Relationship Marketing Practices in Community Pharmacies in South-Western Nigeria

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Information on components of effective relationship marketing for community pharmacies is scarce in Nigeria. This study examined and determined components of relationship marketing that were most effective in fostering customer loyalty. A cross-sectional survey of 40 randomly selected community pharmacies was undertaken. Purposive sampling technique was then used to select 160 community pharmacies staff while 510 of their customers were selected by accidental sampling. Obtained data was analysed by descriptive statistics, Spearman's rank, factor and binary logistic regression analysis. Results revealed a positive relationship (rho=0.68, p<0.05) between RM and customer loyalty. The RM activities were not systematic but ranged from providing loyalty gifts (87.5%), regular health tips (50%) to special attention to the elderly and physically challenged customers (35.7%). The RM variables that contributed significantly to customer loyalty were accessibility (2.875), conflict handling (2.753), communication (2.731), competence (2.060), trust (2.368) and commitment (1.922) with social RM practices yielding optimal results. Communication and accessibility therefore hold the highest promise for community pharmacists to create loyal customers.

Keywords: Customer loyalty, Relationship marketing, Community pharmacies, Nigeria

INTRODUCTION

In developing countries, community pharmacy practice is shifting from traditional dispensing to pharmaceutical care services which most patients are not too willing to pay for [1-4]. Payments for such services could be enhanced by adopting relationship marketing (RM) strategy which several organizations in the United States of America have used to improve services and foster customer loyalty [5]. Unfortunately, most RM studies and established practice experiences are not only reported for non-community pharmacy environment, but also reflect only western perspectives that do not address the unique realities of the community pharmacy market in developing countries [6-9]. Most community pharmacy customers in developing countries including Nigeria are illiterates and often regard the pharmacies as places for selling medicines. Moreover, there is a dearth of information about the competencies for effective relational marketing in the Nigeria community pharmacy marketplace. It is also not known which components of relationship marketing such as accessibility, conflict handling, communication, competence, trust and commitment could be deployed in community pharmacies to yield the best outcomes. It is important for community pharmacies to identify the key drivers of RM that foster customer loyalty. Studies in pharmaceutical marketing can also elicit policy makers' interest in formulating guidelines for community pharmacy practice. It will contribute to efforts by community pharmacies to brand their practices by aligning their strengths with the opportunities in their various markets in the most cost effective and profitable manner. The main objective of the current study was to examine the current RM practices in community pharmacies in a State in South-western Nigeria and determine the components of RM that are most effective in fostering customer loyalty.

MATERIALS AND METHODS

The study area and design

A cross-sectional survey was conducted in March, 2018 in Ondo State in South-western Nigeria. The State has a population of about 3.5 million people, occupying a land mass of

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approximately 15,500 square kilometres served by 45 privately-owned community pharmacies [10].

Ethical Clearance

Ethical approval for the study was obtained from the Ondo State Ministry of Health Ethics Committee (Number ODS/ MOHREC/ 450/01/2018).

Study population, sample size and sampling technique

The study sample size was determined using the Marketing Research Online Research Application [11]. The sampling method was a combination of probability and non-probability techniques. Simple random sampling was employed to select 40 community pharmacies together with its pharmacist to give a total of 40 pharmacists. Purposive sampling was used to select 4 staff members from each of the pharmacies to give a total of 160 employees. Accidental sampling technique was then used to recruit 510 customers of the pharmacies. Only literate and consenting respondents of above the age of 18 years were considered eligible for study participation.

Study tools and data collection

Respondents' primary data was obtained using a combination of semi-structured and a standard questionnaire. The study tool employed 5- point Likert scale to measure respondents' opinions by indicating their level of agreement on statements about RM practices presented in a scale of 1,2,3,4,5 corresponding to strongly agree, agree, neutral, disagree and strongly disagree, respectively. Forty-one relationship marketing variables that covered various sub-themes formed the RM statements that customers were assessed on. Initially, customers were asked to give a Yes/No answer to the statements before expressing their levels of agreement or otherwise on the Likert scale. Responses were scored (coded) with pre-assigned values/responses. All instruments were self-administered and supervised by the researchers. Questionnaires were validated using the Cronbach alpha statistics. This ensured face and content validity, and reliability of the research instruments. All sets of questionnaires were pre-tested on randomly selected 12 community pharmacy staff and 30 community pharmacy customers outside the study area.

