaction, and competition. Kumar and Venkatesan (2005) propose that cross-buying which transpires in a multichannel setting, can be a good predictor of lifetime duration and purchase frequency as multiple return occasions can be utilized to educate customers who become more profitable and, in general, more loyal as they tend to be potentially more aware of the existing available options. Pantano and Vannucci (2019) research the two most important elements of in-store customer experience in terms of loyalty - personnel and digital technology, where, in general, customers tend to trust digital technology more as it tends to speed up their shopping experience and perceive it as an outlet which provides unbiased opinion and recommendations. Many researchers confirm that customers tend to look for unique and memorable experiences which reflect on their subsequent loyal behaviour, clients possess the power on the market and cannot be controlled by retailers (Baxendale, Macdonald & Wilson, 2015; Lemon & Verhoef, 2016; Morse, 2011; Stein & Rameseshan, 2016), while businesses have to adapt to this change and strategize for survival on the multichannel market (Weinberg, Parise & Guinan, 2007).

Other researchers such as Vesel and Žabkar (2009) investigated the determinants of customer loyalty within the context of loyalty programs among members of such retail schemes. They, as a result, concluded that customer satisfaction proves to be an important determinant when building customer loyalty in the retail setting (Vesel & Žabkar, 2009). The quality of the personal interaction consumers had impacted their loyalty level which in turn again came back to higher customer satisfaction (Vesel & Žabkar, 2009), thus closing the loop. Customer loyalty has been defined both from the customer and business perspective (Oliver, 1999; Rayer, 1996; Vesel & Žabkar, 2009). Bolton, Kannan and Bramlett (2000) found that members of loyalty programs tend to be less sensitive when it comes to losses of overall quality or billing aspects when compared with the competition as they perceive to have acquired higher gains compared to losses. Researchers argue that

loyalty programs are capable of building customer loyalty even though they tend to attract already loyal customers (Bolton et al. 2000; Grewal, 2019; Sharp, 2010).

1.2 Problematization

The problem that this thesis revolves around is the concept of customer loyalty, introduced continuously in the background section. Customer loyalty in retail is a widely studied phenomenon with thousands of academic publications. For example, Chen and Quester (2016) have studied the relationship between customer experience and loyalty, Shankar, Smith and Rangaswamy (2003) examined customer satisfaction and loyalty in online and offline settings, Macintosh and Lockshin (1997) study retail relationships and store loyalty. As mentioned in the previous subsection, customer loyalty programs have been extensively studied (Bolton, Kannan & Bramlett, 2020; Demoulin & Zidda, 2009). Other research links customer loyalty with customer perceptions (Sirohi, McLaughlin and Wittink, 1998) and others like Wong and Sohal (2003) connected service quality with customer loyalty. Another strand of customer loyalty ventures in e-commerce (Srinivasan, Anderson & Ponnavolu, 2002) and explores the antecedents and consequences of customer loyalty in such settings aiming to build a new conceptual framework pertaining to e-loyalty, which is becoming progressively more relevant in the present digital era.

With all of this varying research done on loyalty in multiple settings and constraints, one cannot refrain from inquiring if different retailers can rely on different types of loyalty - some loyalty behaviours are based on store loyalty and some on personal loyalty for example. Ekström, Ottosson and Parment (2017) express the opinion that loyalty is based on, firstly, the satisfaction of the customer and secondly, the number of times customers return to the store. They explain that loyalty has various levels of intensity and requires an object that the customer expresses loyalty towards, and this can be either the brand itself, the store, an individual employed by the business in question, or the geographical area, i.e., Brand loyalty, Store loyalty, Personal loyalty and/or Shopping area loyalty, respectively (Ekström et al. 2017). Both argue that habitual purchases can represent some type and level of loyalty, thus as a result two themes become apparent.

Thus, researchers should not see general loyalty concepts as applicable to the whole retailing sector as variations in behaviour and consistency exist. Even within habitual or convenience purchases loyalty can exist and be expressed albeit in different manners. In this line of thought, we believe that pharmacy retail should be observed more closely as we argue that considerations occur on the specific factors that influence the level of loyalty customers display. We tackle questions such as "*Is it possible that medication, in general, is a commodity that customers buy out of health considerations and thus require additional attention and considerations before making their purchase?*", "*Could it be that convenience and the health system structure are not the only driving forces that push customers to buy products from specific locations?*", and "*Is price important to the*

customer or does he/she also pay attention to the employee behaviour and, for example, the branded products offered by the pharmacy chain? ”. Finally, we contemplate whether it is possible that here customers tend to behave somewhat differently compared to general retail settings.

One example of the differing needs of customers within pharmacy retail that supports our reasoning is linked to health and safety. As stated by Castaldo, Grosso, Mellarini and Rindone (2016) trust and satisfaction are paramount, due to the high health risk that the industry involves – a wrong decision or recommendation can threaten the life of a consumer. Thus, by creating a trust relationship between the store and the customer, the uncertainty can be alleviated (Castaldo et al. 2016). Furthermore, there is a general trend that signifies the importance of the relationship between a pharmacist and a customer, more than that observed in other retail stores (Lundin & Liu, 2010). Additionally, this provides for the decrease of the abuse of medication since the pharmacy professional turns not only to a store employee but to a customer confidant as well (Lundin & Liu, 2010). We believe that all of these factors can influence customer decisions in unexpected ways.

With the recent deregulation of the Swedish pharmacy retail market and the following global digitalization, the methods for reaching loyalty have evolved exponentially. The changes that have transpired have the capacity to become a shaping force for the industry as both employees and customers are experiencing a shift in expectations, communication channels, and touchpoints. Thus, except for being an industry where, we think, customers express specific behavioural patterns, pharmacy retail is currently developing. This provides researchers with the opportunity to study retail in a volatile environment in a sector which is significant, singular, and where the transformation is still ongoing.

A general observation is that studies of customer loyalty in retail settings explore the antecedents of the concept and aim at devising theoretical models. Even when narrowing down our research to customer loyalty in pharmacy retail settings, the journal articles were below 10, which will be elaborated on in the literature review, and all of them came from the pharmacy retail field. Customer loyalty there is studied (Gavilan, Avello & Abril, 2014) solely from the consumer perspective. We can observe two studies pertaining to the cases of Italy (Castaldo et al. 2016) and Spain (Gavilan, Avello & Arbil 2014) that are quantitative in nature and explore the consumer perspective. While they do grasp intangible elements of the research, they do not provide the researcher with enough information to study them in-depth, or to access the inner world of the customer in order to assess his/her motivations for expressing loyal behaviour or staff beliefs and understanding when working at and supporting a particular pharmacy due to employing those exact same quantitative methods.

Additionally, by combining the manager/staff viewpoint with that of the consumer, we have the opportunity to observe the decision-making process on both sides of the spectrum.

At the same time in order to gain a better understanding of how customer loyalty strategies are conceived to create and construct customer loyalty we can also delve into whether these have the desired effect on the consumers. A retail strategy that elaborates on customer loyalty in the sector is essential since the deregulation of Swedish pharmacy retail heralded a competitive environment, in which pharmacy retailers are faced with thinner margins and where they have to approach their customers in a different, more organized, and personalized manner.

1.3 Purpose

The purpose of this research is to extend the theoretical approach of building customer loyalty to the type of retail practices pharmacy retailing represents with the aid of an in-depth exploration of the views and understanding of both pharmacy professionals and consumers. Through our research purpose and objective, we want to observe how customer loyalty is built by pharmacy retailers and whether it corresponds to consumer choices and understanding. Moreover, pharmacy retail, due to the aforementioned differences, can provide a new conceptual understanding of customer loyalty which will enrich the retail literature by expressing whether business loyalty efforts truly impact the consumer as planned or are loyalty incentives perceived in unexpected ways in this context. At the same time, differences and/or gaps in perception on the inside and the outside of the organization will shine through. This is where our focus lies, as neither retail nor loyalty-centric literature has discussed so narrowly the two viewpoints in this setting. The knowledge we will gain by interviewing both internal and external actors will increase the credibility of our research, thus helping to facilitate its introduction in the marketing field, as the few previous attempts made by researchers were with a pharmaceutical background and within medical journals.

1.4 Research Question

Thus, as a result of the previous section of this chapter, we propose an overarching research question, which aims at investigating whether new dimensions need to be added to understanding loyalty in retail or if new aspects have to be taken into consideration both in practice and in theory. In addition, the question will be accompanied by sub questions, which will have an explanatory purpose which aims to discover whether the definition of customer loyalty remains the same as theorized by most researchers, or it is the outcome of something else.

Research Question: How is customer loyalty constructed through the lens of managers and employees in pharmacy retail as opposed to that of their consumers?

Sub Question 1: How can customer loyalty be conceptualized in the pharmacy retail setting?

Sub Question 2: Where do the inside and outside views meet and where do they differ?

Sub Question 3: What are the aspects to consider when strategizing and constructing customer loyalty?

1.5 Expected theoretical contribution

Our theoretical contribution lies within the extension of the customer loyalty concept in retail marketing literature to pharmacy retail in a contextual setting. We intend to contribute to existing knowledge by observing and theorizing how customer loyalty is constructed within Swedish retail pharmacy and investigate whether its meaning and perception might differ from other approaches and models. We argue that such differences are due to the specificity of pharmacy retail compared to more general retail practices such as grocery retail, its target customer, who not only makes purchases of necessity but as a result of health considerations, the singularity of the product offerings and the underlying ethical considerations which restrain the sector.

We attempt to create a better understanding of the meaning of customer loyalty in pharmacy retail as well as research whether the efforts of retailers successfully manage to capture and build customer loyalty with respect to different customer segments and their accompanying needs. This will help marketing practitioners as it can provide them with more clarity so that they can implement and successfully build customer loyalty in their respective pharmacy retail setting. We aim to present a new conceptualization of building customer loyalty that is going to be context-specific. Previous pharmacy retail literature does not include the internal stakeholder view, therefore by clashing internal versus external view this thesis provides a well-rounded analysis of how customer loyalty is built in the retail pharmacy by professionals and how consumers understand these efforts as a result. Additionally, it will contribute to the methods for managing and understanding loyalty in practice. Thus, in this context, we agree with Rundle-Thiele and Bennett (2001) in believing that customer loyalty has to be measured based on the varieties of the market. Further in the thesis, we will discuss this point of view more closely.

1.6 Thesis delimitation

This section briefly clarifies the delimitations of our thesis. The thesis is located strictly in the pharmacy retail industry and has an in-depth exploratory character which might impact the generalisability and transferability to other retail industries since our findings are based on the interpretation given by customers and staff/managers who work there. Furthermore, the lack of abundance of material and the sensitivity of information in retail pharmacies after the deregulation of the market in 2009 might act as a barrier in data collection. As the industry is still developing and adjusting to the new market conditions some of the conclusions within this thesis work might be prone to debate and somewhat prognosis centred. The findings should be reviewed in the context of both the deregulation and the

impact of digital technologies and the COVID-19 pandemic in order for them to be as adequate as possible.

Below you can find succinct definitions of the most common concepts that guide us and the reader of what we mean by using them later in the text. We found it necessary to include them as part of our delimitation since there is an abundance of these concepts in the marketing literature.

Definitions:

Customer loyalty - Oliver (1999, p.34) defined customer loyalty as “*a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour*”.

Retailer marketing - In his book McGoldrick (2002, p. 146) defines the scope of retail marketing to be ‘*marketing activities that the retailer undertakes to influence consumer’s perceptions and motivations to respond to them, thereby providing a suitable rate or return to the retailer*’.

Consumer - A consumer is an end-user and not necessarily the purchaser, in the distribution chain of a good or service (Businessdictionary, 2012).

Customer - The actual or intended purchaser of a product or service. The customer is always the buyer, although not always necessarily the consumer (Oxford Reference, 2021).

Customer experience - “*the customer sensorial, physiological, psychological responses such as cognitive as well as affective responses evoked by customer direct (offline) and indirect (online) interactions with the firm or firm offerings across all the touchpoints throughout the customer purchase journey.*” (Chepur & Bellamkonda, 2019, p. 4)

1.7 Disposition

Our thesis is structured around seven chapters which are logically presented. The thesis starts with Chapter 1 (Introduction) where we discuss the background of the research problem, our research, theoretical contribution, purposes, and the introduction of our research question. Chapter 2 (Literature review and theoretical framework) follows an in-depth exploration of customer loyalty in retail and the previous literature that is relevant to our retail setting and customer loyalty building efforts, elaborating on previous studies that were conducted in a pharmacy retail setting. Moreover, we will introduce the theoretical underpinnings of the thesis. Chapter 3 (Methodology) elaborates on the methodology, research philosophy, and the research design we have employed to help us answer our

research question. This will be complemented by a discussion of the strengths and weaknesses of our methods, as well as our experience in using these methods in practice. Chapter 4 (Manager/pharmacist view on creating and constructing loyalty) and 5 (Customer view on loyalty) focus on the empirical findings and results from the interviews with managers and customer responses respectively, whereas Chapter 6 (Analysis and discussion) presents a discussion and how they impact the literature, answering our research question. Finally, we conclude our thesis with Chapter 7 (Conclusion), where we introduce our theoretical and managerial implications. In addition, we discuss avenues and possibilities for further research that can build more upon this thesis.

2. Literature review and theoretical framework

The present chapter presents an exploration of the paper's academic field. Existing theories will be discussed to comprehend their background and reasoning. Factors and antecedents for customer loyalty will be reviewed within different sectors based on previous research done in the retail setting and special attention will be given to the ones which proved to hold prevalent importance. Finally, research pertaining specifically to the pharmaceutical sector will be discussed in detail.

2.1 General loyalty observations and dynamics

Customer loyalty is a subject that has been studied for 100 years and is still considered a young concept (TaghiPourian & Bakhsh, 2015). Alhaija, Nerina, Yusof, Hashim and Jaharuddin (2018) devised a summary of the already existing customer loyalty models available in research, and in their work they introduce multiple definitions of the concept of loyalty including Oliver (1999)'s, which we already presented in Chapter 1, Akbar and Wymer (2016, p. 17)'s conceptualized customer loyalty definition - "*one's feelings of devoted attachment to the loyalty object, rather than repeated commercial transactions*" and Thakur (cited in Akbar & Wymer, 2016 p. 17)'s attitudinal loyalty definition - "*a customers' intention to remain committed to specific provider in the marketplace by repeating their purchasing experiences*".

Further, Shankar, Smith and Rangaswamy (2003) kept a consistent attitude towards loyalty with Oliver (1999) viewing satisfaction as the perception of pleasurable fulfilment of services and loyalty as the deepest commitment to the service provider possible while discussing the differences between the level of customer satisfaction and loyalty in the context of choosing online versus offline services. Today the importance of loyalty for managers has become exponential even though for the longest time it has been studied as a one-dimensional entity (TaghiPourian & Bakhsh, 2015). In the following subsections, we will discuss the more detailed dimensions of customer loyalty and the impact of the changing environment on its expression as a result of market destabilizing and multichannel developments.

2.1.1 Behavioural and attitudinal dimensions

Research has emerged trying to establish multiple sides to the concept of loyalty (TaghiPourian & Bakhsh, 2015). The most well-known dimensions are the behavioural and attitude ones included in the two-dimensional loyalty theory (TaghiPourian & Bakhsh, 2015). Literature proves to be inconsistent when it comes to not only the dimensions of loyalty but also on the opinions related to the generalizability of research results

(Bandyopadhyay & Martell, 2007). Some researchers have discussed loyalty only from the behavioural perspective (Barwise, Ehrenberg & Goodhardt, 1990) by assuming that repeat purchases can in fact capture the loyalty a customer expresses towards a brand. Other researchers have argued that adding an attitude-related aspect to the behaviour is a needed component in defining loyalty (Day, 1969; Dick & Basu, 1994; Rundle-Thiele & Bennett, 2001).

Furthermore, the attitude-centred dimension can be divided into two distinct subsections - emotional and cognitive loyalty allowing for different levels and differing intensity of loyalty as such (Russell-Bennet, Worthington & Hartel, 2010). Researchers believe a behaviourally loyal customer is capable of being spuriously loyal, staying with the set organization until he/she finds something better, and attitudinally loyal, when he/she has found an attachment or commitment to the set organization that cannot easily be disenchanted (Shankar, Smith & Rangaswamy, 2003). Attitudinal loyalty is the one that indicates a higher repurchase intent and at the same time higher resistance to counter persuasion, willingness to pay a higher price, and higher chance for recommending the service provider (Shankar et al. 2003).

Dick and Basu (1994) see customer loyalty as the strength between the attitude of the customer and the repeated patronizing actions. These authors also define a few types of loyalty - no loyalty, spurious loyalty with low strength and high patronage, latent loyalty, with high attitude and low patronage, and simply loyalty. The law of Double Jeopardy also is considered to carry an important role in the expressed level of loyalty according to previous research (Sharp, 2010). The pattern that loyalty follows here is related to the size of the brand - the smaller a brand is the fewer buyers it has, and these buyers are somewhat less loyal compared to buyers of bigger brands (Sharp, 2010).

At the same time, Kapferer (2012) argues that with high brand awareness comes greater general client opinion and higher behavioural loyalty. Dick and Basu (1994) specifically see adding attitude to behaviour as a facilitating force in investigating loyalty from a causal perspective thus permitting the identification of the numerous factors capable of influencing the concept in question. Baxendale, Macdonald and Wilson (2015) proved the importance of understanding which part of the customer journey tends to be most significant in a specific context, impacting behaviours and attitudes in customer loyalty and resulting in differing customer responses to specific encounters.

Customer journeys have become more complex due to the rapid acceleration of media outlet usage, channel fragmentation, both the positive and negative impact of customer-to-customer interactions, and the lack of business control on customer touchpoints. The customer experience has largely been conceptualized in three main overall stages - pre-purchase, purchase, and post-purchase (Lemon & Verhoef, 2016) that later on have fragmented further. Past experiences in every stage influence the customer, his/her

satisfaction level, and, consequently, the development of his/her relationship with the retailer, thus influencing the level of loyalty displayed in their behaviour and attitude. Additionally, four types of touchpoints have been defined within this concept (Lemon & Verhoef, 2016). These are brand owned, partner-owned, customer-owned, and social or external independent variables that influence the customer journey (Lemon & Verhoef, 2016) and loyalty. In understanding the customer experience and the importance of the customer journey, time is a critical factor alongside the number of touchpoints and channels (Lemon & Verhoef, 2016).

2.1.2 Single channel to Multichannel transition

Rundle-Thiele & Bennett (2001) strongly believe that when discussing loyalty and measurement techniques a classification should be made according to varying market types, for example, stable and unstable markets, because the nature of these markets indicates that the measures implemented should be very different. With time and due to the industry's development, retail has slowly but surely moved from single channel to multichannel marketing where businesses are forced to consider the dynamism of contemporary external environments, pointing to the lack of stability on the market (Rundle-Thiele & Bennett, 2001) and the ever-increasing reliance on multiple channels in distributing goods and services (Valos, Polonsky, Geursen & Zutshi, 2010).

This, of course, has an impact on how loyalty is manifested as well. As far as convenience goes, for some customers, the appropriate channel tends to be the store itself, while for others digital outlets have become their main shopping channel of choice. Nowadays, retailers attempt to use advanced methods and techniques to create compelling in-store experiences for customers in order to prompt a loyal response while the customers themselves are still influenced by the same traditional values of the store experience - staff behaviour, satisfactory selection of products, and easy to navigate store layout (Bäckström & Johansson, 2006). Still, there has been a rise in the need for emotionally engaging experiences in-store even though the concept of 'experiences' has not truly been strictly defined (Bäckström & Johansson, 2006).

Moreover, with the emergence of the digital era researchers have found that other factors also play a role in the expression of loyalty such as the level of care, community, choice, and others (Srinivasan, Anderson & Ponnayolu, 2002). Here, we would like to point out that the current thesis also carries the same argument for contextualization and takes into consideration the digitalization of today's markets. Morse (2011) detects a need for integration between physical and digital outlets and argues that stores should help customers enrich their lives by creating a new type of value that goes beyond selling products and transcends customer expectations. Businesses should aim at integrating their functions in creative ways, thus delivering on a positive customer experience leading up to long-term gains such as loyalty (Lemon & Verhoef, 2016).

Consequently, Chen and Lamberti (2016) also believe that a multichannel approach can aid retailers in offering better value for customers gaining as a result more satisfied, loyal, and profitable clients. Stein and Rameseshan (2016) found that customers tend to look for unique and memorable experiences and their experience is contextual while researching seven distinct elements of customer touchpoints including atmospheric, communicative, technological, process factors and employee-customer, customer-customer, and product interactions. Within the different elements, customers prioritize amenities, attractiveness, layout, design, and display as atmospheric variables, ease of use, convenience, self-service kiosks, online payments in technological variables, promotional informative messages, advertising, one-way-communication in communication and waiting time, navigation, and service process in processes (Stein & Rameseshan, 2016). In terms of interaction, they value helpful, personalized service, friendly greetings, argumentative employees, reviews, word-of-mouth, blogs, and online reviews while finally in product interactions they pay attention to product quality, assortment, and direct interactions (Stein & Rameseshan, 2016). The authors pinpoint some important notions, which even though significant are not the only determinants for loyalty construction. The literature we found to be most prevalent on the specific factors influencing customer loyalty is going to be explored in detail in the next section.

2.2 Factors influential to customer loyalty within retail

Pan, Sheng and Xie (2012) offer a robust examination of the literature and point out that the preconditions of customer loyalty should be divided into two sub-groups – customer-related factors and product-related factors. On the one hand, customer-related antecedents are customer satisfaction, trust, psychological commitment, and loyalty program membership. On the other, product-related factors are perceived value, product quality, perceived fairness, switching costs, and brand reputation. The scholarly literature on the antecedents and factors that are important and relevant is expansive, and we divided this subsection around a few factors that emerged recurrently when surveying the academic works.

2.2.1 Communication aspects

2.2.1.1 Relationships

Abu-Alhaija, Nerina, Yusof, Hashim and Jahanuddin (2018) develop in their paper three groups of loyalty antecedents the most interesting of which proved to be loyalty's moral determinants, where customer loyalty is elaborated through the retailer-customer relationship and where the research incorporates culture and religious antecedents in building customer loyalty, previously not studied in great detail.

Except this interesting research other factors which emphasize the importance of the relationship between retail employees and customers also emerged (Macintosh & Lockshin, 1997). Macintosh and Lockshin (1997) investigate the links between trust in sales personnel, trust in-store, and repeat purchase intention. The main findings of the paper are linked to the notion that customers who have a successful interpersonal relationship with store employees and trust them, more often repeat their purchase, which we see as especially important for pharmacies, where people are sensitive about their health and safety. For clients that do not have established personal relationships with employees, the store atmospherics plays a bigger role.

Furthermore, from a different viewpoint, Millard (2006) and Duffy (2005) agree that nowadays customer strategies of companies are focused too much on the company's perspective and aim of decreasing costs and increasing efficiency. Millard (2006) stresses the threat of commoditizing experiences, which will sever any form of customer loyalty development. Companies should strive to create the "wow-effect" by treating customers like employees and vice versa. Moreover, companies should strive to build long-lasting relationships. The organizations must be prepared to ensure they understand their customers as well as use customer data to learn more about them – what do they like, what sports do they enjoy, their favourite book. This will allow not only for more personalized building of customer loyalty but sending a message to customers that the company cherishes them. A good way of gathering this knowledge proved to be Customer Relationship Management initiatives discussed in detail below.

2.2.1.2 Customer Relationship Management (CRM)

An interesting angle on customer loyalty is provided by Nyadzayo and Khajehzadeh (2016). Nyadzayo and Khajehzadeh (2016) offer an engaging research that emphasizes that customer relationship management, henceforth referred to as CRM, should be considered an antecedent of customer loyalty. CRM contributes to enhancing customer satisfaction, customer value, and service quality which are the result of CRM efforts, so research in the past often excluded CRM as an important determinant but considering that technological permeation and digital revolution, should be thought of as a primary antecedent.

In his study, Smith (2009) highlighted the importance of implementing CRM platforms in a service retail setting. The author specifically puts emphasis on the incentive programs that are tailored particularly for every individual customer. Six retail companies in Pittsburgh, US implemented CRM concepts in order to attract and lock customers in the aftermath of the global financial crisis in 2008. The overall finding of this study is that these companies utilized knowledge management initiatives with their employees and tried to educate their customers. In addition, they provided two-way communication within their platform, which allowed the companies to capture the feedback and complaints from their customers, thereby improving their in-store service quality. Thus, CRM helped them to segment their customers.

Zineldin (2006), on his part, explores the relation between CRM, customer retention and customer loyalty. For him, companies nowadays underutilize the usage of their CRM platforms and do not develop their data analytics advantages to better understand their customers' needs. According to Zineldin (2006) CRM strategies are effective only when they manage to build strong links with the consumers as well as offer in-depth insights to the company to make efficient customer offerings. The author (2006) stresses the importance of the five quality dimensions that subsequently build loyalty – quality of object, quality of processes, quality of infrastructure, quality of interaction, and quality of atmosphere. We can observe that most of the quality dimensions are inward-oriented for the company to streamline its way of action and processes. This is an important facet of CRM strategies because companies must firstly look within their premises, to expand and capture consumer's interest and build customer loyalty.

According to Zineldin (2006) the technological advances allow companies to build customer loyalty by offering to customers email discounts, giving some sort of premium services, guest passes, incentives to customers who buy private label brands, frequent user incentives, and so on. Siddiq, Renaldi and Santikarama (2020) offer an empirical example of the Eduplex coworking space company where the authors found that the importance of creating a well-executed CRM company strategy is paramount in building customer loyalty and in preventing customers from moving to other companies. They made an investigation and found that several of the CRM processes were misplaced and did not yield adequate data which could build meaningful relationships with their customers. Thus, we can ascertain that the main goals using CRM are for retailers to improve their marketing effectiveness and enhance customer loyalty through improving customer service. This is an important facet for retailers since customer retention and acquisition ultimately lead to improving margins and building increased customer loyalty.

2.2.1.3 Customer satisfaction

Customer satisfaction is on its own an important factor for building customer loyalty. Anderson and Sullivan (1993) in their pioneer work, dive deep into the arena of customer satisfaction and attempt to disentangle its facilitating variables. The authors stress that satisfaction is a function of perceived quality and “*disconfirmation*” (perceived quality does not match with pre-purchase expectations). Furthermore, Anderson and Sullivan (1993, p. 131) argue that expectations do not affect satisfaction as largely perceived and that quality that falls short of expectations influences satisfaction and re-patronizing intentions greatly more than quality which exceeds expectations. The bottom line is that expectations and perceived quality are primary factors of satisfaction.

Rai and Medha (2013) also include customer satisfaction as one of the building blocks of customer loyalty. In their research, they explore the building of customer loyalty in the financial retail sector. In accordance with previous research on customer loyalty, they also include service quality, trust, commitment, corporate image, switching cost, and

communication. However, their research lacks the consideration of including in-store factors as important for building customer loyalty. Rai and Medha (2013) consider that their study has some limitations in the sense that their geographical setting precludes them from generalizing to other countries. In a service retail setting the author stresses that the most important factor for building customer loyalty is service quality since the quality of employees and the service they offer greatly impacts purchasing behaviour and building of customer loyalty.

