



## **BACHELOR THESIS**

Spring 2014

School of Science in  
Business administration and economics

# ***The privatization's effect on the perceived service quality***

Author

Mentor Krasniqi

Robin Hörqvist

Supervisor

Karin Alm

Examiner

Christer Ekelund

# Abstract

<b>Title</b>	The privatization's effect on the perceived service quality.
<b>Research question</b>	How does the customers' perceived service quality change when an industry becomes privatized?
<b>Purpose</b>	The purpose of our study is to examine how the customers' perceived service quality change after a privatization of an industry. We have investigated if the pharmaceutical industry's state-owned and privately-owned enterprises deliver different levels of perceived service quality.
<b>Methodology</b>	This study is of a quantitative approach where empirical data is collected through a questionnaire which is handed out to 120 respondents.
<b>Findings</b>	There are no statistically proven difference in perceived service quality between state-owned and privately-owned enterprises.
<b>Conclusion</b>	State-owned and privately-owned enterprises are similar in sense of delivering customer service quality in a deregulated and competitive marketplace.
<b>Implications</b>	Our study contributes to the understanding of privatization. Privatization is a well-debated measure, and citizens of almost any society shares different opinions about its effect on our well-being, and the result from this study gives an understanding how privatization actually affects the society in sense of the service quality provided.
<b>Keywords</b>	Service Management, Customer service quality, New Public Management, Privatization.
<b>Paper type</b>	Research paper

# Acknowledgment

Writing a good thesis takes time, focus and discipline, and the path towards a finished thesis may change its direction a couple of times. It is wise to use guidance from people with the right set of competences.

Therefore, we would like to thank the people involved in our dissertation, who took their time and interest to help us reach the finish line with a well-established dissertation. Firstly, we would like to thank Karin Alm for her supervision and guidance throughout the process of our writing, as well as her supportive competence within service management. Secondly, our gratitude goes to Annika Fjellkner, who helped us to improve the quality of our dissertation through guidance and support of the academic business English language. Thirdly, we are thankful for Timurs Umans' input of to-do lists and constant flow of information to keep us updated so that we had milestones to strive after in order to distribute the time properly.

Further, we would like to thank our respondents who participated in the survey, and took the time to answer our questionnaire. We would also like to thank Emporia and Väla centrum for letting us hand out questionnaires at their shopping mall.

Finally, we would like to thank each other for the patience, understanding and mutual respect that we gave each other throughout the process, as well as the smooth cooperation that we shared. It has been an adventure-like trip thanks to each other, and without good teamwork this dissertation would not have reached the same level of quality.

June 2014

---

Robin Hörqvist

---

Mentor Krasniqi

# CONTENT

---

- 1 Introduction ..... 6
  - 1.1 Background ..... 6
  - 1.2 Problematization ..... 8
  - 1.3 Research question ..... 10
  - 1.4 Purpose ..... 10
  - 1.5 Delimitations ..... 10
  - 1.6 Outline ..... 11
- 2 Theoretical background ..... 13
  - 2.1 Introduction ..... 13
  - 2.2 New Public Management ..... 13
  - 2.3 Service Marketing Management ..... 16
  - 2.4 Service quality ..... 17
  - 2.5 Service quality evaluation model ..... 20
- 3 Methodology ..... 23
  - 3.1 Research approach ..... 23
  - 3.2 Research philosophy ..... 23
  - 3.3 Research strategy ..... 25
  - 3.4 Choice of theory ..... 25
- 4 Empirical method ..... 26
  - 4.1 Time horizon ..... 26
  - 4.2 Data collection method ..... 26
  - 4.3 Population ..... 27
  - 4.4 Sample selection ..... 27
  - 4.5 Operationalization ..... 28
  - 4.6 Pilot study ..... 28
  - 4.7 Questionnaire design ..... 28
  - 4.8 Data analysis ..... 29
  - 4.9 Reliability and validity ..... 30
  - 4.10 Ethical considerations ..... 31
  - 4.11 Data collection approach ..... 31
  - 4.12 Analytical Tools ..... 32
  - 4.13 Limitations ..... 32
- 5 Results and analysis ..... 33
  - 5.1 Introduction ..... 33
  - 5.2 Demographics ..... 33