Data analysis

Statistical Package for the Social Sciences (SPSS) version 20 for Windows was used for data analysis with a probability level of $p< 0.05$ being considered significant. The respondents' socio-demographic data and relationship marketing practices by the community pharmacies were analyzed and summarized using descriptive statistics such as, frequency and percentages. Spearman's Rank Correlation analysis was employed to examine the association of RM with customer loyalty. Binary logistic regression analysis was then performed to predict the relationship between the six conceptualized critical components of RM and customer loyalty. Factor analysis was also performed on the 41 RM statements (including their sub-themes) in order to isolate the key dimensions of RM variables that significantly contributed to customer loyalty. All factor loadings below 0.4 were removed as were all items from the questionnaire with very high cross loadings (above 0.2) so as to enhance the factor loadings.

RESULTS AND DISCUSSION

Socio-demographic characteristics of respondents

About 379 (74.3%) of respondents had been customers to the specific community pharmacy surveyed for 1-10 years (Table 1). Most of these respondents 356 (69.8%) had post-secondary school education and the distribution of the respondents cut across all age groups and educational backgrounds. The large number frequenting community pharmacies is not surprising as they are considered the first point of call for most people seeking solutions to their health problems especially those with chronic ailments [13]. Such patients are likely to continue visiting a specific community pharmacy that with time could create a long term trusting relationship with such a pharmacy.

At the surveyed pharmacies it was found that a majority of the staff (non-pharmacists) were literate 128 (80%) with post-secondary school certificates (Table 2). This made it easy for respondents to understand the purpose of the research and respond effectively to research questions. Nearly 60 % of staff had been employed at the pharmacy for at least one year. Most of the community pharmacies were located near major non-dispensing hospitals whose patients could be the target clients for the pharmacies.

Table 1- Socio-demographic characteristics of community pharmacy-customers (N=510)

Variable	Demographics	Frequency (%)
Sex	No response	39 (7.6)
	Male	270 (52.9)
	Female	201 (39.4)
	Total	**510 (100)**
Marital Status	No response	39 (7.6)
	Married	251 (49.2)
	Single	185 (36.3)
	Widow	19 (3.7)
	Widower	12 (2.4)
	Divorced	4 (0.8)
	Total	**510 (100)**
Level of education	No response	42 (8.2)
	Primary	2 (0.4)
	Secondary	110 (21.6)
	Post-Secondary	356 (69.8)
	Total	**510 (100)**
Age	No response	39 (7.6)
	Below 20 yrs	66 (12.9)
	20-30yrs	124 (24.3)
	31-40 yrs	121 (23.7)
	41-49yrs	71 (13.9)
	50-60 yrs	66 (12.9)
	Above 60 yrs	23 (4.5)
	Total	**510 (100)**
Period as a customer to the pharmacy	No response	39 (7.6)
	Below 1yr	72 (14.1)
	1-5yrs	277 (54.3)
	5-10yrs	102 (20.0)
	10-15yrs	16 (3.1)
	Above 15yrs	4 (0.8)
	Total	**510 (100)**

Table 2- Socio-demographic characteristics for pharmacy staff (N=160)

Variable	Groupings	Frequency (%)
Sex	No response	12 (7.5)
	Male	84 (52.5)
	Female	64 (40.0)
	Total	**160 (100.0)**
Marital Status	No response	16 (10.0)
	Married	20 (12.5)
	Single	124 (77.5)
	Widow	0 (0.0)
	Widower	0 (0.0)