On a similar note, Dameri and Bonfante (2007; Pallavi, Yogesh & Nandan, 2020) give an example of retail banking, Sanpaolo IMI bank, of how IT was used to regain customers' trust during and after the financial crisis. The bank increased the competence of their in-store retail clerks to provide excellent customer advisory, which in a retail bank setting quickly translates into customer satisfaction and building customer loyalty. Straker and Wrigley (2016) lend further credibility to the implementation of strong digital channel engagements that focus on an emotional strategy in building satisfaction. The authors give an example of Burberry, which devised very strong emotive brand content that further translates into a more solidified and homogenous fanbase that is fervently loyal. In its campaign strategies, the company emphasized its blend of luxury and heritage with emotional and appealing messages. This shows that appealing not only to reason but also to emotions will increase the interests and awareness towards the company or retail organization.

Nasir (2017) elaborates on the win-back strategies for formerly loyal customers, who have for some reason slipped away from the company and lost their trust. Defection analysis is an aspect that most companies forget when they start losing loyal customers and they do not make efforts to regain them, as they quickly start focusing on alternative campaign strategies. Nasir (2017) emphasizes that companies must analyse why customers have decided to leave their company and opt for a new one. They must focus on analysing the customer complaints and service data to identify the problematic area that might have caused the defection. The author gives an empirical example of the brand Lexus, which had a big decrease in sales but by implementing parking perks, which was linked to the owners' backlash against the company's stance on culture, it managed to solve the defection issue. The company analysed the complaints and offered Lexus car owners with free parking slots in several cultural centres in Australia. This is an example of a proactive response from a company that highly values its customers and looks for ways to enhance their customer experience.

2.2.2 Customer Loyalty programs

Another important factor in the retail literature in building customer loyalty is customer loyalty programs. Previous research shows that they have a significant impact on customer loyalty and perceptions. Kovač, Novak and Brezović (2018) have discussed the reasons for the emergence of loyalty programs and their significant impact on both retailers and

consumers within the Croatian context. The researchers found that customers tend to appreciate simple loyalty programs and transparency (Kovač et al. 2018). They also prefer to have their own choice when it comes to the type of incentive or reward, they will be receiving and can accept delayed rewards if they prove or hold the promise of being more valuable to them (Kovač et al. 2018). Customers prefer to win points in more creative ways, which was deemed as a critical factor for their displayed loyalty (Kovač et al. 2018).

Reichheld (2001), similarly to Rayer (1996), defined customer loyalty programs as a “*mechanism for identifying and rewarding loyal customers*” with the help of points distributed according to the amount of money spent. In addition, Reichheld (2001, p. 81) points out six principles of loyalty that are paramount for any customer loyalty strategy – “*preach what you practice, play to win-win, be picky, keep it simple, reward the right results, and listen hard, talk straight*” – these may seem very colloquial but Reichheld (2001) as one of the most famous practitioners of loyalty emphasizes the practical aspect of creating loyalty. Whereas Vesel and Žabkar (2009, p. 399) see retail loyalty as “*the customer's attitudinal and behavioural preference for the retailer when compared with available competitive alternatives*”.

Vesel and Žabkar (2009, p. 401) also apply the definition of the retail sector as a “*post-consumption evaluation of how well a store or product meets or exceeds customer expectations*”. Demuhlin and Zidda (2009) go further in their research by investigating the process of new loyalty card adoption in the grocery retail context and the impact of attitudinal, socio-demographic, and behavioural variables on the likelihood of this adoption. Customer commitment to the store is one of the most important determinants for the adoption of new loyalty cards. Furthermore, according to Demuhlin and Zidda (2009), a predominance of attitudinal loyalty over behavioural loyalty is observed since customers are multi-loyal. Managers should aim at maximizing the new loyalty card adopters soon after the launch and reassure the customers about their privacy.

On the other hand, Kreis and Mafael (2014) relate loyalty motives to program participation and, as a result, to perceived customer value where the relationship between motives and value tends to be moderated by the design of the loyalty program itself. They find that targeting customer motives has the potential to lead to higher levels of perceived customer value and prove the previously disputed effectiveness of loyalty program incentives (Kreis & Mafael, 2014). This means that loyalty programs are the binding thread of customer loyalty efforts in retailers and the next section is going to delve deeper into the topic.

Other researchers such as Furinto (2013) too have worked on revealing the existing perceptions on loyalty and specifically on loyalty programs. The author argues that loyalty programs can be divided by types, namely price-based and privilege-based programs. Perceptions of customers, according to his research, differ and can be attributed to the aforementioned two types of programs (Furinto, 2013). They have an impact on the relationship formed between the customer him or herself and the business in question

(Furinto, 2013). Furinto (2013) found that price-based rewards are perceived to deliver a higher perception of utility within the context of contractual relationships thus he encourages businesses to provide both price-based incentives and affection-based rewards. In the context of the latter, we can argue that this reasoning goes back to Bäckström and Johansson (2006) who value emotionally engaging experiences.

In a more member-related study, Bolton, Kannan and Bramlett (2000) found that members of loyalty programs also tend to be less sensitive when it comes to losses of overall quality or billing aspects when in comparison with the competition as they perceive to have acquired higher compared to losses. Thus, the authors argue that loyalty programs are capable of building customer loyalty, and it leads customers to engage in a re-patronage behaviour by supporting the retailer in a monetary fashion (Bolton, et al. 2000; Budiyono, Pawar-Hole, Hole & Wagh, 2020).

Nevertheless, it is important to note that even though Sharp (2010) agrees with this idea, in his book "*How Brands Grow*" he also implies, similarly to Grewal (2019), that loyalty programs tend to attract more consumers who are already loyal as they perceive them as more useful since they are reinforcing the already existent exhibited customer behaviour. Moreover, many companies believe that because they sell solutions rather than products, they have gone beyond offering features.

In a more practical aspect, Leenheer and Bijmolt (2008) look at four retailers, which have put into effect customer loyalty programs as a strategy to build customer loyalty. The interesting aspect that they uncover is that not every company necessarily wants to create its own loyalty program due to several factors, thus their aim is to explain why retailers choose to implement loyalty programs in the first place. These factors Leenheer and Bijmolt (2008) label as antecedents – sector characteristics, competitive and demand characteristics, and firm characteristics. Essentially, retailers that are in sectors where product assortments are more similar, where customers purchase with higher frequency, where there is tight competition have a greater prospect of adopting a loyalty program. Moreover, retailers that are more customer-centric and have a diverse customer base have also an incentive to adopt loyalty programs, to customize their assortment based on the most profitable customers.

Another study that focuses on customer loyalty strategies for acquiring customers is that of Nesset, Bergem, Nervik, Sørli and Helgesen (2021), which explores the three major grocery retailers in Norway that build retail chain loyalty. The authors explore the loyalty programs of NorgesGruppen, Coop, and the Reitan Group. Nesset et al. (2021) identify four loyalty antecedents – price, location, service quality, assortment – and investigate how these four together with the chain satisfaction and chain image are impacted by customer loyalty programs. They revealed that there is a positive impact. Furthermore, the empirical data portrayed how the big three grocery retailers are heavily impacted by the COVID-19

pandemic and struggle to satisfy the lower price-range customers, and experience issues within their loyalty programs.

Furthermore, recently, we have been seeing a lot of corporate scandals, controversial takeovers, and broken promises to consumers (Duffy, 2005). Customers are fed up with the airline model of customer loyalty programs, which fits them into a specific segment or category, i.e., economy or business class (Duffy, 1998). They do not merely want any more discounts or price promotions. They have grown conscious about problems like identity theft from company databases, which impacts them negatively. According to Duffy (2005) consumers nowadays seek truth and honesty. The need to feel comfortable with the companies they do business with.

The company or retailer must strive to build an organic relationship that has some values behind and be trustworthy. Duffy (2005) gives an empirical example of Starbucks, showing how the company has built long-term loyalty. Loyalty is built on the foundation of great customer service, impeccable welcoming environment that makes customers feel at home. These elements must be built within your company's DNA, not suddenly create them for the purposes of one loyalty program. Loyalty is much more than a loyalty program, but a meaningful relation and contribution to the consumer and the world (Duffy, 2005). Narayandas (2005) stresses that companies tend to have difficulty communicating the economic, technical, service, and social benefits they provide to customers because they tend to assume customers understand the value the respective products and services hold and devises four main categories of benefits - tangible financial benefits, non-tangible financial benefits, tangible non-financial benefits, and non-tangible non-financial benefits.

When taking into consideration the impact of national culture and industry structure on customer loyalty programs, Kanakaratne, Bray and Robson (2020) observed that industry structure, i.e., retailer positioning and focus appears to have a clear influence on loyalty levels while the effects from cultural considerations have an indirect impact through intermediary constructs including customer service. With this in mind, the researchers also found that these two factors impacted customer expectations and perceptions of loyalty and loyalty programs (Kanakaratne et al. 2020). One of the more interesting findings the authors discussed was the fact that latent loyalty within grocery retail can become true loyalty if customers were in an appropriate financial situation which allows them to shop as they please (Kanakaratne et al. 2020).

2.2.3 Private Label Brands (PLB)

Another strategy that retailers, especially grocery and beauty, apply to build customer loyalty is the usage and proliferation of private label brands (Huang & Huddleston, 2009). Retailers engage often in market research in the locality they are placed, which helps them determine the important factors and start segmenting their customers. Based on this, they devise price ranges and different quality characteristics of their in-store product.

Subsequently, they perform heavy advertising campaigns to raise the visibility and awareness of the private-label product.

Moreover, they link it with the loyalty programs they possess and try to create even more personalized individual offers with the inclusion of these store-owned products. Rubio, Villaseñor and Yagüe (2017) have enhanced the knowledge on private label brands by examining the customer's preferences when it comes to store brands and the level of prices. They find that there is a significant influence of price on building loyalty on two dimensions – towards the customer and towards the retailer. The customer's satisfaction towards the retail price, and whether it corresponds with the advertised quality, will determine how much influence the price will have on customer loyalty. Additionally, we can argue that this will increase the trust of the customer and solidify his or her lockdown to the retailer.

2.2.4 Service quality

Another factor that can influence the customer experience proves to be service quality which also plays a pivotal role in determining whether customers will go back to the retail establishment. It is primarily linked to the idea of customers facing employees as well as the self-service technology implemented in the store environment (Orel & Kara, 2014). Orel and Kara (2014) provide a case study example of a retailer in south-eastern Turkey who has implemented a self-checkout service, which proved to be a successful strategy in gaining customer loyalty since, at that location, customers valued speed and efficiency, and with customer self-service technology they were offered exactly that.

Aydin and Özer (2005) discuss the factors of customer loyalty on the same market but in a different context focusing on the Turkish mobile telecommunication market. After empirically testing their suppositions, they make a final list of the most important factors for customer loyalty construction – corporate image, perceived service quality, trust, and customer switching costs. They also revealed that the cost of selling products or services to a new customer is higher than selling to current ones. Moreover, loyal customers tend to accept higher prices than new ones. Service quality in this research is the most important for retailers because it incorporates the perception that the customer receives impeccable service, and their in-store experience is hassle-free. Trust is important because it indicates the cognitive perception that both parties received their fair share of exchange. Corporate image plays an important role since it is the first thing that comes to mind when the customer sees the name of the retailer when he/she enters the store – positive connotations are important.

Furthermore, Gilmore and McMullan (2008) find that the ferry companies have found a sophisticated way of segmenting customers according to the current level of loyalty they have, and tailor their approach individually. Therefore, this aspect offers a strategic approach to retail companies by highlighting the importance of customization and customer sensitivity. As such, the topic of service quality strategies proves important for service

retailers and companies. The differentiation of services proved significant as well in the ferry travel sector, with good examples being the speed of travel and the duration (Gilmore & McMullan, 2008).

Finally, Danurdara and Hidayah (2016) explore the relationships between service quality and customer loyalty within the hospitality industry. The authors find that there is a positive correlation between the two concepts and offer some strategies that can improve the service quality, thereby building customer loyalty, i.e., improving the marketing mix by event planning, retaining human resources, and retraining them, while embedding regularly new technology. Technology also proved to hold a significant position in loyalty construction, even more so in the multichannel character of today's markets. As such we discuss this influencer as well in the following section.

2.2.5 Technology

Srinivasan, Anderson and Ponnavolu (2002) discussed the concept of e-loyalty and its factors. This is a novel research, despite being almost 20 years old, since it is the first one to identify the eight determinants that influence building e-loyalty – care, community, organization, contact interactivity, convenience, cultivation, character, and choice. The authors (2002) pinpoint that it is important for brick-and-mortar retailers to develop e-loyalty, and not focus on building solely customer loyalty.

Further Adapa, Muhammad, Fazal, Makam, Azeema and Mortimer (2020) produced a study that focused on both the antecedents and consequences of perceived shopping value in the context of smart retail technology. Their efforts emphasized that the perceived complexity, advantages, novelty, and risk of smart retail technology usage are capable of determining customers' perceived shopping value, thus influencing both their store loyalty and intentions (Adapa et al. 2020). We can surmise from the arguments of the authors that smart technologies embedded in the retail store are paramount for locking customers and represent an important factor that retailers have to consider. Nevertheless, other modern notions still exist in the face of green loyalty and corporate social responsibility which have been gaining momentum in recent years in multiple sectors including the health industry.

2.2.6 Green loyalty and Corporate Social Responsibility (CSR)

Martínez (2015) offers a unique perspective on three influencers that lead to green loyalty in the hospital industry. In the past decades, the environmental consciousness of people has grown, so companies and retailers must consider this development and start to think about strategies that can aid them in building customer loyalty. Martínez (2015) stresses the importance of green trust, green satisfaction, and green overall image of the company. The findings of the research show that the overall green image of the particular company has an enormous influence on green trust, satisfaction, and loyalty. The novelty of this research is that it shows the process of building customer loyalty through a completely different

perspective, which stems from green marketing. Despite the setting of this paper, we believe that it could provide relevance and insight if applied to the retail industry. The customer orientation and green consciousness nowadays should not be left aside by companies as its importance is only growing.

To provide the reader with an example pertaining to other sectors which includes CSR initiatives as well we have chosen Li, Liu, and Tzung-Cheng (2019)'s work which offers an empirical example of the Chinese coffee shop market, where local brands are pitted against multinational ones, such as Starbucks and Pacific Coffee. The authors find a positive correlation between building customer loyalty and CSR strategies. The research results can be summarized as follows. First, a CSR renewal strategy enhances customer loyalty. Second, customer-company identification mediates the relationship between CSR renewal strategy and customer loyalty. For a strong coffee brand, what it means is that its customers perceive the activities of the coffee shop as altruistic and that they want to change the world, which stimulates their perception that they contribute to these initiatives.

2.2.7 Re-patronage behaviour and advocacy

Dick and Basu (1994) develop a model in their research to understand the person's attitude towards his/her repeated patronizing actions. They find three important antecedents of loyalty – cognitive, affective, and conative. Moreover, they list the actual breakdown of antecedents – for cognitive they are accessibility, confidence, centrality, and clarity, for affective – emotions, mood, primary effect, satisfaction, for conative – switching cost, sunk cost, and expectations.

Additionally, returning to Gilmore and McMullan (2008) we noticed that they, in their investigation of building customer loyalty, end up with a principal recommendation to other companies to firstly establish the level of individuals' loyalty and what it sustains as well as develop their re-patronage behaviour. Although their study is not based in the retail sector, *per se*, it is very relevant to it, especially because re-patronage behaviour has also been discussed within retail but in the context of customer satisfaction (Bolton et al. 2000).

Subsequently, by building strong customer loyalty, most of the customers can turn into brand advocates (Roy, 2013). In his founding study, Roy (2013) manages to investigate the concept of customer advocacy and identify its consequences. He managed to prove that customer advocacy leads to greater customer satisfaction, perceived excellent service quality, and on the customer's behavioural loyalty. The most important insight from this research is that the company or retailer can implement the concept of customer advocacy and has the leverage to do so. So, to continue this argument the main aim of loyalty initiatives is to attract new customers, which is often downplayed by many retailers who cite the mantra that 80% of their profit comes from 20% of their customers (Roy, 2013). Retailers must open the loyalty programs to the broader customer base and not encapsulate the one they already have because it is not enough.

2.2.8 Customer price sensitivity and switching costs

When speaking of the topic of customer price sensitivity, another strategy that retailers employ is the so-called “price-beating refunds” (Haeseveldt, Van Hiel, Onraet, Joosten & De Cremer, 2017; Shoemaker & Lewis, 1999). The authors show a study of several retailers that employ this strategy of building customer loyalty by showing to price-sensitive customers those retailers care about their needs and wants. An impressive 60% of the store owners admitted using this strategy as it is more effective compared to entering in direct price competition and price-matching. Retail owners admit that it is more profitable for them, and it is a win-win situation for the retailer and customer. It continues to sell at a price higher than its competitor, and only when a price-conscious customer comes to ask for price decrease, then the difference is borne by the retailer. We can argue that this approach solidifies current customers and potentially attracts new ones since occasionally the decrease can be substantial.

Haeseveldt et al. (2017) argue this behaviour by the retailer can build a successful loyalty relationship with its customer base. Gilmore and McMullan (2008) take their case study example in the ferry travel sector within Europe and focus on the competition within the sector which is primarily based on “price wars”, where loyal passengers are being offered significant discounts since in a saturated market, the customers retain the upper hand where they discover the importance of the existing loyalty level in relation to price sensitivity.

Switching costs are the ones that impact the business when their loyal customers defect to other stores. Another point is made by Chiou (2004), who investigate loyalty antecedents in a different context – that of Internet Service Providers. They identify statistically significant factors – overall satisfaction, attributive service satisfaction, effect of expected technology change in overall satisfaction and loyalty intention, and finally perceived trust. This research is relevant since for the first time it points to the future antecedent, such as the expected future contribution of technology to building customer loyalty – an antecedent often not considered by researchers. Chiou and Pan (2009) further explore the effects of trust and price in the online setting proving that the price/value ratio displays stronger effects on the overall satisfaction of light shoppers compared to heavier ones.

2.3 Customer loyalty research in pharmacy retail setting

Our furthest point of narrowing down our research endeavour when looking through the marketing journals was the actual topic of customer loyalty within a pharmacy retail setting and whether there are previous studies conducted similar to our idea. When researching through the major marketing journals, we found absolutely no studies pertaining to the phenomenon of customer loyalty in pharmacy retail. Then we expanded our research to other journals with the help of the Web of Science and Research engines by typing the

phrase “customer loyalty in pharmacy retail”. Only six journal articles emerged and all of them were located within four journals - Journal of Service Theory and Practice; Research in Social and Administrative Pharmacy; International Journal of Pharmaceutical and Healthcare Marketing; Health Marketing Quarterly. Evidently, the literature between the intersection of customer loyalty and pharmacy retail setting is scarce and merits further investigation. Not all these six articles were explicitly about customer loyalty and none of them were conducted within a pharmacy retail setting in Sweden. As mentioned in Chapter 1 (Introduction), this lends credibility and focus to our research endeavour, since the concept of customer loyalty has been vastly studied and one can find a multitude of journal articles and books about the concept. In addition, we found a journal article that stresses the importance of pharmacists and their relationship with customers, which fits in this stream of research.

Clerfeuille, Poubanne, Vakrilova and Petrova (2008) first attempted to venture into pharmacy retail by investigating the concept of customer satisfaction (discussed in section 2.2.1.3) by using the tetra-class model, which according to previous journal articles presented in the sections above, is one of the main antecedents of customer loyalty. Although the article is related primarily to the concept of customer satisfaction, it covers some aspects and elements that indirectly influence the creation of customer loyalty and emphasise the importance of satisfaction in locking customers. The authors found that consumer gender, type and location of the pharmacy, and educational attainment by consumers play an important aspect in generating satisfaction.

Shortcomings can be found in Clerfeuille et al. (2008)’s work where the research gap is mainly linked to the approach that the authors undertook which focused only on interrogating customers rather than understanding the managerial view or the retail store factors that affect the development of customer satisfaction. We think that by juxtaposing both views we can understand the actual process of building customer experience and its underlying meaning. Customer satisfaction, however, is not the only underestimated concept – the authors did not consider the importance of in-store factors in their research, despite conducting their empirical study within the confines of a pharmacy retail environment.

Another point linked to customer experience is service quality where we find the paper of Chen and Fu (2015). The authors present a case study of Chinese pharmacy retail through the service quality perspective (discussed in section 2.2.4). They investigate how service quality can affect the willingness to pay more by customers. The main findings that stand out from their article are that store owners need to create a strategy for customer acquisition, and that accessibility, as well as empathy, play a great role in acquiring customers and improving their customer satisfaction, subsequently their loyalty. In their paper, Chen and Fu (2015) did not consider the importance of the concept of customer loyalty, even though it is an important part of the service quality literature. They have mentioned it briefly but have not elaborated on its importance. Furthermore, this study is

already six years old, and a lot of changes have transpired in the pharmacy industry, such as the mass diversification of product offerings in major pharmacy retail chains. In addition, Chen and Fu (2015) fail to consider the importance of the in-store environment as well as the product assortment of how prescription and non-prescription drugs can play a role.

Linking to section 2.2 regarding the importance of store employees in building customer loyalty, Rabbane, Burford and Ramaseshan (2015) explore the outcomes and influences of employee performance on building customer loyalty in pharmacies, which is in agreement with the previous general retail literature. The main difference that the authors point out is the importance and trust that develops between the pharmacy professional and the customer, compared to a traditional retailer. In pharmacy retail, the performance and preparedness of the employee is of paramount importance in building customer loyalty, trust, and perceived value. Furthermore, this research is important for the academic community both in pharmacy and marketing, since it grasps the pivotal role that employees exert with regards to building behavioural loyalty towards them. This reaffirms the idea that regular staff training is necessary for pharmacy professionals since they play an important building block between the company and its customers because customers' health and safety is held as a high priority.

In accordance with section 2.2.1.1, Mohiuddin (2019) researches the role of pharmacy service and pharmacy professionals in terms of relationships. He strengthens the point that as the health care system develops the role of the pharmacist and the physician can become blurred. He elaborates on the broader role that the relationship between the pharmacist and patient takes place - the pharmacist has a role in the society to inform patients about different drugs, contribute to research, facilitate the relationship between the patient and the physician. Moreover, the pharmacist has to act as a trusted consultant and confidant to the patient (Mohiuddin, 2019). The relationship between them will become more important since the medication-prescribing decision will increasingly be dependent on the results of "*genotyping of drug-metabolizing enzymes*" (a process which means genetically mapping DNA with drug-metabolizing enzymes) (Mohiuddin, p. 29), that will serve to make better drug dosages and types of medicine for the individual patient. This will further improve the relationship between the pharmacist and the customer.

A more operational perspective within pharmacy retail is taken by Jambulingam, Kathuria and Nevin (2009) who explore the concept of trust in the wholesaler-pharmacy relationship. The paper investigates this relationship and dives into the two dimensions of fairness – procedural and distributive. The findings express the importance of procedural and distributive fairness on the part of pharmaceutical wholesalers and perceived by the pharmacies as a customer. Each aspect of fairness plays a role in deriving some type of trust, which, thereafter, leads to loyalty. Jambulingam et al. (2009) provide insights into the supply chain of the pharmacy industry and that the mediating effects of trust with a combination with the buyer belief in fair division of benefits and fairness provides incentives for loyalty that can be transposed in the context of pharmacy-consumer relations.

The authors see a future in researching the antecedents to fairness to find additional insights into how organizations could manage their customers' perceptions of fairness and consequently enhance the level of trust and loyalty. Nevertheless, this paper is not focused on the everyday consumer, and implications from it should be taken with a degree of caution.

To continue with the operational aspect of pharmacies, Gavilan, Avello and Arbil (2014) elaborate on the concept of shopper marketing and how retailers can increase their profits by improving shopper experience in pharmacies and building customer satisfaction (Linking to both sections 2.2.1.3 and 2.2.5). The authors theorise that functional and hedonic experience positively correlate with both consumer satisfaction and consumer shopping behaviour. The article deals with the critical use of health services by customers. The results imply that providing conditions for the emergence of customer satisfaction and enhancing shopping behaviour both demands more than only functional experiences. The authors argue that the customer's experience can trigger a shopping cycle. Thus, the advice to pharmacies to consider prioritizing hedonic experiences and the respective investments. Gavilan, Avello and Arbil (2014) see limitations in their research and imply that their responses were limited while simultaneously calling for further research with greater scope and a qualitative character as they see much potential in changing the methodological perspective. Thus, we intend to take their advice and utilize a qualitative approach when answering our research question. Moreover, we will take the concept of customer satisfaction into consideration within our theoretical framework in the next section as an important factor in building customer loyalty.

Furthermore, Castaldo, Grosso, Mallarini and Rindone (2016)'s two-stepped theoretical model is the first one that aims to explain that it is possible to build loyalty and that despite the unorthodox setting, pharmacies are in fierce competition between each other, and with grocery retailers. The authors empirically use it in an Italian context, and to our understanding after reviewing the literature, no other study has been made about building and creating the missing path to gain customer loyalty in pharmacy retail. As their research was conducted amongst consumers and their resulting model is based on their survey-related findings, which proves the research hypothesis but does not explain the aspects of why and how.

The two-stepped model identifies the key path of store loyalty for community pharmacies (Castaldo et al. 2016). The authors construct the model and apply it empirically in Italy. It consists of two distinct but related dimensions. The first one concerns store loyalty's key dimensions and revolves around two main factors – satisfaction and trust – linked to intentions and consumer behaviour. The second gives a broader perspective by including the different store levers that retailers use to build and construct store loyalty. By developing the second dimension, the authors want to enlarge the perspective of this model, so that it encompasses not only the consumers but also the retailer – it focuses on the in-store importance of attracting customers. Castaldo et al. (2016) make a well-rounded

attempt at explaining the factors that create customer loyalty in pharmacy retail in which they focus on product assortment, customer trust, communication, and the store environment. However, due to the quantitative nature of their study, they did not explain in detail additional aspects of building customer loyalty such as customer loyalty programs, digitalisation, private label brands, and employee-customer relationship, among others. In addition, their study is one-sided as it does not cover the view of pharmacy personnel in building customer loyalty and focuses only on customers.

2.4 Theoretical framework

Our theoretical framework is based solely on the literature review and the main aim to answer the research questions as well as the supporting sub questions. We have devised a four-step figure, henceforth called Figure 1, which visualizes the steps we take in answering the posed research question and the subsequent sub questions, and Table 1 which encompasses all the factors we have found in the literature to be of importance in the context of our research. First, we start by posing our research question in the context of the existing literature and we have already discussed in the sections above what the important factors in terms of loyalty in retailing are. Our next step is approaching our respondents - the customers, the managers, and the pharmacists - to see what factors are perceived as most important for each group. Further, we attempt to consolidate the factors in search of the ones that prove to be important for all groups involved and with these results we answer our sub questions. To achieve this, we intend to employ it into the preparation of a final factor list that can provide us with the answer to our sub inquiries resulting in answering how loyalty is conceptualized within the pharmacy retail and in what way do these factors reflect on and influence each other. Lastly, we will display our findings in a final model.