5.3	Experienced and expected service quality analysis of each element.....	34
5.3.1	Professionalism and skills .....	35
5.3.2	Attitudes and Behavior .....	35
5.3.3	Accessibility and Flexibility .....	35
5.3.4	Reliability and Trustworthiness.....	36
5.3.5	Recovery.....	36
5.3.6	Reputation and Credibility .....	37
5.4	Perceived service quality analysis .....	38
5.4.1	Professionalism and skills .....	38
5.4.2	Attitudes and Behavior .....	38
5.4.3	Accessibility and Flexibility .....	38
5.4.4	Reliability and Trustworthiness.....	39
5.4.5	Recovery.....	39
5.4.6	Reputation and Credibility .....	39
5.5	Independent-samples T-test.....	40
6	Discussion.....	42
6.1	Introduction .....	42
6.2	Evaluation of each element .....	42
6.2.1	Professionalism and skills .....	43
6.2.2	Attitudes and behavior.....	43
6.2.3	Accessibility and flexibility .....	44
6.2.4	Reliability and trustworthiness.....	44
6.2.5	Recovery.....	45
6.2.6	Reputation and credibility .....	45
6.3	Statistical evidence.....	45
7	Conclusions.....	47
7.1	Conclusions of the research .....	47
7.2	Ethical/Societal Implications .....	48
7.3	Critical thinking.....	49
7.4	Further research.....	49
	References.....	50
	Appendix 1. Company information.....	53
	Appendix 2 Descriptive statistics .....	54
	Appendix 3. Questionnaire swedish.....	56
	Appendix 4. Questionnaire english .....	57

# 1 INTRODUCTION

---

*The first chapter of this paper begins with background information of the study as well as the problematization. Afterwards, the research question is presented, followed by the purpose of the study and the study's delimitations.*

---

## 1.1 BACKGROUND

“In every great monarchy in Europe the sale of the crown lands would produce a very large sum of money which, if applied to the payments of the public debts, would deliver from mortgage a much greater revenue than any which those lands have ever afforded to the crown...When the crown lands had become private property, they would, in the course of a few years, become well improved and well cultivated.” (Smith 1776, p. 824)

Adam Smith is one of the most well-known economic theorists in the history. Many of his theories and analyses argue for a free market with pure competition, and came to be adopted by future researchers. Arguments are often cited to support the privatization of public services. These includes: (1) reducing the overall costs; (2) improving the quality of the service provided; (3) improvement of skilled labor and (4) increasing the efficiency of the involved sector (Savas, 2000).

Sweden is known as a country that holds on to the public sector in many industries for the welfare of the many. The Swedish government believes that there must be a balance between private and public firms, depending on the type of industry, to provide the best safety for the society (New Internationalist, 2003). It is of a perspective that holding a company public gives more tight control over its behavior, and as the magazine *New Internationalist* (2003) expresses it: “Privatization is often accomplished by inadequate regulations and a mindset that places profit ahead of public safety.”

Meanwhile, the European Union is in a procedure of privatization, where more and more state-owned industries become private. It is a way to decrease governmental control and broaden the revenues to the people, which contribute to an easier process to integrate the countries within the union. This view has supported the trend to deregulate markets, and statistics show an exponential increase in privatization of previous state-owned enterprises (Köthenbürger, 2006). This behavior has become known as the New Public Management,

where its theory holds a perspective that aspects of public sector production should be transformed to approximate more closely those in the private sector, with a more market-orientated behavior. One of the methods in this theory is to privatize industries (Albrecht, 2009).