	Divorced	0 (0.0)
	Total	**160 (100.0)**
Level of education	No response	16 (10.0)
	Primary	0 (0.0)
	Secondary	16 (0.0)
	Post-Secondary	128 (80.0)
	Total	**160 (100.0)**
Age	No response	12 (7.5)
	<20 yrs	17 (10.6)
	20-30yrs	103 (64.4)
	31-40 yrs	20 (12.5)
	41-49yrs	4 (2.5)
	50-60 yrs	4 (2.5)
	>60 yrs	0 (0.0)
	Total	**160 (100.0)**
Period as an employee in the pharmacy	No response	12 (7.5)
	< 1yr	45 (28.1)
	1-5yrs	95 (59.4)
	5-10yrs	0 (0.0)
	10-15yrs	4 (2.5)
	> 15yrs	4 (2.5)
	Total	**160 (100.0)**

Test for reliability

Reliability estimates (Cronbach's Alpha) for the construct's dimensions were assessed and are presented in Table 3. Results indicate a high and acceptable rating for all RM dimensions [12].

Table 3: Reliability statistics

Components of Relationship Marketing	Cronbach's Alpha	No. of Items
Trust	0.732	6
Commitment	0.630	5
Competence	0.700	6
Communication	0.863	5
Conflict Handling	0.825	4
Accessibility	0.803	5

Association of relationship marketing with customer loyalty

Analysis of association between RM and customer as determined by the Spearman's rank test gave correlation with a rho index of 0.680 that was found to be significant at 0.05 level (2-tailed). It is therefore inferred that a significant monotonic association exists between RM and customer loyalty in the community pharmacies. The more the pharmacies improve RM practice the more the level of customer loyalty enjoyed. Community pharmacies long term performance will thus depend on how well the pharmacy masters and deploys the conceptualised underpinnings of RM in a systematic, measurable manner as a strategic business practice. Such a systematic approach to RM requires marketing efforts aimed at maximizing the key components of RM in a coordinated manner to ensure congruence of purpose. The assessed components of RM, based on Eigen values (Table 4), that were found to contribute significantly to customer loyalty were accessibility (2.875), conflict handling (2.753), communication (2.731), competence (2.060), trust (2.368) and commitment (1.922).

Table 4: Factor analysis of RM variables

Key dimensions	Eigen value	Variance (%)
Trust	2.368	7.640
Commitment	1.922	6.199
Competence	2.060	6.645
Communication	2.731	8.809
Conflict Handling	2.753	8.880
Accessibility	2.875	9.273

Total Variance: 55.4%, N=510, Response rate =469 (92%)

From the findings, community pharmacies that build an effective, open, two-way communication that is perceived to be timely and trustworthy by the customers stand to enjoy greater loyalty. The results also show that consistent and easy accessibility to the pharmacist and pharmacy means much to the customers in their decisions for re-purchase behaviours. This agrees with the World Health Organisation opinion [13] which emphasises on accessibility as a key strength of the community pharmacist. In addition, customer loyalty to the pharmacies depend on the extent to which the pharmacies demonstrate technical and relational competence, generate trust, show strong commitment to the customers and manage conflicts among the internal and external customers [14,15]. Therefore, community pharmacies that desire to build strong customer relationships and achieve positive financial performance for a long term must build structures and systems that deliver the above variables through various practices.

The results in Table 5 show that the most commonly employed RM practice among the pharmacies was the giving of loyalty gifts (87.5%) mostly during festive seasons.

Table 5: Relationship marketing practices in community pharmacies

ACTIVITY	FREQUENCY (%)
Social RM practices	
SMS/calls on birthdays/anniversaries	5 (62.5)
Gifts/visits at birthdays/anniversaries	2 (25.0)
Call customers by name	6 (75.0)
SMS* on health information/tips	4 (50.0)
Special greeting codes	2 (25.0)
Structural RM practices	
Special service/attention to elderly	3 (37.5)
Special attention to physically challenged	3 (37.5)
Home delivery service	1 (12.5)
Financial RM practices	
Special price discounts	2 (25.0)
Special credit facilities	5 (62.5)
Loyalty gifts	7 (87.5)

*SMS (Short message service)

This financial RM practice reflects the popular practice within the socio-cultural environment of the respondents. Similarly, about 62.5 per cent of pharmacies offer special credit sales. This practice seems attractive due to the out-of-pocket mode of payment prevalent in the health care settings. However, there were no clear pre-qualification criteria for those customers who were to enjoy such credit facilities. It therefore seems that discontinuation of such practice could be a disincentive to the customers.