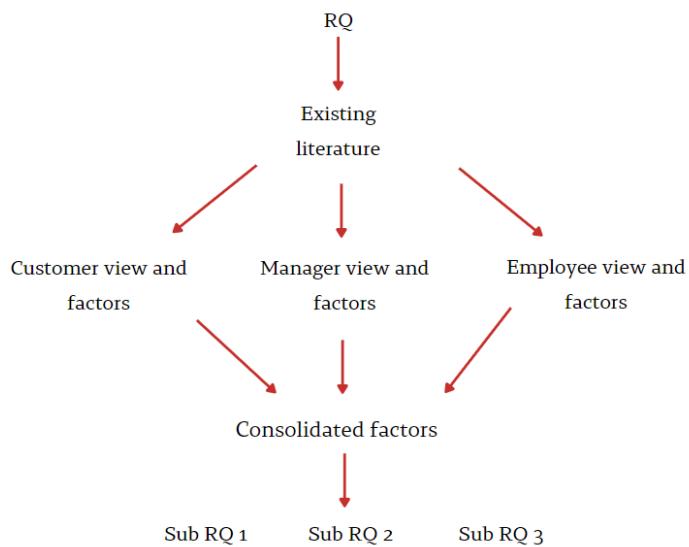


Figure 1: Four step figure for theoretical framework implementation

As a result of the above-mentioned deficiencies in the current state of customer loyalty literature in pharmacy retail and the previous discussions of the important factors in

building customer loyalty in retail, we see this research as unique on its own as it explores both views of managers/staff and customers in how loyalty is built in a pharmacy retail setting. As a result, to reach greater accuracy, we made a thorough examination of the current literature and identified several factors that are important and common in research that contribute to our understanding of what is needed to build customer loyalty in a pharmacy retail setting. Table 1 below is a short grouping of the factors that we believe influence the building of customer loyalty in retail:

Table 1: Factors that influence loyalty construction according to managers/employees and customers

Manager/employee view	Customer view
Technology (kiosks, digital displays)	Employee performance
CRM strategy	Environmental consciousness/green loyalty
Customer loyalty programs	Employee-customer relationship
Private Label Brands	In-store environment
Switching costs	Trust & satisfaction
Customer satisfaction	Commitment and transparency

These factors will guide us in our research endeavour as we argue that they will be a steppingstone in our study. We believe some will be proved, others disproved, and new ones will be added as the retail world is ever-growing and developing, especially within the currently volatile pharmacy retail industry. We chose these factors in particular due to our surveying of the scholarly literature in detail. Additionally, these factors carry relevance and at the same time are impactful in the conducted studies. They proved to be of the same or similar value no matter the study period, scope, type, or execution methods. Furthermore, they are well-fitted supplements to the factors already outlined in customer loyalty literature in pharmacy retail. Thus, we argue that they will emerge within the context of pharmacies as well in relation to our research inquiry. The aim is to see whether they will hold in a pharmacy retail setting, or they will be disproven in our investigation.

We have created this table (Table 1) to separate both views, which is also an innovative action because previously no one attempted to understand and juxtapose both views on building customer loyalty. On the left-hand side are described the building blocks of customer loyalty in pharmacy in general that are found in retail and strategy research to retain customers according to the manager/employee view. Technology (Chiou, 2004; Danurdara & Hidayah, 2016; Edelman & Singer, 2015; Orel & Kara, 2014; Pantano & Vannucci, 2019; Rigby, 2011) and digitization of retail stores play an important role in retail research in general and is the main aim for competing with online retailers, not to make physical store obsolete. CRM strategy and customer loyalty programs are two widely cited factors in retail literature (Bolton et al. 2000; Budiyono et al. 2020; Demuhlin & Zidda

2009; Leenheer & Bijmolt, 2008; Vesel & Žabkar, 2009) which is evidence that companies have established these already in their retail companies. We believe that these are credible factors that can be potentially present in pharmacy retail companies.

Private label brand (Huang & Huddleston, 2009; Rubio, Villaseñor & Yagüe, 2017) and switching costs (Haesevoets, Van Hiel, Onraet, Joosten & De Cremer, 2017; Nasir, 2017; Shoemaker & Lewis, 1999) are necessary elements to distinguish different retailers from each other. Private label brands do not serve only as a point of differentiation but also demonstrate the economic power they have accumulated throughout the years, which shifted the upper hand from manufacturers to retailers. Switching costs are based on the premise that by locking down customers with retailers' loyalty programs, you give them an adequate advantage to stay within the boundaries of the particular retail chain, and you inadvertently increase the switching cost for the customer. Customer satisfaction is intertwined with the concept of customer loyalty and is very well researched in the literature. A multitude of researchers (Anderson & Sullivan, 1993; Chen & Fu, 2015; Clerfeuille, Poubanne, Vakrilova & Petrova, 2008; Gavilan et al. 2014) have identified it as an important factor for building loyalty – by providing a memorable and meaningful experience, and by creating satisfied customers you will exponentially increase the retention rate and decrease the churn rate.

Similarly, on the right-hand side, you can observe the factors that are singled out from the customers' view. We have followed the same thought process as the manager/employee view, which allows us to juxtapose both views at the end of our study. Employee performance (Dick & Basu, 1994; Rabbane, Burford & Ramaseshan, 2015; Rai & Medha, 2013) is an important that is related with employee-customer relationship (Macintosh & Lockshin, 1997; Orel & Kara, 2014; Stein & Rameseshan, 2016). These factors are paramount because this portrays the importance of service personnel, which we believe should play an important role in the pharmacy retail environment since the pharmacists on most occasions will have a monopoly on knowledge, and the health and safety aspects make it a delicate retail niche.

Furthermore, we believe that employee performance here is linked to the special pharmacist education. Pharmacists are obliged by law to possess an official diploma to practice their work as opposed to other retail sectors. This is linked with trust and commitment that is given by customers to the pharmacy personnel (Jambulingam et al. 2009; Rubio, Villaseñor & Yagüe, 2017). In particular, the pharmacist-customer relationship is touched by Mohiuddin (2019), emphasised in section 2.2, where he showed the increasing importance that the pharmacy personnel will play. The broader role of the pharmacist as a healthcare consultant, who is not only responsible for drug dispensing and repetitive actions but actually educates the customers on how to lead a healthy lifestyle and offers individualized treatments. And finally, the recently developed consumer trends towards a greener and more sustainable world have affected all retail sectors, and we believe that pharmacy cannot shy away from these developments (Li, Liu & Tzung-Cheng, 2019).

3. Methodology

This section is going to introduce our thinking and approach towards the research design and our data collection strategy. Here we delve into our chosen sampling strategy, the interview guide we subsequently created alongside our ethical considerations, and we finish off by discussing the generalizability of our study.

3.1 Research approach and philosophy

The predominance of research within customer loyalty in pharmacy relates to quantitative methods, directed towards customers and how they perceive customer loyalty. Thus, we argue that the expressed interest in examining internal stakeholders' (managers' and employees') views on customer loyalty-building and what it signifies are non-existent, and by juxtaposing it to the view of the consumers, we can achieve a greater understanding of how customer loyalty is constructed. Moreover, we have the opportunity to observe whether the two viewpoints between both groups differ. We employ a qualitative research design, relying on the concept of relativism, as defined by Easterby-Smith, Thorpe and Jackson (2015). We view factual information to be subject to multiple "truths" where even scientific laws can be created by people embedded in a specific context, thus making facts highly dependent on the observer viewpoint, i.e., the truth is often in the eye of the beholder. Here on after, we will discuss our ontological stance, epistemological avenues, and the objections and misconceptions attributed to qualitative research in the attempt to shed light on our reasoning in terms of our chosen methods.

3.1.1 Ontology

Within the relativist context, the focus shifts from physical characteristics to stakeholders' mental capabilities. Easterby-Smith et al. (2015, p. 43) ask the question "*How do [players] develop their strategies in advance to deal with different types of opponents and how might these strategies be adapted in 'real time' while playing?*". We intend to position our efforts within the constraints of this question, looking for the pharmacists' view on loyalty expression and the relevant steps undertaken to build and maintain it.

Qualitative methods allow for open communication with participants, letting the researcher into the respondent's inner world as they employ open-ended questions rather than pre-coded ones, thus enabling deviations and discovery of unexpected subject angles (Easterby-Smith et al. 2015). Nevertheless, as with all other methods, we need to take into consideration the fact that qualitative research practices do have limitations in their lack of standardization, the limited number of respondents the researcher can reach, and the limits of aggregation of data through statistical comparisons (Easterby-Smith et al. 2015). Even so, we believe accessing the world of our respondents aids us in our relativistic approach as it allows us to see the pharmaceutical field through their lens by giving them the freedom

to express themselves and their viewpoint through stories, practical examples, and social contexts, also highly valued by Rennstam and Wästerfors (2018).

3.1.2 Epistemology

Epistemology can be defined as “*a general set of assumptions about ways of inquiring into the nature of the world*” according to Easterby-Smith et al. (2015, p. 74). The authors attempt to explain where epistemological constructs reside within research through the use of a tree metaphor where the main three elements of research representation are the roots, the trunk, the branches, the leaves, and finally the fruits of the tree (Easterby-Smith et al. 2015). Respectively the roots represent past research and experiences, the trunk symbolizes the main features of research design, the branches and leaves are the collection of analytical data while the fruits are the resulting conclusions (Easterby-Smith et al. 2015). Within the research design represented in this metaphor the authors find three concentric circles or levels the second of which is epistemology and when they explore the concept further, they introduce the underlying kinds of data that are included - the positivist, constructivist and/or hybrid approaches (Easterby-Smith et al. 2015).

Easterby-Smith et al. (2015) advise that all aspects of empirical research should be interconnected and subject to internal coherence as they all need to be consistent with the study as a whole regardless of whether the study is more focused on a single discipline or includes a more multidisciplinary approach. They bring up the importance of the level of understanding the researcher in question has of the epistemological field as this becomes a factor later on in terms of the level of reflexivity they can incorporate in their work (Easterby-Smith et al. 2015). Clarity in this context becomes a key variable because it influences the level of accurate creative contribution researchers are able to provide within their field (Easterby-Smith et al. 2015). Epistemology affects the theory of knowledge and guides researchers in their attempt at understanding the nature of the world, thus becoming, in a sense, the study of the nature of knowledge and the ways of questioning both the physical and social world (Easterby-Smith et al. 2015).

Easterby-Smith et al. (2015) believe epistemology is capable of making assumptions pertaining to the variable patterns within human and organizational behaviour regardless of their perceived difficulty in detecting and explaining the multiple variables that emerge during the interpretation of the observed results if reflected on from a positivist perspective. On another note, the contrasting view of the constructionist epistemological perspective is less concerned with the validity of results and is, thus, capable of focusing more on providing a rich canvas of life itself and the behaviour of specific organizations or groups depending on the research context (Easterby-Smith et al. 2015).

The relativistic ontological approach provides for constructing causal relationships and models (Easterby-Smith et al. 2015). In these terms, we intend to combine the strengths of both positivist and constructionist approaches, by situating ourselves in the middle of the

paradigm spectrum (Easterby-Smith et al. 2015). Our reasoning with this approach is that the inner world of the respondent is reflected on within the constructionist view but making sense of the causal sequences of his/her beliefs can be well represented through positivistic assumptions allowing for not only accessing the respondent's mind but making sense of their thoughts, feelings, views, and decision-making patterns. In terms of loyalty construction, this will provide useful as we have the opportunity to both pinpoint the variables that have influence over this concept in the mind of the respondent and uncover the patterns of the same factors' involvement within customer loyalty creation.

3.1.3 Objections and disadvantages of qualitative research methods

In general, qualitative research methods have been accused of being unscientific and biased, unreliable, not objective, not trustworthy, resting on leading assumptions based on the multiple possible interpretations and meanings, not generalizable, without formalized hypothesis testing, and thus more exploratory than anything else (Kvale, 1994). For Kvale (1994) however, even though these concerns are real, the true challenge for qualitative research and any research is to produce new and usable, relevant knowledge. The author sees the existing critique against qualitative research methods as too polar even if valid and he attempts to express his view that through accepting that the validity of any interpretation cannot be discussed and established with the help of a detailed manual or monograph as the aim of any report is to first and foremost advance a sensible discussion (Kvale, 1994).

Thus, reports are allowed a level of subjectivity derived through the prism of the researcher's eye, his/her exploratory endeavours, assumptions, and interpretations (Kvale, 1994). Validation is seen here as an investigation while validity is viewed as a communicative and pragmatic approach to the research issue (Kvale, 1994). This allows for the suggestion of alternative contexts that help in understanding the validity of social research, leading up to possible alternative questions pertaining to the truth of the results (Kvale, 1994). Within communicative validity, the validity of knowledge is tested using claim in a dialogue setting where valid knowledge emerges as a type of conflicting knowledge, argued for in that same dialogue (Kvale, 1994).

Within this thesis, we also intend to progress the existing knowledge of customer loyalty within retail in the constraints of the specific pharmacy case. As such in-depth analysis, similar to that of qualitative research methods, can prove to be the appropriate method to employ. We reason that the majority of previous research was conducted with a quantitative orientation, thereby lacking in-depth understanding, and focusing only on consumers. We believe that it does not capture the complete and comprehensive view of customers as they themselves are incapable of observing their own behaviour objectively. Furthermore, the current state of knowledge fails to consider the importance of the managers or employees and what they conceive of customer loyalty, or how they conceptualize and use it to develop strategies for customer retention.

3.2 Data collection and the abductive approach

Our initial approach was deductive in nature as our research stems from already existing literature on pharmacy retail loyalty. This approach relies on the definition presented by Dubois and Gadde (2002) who perceive deductive methods as a way of developing positions from current theory. We relied on pre-existing works on loyalty and pharmacy retail in order to develop our initial understanding of the sector and its drivers. We took our research further in an attempt to narrow down on the factors that have an undeniable influence on the market incorporating them in our interview guide (Appendix A) with the expectation that most will prove influential during our interviews. Thus, we switched our approach to an inductive one, i.e., systematically developing theory from data by relying on grounded theory (Dubois & Gadde, 2002). Thereafter our design changed into an abductive one, as we have incorporated both deductive and inductive methods.

In the context of our research, this change implies a continuous interplay between theory and initial empirical observations where theory development and/or refinement takes a primary position instead of theory generation (Dubois & Gadde, 2002). With this methodological choice, we uphold the relativistic view of scientific laws being built through the perceptions of engrossed in the field individuals, giving way to a new perspective on the customer loyalty expression in the pharmacy context.

For our data collection, we employed qualitative interviews both online and offline, depending on the preferences of our respondents, as we took into consideration the current pandemic and its impact on society. Where possible we conducted person-to-person interviewing in safe settings with the appropriate measures (e.g., distance of 2 meters, masks, the least number of people possible present, etc.). We engaged all other respondents through remote interviews (Easterby-Smith et al. 2015) even though we are aware that in such contexts non-verbal cues tend to be difficult to observe. We implemented semi-structured interviews and avoided leading questions in order to enter the respondents' worldview without imposing our own.

Qualitative research methods are more fruitful since they allow us to explore the inner world of our respondents and provide for an in-depth understanding of this specific retail context - the pharmacy. The semi-structured interviews allow for the emergence and understanding of new factors that are specifically related to pharmacy retail, which are not covered in the previous literature. These methods facilitate the subsequent comparison of both views (pharmacy personnel versus consumers), which would not be possible if we had chosen a different ontological and epistemological perspective. The qualitative survey allowed us to increase the number of our respondents and still retain the nature of our research endeavour. As a result, our methods proved to be relevant and adequate for answering the main research inquiry.

3.2.1 Research methods (semi-structured interviews and qualitative survey)

Thus, with all of the previous discussion in mind, we employ qualitative research methods, consistent with the relativist epistemological paradigm, to access and interpret openly the world and inner machinations of our interviewees. We aim at extrapolating the possible implications in the pharmacy retail industry of the behaviour of our two distinctive respondent groups - the managers and employees versus customers and at the same time to reflect on the causal relationships between the two viewpoints.

3.2.1.1 Detailed discussion of pharmacy personnel semi-structured interviews

For the purposes of our thesis and data collection, we have chosen to utilize qualitative interviews, and more specifically - semi-structured interviews. We decided to use this type of interviews because they give us more flexibility and can be structured within common themes, but the actual questions are open-ended and broad, which allows us to be flexible and follow the interviewee's responses and direction of the conversation (Bryman & Bell, 2011). According to Bryman and Bell (2011, p. 205) semi-structured interviews provide the interviewer with an opportunity to ask further questions and probe deeper into information that he or she deems as interesting and significant. We did not focus on a specific number of interviews that we should conduct. We follow the advice of Glaser and Straus (1967) who argue that the researchers should conduct as many interviews as possible until they reach no further deviations of responses from their respondents in terms of answers, and no further novelty or insight that an additional interview would bring.

When creating our Interview guide (Appendix A), we relied on our theoretical framework for establishing the overarching themes and concepts we intended to discuss. At the same time, we prepared questions open enough to allow for deviations from these general ideas (e.g., questions on digitalization, market deregulation, competition, etc.). We aimed to not only evaluate whether the concepts in the theoretical framework, devised from general retail literature, have influence within pharmacy retail as well, but we also left room for ones which we had not discussed and might have not appeared in other retail sectors. Thus, with this decision, we aim at minimising the probability of overlooking relevant factors, previously not mentioned or ones we excluded from our theoretical framework due to perceived low relevance.

Due to the nature of our research and our desire to avoid possible leading phrases and questions (Easterby-Smith et al. 2015), we prepared a table (Appendix B) of concepts that are predominant in our research, which we operationalize for the benefit of our interviews and qualitative surveys. This is done to replace concepts and make them understandable to our audience. We followed these principles because we understand that by asking our research question directly or using cumbersome academic concepts, we risk hindering the appropriate decoding of the questions by our colloquialists.

3.2.1.2 Detailed discussion of customer qualitative survey

Qualitative surveys with consumers are distributed in person and via online media channels to get a greater number of participants and mitigate the difficult data collection in times of COVID-19. According to Braun, Clarke, Boulton, Davey and McEvoy (2020, p. 1) qualitative survey research consists of open-ended questions, crafted by a researcher of a particular research interest. In the current digital environment, they are a very strong research method, which is underutilized. Participants type their responses to the survey question without having to choose from a predetermined set of responses (a,b,c,d..), or any rating scales. Braun et al. (2020) argue that qualitative surveys can also capture the narratives, emotions, and ideas from respondents, and they come close to the qualitative interview method. This is done by providing only open questions where we prompt the participants to share in written form their experiences and stories. In their paper, the authors challenge the assumptions that surveys are rigid, do not yield adequate data, are unsuitable when conducting qualitative research, or that they do not allow further probing into the respondent.

Qualitative surveys are employed in a wide range of social science studies, and they capture “*a diversity of perspectives, experiences, or sense-making*” (Braun, Clarke & Gray, 2017, p. 7). This method offers to capture a wide scope of the populations since the pharmacy customers come from a broad range of the populations - different age groups, gender, and others. Furthermore, qualitative surveys are thought to benefit people that otherwise are reluctant to take part in interviews. The current COVID-19 pandemic makes people more hesitant to take part in studies, especially when they are linked to medical/pharmacy research, thus the use of qualitative surveys makes it an even more credible research method. Another critique that is addressed by Braun et al. (2020) is that qualitative surveys are attacked for not delivering in-depth and complex information. This is largely dependent on the questions that the researchers pose, and the only credible critique is that further probing is not possible in this type of research.

During the preparation of our survey question template (Appendix A), we employed the same main concepts we incorporated in our semi-structured interviews in order to keep a similar narrative in both studies (e.g., questions on digitalization, market deregulation, competition, etc.). We aimed to not only evaluate the theoretical framework but to also compare the customer view with that of pharmacy employees and their own perception on loyalty-building, expression and the possible misinterpretations that can transpire in business-customer communication. By leaving our interviews open-ended we allowed for respondent deviations and reflections to take the main focus of each answer.

3.2.1.3 Ethical considerations

In terms of ethical considerations and confidentiality, we have respected the wish of our participants to remain pseudonymous. We always began interviews with an explanation of

what our research project is about, as well as reiterating that due to the sensitivity of the industry their names shall remain pseudonymous, and finally we have addressed the possibility of being recorded. Thus, we have created fictional names, evident in the table in Section 3.3 (Table 2). We have respected the wishes of some of our respondents to conduct their interviews online due to the COVID-19 pandemic. An example of our survey and interview consent form can be seen in Appendix C.

Furthermore, upon completion of each interview, as well as before its beginning, all respondents were reminded of their right to refuse to partake in the study and the implications their participation entailed. As such all respondents were aware of the expected publication of the thesis by the university in relation to its official handling. The roles of the supervisor and examiner were also explained and the pseudonymous nature of their answers and identities were also stressed additionally.

3.3 Selection criteria and Sampling strategy

The sampling strategy, according to Bryman and Bell (2011), should be aligned with the research question that is posed in the beginning. We employ purposeful sampling for both in-depth semi-structured interviews and the qualitative survey. The aim is to take control of the sample and maximize its heterogeneity, to increase the likelihood of capturing as many different aspects of our study pertaining to customer loyalty as possible.

We rely on a convenience sampling approach, a result of our Access strategy. We have located a gatekeeper, as suggested by Easterby-Smith et al. (2015), working within the pharmacy industry, who provided us with connections to potential interviewees at the pharmacy retail store and proposed added sources with relevant knowledge to our research project. Consequently, after we established a firm presence within different organizations, we further increased our sample by asking our collocutors to refer us to colleagues in their workplace who had interest in participating in our study. In the literature, this is termed snowball sampling (Easterby-Smith et al. 2015). We have chosen to interview staff and managers within companies since loyalty might be interpreted differently depending on their position. In addition, we want to juxtapose the internal view of staff/managers versus the external one, meaning the consumers. We theorise that customer loyalty can mean different things and their view might differ as opposed to previous research that focused on the consumer aspect. Thereby, we have designed different sets of questions for the two target groups.

We have conducted 10 interviews, with the cooperation of our gatekeeper (Easterby-Smith et al. 2015), at Lloyds Apoteket - two with managers, and two with employees. Furthermore, we have conducted an interview with a regional manager, a manager from Kronans Apoteket, and two employees, a pharmacy manager, and an employee from the state-owned Apoteket AB. When interesting information was revealed, we deviated slightly from the guide to facilitate the open approach. Due to the previously discussed

Covid-19 crisis, we prepared an open-question interview sheet which the interviewees, who were not inclined to conduct a face-to-face meeting, filled out with full freedom of answer choice and construction (Appendix A). Furthermore, some participants requested the interview questions to be sent via email (Appendix C) while others requested, we organize online meetings which we did through the help of the Zoom online platform. Each interview lasted approximately 30-40 minutes even though our questions were planned for a maximum of 20 minutes as respondents took multiple avenues in their reflections.

According to Bryman and Bell (2011) conducting interviews via online channels such as email, are beneficial since they save the researchers' time and effort to transcribe the data. However, the drawback is that we cannot fully ascertain the view of the respondent and cannot evaluate his/her non-verbal cues or see whether a particular question can cause a disturbance or feelings of discomfort. Some of the in-person interviews we conducted together for our own benefit, as researchers, in order to focus on guiding the conversation and/or taking notes on the interviewees' responses. This allowed us to develop multiple views on their explanations, body language, and key phrases. Others, with the respondents' consent, we recorded and further transcribed and edited with online software tools for accuracy purposes. For those interviewees who preferred face-to-face conversations and no recording of their responses, we separated and posed our inquiries in an individualized setting.

Through our efforts, we acquired responses from two privatised pharmacies and the state pharmacy, already mentioned above. By doing this, we attempted to achieve an all-encompassing view of the market. All interviews were done with the consent of our respondents and all responses were voluntary, thus we only approached employees willing to answer our questions. The following is a list of our respondents with their respective position and company in the order the interviews were conducted. All respondent names have been substituted with fictional ones to preserve the pseudonymous nature of the respondents' identities:

Table 2: Employee respondents

Name	Occupation	Pharmacy company	Date
Maria	Pharmacy manager	Lloyds Apotek (LA)	08/02/2021
Elena	Pharmacy employee	Lloyds Apotek (LA)	08/02/2021
Sam	Pharmacy employee	Lloyds Apotek (LA)	26/02/2021
Peter	Pharmacy manager	Kronans Apotek (KA)	27/02/2021
Rebecca	Pharmacy manager	Lloyds Apotek (LA)	27/02/2021

Jasmine	Pharmacy regional manager	Kronans Apotek (KA)	03/03/2021
Mikael	Pharmacy employee	Kronans Apotek (KA)	28/04/2021
Malin	Pharmacy employee	Kronans Apotek (KA)	28/04/2021
Alisia	Pharmacy manager	Apoteket AB (A)	03/05/2021
Hans	Pharmacy employee	Apoteket AB (A)	03/05/2021

For our qualitative survey, which was discussed in section 3.2.1.2 in detail, we also used convenience sampling, aiming to cover different age groups. As pointed out by Braun et al. (2020) qualitative surveys are one of the newer methods in academic research, and they are not subjected to the same criteria as opposed to standard quantitative surveys. The main aim is to reach data saturation and heterogeneity, as opposed to a greater number of responses. We have conducted 52 surveys, in which customers tried to give answers to open questions. We distributed the qualitative survey via online media such as Facebook, email, people that we know that have visited a pharmacy, and used a Swedish gatekeeper (Easterby-Smith et al. 2015) to send it over to Swedes from the elderly age groups. We intended for the survey filling to take no more than 10 minutes of respondents' time. This varied depending on the amount of information and details they decided to provide with each answer.

We believe the data we have collected provides enough insight to allow us to make reasonable explanations and discern the factors that are important for customer return visits. Our form did not limit respondents on the size of their answers. The only drawback we encountered was the lack of opportunity to approach respondents in a "real conversation" and our inability to ask follow-up questions which would have had the potential to elaborate on details in interviewee answers that were somewhat confusing or indirect. All interviews were done with the consent of our respondents and all responses were voluntary, thus we only approached customers willing to answer our questions.

3.4 Generalizability of findings

In terms of generalizability (Easterby-Smith et al. 2015), our findings and analysis serve as a recommendation and guideline for retail industry players, particularly within the pharmacy retail industry in Sweden, which after the deregulation has had to continuously improve its standing among customers. This is imperative as, at present, there is a lack of meaningful studies suggesting how to construct customer loyalty within pharmacy retail settings in Sweden. The geographical limitation of our study might restrict the generalizability of our findings, since our thesis is conducted primarily in the Skåne region, particularly in the cities of Lund and Malmö, where customers can possibly display

differing behavioural patterns and values compared to other Swedish resident native to different regions. Thus, even though we penetrate the customers' inner world we might be focusing too narrowly within the constraints of just a few segments with specific needs. This is partly due to the COVID-19 pandemic which has affected our chosen methods for data gathering and respondent willingness to participate in our research. Moreover, the current self-isolation and restrictions imposed by the Swedish government might have negatively influenced our respondents in the answers they provide by trying to rush through our questions without careful explanation thereby further limiting the generalizability.