Apoteket has long been Sweden's only pharmacy and owned by the state. The European Union only sets a general legislative background for community pharmacies, with national legislation determining the market structure (Pioch & Schmidt, 2004). However, in 2009, the Swedish government decided to make Apoteket private. The argument was that a deregulation of the Swedish pharmaceutical industry would lead to a greater focus on the customer, supply the market with more choice of pharmacy models, and improve the access to pharmacies due to an increase in number of pharmacies. The Swedish government sold Apoteket to private owners and new pharmacies entered the market. However, the Swedish government decided to keep one third of the pharmaceutical industry state-owned. This was deemed to be necessary as the government felt that a complete privatization of the pharmacy network would have led to underserved rural areas (Apoteksföreningen, 2012).

The market's biggest actors in the private sector at this date are Apotek Hjärtat, Kronans droghandel and Apotekgruppen, and, in addition, Apoteket is the state-owned pharmacy. There are a total of 29 different pharmacy actors within the pharmaceutical industry (Apoteksföreningen, 2013).

As providers of emergency medication, expert advice and specialist healthcare services, pharmacies are central to the community. Traditionally, recognition of this vital contribution to the community has been reflected in the various measures by the government, where the government has had complete control over its operations by a state-ownership. However, recent deregulation of the pharmaceutical industry and a privatization of the pharmacies have led to changes in all aspects of the services marketing mix, namely products, price, place, promotion, physical evidence, people and processes (Schmidt, 2004). The Swedish pharmaceutical industry is, therefore, having a different behavior and appearance today, and the industry as a whole has gotten a more retail look-a-like appearance since the privatization. Some pharmacies have chosen to specialize into smaller segments to seduce a more homogenous target audience. For instance, pharmacies like Medstop specialize into a certain product range, and are focusing on beauty products, such as make-up and body lotions (Andersson, 2013). Further, pharmacies like Apoteket Farmaci specialize on having the most efficient process, resulting with the least queues and waiting times (Heise, 2012). In addition

to these specializations, other pharmacies, like Apotek Hjärtat and Apoteket, have chosen to stick to the original concept and keep a more wide range of products and services (ibid). Consequently to these changes, the Swedish pharmaceutical industry has become a more differentiated industry, and this new kind of pharmaceutical industry has now been active for more than four years. We therefore believe now is a good time to evaluate what the pharmacies have accomplished and what changes have been made and, more importantly, how the customer service has been affected.

## **1.2 PROBLEMATIZATION**

Consumer's behavior and preferences are constantly changing in our fast growing world. Technology and innovations shape the consumers' needs and wants, and put pressure on the firms to adapt to these changes. Public firms are known to be slower to adapt to change and lack incentives to improve due to their stable and financially secured formation. Private firms, on the other hand, have a constant strive to improve profits, and due to the competition it has to find ways to be better than its competitors to maintain the customers. Yet, Sweden keeps relatively many companies and industries state-owned, compared to other western countries, and the privatization of the pharmaceutical industry has been criticized by citizens who argue that the privatization will have a movement towards worse service and lower customer satisfaction, as well as higher product prices (Öbrink, 2012; New Internationalist, 2003). It is the fear that an industry owned by private investors will involve having profitability as a major objective, which will lead to tight cost control and limited expenditures (ibid).

However, by deregulating the market, the market opens up for private investors and new players enter the market. The market then tends to become more competitive. The competition involves fighting for customers, and the market's actors do as best as they can to gain customers, where one way is to reach out to them. This leads to an increase in availability (locations), to be where the customers are (Minton, 2013), and the number of pharmacies has increased by 40 percent since the privatization (Apoteksföreningen, 2013). Further, fighting for customers also involves the importance to keep the customer, and customer satisfaction is highly valued. It is estimated that it costs five times as much to attract new customers as to retain an existing one, and the customer service must, therefore, be at a good level (The Chartered Institute of Marketing, 2010). Within the New Public Management there is a theory that states that the customer service quality will be provided at a higher level by private firms compared with public firms (Savas, 2010).