Most of the respondents (75%) were found to call customers by name. Even though this social RM practice was not practiced as a matter of policy, it still exerted a significant influence on customer perceptions of the pharmacy. Again, 62.5 per cent of the pharmacies make telephone contacts with key customers during important anniversaries. Regarding structural RM practices, only 12.5 per cent of the pharmacies offered home delivery services. This could be attributed to the challenges of the added logistic, financial and human resource implications of offering such a service for specialized products (medicines). Home deliveries had limited acceptance among the pharmacists mainly because it precludes the necessary personal interactions with the customers in which the pharmacists uncover and meet customer needs. Nonetheless, some of the pharmacies have special service arrangements for elderly and physically challenged customers. The results also showed that none of the pharmacies developed and maintained a comprehensive customer database meaning there was no consistent documentation of customer interactions and history. Thus all RM practices highlighted above were not systematic nor policy driven. Moreover, none of the pharmacies, at any time, actually carried out any systematic study to assess customer perceptions of their offerings or measure the contributions of the RM practices to the organisational performance.

An evaluation and calculation on how the various relationship marketing variables influenced customer loyalty, using equation 1 [16], gave the results in Table 6.

$$\text{Probability (loyalty)} = \frac{e^{Z(1)}}{1 + e^{Z(1)}} \quad \text{(Eq. 1)}$$

Table 6: Summary of the binary logistic regression

Variable	Probability	Interpretation
Trust	0.458288191	46% probability that customers who consider the pharmacist as trustworthy will be loyal
Commitment	0.457111835	46% probability that customers who perceive pharmacist/pharmacy as committed to the relationship will be loyal
Competence	0.468085106	47% chance that customers who perceive pharmacist as competent will be loyal
Communication	0.565972222	57% chance that customers who consider pharmacist's communication as timely and reliable will be loyal
Conflict handling	0.490835031	49% chance that customers who see pharmacist as good conflict handler will be loyal
Accessibility	0.541073887	54% chance that customers who perceive pharmacist/pharmacy as highly accessible will be loyal

These findings are consistent with previous work elsewhere [14] which showed that various relationship marketing variables influence customer loyalty differently. Similar work [16] averred that communication affects all the stages of relationships the most. The relatively high influence of accessibility on customer loyalty (54%) in this study holds a significant promise for long term performance of the pharmacies. It is important to capitalize on this unique advantage by paying necessary attention to the critical components of accessibility which are availability, spatial accessibility, affordability, acceptability and accommodation [17] that remain important contributors to overall population health [18]. Acceptability of offerings to the target market is vital in building relationships with customers.

Although this study was a cross-sectional survey in a local setting whose findings may not be generalizable to all community pharmacies in Nigeria, it gives important information on the potential application of relationship marketing principles in pharmacy practice.

CONCLUSION

The study revealed that relationship marketing has a significant positive influence on customer loyalty. The most predominant RM practices were the giving of loyalty gifts to customers, personalised telephone communications, calling customers by name and special greeting codes. Special discounts and credits were also offered to certain customers in order to build relationships. Timely and trustworthy communication proved to be most influential in building loyalty followed by easy accessibility to the pharmacies and pharmacists. Other variables that influenced loyalty were conflict handling, competence, trust and commitment.

FUNDING AND CONFLICT OF INTEREST

The authors declare no conflict of interest. This study was self-financed by the authors and was not supported through grants or by any institution/organization.

ACKNOWLEDGEMENT

We acknowledge the effort of our statistician, Dr Badmus for coding and analysing data for this study.

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