3.5 Quality of the research

The quality of research includes the concepts of validity, reliability, and reflexivity. These are paramount when determining whether a particular research study merits a consideration of being a serious academic research endeavour.

3.5.1 Validity and reliability

Easterby-Smith et al. (2015) elaborate on the concepts of validity and reliability extensively in their work. However, in our view validity is achieved in qualitative research when the paper successfully answers the posed research question. We believe that we managed to respond to our research question by providing empirical evidence in our analysis through viewing customer loyalty from a managerial/employee versus customer lens and relaying how customer loyalty is built in pharmacies within this context.

On the managerial/employee side we focused on respondents who had long-term experience in the field, a minimum of one year actively working on the market, and who had different status positions within the institutions we approached. We achieve validity and reliability in our research through the conducted interviews, which represent members of the pharmacy community in managerial positions, e.g., regional manager and pharmacy manager and ones at lower positions. This allowed for a multi-layered view – both a direct view on the market and customer behaviours and a view on the strategic decisions that govern the future steps the pharmaceutical chain takes to provide its services in accordance with the market needs. For our data collection methods, we used semi-structured interviews to cover the internal view of building customer loyalty, and the choice of method was appropriate since it yielded numerous and relevant data sets.

On the customer side, we employed a qualitative survey, which proved beneficial as we covered a broader number of customers. We approached different age groups, representative of various needs and expectations, different nationalities, who carry their own perspective on the pharmaceutical market, respondents with full access to the health care system and ones without, and finally, customers in different locations, as much as the pandemic conditions allowed, in order for us to reach a greater number of segments. Our questions were adapted to both method settings, being open and covering all the relevant

factors identified in our theoretical framework in section 2.4 where we elaborated on the most important ones. In this way, we were able to make a comparison between both groups on the grounds of employing the same logic when posing our questions.

In terms of reliability, we have chosen our respondents carefully based on the proposals of our gatekeeper (Easterby-Smith et al. 2015) and later on their colleagues. We have chosen people with more experience and some with managerial positions that can provide us with authoritative and insightful data. Moreover, we see them as the key decision-makers capable of providing us with examples. We have been consistent in asking our respondents the same questions, facilitated by our interview guide (Appendix A), even though we have allowed them to express their opinions without interruption, as long as our core questions were answered. Additionally, all interviews are consistently transcribed uniformly and provide us with further authority and reliability.

Potential weaknesses in our study pertain to the consumer side, where we conducted a qualitative survey, which we deemed appropriate considering the current external environment, the sensitivity of the pharmacy sector, and the COVID-19 pandemic. With this in mind, we understand that if we had the possibility to conduct face-to-face interviews with the same questions, we could have made deeper probing, ask for clarifications, and pose additional clarifying questions. The face-to-face interview would have, in essence, allowed us more flexibility and richer data material. However, conducting 52 semi-structured interviews, considering the timeframe and limit of the study, would have been unlikely. Thus, we argue that semi-structured interviews would have provided us with more data, but less customer group coverage and diversity.

3.5.2 Reflexivity

When performing our data analysis, we strive to be as reflexive as possible. We understand that reflexivity is an important aspect in distinguishing good from bad research and it warrants a deeper understanding. It is always important for the authors to engage in a reflexive dialogue with the gathered data. In simple words, reflexivity means being able to criticize your own view and taking into consideration your personal views and beliefs, and how they might affect your analytical process (Alvesson, Hardy & Harley, 2008). In their paper, Alvesson, Hardy and Harley (2008) elaborate on four textual practices that researchers in the field aim for to be reflexive. The positioning practice is imperative in our view since it stresses the need for researchers to understand the power relationships and to be careful in terms of purposefully abusing their position as researchers. Moreover, an important aspect for us was to understand the sensitivity of the information conveyed since the pharmacy retail industry is considered quite sensitive. Furthermore, our position to influence the responses of the interviewees is impaired by the fact that we, as marketing students, hold a limited understanding of the field of pharmacy and its intricacies. Thus, we argue that this mitigates one of the pitfalls that Alvesson, Hardy and Harley (2008) envisage as the imbalance of power-knowledge.

4. Manager/pharmacist view on creating and constructing loyalty

Within this section of the thesis, we will discuss the empirical findings interwoven in the conducted online and in-person interviews with managers and pharmacy employees. The findings are organised in themes with underlying sub-themes wherever necessary and will be presented alongside interviewee quotes in their support. The chapter focuses on findings reached with an abductive approach in the attempt of discovering new relevant aspects to pharmacy loyalty. These will be discussed further in relation to Chapter 5 (Customer view on loyalty) in Chapter 6 (Analysis and discussion) later on where they will be linked to the research question as well.

We distinguish multiple factors that came up repeatedly during our conversations with our interviewees. Considering that all of them were representative of different pharmacy chains, we encountered chain-specific insights which proved to be crucial for that particular chain and/or brand depending on their main goals, branding efforts, image, and expectations of the future. We were provided with some predictions of the future which we deemed of particular interest since these professionals are in the heart of the industry and can provide highly accurate future insights. We would like to open this chapter with an example of how intricate and complicated loyalty in the pharmacy retail sector proved to be. We turn to Hans (A), one of our respondents from Apoteket AB, who pointed out four main reasons he believes motivate customers to come back in-store and become regulars at Apoteket AB's location in the heart of Lund:

"People come back to the pharmacy for many reasons:

- 1. [They] [c]ome here because of the old pharmacy and its architecture*
- 2. Just because it is close by, [at the] city center and [it] is convenient to go to.*
- 3. [They] [l]ike it, same place, [they] get to know the people[employees]*
- 4. State-owned as opposed to the private pharmacy. [They] trust the state more, [as it is] more reliable."*

According to him the age of the pharmacy, its cultural heritage, the location, convenience, and the opportunity to make a real connection with the employees, the trust built due to the state pharmacy's reliability are key components for return visits and, as a result, for loyalty. These proved to be only a fraction of the factors capable of influencing the customer decision to be loyal to a particular store proving that customers in the sector are driven by different motivations and to a varying degree. We have created a few main categories that hold a number of factors which proved influential to pharmacy actions in the industry's attempt at building and constructing loyalty through relying on strategies which would

potentially alter customers' behaviour – Competitive environment, Customer relationships, and Digitalization and digital solutions which will all be discussed in detail in the following sections of this chapter.

4.1 Managing changes in the competitive environment

The interviewees who had experience with the deregulation changes that occurred in 2009 stressed that the sector experienced enormous challenges because the pharmacies and their physical stores grew in number, with the expansion of customer needs, while, on the positive side, unemployment in this industry became almost zero and has stayed this way until today. Maria (LA) emphasized the need for an even more qualified workforce, while Rebecca (LA) mentioned the growing number of staff opportunities within the sector. Thus, the industry kept working towards growing the number of loyal customers and relied on the ever-increasing variety of product assortment and quality. The growth potential of the pharmacy retail industry also makes it an attractive investment for retail chain owners. Among those who were not part of the actual deregulation changes and entered the market, later on, Alisia (A), our manager respondent from Apoteket AB, informed us that the deregulation was not fully implemented for all pharmacies as the government did not wish to fully leave the market. As a result, Apoteket AB remained state-owned and Alisia (A) elaborates that it is thus considered a safer and more trusted market option. Hans (A) emphasized the growing importance of competition as a result of these changes:

"I was not employed during that period. But this on its own was a great challenge for state-owned pharmacies, suddenly they had to face enormous competition from private pharmacies."

For him, private pharmacies proved to have provided the strongest competition at the time, but today other actors have already entered the market situation while some old ones have evolved. Most competition our interviewees find in the face of both physical and online pharmacies. Thus, we can assume that the industry does not perceive less involved actors like grocery stores or gas stations as competition in terms of prescription-related medication. Maria (LA) stated that in supermarkets, the responsibility is on the customer and their own judgement as competing grocery stores cannot possibly advise customers and recommend medications while in the pharmacy the employee guides the patient and offers them free professional advice both on the medications and on the how and why aspects of their in-take.

Thus, for her, the added value of the professional knowledge a pharmacy employee can provide is the main advantage that differentiates these market actors. At the same time, she believes that the new digital outlets and the augmented number of stores, which transpired due to the market deregulation can actually prove to be the real competition, and to some extent they already have. Here, Jasmine (KA) pointed out a different angle - the fact that competition has not been present until the market changes in 2009, so most employees are

not used to thinking about competitiveness, margins, and other similar but important issues. We also believe, on our part, that grocery stores and gas stations can prove to be strong competition for non-prescription medications and products that do not require professional advice. As such, they should not be ignored or underestimated by the main actors of the industry.

Having competition even on just a fragment of the product selection can impact customer visits, return visits, and even loyalty if the clients for any reason choose to purchase what they need from other stores instead. Alisia (A), on her part, preferred relaying the information given to her by her more experienced colleagues as she perceives herself as a younger member of the staff even though she has been a manager at Apoteket AB for over a year. She emphasized that she does not see the competition, the way it is now, to be great as the state pharmacy wishes to convey a different message to its customers by portraying itself as a safe and responsible institution. She stressed multiple times during the interview that she is proud to be a part of Apoteket AB's team, as an employee and as a manager:

"What I have heard from older colleagues. [The market is] [m]ore competitive in the sense of economics not in medicines. Over the counter has a big difference. State pharmacies have strict regulations so some products have to be justified to be had. Other chains have a bit more cosmetics and other products. It can be pretty competitive as they [Apoteket] don't have it [the product that was not approved]. But it's not a disadvantage. As a pharmacist and as a manager I think the state pharmacy is medicine oriented. They [Apoteket] go with the flow of the newest trends in a more state manner and they [Apoteket] are respected for this. I am proud of this. I feel okay to recommend products fully. More challenging but on the other hand the customers are very satisfied. Takes longer time to take products in assortment. But when we [the pharmacists] do they [the customers] feel more confident to have them [the medicines]."

As a result of Alisia's (A) interview, we have concluded that for Apoteket AB it is safe to assume that being a pharmacy that offers the most diverse number of products is not the main strategic goal even though the environment has become more competitive and margin oriented. This main value has become their main advantage, delivering on a promise of safety, trust, and consistency in quality as opposed to their biggest weakness in terms of not being able to offer multiple products as a result of their self-imposed guidelines and rules for medication approval. Another strong asset to them is their employees' unwavering belief in these ideals and high standards which undoubtedly reflects in their everyday work as well as in the conducted interview with us, as it is seen in the quote above. As a result of this pride, employees feel more confident in their work, in their ability to provide good recommendations to customers and this can result also in higher employee satisfaction. This creates a positive cycle that helps employees be more effective and adds to Apoteket AB's competitive advantage. As such this advantage can influence customer loyalty because it will also reflect on the employees' interactions with customers, impacting customer satisfaction and return visits if the customer proves to have a positive experience.

Interestingly the perception at Lloyds Apotek deviated in a new direction. There employees found competition to be a driver for attempting to provide more products and more options to customers as they perceive their own position on the market as the smallest actor as a weakness since they are the least trusted competitor. Ideals were not absent as they also expressed the opinion that safety is a great factor since they as professionals carry a great amount of responsibility for the products their customers buy but providing more product offerings has taken a front seat position in order for them to have a good advantageous position. Similar was the reaction of our Kronans Apotek respondents, where Jasmine, the regional manager, strongly emphasized the growing importance of margins, quotas, and the competition in the face of not only physical stores of the other chains but the online shops as well. For Kronans Apotek, it was apparent that keeping the customer is a main goal in the market as the competition is becoming ever more diverse and difficult to manoeuvre around.

4.2 Building long-term customer relationships

4.2.1 Customer satisfaction

When confronted with questions about customer satisfaction, managers explained the different strategies they employ to keep customers happy. Rebecca (LA) informed us of the satisfaction rate of 99-100% measured by the "*Happy or Not*" machine the pharmacy utilizes to receive and measure customer feedback. Maria (LA) further shared that Lloyds Apotek is the only pharmacy which currently employs this method to measure customer satisfaction. This, in our view, exhibits that the pharmacy sees customer satisfaction as one of the most valuable factors when attempting to nurture good relationships with customers. Mikael (KA) also stated that customers rate their level of satisfaction at 99% positive on the online platform the pharmacy utilizes to measure customer attitude. Peter (KA) pointed out that "*[s]taff attitude is also part of the strategy*". Jasmine (KA) mentioned a collaboration with online doctor apps in order to further answer customer needs, where "*Kry is connected with Lloyds Apotek. Doktor.se is connected to Kronans Apotek. Min Doktor is connected to Apoteket.*" She stated that the pharmacy has no financial gain from this, but the benefits for the chain come in the form of higher satisfaction rates due to speed and personalized attention.

In Apoteket AB the process of customer satisfaction estimation was explained to us in detail as much as privacy considerations allowed this due to customer data being highly protected. The pharmacy measures customer attitudes twice a year through a big study conducted among its loyalty program members where they estimate the perception of the customer, delve into his/her opinion, and gather data on his/her consumption patterns. Even though they are the only state pharmacy left, they are still considered as the holders of the first place in terms of satisfaction level. Alisia (A) believes that the reason for this is that the pharmacy employees always try to go beyond customer expectations when performing

their duties, making the customer feel appreciated and as a result allowing the employees to feel useful and accomplished. She sees this as a give-and-take interaction, while we perceive it as an advantage for customer loyalty construction and a force in nurturing relationships, built between the customers and the pharmacist. Such behaviour indirectly impacts loyalty as it is not purposeful since it is not a conscious attempt at building loyalty but has a great impact because it enforces customers' feelings of satisfaction, appreciation, trust, safety and emphasizes the personal connection between the pharmacist and themselves.

*"We [Apoteket] have members, we set questions every now and then. Two times a year a big study is done on the pharmacy market. We [Apoteket] are still [in] first place in preference. Apoteket and Apoteket Hjärtat are still the biggest. [...] We contact the doctor and try to find the best product. **To do a bit more than you are asked goes a long way. It is also satisfying for the workers.** For me personally, as a pharmacist and as a manager, the main subject is medicines and taking care of people. I feel safe with the way of work and the product and process quality."*

Our pharmacy professional respondents perceive personal connection, satisfaction, and attention to be the primary reasons as to why customers return to retail pharmacies. Elena (LA) directly states the positive correlation between loyalty and customer satisfaction. Here, we can observe a common understanding in the pharmacy journals literature, which puts a heavy emphasis on employee performance and how it is the paramount driver of customer satisfaction and retention. Elena went as far as saying that "*[t]his kind of loyalty is based on customer satisfaction*", while Sam (LA) emphasized the importance of utility of service and location. Thus, our argument of the indirect impact on loyalty of going beyond expectations finds solid ground and validity in our respondents' answers.

Further confirmation, we find in Apoteket AB's product return policy, which as far as we know, is not implemented in other pharmacy retail chains. Alisia (A) shared with us that some customers return products that do not seem to help their condition. That is when she told us of the quality assurance practices of the pharmacy, their six rules that lead to the decision to sell a specific medicine or product and she again took a moment to emphasize her pride with these practices as they put the customer at the centre of the pharmaceutical experience again impacting the level of loyalty.

"Some people return products as it does not work for them. They use quality assurance to get their money back and get something else. We [pharmacists] write a report on this so Apoteket can reassess it. We have rules for quality assurance of assortment displayed on the 'Kvalitetskontroll apoteket' webpage on our website."

4.2.2 Personalization

According to Elena (LA), even though employees do not know their clients per se, they try to accommodate them fully, making sure they are satisfied and feel well treated. Lloyds Apotek also puts efforts into showing personalized attention by acknowledging personal holidays like birthdays. On the other hand, Malin (KA) noticed that customers tend to become nicer to the pharmacy employees, the more they know them and feel connected to them. She also clearly stated that customers do tend to come back in-store. While sometimes that is because of location reasons, she emphasizes the importance of the personal connection the pharmacists have with their customers even with the daily number of people that pass through her workplace (100-150). She even goes as far as mentioning that she has some of the patients on her social media accounts and regularly keeps in contact with them. As a result of this, some customers are ready to travel 30 minutes just to get to that specific pharmacy even though it is not the closest one to them proving that location is important but can be influenced if the customer is satisfied enough to make a conscious decision to adapt and choose a location less comfortable for them but one which offers additional value through a good strong relationship with the staff. Such behaviour points to a strong level of conscious loyalty developed through good personal relationships and expressed by devoted behaviour.

“A lot of customers do come back. Some people work around here visit us because were the closest and only pharmacy in the neighbourhood. We often speak together with them, see a lot of familiar faces. The relations between us and the customers is very good. We have a friendly relationship. Some people even travel 30 minutes just to get here. Some even I have in my social media. We have usually 100-150 people per day.”

Similarly, from a managerial view, Maria (LA) stated the importance of physical connection and comfort, both for customers and workers, expressing a strong attitude towards the use of “feelings”. Rebecca (LA) also implied the need for a “*positive attitude and communication*”, while Peter (KA) defined each customer to be unique in their own right. Jasmine (KA) pointed out that even though three main segments can be found amongst customers, the approach to specific patients should be tailored in order to make them feel welcome to return to the pharmacy. For Alisia (A), even when answering a question closely related to whether customers come informed in the pharmacy, personal attention and avoiding generalizability proved to be crucial:

“Some customers know exactly what they want. This includes also cosmetics and specific products. Others know their problem but they don’t know what they need. You take your time with them. When they are satisfied and come back that is the best [very motivational]. It is important not to generalize. Every customer has to be treated personally.”

Based on this information, we argue that personalizing the experience of customers influences not only the experience itself but the relationship they have with the pharmacy. As a result, personalization also has a great effect on building and constructing loyalty in the sector. The more connected the customer feels to the pharmacist, the more ready they are to both inconvenience themselves by traveling more than needed, for example, to get to a particular location of their liking, or to rely on and trust the pharmacist with their choice of product, their needs, and illnesses.

4.2.3 Memberships and customer loyalty programs

Maria (LA) introduced us to the membership opportunities in the pharmacy and the concept of “*Membership Day*”, which was organized regularly before the COVID-19 pandemic and the respective SMS campaigns. Malin and Mikael (KA) also confirmed with us that they employ loyalty program initiatives of which many customers are a part of. Mikael (KA) points out an interesting side of the conversation - customers tend to partake in loyalty initiatives because they see these programs as environmentally friendly. Another reason he gives are the benefits related to being a pharmacy member such as personalized offers, discounts, and savings:

“We have Medlemklubb membership. Primarily customers use it because it is a good thing for the environment. Lot of paper [is] not good for the environment – they receive their offers online via email, and the prescription can be viewed digitally. When you buy more, you get points, which translate into money savings and significant discounts. Also, the pharmacy does target pricing and advertising – based on each customer’s preferences it sends him or her a customized offering, tailored to the needs. Usually, the company decides at a higher level after viewing the customer analytics data what to offer to particular individuals. And we offer also 10% discounts for students.”

Another interesting aspect came up during our discussion about memberships with Mikael (KA). In order to provide environmentally friendly programs to their customers, pharmacies opt for digital outlets and solutions. From this, we can conclude that not only do pharmacies opt for uniqueness and exclusivity by providing memberships and loyalty programs but also for digital solutions moving the industry forward in terms of technological evolution when applying these initiatives. This strategy implies both the importance of building loyalty through exclusivity and with the help of technologies.

For Apoteket AB and Kronans Apotek the membership programs have one main benefit - financial discounts (Appendix E) - and other supporting ones. Hans (A) shared with us that customers tend to appreciate these initiatives as they tend to receive up to 25% discount on their purchases. One of the most interesting aspects of his and Mikael’s (KA) interviews was that pharmacies do use these programs as a way to get personalized data about their customers. This, we see as a great attempt at knowing the customer, his/her needs and expectations and as something that allows for personalization, which in the long run, we

believe, is a conductor of loyalty since the customer feels understood, appreciated, and seen.

"We have membership programs – usually the main benefit here is the discounts they get.

They also collect bonus points, bonus checks, get some personalized information on different things depending on what they buy. Some members appreciate our programs, quite a few people receive even 25% discount. Personalized emails they appreciate also greatly."

4.2.4 Private label brands

Most of our respondents mentioned having private label brands specific to their pharmacy chain. Malin (KA) even expressed the opinion that such branded products are well-liked by customers. She further elaborated that there is a price aspect and a substitution opportunity as well:

"Before the state offered the cheapest products, but now there is more competition and more substitutes. We even produce our own Kronans brands. Moreover, we can now offer a substitute brand that the customers can use, because with generic drugs every year they produce new and new drugs that have the same effects. The Kronans brand also helps because we sell vitamins and beauty products with very good qualities and people buy these brands rather than the global or national ones."

On the more negative side, with the growing competition and number of brands on the market the uniqueness of private labels fades away in the face of the multiple substitutions present. Malin (KA) mentioned that the more products there are, the more customers are confused when making their choice, the more effort is put by employees into explaining the differences and effects of the medication:

"It is difficult for customers when products change their names and seldom the doctor says to the pharmacist that he or she is allowed to change the generics. And when we have to change the medicine, it takes us a lot of time to explain to our customers about the new drug and how it is the same as the old one."

As a result, we can conclude that even with private labels the role of the pharmacist is paramount, while the differentiation brands seek can actually cause confusion and discomfort to the customer and might leave them with a bitter experience thus influencing their loyalty level. As such we believe private labels should be introduced if and whenever necessary in order to not saturate the market.

4.2.5 Branding and cultural heritage aspects

An interesting take on pharmacy loyalty came during our interview with Alisia (A) who shared with us the fact that her location would have been closed down a few years back if

the customers had not formed a support group and had not expressed their strong opinion to the brand that this specific store should be preserved and supported. The customers showed strong loyalty towards the pharmacy, openly displaying their affection for this 400-year-old location with much cultural heritage that has never been anything else except a pharmacy (Appendix E), showing us the power history can have on the customers' world view and the brand. Apoteket AB not only persevered the location but is now planning its expansion:

"This is a very old pharmacy. One of the oldest in Sweden. All people in Lund know it and come to support [it] as well. We were close to closing but the people of Lund worked very hard to keep us. A lot of regulars that we [the pharmacists] know. A lot of new faces as well this year. They protested for the pharmacy and a support group "Svanne's friends" was formed. This made a lot of difference as the brand reconsidered the decision. They [central office of Apoteket AB] will also reconstruct so we [this specific pharmacy] have space for over-the-counter medicines. It [this specific pharmacy] has existed for 400 years, to close it, would be very unfortunate. For me it's very personal."

4.3 Employee knowledge and involvement

4.3.1 Organizational culture – the impact of training

Elena (LA) stated that regular training is undertaken in the pharmacy for all employees. For pharmacists, these include medication (product) and customer-based classes and materials (Appendix E), while for managers there are additional ones which have a more business-centred theme. Sam (LA) shared with us that these initiatives are very helpful to him in his everyday work. Alisia (A) elaborated on the way pharmacists are chosen for their respective employment, relaying to us that having the proper education beforehand is a must, especially for Apoteket AB. She made a distinction by specific stores and patient age groups as she argued that depending on the store and the main customer age group, younger or more experienced employees tend to be needed. She went on to share her satisfaction with the inner training initiatives, adding on something we came across with Apoteket AB for the first time in our research - except the general trainings required, each employee is entitled to 30 minutes during the working week to get acquainted with a topic of their choice that helps their understanding of the industry and their own job:

*"With personal interviews pharmacists recruitment is carried out. It is different in every pharmacy. We need different people here [Apoteket at the Cathedral in Lund], **very competent, because they have an older group of patients.** Everyone with a degree is ok. The choice however is different here. Somebody who has worked before a lot is needed. Other pharmacies need young people. In the state pharmacy the system for building knowledge is really good. We **have tests regularly to have everything in order. It's not required by the state but by the brand.** 30 min per week to learn something new are*

given. Connected to whatever you want to learn. Otherwise, there are training programs that are mandatory and regular and also should be done first [with priority]. They have a platform divided by groups of medicines and over the counter products, diagnostics and recommendations.”

Thus, we can deduce that training plays a significant role in employee performance and choice. As such we also argue that pharmacy retail brands tend to choose their employees in accordance with their own needs, expectations, and main customer base. When a pharmacist is employed after the recruitment process their education in the field and on the standards of the brand continues so that they can impact the good experiences of customers. Therefore, inadvertently, employee recruitment and knowledge impact customer satisfaction, the relationship with the patient and their resulting levels of trust and loyalty. Nevertheless, we also found that customers do come prepared or generally informed in the pharmacy. When confronted with this topic, Mikael (KA) shared with us that among the approximately 100 customers he talks to per day, many come informed of the product and/or medicine they require. There tend to be customers with chronic conditions such as asthma, diabetes, or hypertension who, if they have used the medicine before, have knowledge, but also tend to inquire about products. He stated that especially in such cases training is of help to him a lot not only product-wise but also customer-wise.

4.3.2 Organizational culture – the impact of personal qualities and instincts

Another point of view came from Hans (A), who also tends to meet at least 100 customers per day, and who shared that among other things, at his pharmacy chain, the employees also receive training on the new laws and regulations implemented in the country. They have to also be knowledgeable about the brand Guidelines for customer communication and he states that training execution is fairly regular:

“We have some education more or less linked to the medicine training, or when new rules and regulations appear in terms of laws, we have to be knowledgeable and prepared for these. We have also Guidelines on what types of questions to ask our customers, how we should greet them. We have to be flexible. We do such training often, usually once a week or so, or in some periods it is more intense and we have to be attentive to details.”

Even so, he believes that except for training, a pharmacist should also rely on their instinct. He was the first respondent to bring up this aspect of the conversation.

“I would say it [training] helps but sometimes you must trust your instincts. It is good to have guidelines but you should not be like a robot – you have to improvise a lot in some situations. It is good to have a general rule of thumb but you must be flexible.”

Thus, increasingly the human factor and personal qualities prove to have a significant role in the pharmacy retail experience. Even though companies do provide relevant and important training, according to our interviewee responses the human factor and the human instinct are also key qualities of a good pharmacist and are a predisposition carried by a specific type of personality. As further confirmation, Alisia (A), our manager interviewee representing Apoteket AB, also had a strong opinion on the human factor as she believes it is a big part of the pharmacy retail future. She expressed her excitement with her planned future initiatives which included a service called "*Personal Pharmacist*" where customers can have an individual, safe and open conversation with a pharmacist of their choice in-store about the medication they need to take, their symptoms, and additional drugs, side effects, etc. With this she expressed her desire to connect with patients and answer their "deeper questions" and needs:

"No initiatives for now because of the pandemic. I have plans for the future. With the reconstruction in September, hopefully. I am thinking about once per week or once per month to have questions to the pharmacist and personal advising. We have "personal pharmacist" where we sit in a place with the customer and talk to them about their medicines. I hope to implement this for the future. Being more personalized. The goal is to get everything explained. I feel we work only with giving the medicines and that is it. I want to answer deeper questions."

She also discussed the topic of online applications such as Kry. She sees applications as a tool more than anything else and the customer as the main actor in the industry and the pharmacy experience. In this context, she brought up the fallouts of the current system which connects the customer, doctor, and pharmacist to each other. She not only stated that the key person in this interaction is the pharmacist but that there is an information fallout between different doctors and their respective prescribed medications. As a result, the pharmacist becomes the last point of contact where he/she has to be knowledgeable enough and invested enough to make sure the medication the patients have to intake is proper, not dangerous, and of benefit to them. She looked forward to a future where this communication fallout becomes history:

*"Kry apps [...] [we are] not that concerned right now. If the app prescribes something we [pharmacists] see [it]. The source does not matter. **The customer is the focus.** Their [the customers'] medicines are going well. **Different doctors can't see what other doctors have prescribed and the pharmacist is the key person. They see it all.** The apps are not directly linked. [It is] [i]mportant to get the medicines at the right time. **That will change in 2021-2022 when they are working on a new system where everyone can see the same picture.** Doctors see each other's prescriptions (maybe) if they work at the same place."*

Based on our findings we believe that the pharmacist's role in the customer experience and in building a long-term competitive position of the pharmaceutical brand is significant and is also influenced on multiple levels by training, instincts, and personality of the employee

in question. As the pharmacist is considered by our interviewees a key actor, we also argue that he/she strongly impacts the customer experience, evolves the relationships between the actors in the industry and has a direct effect on customer loyalty construction and nurturing.

4.4 Digitalization and digital solutions

When confronted with the concept of digitalization, technologies, and in particular mobile solutions, our respondents had a wide variety of answers. Maria (LA), a pharmacy manager, expressed concerns that customers place more importance on price due to the availability of online channels, information, and time required for research. At the same time, she stated that her pharmacy, due to being smaller, cannot afford to send patients away as it paves way for competitors. Similarly, Jasmine (KA) outlined how online channels have taken a share from the physical store, while simultaneously emphasizing that customers' time cannot be wasted as "*they don't think twice*". This, of course, works against customer loyalty.

Maria (A) mentioned some other issues like the fact that Google is the main tool for information gathering, instead of the pharmacy, but also some strengths like some customers preferring the convenience of online shopping. Still, overall, she does not agree with the usage of technology as "*you cannot send feelings with [...] technology*.". On the other hand, Elena (LA) shared with us her satisfaction with social media usage for campaigns. When sharing her views on digitalization, she expresses a very positive attitude. In line with this, two other respondents, Sam (LA) and Peter (KA), state that it helps reach customers and aids in faster communication. Jasmine (KA) also deviates along the same lines, expressing that pharmacy-owned mobile applications offer added services to customers such as prescription reminders, tracking prescription history, and a click-and-collect optionality.

From the state pharmacy's viewpoint, our respondents informed us that digitalization plays a significant role in their operations as they help the pharmacy to keep older and regular clientele but also to target the younger customers as well. They focused on the fact that a balance should be achieved in the chain between online and physical channels. Even so, due to the age of the pharmacy (the location at the heart of Lund, specifically), customers tend to be surprised by the digital possibilities. Apoteket AB offers - home delivery, express orders, website options, location of stores, and online information about medicine availability in different branches of the chain. Additionally, Hans (A) mentioned the general growth of the digital service usage in the past two years and the promotional efforts in physical stores beneficial for the related digital channels.

"It plays an important part of our pharmacy. People buy a lot of products online [...] they check prices online, check them in store, check whether they are available in-store. When prices are lower to come in person and buy them. We focus a lot on this in order

not to lose any customers. Also when they order they can choose to collect the order in the store, or at their homes. Online orders have increased significantly in the past couple of years. Also, we advertise a lot of promotions on our webpage and with in-store posters.”

It becomes apparent from this quote that the accelerated rate of usage of digital solutions is not the only important aspect for customers even during the pandemic. The prices, promotions, and offers also keep playing a significant role in purchase behaviour. This was unexpected for us, as the pandemic tends to make customers feel afraid and unsure, staying at home and using home deliveries instead of visiting physical stores. In this case, some customers chose to purchase the needed products in person after checking the prices online proving that the effects of the pandemic are relevant and impact customers differently. Jasmine (KA) offered a fresh viewpoint, claiming that 70% of pharmacy efforts are expected to move online in the following year (2022) while in the future her expectations included fewer physical stores with even fewer staff members. She believed this is a trend that is prevalent all over Europe and the world and Kronans Apotek takes these changes seriously. Digitalization, according to her, seems to be taking the upper hand. She emphasized that pharmacies have to adapt to these changes as the elderly of tomorrow will prove to be more resourceful in the digital world than the elderly of today.

“[...] from our volumes, probably like 70 percent move on in online in the next year because the elderly generation that will come to be our generation [...] [W]e know that in the future you will see less physical, less physical pharmacies and less people that work in the pharmacies. [...] The pandemic has shown us a quick preview of what will happen in the future because [...] [a] lot of people moved to online and all those people that moved their shopping online, only a few came back [...] 20 percent we lost to online. [...] we want to attract our customers, to go to our online shop, not to other competitors' shops. So that's what we fight most with. The only advantage of the physical shop is that you [...] have personnel that can offer you help with your problem in the physical pharmacy. [...] we fully understand that the elderly of tomorrow are the people that are around their 40s, 50s nowadays that have an e-mail address, that know how to order online.”

From this quote, we can deduce that the future of pharmacy retail according to professionals in the industry is highly digitalized. Customers will be a lot more accustomed to technology and digital solutions and consequently the pharmacies should also become more digitized in order to adapt to customer expectations. This view is in contrast with Alisia's (A) as she expressed the ever-growing need for personalized assistance in-store resulting in a need for more personnel. Thus, we argue that both these predictions will become a reality to a certain extent – as much as digitalization will be a part of pharmacy retail, staff will also play an important role. However, due to the changes this development will bring we expect the role of staff to develop and morph into one where personalization and individualized additional

services become the forefront of employee contribution, as well as knowledge, attentiveness, and relationship building.

4.5 COVID-19 (2020)

Even though respondents were brief in their descriptions of the pandemic effects, they all acknowledged the significant changes on the market as a result of the virus. Different pharmacy retail chains implemented different strategies to deal with the pandemic effects. Some of our respondents expressed their view that the process was stressful and not entirely manageable, while others looked at the situation from a brighter perspective seeing a good opportunity and emphasizing that they started providing PCR test kits for customers along with appointment booking for administering the tests, masks, and disinfectants (Appendix E - Apoteket AB). For all of them, the pandemic proved to augment the essential need for technological advancement in the industry.

"It was a lot of stress in the beginning, stressful environment, not ideal but manageable. People come back, despite the virus. People have started to use more technology in the sense of buying more online products, but still coming here to pick them up sometimes. People take care of us, they wear masks, keep their distance and respect that [it] is still important even for their health-being." (Malin, KA)

At the same time, customers expressed a great level of loyalty and care for the employees as they not only continued visiting pharmacies despite the virus and the technological solutions available at the tips of their fingers, but they also took precautions in order to protect pharmacists from getting exposed to the virus, showing the strength of their mutually developed relationship. Hans (A) went as far as explaining that the pandemic has augmented the already existing shortage of pharmacists on the Swedish market as the job has become more dangerous than before and even less attractive to older generations. As such customers' efforts were highly appreciated by staff. From this, we can conclude that critical situations have the capacity to coax unexpected behaviours from customers, in this case actively displayed loyalty. This we relate also to our previous example of brand heritage in the case of Apoteket AB as we do relate these findings to "critical incidents" as described by Rennstam and Wästerfors (2018) which can not only provide more empirical data but help us discover such unexpected behaviours.

5. Customer view on loyalty

Within this section of the thesis, we will discuss the empirical findings interwoven in the conducted online open question surveys with pharmacy customers. The findings are organised in themes with underlying sub-themes wherever necessary and will be presented alongside interviewee quotes in their support. The chapter focuses on findings reached with an abductive approach in the attempt of discovering new relevant aspects to pharmaceutical loyalty. These will be discussed further in relation to Chapter 4 (Manager/pharmacist view on creating and constructing loyalty) in Chapter 6 (Analysis and discussion) later on where they will be linked to the research question as well.

In order to gain both views of the market, we conducted 52 open-ended qualitative surveys in accordance with the restrictions put on our research as a result of the COVID-19 pandemic. We asked direct questions, but we also stimulated them to share with us their experiences through describing a situation that they felt was relevant to the topic and their feelings towards pharmacies, their products, staff, and anything else they deemed of value. We received responses from both male (38.5%) and female (61.5%) interviewees, ones with (65.4%) and without (34.6%) a personal number (a critical identification number in the social system in Sweden which is used in order to partake in a variety of services and industries in the country) and between the ages of 18 and more than 61 (Appendix D). As a result, we identified several relevant factors that influence the customer experience within the pharmacy, opinions on the store environment, and some negative views on loyalty program initiatives which proved somewhat unexpected as such memberships have been a significant force in multiple retail sectors within previous research. Digitalization also found its place among our respondents in a varying manner, while some insights on changed and/or kept behaviours came from our inquiries on the pandemic impact. The customers also shared openly their view, on the future of Swedish pharmacies where they expressed some ideas on what they would perceive as good developments for the industry. On the whole, within our study, the most appreciated proved to be the pharmacist's attitude and friendliness, product diversity, pharmacist knowledge and experience, the location, the orderly and clean store. After careful consideration of the results, we prepared a table, presented below (Table 3), containing the most appreciated and/or interesting factors that play a role in customer decision-making according to the opinions of our respondents. These factors will be discussed in detail further down in this chapter within relevant categories in our study.

Table 3: Key factors for loyalty construction through the customer view

Factor	Number of respondents partial to the factor
<i>Employee behaviour and knowledge</i>	26
<i>Location & convenience</i>	11

<i>Digital solutions (including websites and mobile applications)</i>	5
<i>Product availability & diversity</i>	15
<i>Store environment (orderly & clean store; good atmosphere, competitive pricing)</i>	17
<i>Service quality and speed</i>	10
<i>Brand name</i>	1

5.1 Developing customer relationships with the pharmacy

5.1.1 Employee behaviour, involvement, and knowledge

In general, respondents expressed a few main reasons because of which they would ask for help at the pharmacy - when they are unsure or are taking life important medications, when they need expert opinion, when they lack knowledge of their sickness or the medicine they are supposed to use, the amount of the medicine in question, and side effects. Recommendations for products also played a role, while help with “deciphering prescriptions” from doctors proved to be an interesting need. Some respondents went to the pharmacy to get general information about illnesses and trends in seasonal flu while others chose to approach pharmacists in order to save effort on their own part as they would have to search for more information on the internet otherwise:

“I would ask when I would need more information about certain medication, or help with which medication to get. [...] which cream to get against skin itching, information that would take much effort to find online”

This showed us that among other things customers value employee knowledge as they prefer easier solutions to their problems where less involvement and, consequently, less responsibility is put on themselves. This, for us, is in line with the employee view as on several occasions in different contexts employees relayed information that can be interpreted as the customers liking speedy service, with less involvement on their part and where clients showed a predisposition to getting confused because of having too much choice. At the same time, going to the pharmacy not to buy medicine but to ask for advice displays a level of trust towards the pharmacist and a good relationship between the patient and the employee. As such, we argue that this is a strong predisposition for loyalty since due to our gathered data we reached the conclusion that relationships are a strong factor capable of deriving and constructing loyal behaviour in the pharmacy. Respondents also provided examples of when the pharmacist’s knowledge was of help in cases of experiencing unexpected and new conditions. Again, their choice to rely on pharmacist knowledge shines through in their answers along with the strong trust incorporated in their

decision. This level of trust, for us, is a strong predisposition for deriving subsequent loyalty:

“When I need a new product or have a concern that I want to find the best product for.

An example was now during the winter my hands got very dry so I needed a very hydrating hand cre[a]m but the pharmacist recommended that I should go for a thick lotion instead which helped a lot.”

On the other hand, other respondents prefer to not ask for assistance due to their discomfort in everyday conversations with strangers or because they feel reassured enough as a result of the pharmacist just being there, close to them and they did not actually need advice. Still, we were able to identify another group of respondents who preferred asking the pharmacist for reassurance, even though they already knew what they were looking for. Thus, we are inclined to believe that customers tend to express trust differently depending on their personality, social skills, and level of comfort in personal interactions. Their varying behaviour, even if sometimes not outright open about their perceptions of the pharmacy retail employees, still points to their need to feel supported, safe, and taken care of in the store:

“I am prepared so I don't interact with the employee but I like to feel the presence around me if I need any help to ask him or her.”

“I prefer to ask most of the time. Even if I know what I want to buy its good to have that reassurance.”

In terms of individual needs, we noticed varying experiences in our respondents. One customer was subject to a language barrier with the products and preferred to ask for assistance in order to get their needed medication. At the same time, another respondent was quite satisfied with the level of English language proficiency of the staff. An unexpected need also emerged – customers who do not have Swedish language skills have difficulty in-store, as most medications lack descriptions in English, which is considered the most spoken language in the world. As such, they require the help of the pharmacist and if they receive satisfactory assistance, they also have a positive experience and tend to revisit the same pharmacy again and again. A similar trend was present in our employee interviews. Elena (LA) mentioned working at three different locations, at one of which she encountered mostly internationals who only spoke Arabic and/or English. These were regular customers who were not just satisfied with the service and quality provided at the pharmacy but felt safe and understood in that particular store as a result of being serviced by employees who understood and could interact in their preferred language. Thus, for us, loyalty out of necessity is also present on the pharmacy market:

“I had to buy something to get rid of a plug of wax. I didn't know what to buy, so I explained my problem to the pharmacist who illustrated to me several alternatives. Then

I chose the one I thought was the best. I really like her help and the fact that she was speaking [...] perfect English”

We believe these are not the only individual needs that have to be taken into consideration as we came across just a couple of examples. Thus, personalization of the service and listening to the customers' needs is a key factor in providing good assistance for each client. Providing additional services proves to influence loyalty as customers appreciate the additional help and the easier experience in the store. Being comfortable and understood makes a customer revisit the pharmacy, rely on the pharmacist, and build a lasting relationship as well. In specific cases, the pharmacist's opinion was important enough for the customer to base their decision on whether they should visit the doctor or not. On a similar note, customers even preferred speaking to the pharmacist instead of the doctor because they felt that would be a quicker way for them to get a professional opinion on their issue:

“When I am sick I usually go to the pharmacist because it is quicker than making an appointment with my personal doctor”

Interestingly, one respondent did not need help from the pharmacist, but they were looking for a social interaction with them because they *“like to chat with him or her”*. Thus, we can deduce that customers not only see pharmacists as their confidants, their knowledge source, or even their friend but also as another person whom they would like to get to know. This can be both an advantage and a disadvantage for the pharmacy as it can either bring loyal customers or drive clients away depending on employee behaviour and attitude. As such the recruitment process becomes crucial for the pharmacy as people with the proper attitude, knowledge, and behaviour need to be chosen for employment. Pharmacies have already noticed the importance of this factor and are implementing methods to select the proper candidates as they are aware their employees are in a sense ambassadors of their chain. An example of how important this has become apparent in our study as well. One respondent who needed urgent assistance was very unsatisfied with their experience as the pharmacist did not seem fully involved in helping them in their decision-making process, thus impacting the customer's opinion of the pharmacy and possibly influencing their subsequent return at that location:

“I was looking for a sunscreen and I needed help to find a good one that is not creamy but water based..i didn't get great help as whatever I picked the lady said this is good..if I showed something else she said yes that is also good...so I didn't get good help”

Interestingly, despite our initial expectation, some respondents expressed their attachment and connection to a specific pharmacy or displayed a level of loyalty, despite their disappointment during their last pharmacy visit. This shows that if the relationship with the pharmacy is strong enough, even in a critical situation such as the pandemic, or in the event of an unfortunate mistake on the employees' part, the customer can persevere and keep

their devotion to the pharmacy showing that loyalty can be sustained in the sector, despite unforeseen difficulties:

“I disliked that it was very chaotic, and I think the COVID-19 restriction were not respected, but I am loyal to this pharmacy and I understand that in current sit[uation] staff and places are burdened and have hårt [hard] time”

In terms of experiences, most of our respondents were satisfied with their most recent pharmacy visit. Regardless of their specific situation, they pointed out similar factors that influenced their impressions. While some were satisfied as a result of being given choice between different medications with the same properties but with varying prices, receiving good treatment, product replacements, and good information on private label brand options, or interacting with helpful staff, being given enough time and attention, not having to wait much, product variety, promotional campaigns, speed and feeling taken care of during the pandemic. Moreover, some respondents openly shared their attachment to the pharmacy showing that their loyalty is something acted upon consciously as well as unconsciously:

*“My last experience was a pleasant one in my local pharmacy. **I have grown attached to it since I know the staff and am satisfied with their expertise as well as the product variety. I wanted just to ask for an expert opinion without purchasing anything** and the pharmacist gave his opinion with recommendations, and he even did not offer to buy anything, unlike other retailers, where **sales staff always puts pressure on you to buy something. I was pleased.**”*

An unexpected aspect of this quote that we found of particular interest was that the customer felt relief from not being pressured into buying additional products and that they perceive to some extent the pharmacist as “sales staff”. This shows how thin the line between a helpful physician and an annoying sales representative is in the customer’s mind. Consequently, we argue that pharmacies should be careful with how they represent themselves in this context as being too pressuring can leave a negative impression on the customer and influence not just their loyalty but their general purchasing pattern, making them slowly more avoidant when purchasing medicine from that pharmacy retail chain. On the other side of the spectrum, however, some fully positive experiences were also expressed, where pharmacists did even more than they were asked of, proving the validity of Alisia’s (A) belief that doing a bit more can go a long way in terms of satisfaction and even subsequent loyalty. This can also prove a good example of how to form strong relationships and avoid the perception of “sales staff”:

“I ordered FFP2 masks in October 2020 (of which the staff didn't know what it is). A very friendly lady then ordered them for me on her name.”

A different take on employee behaviour was taken on by one respondent who shared their thoughts on pharmacy employees before and after the deregulation of the market as they

found employee behaviour a lot more pleasant after the changes. They felt more appreciated and taken care of:

"I value the relation I have with the employees because usually in pharmacies before when they were owned by the state, the workers there were taking for granted the customers and I didn't feel special attention to me"

Another interesting view was that of the more elderly respondents who did not mention the deregulation but expressed their need for personal connection and their reliance on the knowledgeability of the pharmacy employee. This opinion proves to be in line with our employee respondents from Apoteket AB's statement on the same topics showing that their planned strategy for pursuing a new service in the form of personal assistants and pharmacy consultants is going to be much appreciated:

"The friendliness of the local pharmacist that I have a personal connection with. And also their knowledgeability, since I am an elderly person and require more help than others maybe."

One interesting suggestion was offered by one of our respondents and was in line with a big weakness in the Swedish healthcare system Alisia (A) previously mentioned – the lack of a direct communication channel between the pharmacist, the customer, and the doctors and the need for establishment of such a link. As we found this to be important to both groups of respondents, we believe it to be one of the most significant findings and suggestions for the future of pharmacy retail. Others included telephone consultations and such, but this proved to be of highest value because it would make communication channels between all actors transparent, faster, and easier:

"A connection between the family doctor, the pharmacy and the clients will be much appreciated and this can be done through an extra service, for example an app."

5.1.2 Trust and brand name

Trust proved to have a significant role not only in terms of employee advice on medicine but also on a bigger scale. Customers put their trust in their relationship with the employees expecting to be treated with respect and appreciation, helpfulness and patience above all. This, for us, relays the significance of the impact of good customer-employee communication and customers' need for solid and safe interaction. As such it impacts their overall feelings when it comes to the pharmacy chain as well since employees serve as the face of the pharmacy. Again, a second time, we encounter this issue and notice it can be a benefit or a weakness depending on the situation. Nevertheless, we also see the significance of building trust before building loyalty as it will provide solid ground for sustaining that same loyalty and nurturing it in the long run:

“I trust they have what I need and that the personnel will be just as nice, patient, knowledgeable and helpful”.

“The connection between local pharmacist and myself, and the trust we have”

Additionally, an aspect that came to our attention is that the level of trust is also influenced by the level of perceived unbiased advice the pharmacist supplies the customer with. From our interviews, we understand that customers tend to feel suspicious of employees who only offer products of a particular brand and not others. We understand that employees should be ambassadors of their brand and their pharmacy chains, but we also do understand why customers would perceive such behaviour as “sales staff” behaviour, which we previously discussed as well. Thus, we would advise for moderation when approaching customers with branded products in general:

“It will be good if the pharmacist recommended products from all companies and not just a particular brand and being unbiased”

Having a good relationship with the pharmacy and trusting the brand also translates into the perception of product offerings and the trust customers have for them. The more transparent the communication around a product is, the more customers feel safe, the more they are prepared to purchase the product on multiple occasions as they feel confident in their own knowledge about it. Thus, for us, transparency in branded communication, especially with private label brands, becomes paramount for the customer experience, confidence, trust, and subsequent loyalty:

“I liked the product information they [pharmacies] have on their own products, like pharmacy branded ones. I like to shop cosmetics and see the ingredients they put in them”

5.1.3 Customer loyalty programs - exclusive and unique or not?

When confronted with loyalty programs the respondents expressed different but strong opinions. Some had previously been in a program but decided against it as they felt gathering points was not enough of an incentive for them while others felt all programs were the same, so they felt, as a result, an underappreciated customer. Some did not have the opportunity to partake in one because they are not privy to a personal number irrespective of their interest. Some were currently contemplating whether to become a member of a specific program, but they felt more can be done to make such programs interesting and appealing. Others found discounts enough of an incentive to partake in such initiatives:

“Unfortunately not, but I am considering it. I would appreciate in a loyalty program to be more informative, not just gathering points and discounts. I would prefer for it to have only seminars, lectures for health guidance and managing also mental health

issues during COVID. In essence, to have a loyalty program but having a lot of meaning and substance.”

Of those who partake in loyalty programs most respondents argued for their membership by expressing their appreciation of the discounts and vouchers/coupons they receive through the points they gather, and they also relayed to us the fact that most programs tend to be relatively standardized. Most of them also mentioned that such incentives aid them in saving money off their purchases and they also receive newsletters, i.e., news bulletins, of the available product assortment, discounts, best offers, and health tips. In some cases, there also existed an air of exclusivity as the interviewees shared that some of the products available to members were not available to non-members as well at the same price levels:

“Yes, I am, I prefer not to say which one but I like that it offers a newsletter with the best offers they have, especially the ones on vitamins and minerals”

“Yes, I am! Is a membership program and based on it I can get points that leads to bonuses and I can have different prices for different products that are only for the members.”

Our respondents' memberships ranged from Kronans club membership to Apoteket Kundklubb, or even Apoteket Hjärtat (part of the ICA loyalty program). Even between the active members there were some who expressed the opinion that diversifying the loyalty program offerings can be beneficial to the pharmacies in general as they do to see a difference between the various pharmacy chains. However, some did point out initiatives that had something more to offer to their customers than just the regular program services - Kronans club, for example, offers events targeted at customers who want to know more about everything related to their purchases except all other regular benefits:

“Yes, I am. It is the Kronans club membership, it is a standard loyalty program, but I like most the events they are organising for their members to increase their knowledge”

From the point of view of some of the elderly respondents, the newsletter initiative seemed as a good strategic decision as it helps them stay up to date with the newest health trends and is in fact highly appreciated among the community. Some of the products offered were provided at prices available only to the elderly population:

“Yes, I am part of the customer loyalty program of my pharmacy because it allows me to save money by getting points and I also receive printed newsletters so that I stay updated with the newest health trends which are important for elderly people in general”

“I am part of Apoteket's KundKlubb program. I like it because it gives double points to people above 65 and gives up to 40% discounts.”

On the whole, the customers who partook in our study appreciate loyalty programs, but they lack a feeling of uniqueness. They do feel the exclusivity and are privy to benefits

depending on age group, but they do not see a difference between the programs, meaning that they might as well use another chain's offers if they are better priced, and it would not make a difference in their eyes. Taking into consideration customer answers, we feel that the way loyalty programs are constructed now is not good enough to nurture loyal behaviour from the larger segment. As such we believe some of the advice our respondents gave should be taken into consideration for future implementation. These include offering seminars, special offers, and something different from points and discounts.

5.2 In-store environment and product assortment

Both the store environment and product selection proved to play a significant role in the positive customer experience. For our interviewees, a positive atmosphere, an orderly and clean store, and competitive pricing played a significant role in their impressions. For us, this hints at the general predisposition of customers to feel more comfortable in an environment that seems neat and well organized, implying the perception that the employees working at the venue also have a good grasp of the medications offered. This again provides a feeling of safety and comfort. As we have already found, these two things play a significant role in customer behaviour in the pharmacy and as a result on their expressed loyalty as well:

"I value the customer service, the pleasant in-store environment, the variety of merchandise, and the ability to use my phone, or some digital device inside to browse in detail the product offerings"

"I love the atmosphere, the knowledgeable and nice personnel and if there are any digital solutions, like dose dispensers or machines that would give you [m]ore information, having wifi so I can double check the product I am looking for online, on my phone."

Interestingly, we also noticed in these quotes that digital technology is considered by our respondents as a good tool for augmenting the customer experience and the environment as well. Even though customers appreciate the way pharmacies operate now, they would like for them to keep evolving and adding solutions that would not only augment the experience but also make it easier, more intuitive, and digitalized. We believe this to be so because the world itself is becoming more and more digital and it is only natural for customers to want all retail businesses to keep up with the times. Even in their suggestions for developments in the pharmacy, customers mention solutions already available at grocery stores showing that the environment is moving forward at an astoundingly fast pace. In order to be competitive and appreciated by patients, pharmacies also have to work in a pleasurable environment in the pharmaceutical location.

One interesting suggestion for improving the pharmacy came from one of our respondents who thought of customers with disabilities as they have difficulties entering the stores. As a pharmacy is a type of business highly concerned with health and safety and is responsible

for providing open access to all types of patients. Thus, this proves to be an unexpected discovery since our expectation would have been that ramps and lifts for customers with disabilities are a must in-store along with the comfort they provide:

“Maybe they should implement a platform, if the pharmacy is located higher so that people in wheelchairs can access.”

On another note, product availability and diversity also play a significant role in the way the store environment is perceived. Our respondents emphasized that having a greater product selection is a key factor in their choice between pharmacies as they preferred visiting locations that have higher product availability. Even so, other factors also influence customer decision making as with good service and a low selection of products, our respondents still seemed satisfied with their visit to the pharmacy showing us that multiple things come into play when they are making their choice in visiting a specific location. Having good substitution products can also be one of those things:

“Looked for a magnesium salve and had to ask for it. Good customer service but they didn't have the one I looked for. The replacement was good tho[ugh].”

In this context, one customer brought up the deregulation of the market saying that it has allowed for greater product selection and has influenced their own behaviour as they now opt for visiting the location with the highest product availability. This goes to show that locations should support a good product stock in order to best satisfy customer needs for convenience. If customers feel like they can get anything they need at a particular pharmacy, they will opt for visiting that location and will become more loyal to it as a consequence:

“The brands & products they offer and their price. Since pharmacies are now several different chains instead of a monopoly they have a varied selection and I therefore usually go to the one who has the products I'm after.”

Nevertheless, in our study, we found that customers can feel strong dissatisfaction with the information provided about the availability and prices of pharmaceutical products. There seems to be a miscommunication between the different pharmacy chain channels. Customers seem to rely on further clarification through online tools to make sure product information provided at the pharmacy is trustworthy, hampering perception of the general transparency of the chain and the loyalty construction that goes with it. Thus, miscommunication is a great weakness, in our opinion, when constructing loyalty in the sector and should be avoided:

“I disliked that there was not any product information, and the things that are on promotion, there was no signals to advertise and I had to constantly ask and verify the things I saw in the internet and those that are in the pharmacy, whether it is the same price”

5.3 Location and convenience

Location proved to play a significant role in where customers go to purchase their medication. Even so, they proved inclined to choose a location less convenient to them if something else had affected their perception. Our employee interviewees mentioned that some satisfied with the service customers would deviate from their best route of travel in order to get their medication at their most preferred location. At the same time having a pharmacy closer to home can also be a great motivator for being loyal to that particular location because it shows to be the most convenient option:

“Appreciate their location, before on my street there was no pharmacy, but they opened few years ago, now I go there.”

Even during the pandemic customers who felt the pharmacy was particularly close to them chose to keep visiting it even with all the digital solutions available which allow them to avoid having to actually go to a pharmacy. We believe this is due to the immediate availability of the products the customer wishes to purchase since ordering online would mean having to wait for the product to arrive while if the customer purchases it directly from a physical location, they will receive it immediately. This, for us, is one of the main advantages not only location and convenience give but also in the context of a comparison between digital and physical retailing solutions and purchases:

“It hasn't. Still buy from the pharmacy as usual. I would guess other people would buy online to avoid people. I still go in as it's very close”

5.3.1 Service quality and speed

Even though respondents were brief in expressing their opinions they were clear on their need for service quality and speed. In general, respondents appreciate quick service and some even would opt for 24-hour availability if given the opportunity. Their need for saving time and keeping away from potential sickness shines through their responses. Due to the pandemic that need has augmented as the risk for contagion has become higher, thus compromising the safety of the pharmacy location environment. These developments have the potential to influence customer visits, and with fewer visits loyalty withers as well:

“[...] I need the product directly/the same day, I value the most opening hours in the evening/night. Also quick service because I don't want to be there long with other sick people (even before corona).”

Fast response and service is not only appreciated in the pharmacy but also in hospitals, showing that the general customer attitude is speed-oriented. That does not go to say that quality is side-lined. It becomes especially important for some customers in the face of additional or supplementary purchases. In combination with good employee attitude and

assistance, service quality influences purchase behaviour according to our interviews and thus plays a role in obtaining loyalty since it influences the experience customers have in the store:

"It was a month ago when I had to refill my prescription medicines. I also made some extra purchases to strengthen my immune system by buying food supplements and vitamins. I was impressed by the level of customer service and their can-do attitude."

Unsatisfied customers shared that they were not given enough time and felt that the pharmacy was understaffed. They saw the everyday process at the store as somewhat chaotic, and inconsistent in terms of the information put on the online channels and the products available on the physical displays/shelves. Thus, in order for customers to feel satisfied with both the quality and speed of service they would benefit from an even faster experience. Their own suggestions include having more available staff to make the purchase experience even faster or even installing self-service kiosks for check-out purposes in situations where customers are in an even bigger hurry. This goes only to show that customers see speed as something that provides convenience for them and we believe if they do not receive it they are capable of searching for it and finding it somewhere else, impacting return visits and frequency of purchases and as a consequence loyalty on a subconscious level.

5.3.2 Personal number as a factor

As we approached our customers, we asked them if they were in possession of a Personal number. The ones who replied negatively we asked an additional question - "*Has not having a personal number impacted your purchases and behaviour in the pharmacy and why? Please, give an example.*" Even though the answers here were almost equally divided, the customers who had experienced difficulties proved to be prevalent. Most general issues included being able to fulfil a prescription, limited services, ordering online, more waiting time, no chance for making a pharmacy appointment, and finally not being able to order a COVID-19 test as a most recent issue of the "new normal" of today:

"I have had some difficulties with medication that needed to be prescribed. If I want to buy something general I have experienced no issues. I have no chance to partake in loyalty programs though and i think that is the biggest issue I have faced."

In some cases, this influenced the purchase decision to such an extent that the customer decided to purchase a similar product to the one they were looking for from another pharmacy retail chain even though it was not an exact match to what they needed, thus impacting their loyalty as well since they opt for another chain which can offer the product and/or medicine they need:

[Y]es, when I wanted to order something online from Apotek Hjärtat, I was not able to do it without having a personal number. It was an inconvenience to me because I had to order from Kronans Apotek where they don't require it, and I could not get the exact products I initially wanted."

Even though having a personal number is not a factor pharmacy retail companies can influence, it does play a part for their customer retention level. However, they can adapt to the changes its implications call for. As a conclusion from these results, we believe that if pharmacies provide more services for customers without a number, they can retain a larger customer base. This was also one of the suggestions made by our respondents as they expressed wanting to partake in memberships alongside other customers.

5.4 Digital solutions

Some respondents proved to be heavily reliant on technology for their purchasing behaviour, preferring to use online tools and websites to complete their purchases instead of physical stores. The way it stands, this view seems to be heavily in support of our Kronans Apotek regional manager respondent, Jasmine, and her prediction of the future of the industry:

"I rarely visit physical pharmacies because I buy online from Apotea (even medicines with prescription). When I do need to visit a physical pharmacy because for example, I need the product directly/the same day..."

Other respondents also addressed their experience with the pharmacy's mobile application solutions and their need for further help with those in order to utilize them properly which made their experience a bit more difficult. Others disliked the lack of information provided or inconsistencies in it in terms of product information and promotions:

"I went there actually to ask about their mobile app since i had problems in understanding how it functions because I think it is necessary for pharmacy companies to have such a thing especially if they want to raise awareness into the younger generation"

"I disliked that there was not any product information, and the things that are on promotion, there was no signals to advertise, and I had to constantly ask and verify the things I saw in the internet and those that are in the pharmacy, whether it is the same price"

In terms of digital technology, we received answers ranging from "*i did not use any technical device*" to "*I disliked that there were no QR-codes next to cosmetics and nutrients products because despite my age I am digital.*" A significant amount of our respondents also mentioned utilizing the Happy-or-Sad customer satisfaction machines available at some pharmacies (Appendix E) and the Queueing number machines that are used for keeping an orderly waiting line in-store (Appendix E). Others also utilized their

phone for tasks from translation to product searching, price verification due to lack of in-store information, calling family members and/or doctors, payment, browsing for information on the different products, or even irrelevant activities such as listening to music:

“I usually use my phone to double check things and translate. [...]”

“[...] The last time I visited a physical pharmacy I used my phone to show what product I am looking for.”

“My phone, to read more about the products online or to call my family members or doctors for recommendations”

This however did not exclude the pharmacist in any way in some cases as some customers preferred to double-check on their phones but also to triple check with the employees. In others the customer clearly preferred interpersonal communication instead of technology even when it came to their own mobile device:

“I used often my phone to browse through the website of the pharmacy to see product information of different products, and I often ask the pharmacist for his opinion on my choices, to see whether I have understood correctly the information.”

“I am not using technical device in the pharmacy. I prefer to ask a pharmacist. He knows and he can give me much more info about bi effects or reactions in connection with my other health issues that I can find it on internet. When it's come to medication, an individual approach that is over the general online description, is preferred.”

In our view technology, in this case, provides many opportunities for customers to check information related to their purchases online, thus showing that pharmacies need to keep being transparent in their product selection, pricing and at the same time they need to be constant in their communication efforts, avoiding mishaps connected to misinformation. With the fast pace technology is moving at, pharmacies might take advice from some of our respondents' suggestions as well, including fast and user-friendly websites or being able to order products online without needing a personal number. On the topic of mobile applications, customers were highly interested in having applications with additional features, for example, notifications when their prescription is updated has arrived in-store or that can remind them when to take their medication. An increase in the number of pharmacies and improvement in delivery methods were also mentioned. Some suggestions included same-day delivery and drone delivery. For regularly consumed medication, customers asked for automatic dispensers, while in terms of advice seeking, telephone consultations were appreciated as a plausible option.

5.4.1 The digitalized customer journey

When it comes to when customers did their research on the product they intended to purchase, while traveling on their customer journey, they each had a different approach. Some did not do research at all as they “[...] usually get what the doc[tor] prescribes [them] or, if [they] need a non-prescription item, [they get] what the staff recommends.” Otherwise, customers did their research before, during, and after their pharmacy visit. They also searched for different things - effects and side effects, location of the pharmacy that has the medication in-stock, the name of the medication, product comparisons, gathering information including on prices and the product itself, internet customer reviews, other opinions including on Facebook, knowledge of friends and/or other customers currency in-store. In general, most customers from our respondent group chose to do their research before their visit, some during and just a few after. There were also respondents who preferred to fully rely on the pharmacy and the knowledge and information provided there or by the staff or had a mixed method.

5.5.1.1 Before

Here the most interesting research done was by customers searching for other customers' reviews of the same product or customers researching the level of appropriateness of the product being sold in relation to the company in question. Thus, customers not only look for Word of Mouth confirmation, but they also are very environmentally conscious:

“Yes, I tried to read on the Internet customer reviews on my personal computer and I write on a list of paper and go prepared”

“- Before; background information about the product e.g. side-effects, company, appropriateness for the respective ill, etc. - To know what to ask for/what to choose if given a choice (e.g. according to sortiment)”

5.4.1.2 During

For customers who searched information during their visit or used their phones in-store the motivations were different, but the most interesting case proved to be that of a customer who due to language constraints had to screenshot information of medicines on their phone in order to communicate their need to the pharmacist. Here, we find again that due to language difficulties a whole customer segment experiences predicaments and is, thus, in our opinion, in need of further attention:

“I do almost every time. In order [t/o come a bit prepared as I do not speak Swedish. I usually even screenshot thing[s] on my phone, so if the pharmacist doesn't understand I can show them the picture. I also use my phone after to check the bill as my bank account is directly connected with the phone.”

5.4.1.3 After

Customers who decided to search for information online after their purchase had multiple reasons, but the most interesting case was of a customer who forgot how they are supposed to use their medication. For us this proves to be an opportunity as pharmacies can provide customers with additional information either in-store during their purchase or right after or through their digital channels:

“I am prepared but sometimes if I forget how a medicine is taken I look on the Internet and read customer reviews or ask my friends of how to use it”

5.4.1.4 Mixed approach

Among the customers who employed a mixed approach one showed enormous amounts of mistrust towards all communication channels as they chose to check, double-check and triple check the information provided both online and offline, by the pharmacy and on other channels. This shows that customers still do not feel reassured enough, they might not trust the pharmacy enough and that has the potential to influence the loyalty level as well seeing as how we already established an argument for trust as an important factor in loyalty construction:

“Well, I usually research online on the web about the prescribed medicine by my GP and read customer reviews and opinions. Then I go and ask for the pharmacist for a third opinion, and I buy the drugs. But for cosmetics, and health nutrients I read reviews online, and usually speak with the pharmacists of what I want [...]”

5.4.2 COVID-19 and changes in consumer behaviour

In the context of the pandemic, respondents showed a different level of concern. While some did not really perceive a change in their behaviour, some “*fear for [their] life*”. In general, those who had a behavioural change turned more to online solutions, click-and-collect options, started buying related products such as masks and sanitizers, they stayed at home more, or stopped visiting the pharmacy altogether. They also changed their pattern of visits as they started going to the pharmacy at less busy times of the workday, focused more on buying medications instead of general vitamins, and felt generally inconvenienced by having to wait more in line and due to the process getting generally slower as a result. They are a lot more careful in-store, they do not waste time and follow the social distancing rules. For those who already were heavy online buyers the change was not as dramatic. Interestingly enough the loyal customers kept showing the same level of loyalty to their preferred location:

“I go more rarely and in times when it's less crowded. i av[o]id the long lines in front as i prefer not to just stand around, [...] Nevertheless, i would always search for the same

pharmacy chain, in the closest location because I trust they have what I need and that the personnel will be just as nice, patient, knowledgeable and helpful.”

Thus, we can conclude that in some cases the pandemic had an opposite effect from our expectations. It proved to strengthen loyalty for some customers as they found their chosen pharmacy retail chain the safest alternative in a crisis.

6. Analysis and discussion

This chapter analyses and discusses the findings in relation to previous literature streams guided by the research questions. Additionally, the purpose of the research is addressed, and the final theoretical framework of the study is discussed in the context of the research inquiries and the findings of the thesis. Each research question will be answered in relation to both existing literature and through the lens of our findings in the two studies presented in Chapter 5 (Manager/pharmacist view on creating and constructing loyalty) and Chapter 6 (Customer view on loyalty). The study results will thus, be compared whenever approaches are relevant in order to juxtapose both views to each other and in relation to the retail literature.

6.1 Mapping the findings and analysis

As a result of Chapter 2 (Literature review and theoretical framework), we outlined a number of factors which, according to existing literature, are important in the construction of loyalty throughout general retail. These, we divided into factors that most significantly affect employees and customers as we attempted to prove their relevance in the pharmacy retail industry setting as well. Among these we included factors which tend to reside on different levels in literature and in practice as we moved through the strategic aspects of loyalty construction, through ways for supporting the customer experience, and, finally, we landed on ways to nurture customer satisfaction. Our reasoning is that loyalty construction is multi-dimensional and thus should be viewed from multiple angles. At the same time, the specificities of the sector, including the deregulation of the market, the health and safety implications, the heavily professional background of employees, and their relationship with customers, also play a significant role in the diversity of the industry and its intricacies.

Thus, our approach to our subsequent study is fluid in the search of different findings and aspects. This led us to review pharmacy retail loyalty construction as a subject for which we had little prior knowledge, and, as a result, in order to fully understand the market, we conducted two separate studies. We were able to penetrate both the professional view, in the face of managers and employees, and dive through the customer lens. From our findings and in accordance with the existing literature we developed a schematic corresponding to our understanding of the construction of loyalty in pharmacy retail (Figure 2), which we later expanded on within our final model on loyalty construction in pharmacy retail (Figure 3).

The following schematic (Figure 2) represents our understanding of our empirical results relative to their implications in the literature. In it we have included the factors that proved most influential or interesting within pharmacy loyalty construction with the intention to

further elaborate on them and their relationships to each other in our resulting detailed model (Figure 3) presented in section 6.2. (Addressing the research purpose).



Figure 2: Factor reasoning scheme on customer loyalty in pharmacies

On the left-hand side, we have outlined the factors most significant to managers and employees, while on the right-hand side we have displayed the factors most important for customers. That does not go on to state that the two groups did not display interest towards the opposing factors but that they expressed a differing level of involvement and interest and awarded perceived importance of differing amounts to each factor. Thus, the two sides of the schematic are linked together. As such we believe that all the factors within the schematic can in fact nurture loyalty and set conditions for its construction and emergence. Even so, we do think that not all factors need to be present in order for the customers to build a loyal bond to the pharmacy in every customer experience, touchpoint and/or interaction. We also do not exclude factors such as Brand heritage, as defined by Urde, Greyser and Balmer (2007) which prove present in the case of Apoteket AB (section 4.2.5), but we see them as particular individual cases which cannot be applied in a generalized setting.

Within the next section, we will discuss the model (Figure 3) resulting from our understanding represented in the schematic (Figure 2) in relation to the previously outlined research purpose and in terms of the inter-factor relationships which transpire between the different categories in the model.

6.2 Addressing the research purpose

By outlining our reasoning and mapping out our findings we provided a base for addressing our thesis' research purpose in light of our findings, the literature, and through the

discussion of the different factors that come into play when constructing loyalty on the Swedish pharmacy retail market.

Loyalty construction proved to be driven by both internal and external processes which influenced the behaviour of both customers and pharmacy retail employees. Interestingly, we found some misconceptions in the way strategies for loyalty are intended and the way they are perceived through delving into both the inner world of the pharmacists and the customers. Loyalty programs and private label brands proved to hold surprisingly low influence in the minds of customers as opposed to that of employees. Some strong relationships we found within the customer-employee relationships dynamically mediated by customer satisfaction even though employees and customers approached the subject of loyalty from two opposing views. These views, in most of the cases, consolidated through the relational effects each factor had on others.

For the purpose of illustrating these relationships, we developed a model showing these links visually (Figure 3). In order to reach this model (Figure 3), we both applied concepts from the literature and our own findings, thus some of the factors given might slightly deviate in naming and also in the level of execution – strategic or tactical. At the end of our research, we concluded that Relationships and Employees play the most significant role in loyalty construction, while Location and convenience, product availability, diversity and quality, Store environment and atmosphere, Digital solutions, Private label brands, Loyalty programs, Service quality, and Trust and safety to name a few have a strong supporting role. Their relevance varies depending on the pharmacy retail brand, the employed pharmacists, the personality of the customer, the values of the company, the image and reputation (Pan, Sheng & Xie, 2012) of the brand, and multiple other subfactors. Nevertheless, each of the factors within the model represents a strength which can be employed in order for pharmacies to activate loyal behaviour.

Finally, we have concluded that both behavioural (Barwise, Ehrenberg & Goodhardt, 1990) and attitudinal (Baldinger & Robinson, 1996; Day, 1969; Dick & Basu, 1994; Rundle-Thiele, 2005; Rundle-Thiele & Bennett, 2001) aspects play a role in pharmacy loyalty construction through our study, thus proving, in our opinion, that each retail sector has its own individualized *modus operandi*. Regularly, within our study, attitude resounded with behaviour, while behaviour created conditions for changes in attitude. Thus, within our model, we have incorporated both attitudinal and behavioural factors as they proved to strongly influence each other.

In the following list, we have discussed the factors and their respective relationships as intended in the schematic in Figure 2. First, we present the influencing variable and then we move to the influenced one. Some relationships proved influential on both sides of the spectrum (please see the legend in Figure 3 for mere detail):

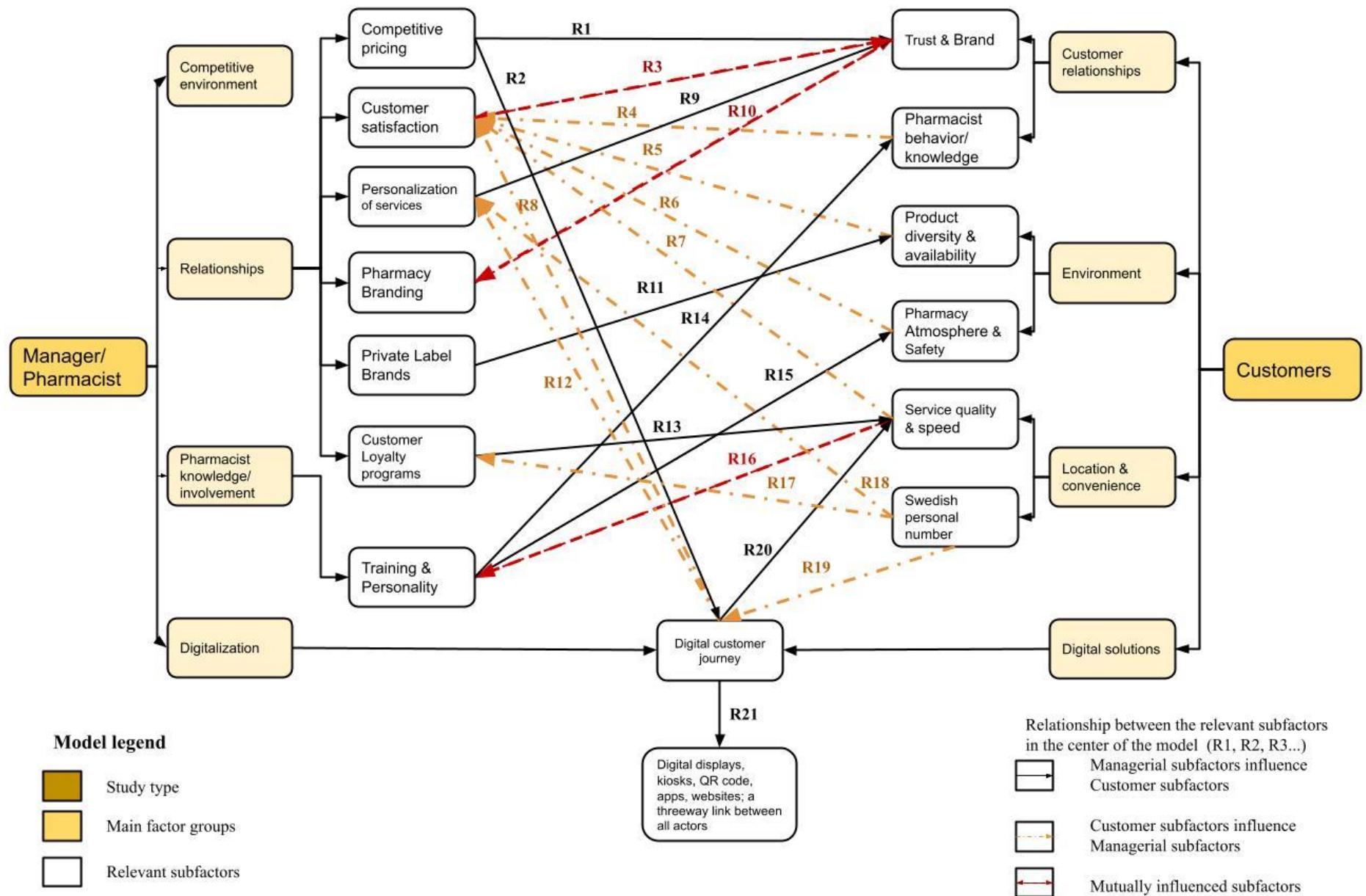


Figure 3: Detailed model of customer loyalty construction in pharmacies

R1 Competitive pricing – Trust & Brand

By providing pricing options relevant (competitive enough) to other market competitors, pharmacies obtain a position on the market as an actor that both respects customer needs and who focuses on pricing enough to keep a good market position but one that does not rely significantly on margins, choosing to focus on providing good options for the customer first and foremost. This creates trust in the mind of the customer and a good stable relationship with the brand.

R2 Competitive pricing – Digital customer journey

Having good pricing practices relative to the market proves to reflect on the digital customer journey as customers today have become increasingly more connected, relying on technology to compare pricing options and forcing the market into full price transparency. As such having an appropriate and desirable pricing strategy is imperative in obtaining the price-sensitive digital customer's trust.

R3 Pharmacist behaviour/knowledge - Customer satisfaction

Since customers rely on pharmacy retail employees for advice and support in their medical purchase, having knowledgeable and pleasant employees proves to have a significant impact on customer satisfaction and subsequent returns in-store as a result of positive experiences due to the successful customer interaction with the pharmacist. In some cases, this can lead to loyalty fixated on the specific employee or the service they provide.

R4 Trust & Brand - Customer satisfaction

Focusing on establishing a safe environment for customers through nurturing trust in them and through developing a pharmaceutical brand with set values focused on the customer experience and comfort results in higher satisfaction for the customer and a higher probability of return visits.

R5 Product diversity & availability - Customer satisfaction

Having a greater number of product offerings and available stock of regularly purchased medications proves to influence satisfaction levels as customers receive their wanted product in their preferred location with minimal delays and they as a result feel comfortable and secure. As such they do not have to worry about the urgency of their purchase and the following health implications from not being able to consume the required medication.

R6 Pharmacy atmosphere & Safety - Customer satisfaction

Orderly stores, with enough staff and product information nurture a feeling of safety and comfort, which translates into customer satisfaction and return purchases since the

customers feel the devotion the pharmacy chain expresses towards fulfilling their needs and supporting their overall health.

R7 Service quality & speed - Customer satisfaction

Receiving products in a speedy fashion saves time for the customer and does not reflect negatively on urgent purchases. This, accompanied with quality of the services provided, translates into a strong positive influence on customer satisfaction, making the customer feel more loyal towards the pharmacy in question.

R8 Digital customer journey - Customer satisfaction

By providing good digital solutions, the pharmacy is considered a retailer who focuses on implementing solutions that make the customer journey easier and who adapts to the market environment in a timely fashion. Because customers have increasingly been moving to online solutions, digital platforms and online purchases, irrespective of their age, they are getting increasingly more used to looking for medications online as well. Having solutions that influence the digital customer journey positively by making it even easier translates into satisfaction and subsequent loyalty as most pharmacies are still in the process of formulating such initiatives.

R9 Personalization of services – Trust & Brand

Because the market has evolved, the expectation for personal attention, services, and non-prescription product personalized recommendations has become greater. By providing such services to customers, the pharmacy makes them feel more appreciated, understood, and taken care of and this results in subsequent trust that the chain is knowledgeable enough and interested in the wellbeing of the patient. This makes the customer feel a closer connection to the brand and translates into loyal behaviour in the long run.

R10 Pharmacy Branding – Trust & Brand

In cases where the pharmacy has strong branding with values specific to that chain, for example being respected for being a responsible chain that has strict rules for the medications and products it deems appropriate to sell, this influences the perception customers have of the brand and results in them trusting it with respect to the values that the pharmacy promotes.

R11 Private Label Brands - Product diversity & availability

Private label brands are a good way for augmenting the number of available products depending on customer needs. This, however, should be done by not being overbearing to the customer's choice and respective of the novelty that the product will provide to the already existing product assortment. Focusing on margin-related benefits is very noticeable to customers, and, as such, it should be limited.

R12 Digital customer journey - Personalization of services

By including personalized options within the digital customer journey, the customer feels like specific attention and care are allocated to them. Another aspect of implementing this solution proves to be that the pharmacy is seen as more modernized, and it also attracts younger generations as well as digitized elderly consumers. This provides further differentiation for the chain when compared to other less digitally savvy pharmacies.

R13 Customer Loyalty Programs - Service quality and speed

By providing interesting, inclusive, and customer-centred loyalty programs, pharmacies are perceived to offer greater service quality and/or speed, depending on the offer included in the program. Nevertheless, currently, programs are not engaging enough and as a result, the effects of this factor are minor in pharmacy retail.

R14 Training & Personality - Pharmacist behaviour/knowledge

Through good training initiatives and employing the pharmacists with the most appropriate personal qualities, i.e., through good recruitment strategies, pharmacies guarantee appropriate pharmacist behaviour in-store and with customers as well as knowledgeable professionals capable of assisting the customer in the best possible way.

R15 Training & Personality – Pharmacy atmosphere & Safety

Having well-trained employees with relevant personal qualities proves to significantly augment the in-store environment and the feelings of safety and comfort in the customer. This influences satisfaction levels as well as trust and subsequent loyal behaviour.

R16 Training & Personality – Service quality and speed

Well trained employees with relevant personal qualities proved to be very capable of providing good service to customers in an organized and speedy fashion. This relationship influences satisfaction levels and as others before it has the capability to impact subsequent loyalty patronage.

R17 Swedish personal number - Customer Loyalty Programs

Possessing a Swedish personal number influences customers' ability to partake in customer loyalty initiatives. As such, it becomes a barrier for customers not privy to one and proves to be a factor in satisfaction levels for both customers who possess it and ones who do not, resulting in two extreme opinions – high and low satisfaction. In cases where services of the same type are offered in another pharmacy retail chain which does not require a personal number, the customer will shift their purchase choice and loyalty as they will be able to acquire previously unattainable services.

R18 Swedish personal number - Personalization of services

The requirement for providing a Swedish personal number results in easier customer data gathering and personalization of services. This creates opportunity, for additional customer appreciation and for nurturing a stronger bond with the pharmaceutical brand.

R19 Swedish personal number - Digital customer journey

In this relationship the effect on the customer is similar to that in relationship R18. Again, the requirement for a Swedish personal number results in easier customer data gathering and personalization of services but in the online setting.

R20 Digital customer journey - Service quality and speed

The digital customer journey has a significant impact on perceived service quality and speed as it allows for distance purchases and home deliveries, for example. This results in a higher level of customer satisfaction and in cases where the digital solutions prove intuitive enough, translates in loyalty construction and nurturing.

R21 Digital customer journey – Digital displays, kiosks, QR code, apps, websites, a three-way link between all actors

In order for the digital customer journey to reflect well on the image of the pharmacy and its relationship with the customer, it requires the usage of digital solutions such as digital displays, self-service kiosks, QR codes, applications, and well-functioning intuitive websites. Providing a three-way communication between all actors involved will also prove a great future improvement in the digital ecosystem.

Finally, after outlining the model and discussing the relationships illustrated in it, we focus on the research question, the sub questions, and how all of these relationships and connections tie in together to reflect on our inquiries and the answers we have provided for them in the following section.

6.3 Discussing the Research question and sub questions

6.3.1 How is customer loyalty constructed through the lens of managers and employees in pharmacy retail as opposed to that of their consumers?

Based on our research, we observed a significant coherence between the manager and employee view of loyalty and that of the customers, while at the same time we found that some factors have different implications from the general understanding of what creates customer loyalty in retail. We theorise that this is established due to the lower staff churn rates, higher levels of understanding of the customer, feelings of satisfaction when

providing for the society's health needs, and feelings of comfort and trust when receiving products beneficial to the customer' health.

Within the initial theoretical framework, we singled out Technology (kiosks, digital displays), the company CRM strategy, Customer loyalty programs, Private Label Brands, Switching costs, and Customer satisfaction on the employee side and Employee performance, Environmental consciousness/green loyalty, Employee-customer relationships, In-store environment, Trust & Satisfaction and lastly, Commitment and transparency on the customer side. Most of these factors proved crucial in the pharmacy retail sector as much as in the sectors we discussed in our literature review. However, others did not come up as highly significant during our study and some even had additional implications.

The following section will discuss in detail the expression of these factors in the pharmacy retail setting in relation to loyalty construction, the two varying views of our two respondent groups in the context of pre-existing knowledge, and finally in terms of aspects that should be considered within this topic. In this manner, we intend to answer our research inquiries by relaying our analysis of each factor wherever appropriate.

6.3.1.1 How can customer loyalty be conceptualised in the pharmacy retail setting?

Within the pharmacy retail industry, we found all factors discussed in previous retail literature, although we also noticed a strong tendency for these same factors to be expressed with different names and with a slightly different meaning than the one presented in the literature. Switching costs (Haesevoets, Van Hiel, Onraet, Joosten & De Cremer, 2017; Nasir, 2017; Pan, Sheng & Xie, 2012; Shoemaker & Lewis, 1999), for example, did not come up in any of our discussions even though concern was shown by our employee respondents in terms of retaining their own customers. The reasoning behind this distress was not the cost per se or the resounding effect on loyalty program initiatives, but the popularity of the pharmacy among customers, the good image and reputation (Pan, Sheng & Xie, 2012), and the possible negative connotations a disloyal customer represents, for example, possible bad service quality or less knowledgeable staff. Thus, these concerns were more pharmacy brand-focused, whereas in literature they are highly centred around locking down customers, instead of just retaining them. In the pharmacy sector, we believe, switching costs to be a second-level factor that has some influence on loyalty conceptualisation but is one which is not developed and utilised in the same manner as in other sectors since its implications revolve more narrowly around customer retention instead of customer locking.

The expression of technology (Adapa et al. 2020; Chiou, 2004; Danurdara & Hidayah, 2016; Orel & Kara, 2014; Pantano & Vannucci, 2019) in the managerial context, proved to lie not with kiosks or digital displays but with distance services like home delivery, online websites, relevant applications, and feedback on satisfaction tools. On the other hand, later on, on the customer side, patients were very keen on being provided with kiosks,

QR code options, and displays in-store except all other solutions mentioned. Thus, we believe our initial division of this factor was slightly mismatched while its expression in the field is relevant to its implications in the literature. As with other retailing sectors, pharmacies have also been moving to digital outlets just as argued by Valos et al. (2010) in order to devise a multichannel approach to the market.

Nevertheless, the lower level of digitalization is apparent here, as many functionalities both in-store and online are missing or underdeveloped, leaving the sector open to evolving but also to various service quality difficulties such as the limited knowledge of the different actors (doctors, patient/customer, pharmacist) found through the analysis of our empirical findings. Still, technology is recognised as a factor highly relevant to the future of pharmacies, showing that Nyadzayo and Khajehzadeh (2016)'s view on the importance of digital solutions is paramount and in accordance with our findings as well. Interestingly, the emotional aspect of the digital offerings does not seem to play a role in this market, yet which is in opposition to Straker and Wrigley (2016) who state that the emotional factor plays a significant role in attempting to fully engage customers today. Entertaining engagement proved crucial in other settings, however, for example, customer loyalty programs.

Similar was the case with environmental consciousness, as very rarely in our discussions did this factor come into play, even though when it did it was the one with the highest significance to the particular respondent showing an unexpected polarity in expression and application. Martínez (2015) believes that environmental consciousness is growing and impacts not only trust, green satisfaction, and green image of the company but also loyalty. In the context of pharmacy retail, his argument is relevant for those customers who already have an interest in a green environment. For them, according to our study, this factor proves enough of an incentive to enter a loyalty program or choose to purchase goods from a specific chain or brand. However, for those customers, who are not heavily influenced by green initiatives, it does not seem to play a central role. Thus, we argue that loyalty in pharmacy retail can be nurtured through environmentally conscious behaviour of the company but only if the customer has a pre-existing predisposition towards being environmentally green and/or friendly.

When discussing customer satisfaction, we found multiple relevant and accurate explanations in the existing literature that prove just as useful for pharmacy retail. Satisfaction proved to be a result of multiple other factors coming to play. This includes customer relationships, employee knowledge, availability, and attitude and at the same time product availability, diversity and quality, service quality and speed and the earned level of trust customers have in that particular chain for whichever one of the aforementioned reasons. Roy (2013)'s findings on satisfaction proved just as relevant in this case. As a result of good service quality and satisfaction, customer advocacy was present as well paving way for Word-of-Mouth effects that were a significant part of our interviewees' customer journey.

Clerfeuille, Poubanne, Vakrilova and Petrova (2008)'s research on customer satisfaction within pharmacies proved useful as well since in our study, the results on satisfaction proved similar. Nevertheless, for both our respondent groups factors such as in-store atmosphere and environment, employee knowledge and digital solutions also reflected positively on their level of satisfaction and as a consequence their long-term loyal behaviour. Thus, Clerfeuille et al. (2008)'s work was a good steppingstone for us but, as we suspected, did not provide an all-encompassing view of the sector. At the same time, Mohiuddin (2019)'s findings proved accurate as employee know-how proved imperative for the fulfilment of patient needs relevant to continuous employee education and involvement. Similarly, experiences also proved to play an imperative role as suggested by Gavilan, Avello and Arbil (2014).

Chen and Fu (2015) discussed empathy, on their side of the spectrum, and we believe this was a concept also present in the background of our work. Both groups of interviewees confirmed that a specific kind of personality is needed to work at a pharmacy chain along with having a relevant education. As such, we found multiple qualities mentioned within our study that fundamentally led to the need of empathetic employees who understand the customer and can form a strong bond with him/her. Thus, empathy is, in pharmacy retail, an important subfactor included in the nurturing of satisfaction and resulting in a following relationship and finally loyal customer behaviour. Moreover, empathy is a building block for trust which also proved to be a significant force along with the feelings of safety both customers and pharmacists experienced. With this in mind, we are prepared to agree with Rabbane, Burford and Ramaseshan (2015) who argue that employee performance does indeed influence building loyalty in pharmacies and the trust which develops between the pharmacy employees and their customers.

Interestingly, the supply chain also proved to play an important role in building trust just as Jambulingam et al. (2009) argue, alongside being fully transparent and focused on the customer needs above all else. By providing products which fulfil the safety requirements of the pharmacy chain, the supply channels support and nurture trust between the employees and the brand they represent as the process is transparent and focused on the customer and his/her benefit. This provides a higher satisfaction level to employees which therefore reflects on their relationship both to the brand and the customer, making them a kind of brand ambassador and giving them the confidence to service customers to their best ability, thus impacting customer satisfaction. Repeat purchases also were highly influenced by the level of trust customers displayed just as argued by Macintosh and Lockshin (1997). This ties in positively with our findings as well, since trust in personnel, their knowledge, expertise, and intentions proved imperative for the beliefs customers hold for the pharmacy, their level of trust, and satisfaction as well, which further translates into a repeat purchase intention and finally loyalty.

Lastly, as a result of this discussion, on the whole, we argue that customer loyalty in the pharmacy is conceptualised through employing the existing retailing concepts in a manner

applicable to the type of customer involved. Existing factors influence loyalty construction and expression depending on the customers' needs, inner world view, expectations and mostly through the level of trust they have for the retailer, the relationship they have with the employees, and the amount of work pharmacies put in fitting in the digitalised world of today in order to provide an optimal level of comfort to their clients. That being said, customers do not always see the market the same way employees do. Thus, in the next section, we will discuss the worldview of both market actors in order to compare similarities and differences.

6.3.1.2 Where do the inside and outside views meet and where do they differ?

Overall, the outward (customer) and inward (pharmacy employee) views have little differentiation. Both support the same base concepts and values when it comes to satisfying market needs or showing partiality towards specific incentives. Nevertheless, there are some factors whose intention is misinterpreted by customers even in some cases to the extreme just as predicted by Narayandas (2005) since in specific cases customers completely misinterpret the pharmacy retail chain's efforts for loyalty construction and strategizing evident in our empirical data. Thus, pharmacy retailers, in our opinion, should take note of such perceptions and should regularly assess the impact and interpretation of their loyalty searching efforts in order to avoid misunderstandings and also in terms of seizing unexpected opportunities. They also should not become complacent as even loyal customers can shift their views on a service and as a result deem it unnecessary, undesirable, or not engaging enough to keep them or nurture their loyalty. In terms of these dangers, we will discuss separately the most interesting agreements and disagreements found in our study.

Views in agreement

Relationships proved to be the factor that both respondent groups reacted to in the exact same manner and in full support of. Macintosh and Lockshin (1997) focus on relationships and their strong influence on the repeat purchase pattern customers tend to display when they have developed a strong interpersonal relationship with the employee in the face of the pharmacist. This interaction proved to be imperative both ways – in the perception of the customers as much as in that of pharmacy professionals. It not only influenced return purchases, but also long-term loyalty and the value put on other factors like Location, for example. Having strong relations proved a factor capable of overshadowing other influences and thus, we deem it the most significant determinant for the construction of loyalty in the eye of both our respondent groups.

Nevertheless, relationships are generally a fragile concept. They, in these interactions, as much as in everyday life, prove to be sustained through multiple pillars, such as trust and satisfaction of the customer, and commitment on both sides, knowledgeability, and personal qualities of the pharmacist, among others. Mohiuddin (2019) in his study on the excellency of pharmacy service, uncovered that the pharmacist is the trusted confidant of the patient while at the same time he/she holds the responsibility to contributing to society

as a whole and to research endeavours as well, and finally, he/she represents the facilitating force between the customer, i.e., patient and the physician, i.e., doctor. The same was the expression of this relationship in our study, where both respondent groups agreed on the profound need for the pharmacist and his/her contribution to not just the pharmaceutical but to the health industry as well since he/she proved to be the key actor relaying the information provided by the physician to the customers and vice versa, especially in cases where prescription medication was involved.

In order for these relationships to be successful, the knowledge of employees and their personal qualities proved to be imperative in order to nurture a feeling of safety and commonality which translated into comfort and subsequent loyal behaviour due to significant emotional attachment or the pharmacist's ability to employ empathy, both of which have been extensively researched previously (Chen & Fu, 2015; Russell-Bennett, Worthington & Hartel, 2010; Straker & Wrigley, 2016). This, of course, can both be based on trust as well as nurture it since it represents a facilitating force for the expression of a strong relational bond.

Moreover, trust was something that our respondents emphasized on even separately from employees or relationships. Both groups had a significant positive association with this factor as it proved to strengthen much more than just one or two influencers but also the overarching communication between the pharmacy chain and the customer. Rai and Medha (2013) mention trust as a constructing factor in satisfaction creation and sustaining, Pan, Sheng and Xie (2012) relate it to loyalty directly, Chiou and Pan (2009) employ it for online channel usage practices, Aydin and Özer (2005) discuss it in terms of its influence on the cognitive perception of both the seller and the buyer of goods and services which creates an atmosphere of fair exchange, while Rabbane, Burford and Ramaseshan (2015) focus on the fact that trust implications are even stronger in pharmacy retail compared to other sectors. As such, here views proved to be unanimous in terms of the significance of trust not only as a factor on this own but as an influencer of other related major factors.

Another concept which proved appreciated and similarly perceived was the in-store environment and atmosphere. This factor, however important, proved to be perceived differently depending on the influences that change its general atmosphere such as the number of digital solutions, the employee attitude, product diversity, and arrangement, among others. Store environment has also heavily been researched in literature in multiple settings along similar lines. Orel and Kara (2014) follow its implications in relation to service quality, which we also noticed both respondents reacted similarly and strongly to. Demuhlin and Zidda (2009) prove its positive implications in loyalty card adoption arguing that it is one of the most significant determinants in this context as well while Rai and Medha (2013) discuss it in terms of loyalty-building and construction more closely. Adapa et al. (2020) deem it a factor that can explicitly facilitate "store loyalty", which is also something our respondents touched upon as well on both sides of the spectrum proving its relevance in our study too.

Last but not least, both respondent groups agreed on the importance technological solutions in the comfort, speed, and service quality context even though they both gave different solutions, relevant to their perspective of the market, for augmenting the pharmacy venue.

For us, this provides grounds for stating that the individual market actors are prepared for technological development and the implementation of multiple solutions for the benefit of both pharmacy professionals and customers. Again, a multitude of researchers in retailing have touched upon this need and some have even delved in its implications in-depth and in multiple contexts (Chiou & Pan, 2009; Morse 2011; Orel & Kara, 2014; Pantano & Vannucci, 2019; Straker and Wrigley, 2016) arriving at similar conclusions as the present thesis.

Views in disagreement

According to the existing literature, CRM strategies have been underutilized and researchers such as Zineldin (2006) and Siddiq, Renaldi and Santikarama (2020)'s fairly recent study advise businesses to utilize more initiatives and targeted CRM strategies that build strong relationships with customers. Within our study, we found that such strategies are already being put in place as they played a significant role in the minds of both our employee respondents and our customer interviewees. Pharmacy employees were proud to share with us that their respective pharmacy chains target the loyalty member customers through email campaigns, newsletter bulletins, and online offer alerts expressing that such strategies have been implemented for quite some time. Thus, we agree with already existing literature although we argue that these should be emphasized more strongly as the initiatives proved unavailable to non-members and not engaging enough in some cases for customers not privy to them. We understand that having such incentives only for a selection of customers provides an air of exclusivity and uniqueness, but we also believe it hampers the building of the relationships with other less loyal customers and prevents businesses from new customer acquisitions similar to Roy (2013)'s view on loyalty programs.

As we, with this work, aim at building loyalty, we would argue that allowing for more customers to feel appreciated through CRM incentives, will be beneficial in the long run. For this attempt to be fruitful Zineldin (2006) advises businesses to look inside their organisations and focus on augmenting the quality of objects, processes, infrastructure, interaction, and atmosphere. According to our findings in pharmacy retail such efforts should include quality of the product offering, the service provided, the relationships built and the instore environment through orderliness and product diversity and availability proving the relevance of Zineldin (2006)'s work to pharmacy retail as well. However, as a result of our interactions with customers, we found that these efforts are still being implemented with a slow pace even though the market has been pushed to great change due to its relatively recent deregulation.

On a similar note, even though Bolton, Kannan and Bramlett (2000) argued that customers partaking in loyalty programs proved more inclined to ignore overall quality and billing disappointments, we found them to be particularly aware of both the fallouts of customer loyalty initiatives and the differences between their own loyalty membership and that of the competition, especially in terms of price. Our customer respondents, contrary to pharmacists' beliefs, even emphasized their readiness to exchange one membership for

another if it would bring them more benefits since memberships in pharmacies do not tend to differ greatly from one another, making the opportunity cost customers face almost insignificant.

As such, we argue that as much as customers are prone to re-patronage (Bolton et al. 2000; Budiyono, Pawar-Hole, Hole & Wagh, 2020), they are fully capable of revoking a membership in favour of another more interesting, full of incentives or just better program. Employees, on their part, were not able to differentiate between the different programs offered, which leads us to believe that within this industry loyalty programs are an underappreciated service that has strong potential to incentivize loyal behaviour but is not being utilised in the most creative way. From our results, we can deduce that this is a concept that pharmacies should work on in accordance with Kreis and Mafael (2014)'s theory as customers are already feeling increasingly disinterested with the existing initiatives and they obviously relate their loyalty program participation to higher value based on good loyalty program design.

Another interesting aspect in this context is the fact that customers expressed a lack of interest in loyalty programs as they seemed highly uncreative and they lacked enough choice of options, even though pharmacists felt passionate about their offers and the associated benefits. Kovač et al. (2018) focus very much on this aspect arguing that customers prefer to have a free choice in the type of incentive or reward they would like to receive, while at the same time they search for creative ways for acquiring that same reward. Our findings proved consistent with this view, showing that it plays a significant role in customer decision to display loyalty actively. However, nothing in our research supports the notion that customers would agree to receiving a delayed reward regardless of the value it holds. Customers on the Swedish pharmacy market proved to hold high expectations of the services provided and held speed, especially in high regard. This, of course, can be due to the urgency that medications are usually associated with, as this sector is health-based and allows for fewer deviations and mishaps compared to others such as grocery or fashion for example.

On the topic of Private Label Brands, our respondents found good and bad aspects - even though these provide a greater choice, quality for a reasonable price and a level of exclusivity leading to a degree of consequential loyalty, they also confuse customers according to pharmacy professionals and can prove difficult to promote as a result. Thus, even though private labels are of great value to grocery and beauty & cosmetics retailers, as previously proven by research, in pharmacy retail they play a significantly smaller role. While pharmacy employees do support the chain's own brands and they notice customers who display an outright preference, they do not claim that this is a trend among all customers. Rubio, Villaseñor and Yagüe (2017)'s two dimensions of building loyalty through private labels related to the price of the product and its quality as a trust increasing factor actually proves, in our study, inconclusive since customers in pharmacy retail make their purchases regularly out of necessity and when offered private labels they tend to be

suspicious, even going as far as defining staff as “sales” representatives showing their very high level of sensitivity towards supplement offers and/or product substitutions. Consequently, we would advise for a limited usage of private labels and in cases where it would be both most beneficial and least intrusive in the eyes of the customer.

6.3.1.3 What are the aspects to consider when strategizing and constructing customer loyalty?

Following up this discussion, we would like to address competition as a force that drives the presented factors, in order for pharmacy chains to keep their competitive advantage and positioning on the market. In literature Leenheer and Bijmolt (2008) label the most significant sector characteristics as competitive and demand characteristics, and firm characteristics in sectors with generally similar product offerings, while Sharp (2010) relays the law of Double Jeopardy as a factor with significant importance especially in light of a growing number of competitors. Leenheer et al. (2008) stress that having less diverse product offerings allows for more profitable customer loyalty programs. This however does not prove to be as effective in the pharmacy retail industry as customers stressed their need for more diverse non-prescription centred product offerings and their disenchantment with the current programs offered regardless of the limited product options and more in the context of emotional engagement. On the other hand, Sharp (2010)’s law proves to have high significance on the pharmacy market due to the new actors that emerged because of the deregulation.

This, in turn, challenges the competitive environment, making the sector more competitive in general. Digitalization and the deregulation of the market proved to have moved the industry in the direction of growing competition as well, especially between physical and online channels and amongst the different chains. This pushed pharmacies to devise more customer-centric strategies in search for more loyal customer behaviour. Thus, the demand characteristics as seen by Leenheer et al. (2008) have also evolved changing customer needs and expectations. Consequently, firm characteristics are also expected to adapt to these new market conditions offering more product diversity and creative programs. Essentially, we aim here at supporting the general ideas behind Leenheer et al. (2008)’s categories but also at arguing that customer loyalty is influenced differently on the pharmaceutical competitive environment and is thus not reliant on the same conditions expressed by existing retailing literature. Due to this, we see the competitive environment and the changes on the market as an overarching factor which proves important for the development of appropriate strategies in pharmacy retail when constructing loyalty.

From another perspective, Rundle-Thiele and Bennett (2001) focused not on the level of competition on the market but the type of market the company is operating on. They saw the need for classification according to the nature of the market, i.e., is it a stable or unstable one, since, for them, this has a strong influence on the strategies and techniques which should be implemented in order for the business to successfully build and construct loyalty. This proved to be accurate on the pharmacy retail market as well since, due to the

deregulation, the environment destabilised and called for great changes both in the way chains operated and in the manner in which customers are approached, products are provided, sorted, and evaluated. It also paved the way for non-prescription related products and private labels among other loyalty-centric initiatives. Today, as a result of the pandemic and the accelerated deregulation of the market pharmacies again are facing changes that destabilize the industry and we consider this to be a development that should be taken into consideration when pharmaceutical brands strategize for the construction and building of customer loyalty in the future.

Interestingly, pharmacies within our study also proved to rely heavily on providing a good and memorable experience just as Bäckström and Johansson (2006) predicted while customers proved to be influenced not only by traditional values but by new ones such as the level and number of digital solutions available for them. This again serves as proof of the mediating and shaping effects digitalization has on customer perception and behaviour. Still, the industry has not reached a point where it is able to fully engage customers digitally even though researchers such as Straker and Wrigley (2016) emphasize its importance as within our study many inconsistencies emerged within the digital channels of communication and servicing such as the lack of enough digital displays in-store, for example. Rameseshan (2016)'s findings on customer experiences and the seven elements he proposes proved to be accurate here as well. All touchpoints were mentioned between both our respondent groups as valuable. Much emphasis was specifically put on atmospheric, technological, and communication factors. We noticed that having an orderly clean store, good staff, and a multichannel approach towards communication proved to be of growing importance on today's market as these were mentioned by respondents on numerous occasions and in both participant groups and serve as a good example for the relevance of the existing studies to this industry.

Even though the competition, deregulation, digitalization, and the pandemic have all influenced the market's growth and development still much is lacking in their level of implementation and the pharmaceutical understanding of them. Valos et al. (2010) expressed the need for considering the dynamic environment of the contemporary market as well as the creation of compelling experiences. With the transparency expected today, we believe that pharmacies face the same challenges, more so with the specificities of the sector – the need for safety, assurance, and trust. As such, we see these concepts as imperative when strategizing for loyalty creation and construction. Their importance lies in the way they affect the pharmacies and the following strategies implemented within the organisation, the ones pushed on the market, and the resounding effects from them seen in customer feedback and behaviour. In order to better represent these aspects, we have created a schematic (Figure 4) which illustrates them in detail:

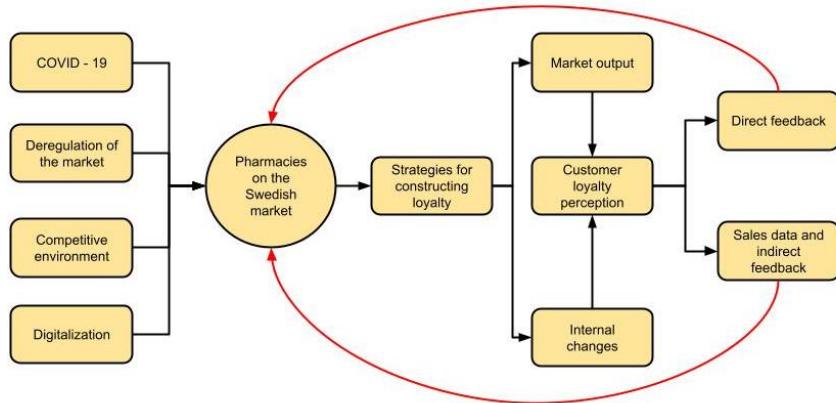


Figure 4: Outside aspects to consider when strategizing and constructing customer loyalty

The scheme above (Figure 4) outlines the causal relationships on the pharmaceutical market from left to right which reflect on loyalty-related strategies and initiatives and are influenced by aspects partially or fully outside of the control of the market actors. The aspects include the aforementioned competition, deregulation, digitalization, and the pandemic which change the market environment and affect pharmacies by forcing them to adapt their loyalty constructing strategies. These strategic changes result in adapted internal processes (e.g., customer relationship initiatives and internal understanding, employee recruitment and training, etc.) and a new market output (e.g., customer loyalty programs and incentives, private label brands, etc.) which then reflect on the customers' perception on loyalty. Finally, these last changes provide feedback to pharmaceutical chains both directly, through customer feedback (e.g., surveys and studies on customer satisfaction) and indirectly, through sales data and customer behaviour (e.g., products sold, amounts, and return visits). These aspects have also been considered in the execution of our main model (Figure 3) but have been represented visually here for the ease of representation in relation to our third research sub-question.

6.4 Evaluating the theoretical framework

After the final consideration of the findings discussed above, in relation to the purpose (incl. Figure 2), the preliminary theoretical framework, and in light of our model (Figure 3), the research questions (incl. Figure 4) we evaluated its relevance, detailedness, and applicability to the pharmacy retail industry. The initial theoretical framework was developed firstly through the help of the general retail literature. We employed the different concepts included and discussed them with the aim of finding what are the factors that best suit the pharmacy retail market. As such, we argued within this work that different branches of retail are influenced by different factors and with varying impact. After conducting our study and reviewing our empirical data we reached findings that supported to a certain extent our initial factor selection but also discovered multiple deviating ones. Thus, the table we developed (Table 1) grew into a model (Figure 3) with many influential subsections and sub variables. We believe this provides the reader with a good understanding of the intricacies of the industry and its specificities and supports our initial argument for the singularity of the sector.

In order to derive an all-encompassing view on loyalty, we have discussed previous studies on the antecedents for loyalty (Abu-Alhaija, Nerina, Yusof, Hashim and JahaRuddin, 2018). Ekström, Ottosson and Parment (2017)'s view on satisfaction, loyalty towards a specific "object" and return visits, the one-dimensional view on loyalty (TaghiPourian & Bakhsh, 2015) alongside emotional and cognitive loyalty (Russell-Bennett, Worthington & Hartel, 2010). We went through Oliver (1999)'s view on satisfaction, the level of care, community, and choice (Srinivasan, Anderson & Ponnavolu, 2002) and Macintosh and Lockshin (1997)'s investigation of the relations between trust in sales personnel, trust in-store, and repeat purchase intention, among others. We discussed green loyalty Martínez (2015), CRM strategies and loyalty programs and their determinants (Leenheer & Bijmolt, 2008; Vesel & Žabkar, 2009), technological variables and their impact on multichannel efforts (Pantano & Vannucci, 2019), Private label brands (Huang & Huddleston, 2009) and switching costs with their "price-beating refunds" strategies (Haesvoets, Van Hiel, Onraet, Joosten & De Cremer, 2017; Shoemaker & Lewis, 1999) among others.

During our research, we found that previous studies only looked at the customer view on loyalty and, at the same time, little has been done on the topic of pharmacy retail. As such, some views on the strategies surrounding loyalty construction and nurturing were under-discussed or had inaccurate representation and expectations in the context of this market. Simultaneously, pharmacies have not been discussed in such a narrow way as to derive models or structures focused on the strategies and tactics needed to construct and nurture loyal behaviour. Nor have the relation between attitudinal and behavioural aspects of loyalty within the sector been discussed previously in detail.

Through our study and research efforts, we have provided evidence for the impact of both behavioural and attitudinal factors, we have created a model (Figure 3) that argues for the importance of all the factors relevant to the pharmacy industry and a schematic (Figure 4) that expresses in detail the outward aspects that should be considered when strategizing for loyalty which influences pharmacy retail but cannot be controlled by the market actors. Finally, we have taken a look at the employee view on loyalty construction relating it to the customer one and we have discussed in length the following implications for pharmacy retail and their impact on relationships with customers. As a result, the present study argues that pharmacy retail is subject to specificities which are expressed differently or are altogether utilized in contrasting ways in other retailing sectors. We also believe that the employee view should be taken into consideration when discussing loyalty construction in the sector as pharmacists prove to be key actors in the industry and their understanding and knowledgeability alongside the proper execution of brand initiatives reflects on the customer and his/her loyalty. Thus, their side of the spectrum should be regularly or at least frequently evaluated. Outward aspects and customer stances should also be reviewed and considered as they influence the environment around the pharmacy chain and thus impact its loyalty construction strategies.

7. Conclusion

The final chapter brings to an end the empirical findings of this research endeavour. An outline of the theoretical contributions is provided, as well as the practical contributions that can aid managers and academic researchers in grasping the field of customer loyalty in pharmacy retail and how it can be constructed. The chapter concludes with a discussion on limitations and avenues for further research.

7.1 Summary of the research process

The present study aimed to explore the primary research question: *how is customer loyalty constructed through the lens of managers and employees in pharmacy retail as opposed to that of their consumers?* with the help of three auxiliary questions. We examined previous literature and research attempts, which were scarce. In addition, primary empirical material was collected in the form of semi-structured interviews and a qualitative survey. The aim was to achieve a broader view of the process of constructing customer loyalty in a pharmacy retail setting in Sweden. Since the deregulation of the market in 2009, the state-owned pharmacy was subjected for the first time to competition, and the concept of customer loyalty and retention became prevalent. This focus led to the creation of the supporting questions which aimed at investigating whether customer loyalty was viewed differently in pharmacy retail setting, where do the inside and outside views meet, and what aspects and factors are important when pharmacy retail companies strategize for customer loyalty. Moreover, these were discussed in the previous chapter, where the presentation of our findings with relation to our research aim was presented. Lastly, our theoretical framework was evaluated and updated based on the discussion.

7.2 Theoretical contribution

The present study investigated a common concept within a specific retail niche – pharmacy. Customer loyalty and the factors that facilitate its building are studied quite extensively in different retail settings. Thus, scholarly literature is abundant. However, studies of customer loyalty and the process of its building are almost non-existent in the field of pharmacy retail. This sparked our interest and we focused on investigating the topic and found seven studies that are broadly linked to customer loyalty in pharmacy retail and almost all of them were conducted with a quantitative research methodology and rely on the customer view, disregarding the one of managers and pharmacists.

Our contribution to the retail literature is linked to the creation of our model, which is discussed in Chapter 6 (Analysis and discussion) and serves an exploratory purpose to pinpoint the main factors that are important when constructing customer loyalty in a pharmacy retail context. We extended the process and concept of building customer loyalty in a pharmacy retail environment by showing the views of both managers and employees

on the one hand and customers on the other. The model (Figure 3) represents a consolidated view of the important elements for both parties that influence the building of customer loyalty building on the research of previous scholars (Burford & Ramaseshan, 2015; Castaldo et al. 2016; Chen & Fu, 2015; Clerfeuille et al. 2008; Gavilan et al. 2014). It shows the interrelationships between several elements that have a positive relationship. Four main building blocks spark the most interest in our respondents, thus playing an important part in our model – customer relationships, employee knowledge and involvement, in-store environment, and location and convenience.

Castaldo et al. (2016) and Gavilan et al. (2014) - our thesis enters in direct academic dialogue with these two papers since they are linked most closely to other streams of research. Castaldo et al. (2016) focus on building customer loyalty in pharmacy via a quantitative approach, and Gavilan et al. (2014) elaborate on shopper marketing in Spanish pharmacies and the importance of customer experience. We aim at improving the theoretical approach of building customer loyalty by examining the pharmacy retail context in Sweden. Our thesis offers a well-rounded research, combining both internal and external views of customer loyalty. Additionally, we utilise a different ontology from them – relativism – which allowed us to explore even more in-depth the factors that are viewed to be important by both pharmacy personnel and customers.

Additionally, we built on Chen and Fu (2015)'s work by establishing the relevance and profound importance of the store environment and its need for modernization, its importance in experience creation and in comfort establishment, and on Clerfeuille et al. (2008)' study by involving the employee viewpoint. We also solidified the importance of customer satisfaction in Swedish pharmacy retail albeit without the specific considerations of variables such as the education level of customers among others (Clerfeuille et al. 2008). Finally, we provided empirical evidence for the importance of employee involvement, knowledge, and significance in trust and loyalty construction (Burford & Ramaseshan, 2015).

Another contribution of this thesis is that we managed to present that pharmacy retail differs from general retail practices in the way it builds customer loyalty. Going back to section 2.4 in our theoretical framework, we listed several factors that were paramount in creating a process and strategy in constructing loyalty that are found in general retail literature. However, through our abductive process, we managed to differentiate the specific pharmacy factors, and devised our model, which demonstrates a greater coherence between the views of employees and customers, which essentially translates into a considerable alignment between both views. This is what makes the pharmacy retail different and special. The idea is aided by the lower staff churn rates who throughout the years establish strong and long-lasting relationships with their customers, as opposed to other sectors, e.g., beauty and grocery, and the mandatory proficiency of employees which is not always paramount in other sectors.

During our study, we tackled the discussion on whether behavioural (Barwise, Ehrenberg & Goodhardt, 1990) and attitudinal (Baldinger & Robinson, 1996; Day, 1969; Dick & Basu, 1994; Rundle-Thiele, 2005; Rundle-Thiele & Bennett, 2001) aspects play a role in loyalty construction and found that both have clear, direct, and strong significance in this sector shedding light on the power dynamics of these perspectives within the pharmacy industry specifically. At the same time, we further disproved the perception of one-dimensional loyalty constructs (TaghiPourian & Bakhsh, 2015). We also clarified the influence of the technological variables, the level of implementation of different loyalty-building initiatives such as loyalty programs (Leenheer & Bijmolt, 2008; Vesel & Žabkar, 2009), technological solutions (Pantano & Vannucci, 2019; Straker & Wrigley, 2016), private labels (Gavilan et al. 2014; Huang & Huddleston, 2009) among others.

We were able to establish a strong link between the level of trust displayed by customers in relation to the store and its employees (Macintosh & Lockshin, 1997) as well as a certain level of loyalty towards an “object” as seen by Ekström et al. (2017). We discovered some reasons for the defection of customers (Nasir, 2017) in the face of less inclusive and appealing incentives or even health system organizational constraints (need of personal number for most purchases) as well as customer need for engaging experiences (Bäckström & Johansson, 2006; Chen & Lamberti, 2016; Lemon & Verhoef, 2016; Morse, 2011). Finally, we established the dynamism of the market and its development (Valos et al. 2010) as well as some reasons that impact its current stability or lack thereof (Rundle-Thiele & Bennett, 2001) such as the deregulation and the increased competition for example.

7.3 Managerial and practical contribution

The present thesis was partially inspired by the deregulation of the Swedish pharmacy retail market in 2009 when suddenly the state-owned Apoteket AB was faced overnight with competitors in its retail niche. An emergent competitive environment translates into a necessity to build a loyal customer base and increase the rate of success of customer retention initiatives. The paper took a unique approach by examining not only the customer view of loyalty but also the managerial-employee view and assessing whether there is an alignment between the two. The practical contribution of this research lies within the different factors that practitioners should consider when strategizing and building customer loyalty.

During our research, it became evident that both customers, and managers and employees, view building strong relationships between them as one of the most important factors that contributes to retaining customers. Besides this, it is important for practitioners to consider constantly upskilling their pharmacists since one of the main findings suggests that customers often consult the employees for product-related information as well as for general advice. Constantly renovating and modernizing their pharmacy outlets is also an important factor since consumers point out that the in-store environment is a significant factor for them when deciding to commit to patronage behaviour. Another significant factor

that is worth mentioning is the digitalization and the digital solutions that the pharmacy store has – a unanimous agreement among consumers was the need to have QR codes, modernized mobile applications, and digital displays in stores.

However, pharmacy retail chains should redesign and refashion their customer loyalty programs, which counterintuitively do not serve as a point of differentiation but as a point of similarity. There is support from our empirical material that practitioners should strive to revitalize them, considering there is still a proportion of customers that are using them, despite being dissatisfied with what they offer. Another important point that pharmacy retailers should consider is the consideration of their Private Label Brands or their methods of emphasizing on them. Our data from the customer study and shown in Chapter 5 (Customer view on loyalty), points that customers do not view PLBs as a point of differentiation and in spite of buying them, they do not feel that PLBs provide a cutting-edge advantage.

Additional point in the debate is bridging the differences of positions regarding the digitalization and digital services in-store and online. There appears to be a difference in understanding of these concepts from the customer- and managers/pharmacists-side. Both groups elaborate extensively on them, but they see the phenomenon differently. Through this thesis, both managers and practitioners can gauge what is meant by the customers when they speak about digital solutions and make the adequate implementation of these technological innovations. In this way, they can even portray themselves as active listeners of customer's wishes and help build even further their customer loyalty.

7.4 Limitations

The limitations of this study are an important factor, which means that there is critical self-reflection, performed by the authors. The foremost limitation of the current piece of research is the multitude of research done in the field of customer loyalty, whether it is about building customer loyalty or just explaining the concept. The other linked problem was that the application of the concept and its building to the pharmacy retail niche was also a challenge for us since we located only six articles that are broadly linked to our topic. However, these limitations were tackled with purposeful surveying of the customer loyalty concept in the general retail literature and structuring it around themes and aspects that are prevalent in building customer loyalty.

The second limitation is linked to the application of purposeful and snowball techniques resulting in a very targeted sample. During COVID-19 we were aware that the access to individuals will be limited, and data collection might be particularly problematic, but we managed to succeed by employing the above-mentioned methods. We had a gatekeeper (Easterby-Smith et al. 2015) that aided us with colleagues that were excited to participate in our study. Moreover, we managed to expand the reach of our manager/pharmacist collocutors by doing further interviews in two other pharmacy retail chains. Questions

about generalizations can rise, however, we managed to tackle this with the knowledgeable pharmacy professionals that provided us with context-rich data. In addition to the 10 professional participants, we conducted an online qualitative survey as opposed to direct interviews with customers. There were concerns about gathering adequate empirical material, however by providing them with open-ended and broad questions, we arrived at rich empirical material, and we covered participants from almost all age groups.

Thirdly, the study utilized an abductive approach, where we started by outlining the important factors that help in building customer loyalty in the general retail literature. Subsequently, we tried to derive and interpret the empirical material in search of aspects that are unique in the pharmacy retail niche that build customer loyalty. Thus, criticism might ensue from the fact that based on a limited number of respondents we have constructed our model by challenging already established factors in retail literature, but we believe that the specific nature of this type of retail lends credibility to our research, thus using the abductive method was appropriate in arriving at our conclusions.

Finally, this research takes a unified approach to customer segments. The aim of the study is not to make a detailed in-depth investigation on how particular customer groups react. It is our opinion that customer segments should be studied more in detail and other interested researchers should delve deeper in a future study on building customer loyalty in specific customer segments (e.g., age differences, chronic patients). Furthermore, a consideration of the elements of culture and nationality should also be examined in relation to customer segments.

7.5 Avenues for further research

As customer loyalty building in pharmacy retail in Sweden is a relatively new phenomenon, we want to stress that there are several possible ways for future research to take place. The area of pharmacy retail provides a wealth of research opportunities that merit investigation as portrayed in our literature review.

Firstly, we think that the area of building customer loyalty is well-researched in the retail sector, but for the pharmacy, it should be expanded. Many of the customers replied that they used mobile and digital technology and that they preferred to do their research online. A totally separate topic can be constructed around the idea of technology in pharmacy retail. This is a valid notion since we say that COVID-19 has increased the technological permeation and usage in all age groups, and, for us, it is interesting to see whether this trend will occur in pharmacy retail.

Secondly, in our findings, we were intrigued that pharmacy retail managed to streamline their logistics processes and increase the usage of click-and-collect delivery options as well as home deliveries. Logistical processes and supply chain in the pharmacy have not been studied before, so a research question akin to “how has the pharmacy logistical processes after the deregulation of the market developed?” can be a reasonable question to pursue.

Thirdly, our research study can be replicated using a different set of methodology. We conducted our research with a qualitative approach, and perhaps the usage of quantitative methods on a large scale can bring further clarity in the efforts to conceptualise customer loyalty building in a pharmacy retail environment. Further studies can be conducted separately for managers and consumers.

Fourthly, it is possible that implications from our findings can be implemented in other health-related settings, including hospital, pharmaceutical production, and general health sectors. At the same time, not all factors found useful in our research will prove just as applicable to the aforementioned settings due to the peculiarity of all of these industries. Therefore, further research avenues should, in our opinion, include considering which of the findings presented in this work are applicable to a specific setting and which would prove irrelevant.

Lastly, a case-study approach can be also utilised in discussing the building of customer loyalty in pharmacy retail. A more granular approach would lead to more cutting-edge findings and would increase the validity of a proposed framework, and the managerial implications can bring more value to the pharmacy chain under study.

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Appendices

Appendix A: Survey and interview guide

Manager's interview questions:

Question	Focus
What changed after the deregulation of the market in 2009?	The deregulation of the sector had an impact on both the way pharmacies operated and how they communicated. How does the respondent perceive the result of this factor?
To what extent do you feel a difference on the market due to the supermarkets and other pharmacies providing non-prescription medicine options?	The deregulation prompted other businesses to enter the competition on a non-prescription level. Did this impact the pharmacy operations? How?
In what way do you find a personal connection between the pharmacist and the customers?	This is a question that focuses on interactions and factors that led up to emotional connection and loyalty. We want to derive conclusions through the help of respondents' experience with customer interaction. If they value it and put active effort this shows us a possible foundation for loyalty.
How does the training of your employees influence the day-to-day communication with customers?	We dive into the training centred conversion. We want to derive conclusions through the help of respondents' experience with training and we want to see whether they focus more on product or customer interaction training.
Do you have planned strategies to make customers come back in-store? Can you elaborate more on them?	We focus on the process itself. What works for this manager, with these employees and this pharmacy location. Do they have a long-term plan which incorporates customer satisfaction,

	customer relationship management and/or loyalty programs/initiatives.
What activities do you perform so that your customers feel welcome in your pharmacy? Do you feel that they are adequate and something different can be done?	We focus on the individual tasks and what is the rationale behind the tactics within the strategy. Its follow up question that narrows down the scope of the conversion.
Are customers satisfied and how do you measure their satisfaction?	Feedback helps us see which of the pharmacy efforts are truly important for customers when they consciously provide feedback. Of course, customers do respond at times in one way and act another, but we also search for what the pharmacy receives as signals.
Can you estimate how often customers come back in-store? What do you think the reasons are?	We want to see the level of customer engagement. Returning to any store means satisfaction on some level. Within our theoretical framework satisfaction leads to trust and afterwards intentional loyalty.
<p>How has digitization impacted your pharmacy and everyday communication with customers?</p> <ul style="list-style-type: none"> • In what way? 	Where does mobile technology fit into the customer experience. Do managers see a future in mobile technology usage? Is its importance already at the pharmacy's door? What are their expectations and their plans for the future? Does Corona have an impact?

Pharmacist's interview questions:

Question	Focus
What are your daily activities in the pharmacy?	Getting to know the respondent and their role in the pharmacy. This gives us also a small hint about the type of customers they work with. Do they work with prescription medicines, non-prescription medication or cosmetics to multiple products

How many customers do you talk to per day in general?	With this question we intend to estimate the in-store traffic per day.
In what way do customers differ from one another?	With this question we try to estimate the customer segments. We rely on the pharmacist's customer service skills and experiences to divide our segments.
How informed are customers when they come into the pharmacy?	We try to estimate the level of informedness and the type of need customers enter the pharmacy with. Do they know what they're looking for? Do they need advice? Have they checked prior to their visit to the pharmacy? Do they understand the products enough? Was the information they had comprehensive enough for them to not need to ask additionally?
Would you say they come to you directly or do you have to approach them?	We try to estimate the type of customers that visit the pharmacy. Are customers passive or active in the communication?
Do you get special training to be able to help customers? If yes, what does it include? If no, why do you think that is?	We enter the subject of training. What is the influence of training and what kind of training is received by pharmacists.
Would you say that your training is mostly focused on medicines or on interacting with customers or both?	What kind of training is received by pharmacists. Do they receive training only for medicine usage, substances and products as a whole or does the company also focus on things for customer support, satisfaction and relationship management.
How much does your training help you in interacting with customers? Do you have personal connections with them?	What is the added value for the pharmacist? Do they make the pharmacist's everyday job easier and does this have an impact on customer satisfaction?

What changed after the deregulation of the market in 2009?	The deregulation of the sector had an impact on both the way pharmacies operated and how they communicated. What is the opinion of the respondent? Did their everyday activity change? How about the long-term changes? Did they have to adopt the store level processes and/or the store environment, personnel tasks, etc.
What do you think makes people come back in-store?	We change the narrative to point the conversion to the returning customers. These are the customers that show some kind of satisfaction and usually some actionable loyalty. We ask our respondents to estimate what are the things that make customers come back through their professional experience.
How often would you say you see the same customer come in?	We want to see if there are even more narrowed down cases of loyalty. An estimation of the number of customers who visit the pharmacy on a regular basis and even some reasons why according to the pharmacist.
What kind of programs do you have and do they differ? Do you think customers like these initiatives? Have they ever expressed their approval?	We dig deeper into the processes within the pharmacy and the reasoning behind them. The influence of loyalty programs and incentives in this environment.
How has digitization impacted your pharmacy and everyday communication with customers? • Has digitalisation helped in retaining customers, if so how?	Where does mobile technology fit into the customer experience. Do pharmacists see a future in mobile technology usage? Is its importance already at the pharmacy's door? What are their expectations? Does Corona have an impact?
What communication channels do you use?	Narrowing down on the communication channels with the hope of finding where mobile technology fits in everyday

activities. We understand through the field experience of pharmacists what are the channels that are successful, why and which are not. We search for the input of digital and even mobile technologies.

Customer's survey questions:

Question	Focus
How old are you?	Closed question. Determining the Age group of the person
What gender do you identify with?	Closed question. Determining the gender of the person
Do you have a personal number?	Closed question - Yes or No - a factor/antecedent that can lead to more options and different impact of a pharmacy on a customer
What do you value most when you visit the pharmacy?	Open question - prompt customers to present a few words of what they appreciate most when shopping a pharmacy retail setting → theoretical framework link - cue that can possibly lead to in-store environment antecedent or the employee-customer relationship
Do you prefer to ask the pharmacist for help or not? Why? Please give an example.	Question aims at establishing the pharmacist's role in the view of the customer and whether this view has a different understanding comparing with the pharmacist's understanding of the customer
Please share your last experience in the pharmacy. What did you like and/or dislike about it?	Prompting the consumer to tell a narrative that is common in qualitative research - link to the customer experience antecedent that plays a big part in the managerial view
Based on your experience in this	This links to the idea in the customer loyalty literature of "repeated patronage"

pharmacy, would you revisit it for your next purchase?	- links to the theoretical framework: customer trust and satisfaction, commitment
Are you part of a pharmacy loyalty program? If you are, what kind of program and why?	Establishing the importance of customer loyalty programs in pharmacy retail - they may play or may NOT a role in pharmacy retail as opposed to other retail settings.
If you used any sort of technical device in the pharmacy, what did you use and how?	Establishing the importance of the digitalization factor in customer shopping, which is currently not evident in the customer loyalty in pharmacy retail literature. This will potentially lead to new information in the managerial antecedent in our framework "technology"
Did you research information about the medicines you purchased before, during or after your visit to the pharmacy? What did you search for and why?	Does not link to the theoretical framework → possibly can lead to establishing a new antecedent in the literature.
What do you think can be done to improve the pharmacy? Please provide at least one suggestion.	Links to the theoretical framework - customer commitment and employee relationship. This will allow the customer to co-create by providing his/her vision of how a pharmacy would like.
Question about COVID-19	Link to theoretical framework Factor for change of behaviour, could predispose to loyalty due to health considerations, easy access etc.

Appendix B: Operationalization of concepts

Phrase	Change
Customer loyalty	Coming back
Customer satisfaction	Happiness, satisfied
Retention	Customer that come back
Loyalty programs	Incentives

In-store environment	Pharmacy
CRM strategy	Initiatives to attract customers (to employees and managers)

Appendix C: Interviewee Consent Form

Thesis title: Building customer loyalty in Swedish pharmacy retail

Researcher names: Nikoleta Mircheva and Stefan Pelev

Interview Consent Form.

I have been given information about the thesis on Building customer loyalty in Swedish pharmacy retail and discussed the research project with Nikoleta Mircheva and Stefan Pelev who is/are conducting this research as a part of a Master's in International Marketing and Brand Management supervised by Ulf Elg.

I understand that, if I consent to participate in this project, I will be asked to give the researcher a duration of approximately 30-60 minutes of my time to participate in the process.

I understand that my participation in this research is voluntary, I am free to refuse to participate and I am free to withdraw from the research at any time.

By signing below, I am indicating my consent to participate in the research as it has been described to me. I understand that the data collected from my participation will be used for thesis and journal publications, and I consent for it to be used in that manner.

Name:

Email:

Telephone:

Signed:

Qualitative survey Consent form - employees:

Hello!

My name is Nikoleta Mircheva, a Master's student at Lund University. I am writing to you on behalf of my teammate, Stefan Pelev, and myself as you have agreed to participate in our study within the pharmacy sector.

First, I would like to thank you for your help and for the time you will give to our work, and us as young researchers.

Second, I would like to point out that none of your personal identifying information will be used outside of our study and even the information you give us will be adapted in such a way as it does not imply your identity. The survey itself will not take more than a few minutes.

Here are the two links to the forms we have prepared. Please choose the one appropriate to your position:

Survey for Pharmacists:

https://docs.google.com/forms/d/e/1FAIpQLScpSRsflM03icOKNFcXF4sdMX7FrTYW6hz_zbdPjzDG1yXFzQ/viewform

Survey for Managers:

<https://docs.google.com/forms/d/e/1FAIpQLSeKUZedDqWpHGKZlbA4m1oWkS8JczorLrqL4RGj5dXfRl5d2Q/viewform>

Please feel free to inform me of any questions you might have and contact me if you would like to receive information about the final results of our study! Thank you again!

Yours truly,
Nikoleta and Stefan

Qualitative survey Consent form - customers:

Thesis title: Building customer loyalty in Swedish pharmacy retail

Researchers' names: Nikoleta Mircheva and Stefan Pelev

Research project information: The aim of this project is to explore the concept of customer loyalty in a pharmacy retail setting and to build an understanding of how customer loyalty is constructed in this setting. This is done by examining the views of both managers/staff and customers.

I understand that my participation in this research is voluntary, I am free to refuse to participate and I am free to withdraw from this qualitative survey at any time.

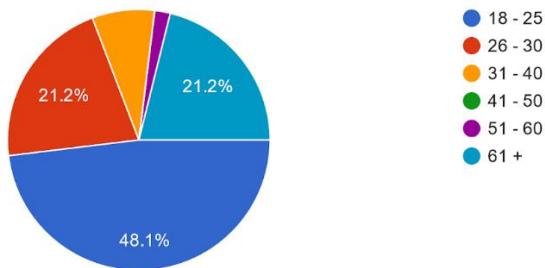
My participation in this project will be pseudonymised.

By agreeing to this from, I am indicating my consent to participate in the research as it has been above. I understand that the data collected from my participation will be used for only thesis publication and purposes, and I consent for it to be used in that manner.

Appendix D Customer Survey Pie chart respondent data

How old are you?

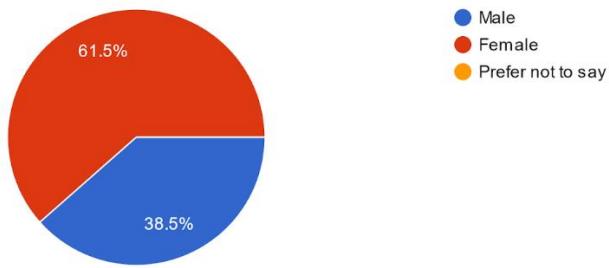
52 responses



1: Image - Age distribution

What gender do you identify with?

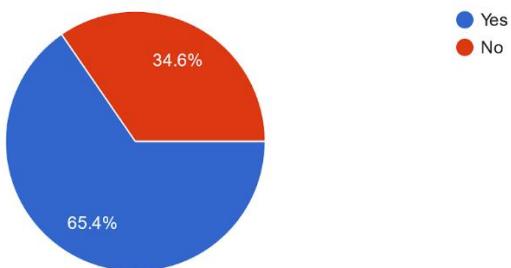
52 responses



2: Image - Gender distribution

Do you have a personal number?

52 responses



3: Image - Personal number distribution

Appendix E Solutions in-store by pharmacy

Lloyds Apotek



4: Happy or sad machine for customer feedback and customer service



5: Employee handbook on products



6: Product and offers magazine

Apoteket AB



7: Machine for easier and faster queuing for customer with a receipt, without and ones shopping for a Covid-19 test



8: Heritage and architecture of Apoteket AB - the pharmacy's entrance

Kronans Apotek

9: Offers magazine with discounts (3 images)