Allison (1979) argued that ‘the notion that there is any significant body of private management practices and skills that can be transferred directly to public management tasks in a way that produces significant improvements is wrong (Allison, 1979, p. 472). If public and private organizations are fundamentally different, there is little point in seeking to draw lessons from management practices in the private sector (ibid.). They are simply organized differently and build on different platforms. Meanwhile, other theories within the New Public Management agree the opposite and state that public managers can learn useful lessons from private managers, but it requires a new organizational structure (Boyne, 2002). However, little empirical evidence supports these arguments and researchers ask for more investigations within the field, especially when it comes to the service performance like service quality (Boyne 2002). Very little research has been made within the customer service quality and its changes from a privatization (O’Toole & Meier, 2004). Yet, up to this date, more research is required and one needs to investigate more on what effect privatization has over the customer service.

In our study we have a focus on the customer service. Having a look at customer service involves investigations about the customer assistance, customer interaction and the overall impression of service productivity and service quality from a consumer perspective and their expected and experienced service quality. By addressing the customers’ expected and experienced service quality, based on theoretical models designed by the researcher Grönroos (1984) within Service Management, our study can identify the perceived service quality. Furthermore, by making a comparison between state-owned and private-owned pharmacies we can test the theory within New Public Management and see if its theory about the benefits from a privatization is applicable in the sense of customer service quality, as well as to see what the privatization actually does to the level of service quality. In summary, our study will investigate the privatization’s effect on the perceived service quality, namely if the privatization of the pharmaceutical industry is good or bad in the sense of customers’ perceived service quality.

Our study will contribute to the understanding of how privatization affects customer service. By narrowing the research and ignoring macro-economic effects to mainly focus on the customer perspective, the research will provide useful information about deregulations in the health care sector. The health care sector is a very sensitive market to privatize due to the customers’ central role in its operations, and the decision to privatize the pharmaceutical industry is a well-debated measure performed by the government.

Similar approach in this paper can be made in other customer-intense industries that are important for the citizens' well-being, such as education and other health care sections like hospitals. Due to these industries' importance and central role in the society, many citizens believe it is dangerous to let private investors own these markets and having the rule of competition as the main function, where profit is a major objective. Our study will therefore provide information over how an industry changes from a deregulation. By having the consumers in a central position of the research the findings will tell if the deregulation of important sectors, such as the pharmaceutical industry in this study, increases or decreases service quality and customer satisfaction, or if it stays unchanged.

### **1.3 RESEARCH QUESTION**

How does the customers' perceived service quality change when an industry becomes privatized?

### **1.4 PURPOSE**

The purpose of our study is to examine how the customers' perceived service quality change after a privatization of an industry. We have investigated if the pharmaceutical industry's state-owned and privately-owned enterprises deliver different levels of perceived service quality.

### **1.5 DELIMITATIONS**

Theories about privatization and deregulations of public services are many. The most argued reasons behind the privatization of the pharmaceutical industry in Sweden were that it would provide: (1) a greater focus on the customer, (2) more choice of pharmacy models and (3) a greater access to pharmacies. Therefore it is wise to focus on the effects of the privatization from a customer perspective and therefore avoid analyzing the pharmaceutical industry as such and the perceived benefits of privatization in a macro-economic perspective.

This deliberate delimitation involves looking at the consumers' experience of service quality, and therefore looking at service quality from a customer perspective. Our study is delimited to look at the actual interaction between the customer and the service provider at the pharmacy, where we ask the consumer to evaluate the service provided. The physical environment and other surrounding factors inside the pharmacy are not separately observed but are seen as a result of the customer's total evaluation over the experienced service quality.

Our study is concentrated on the pharmaceutical industry in Sweden. Due to the pharmaceutical industry's privatization approximately five years ago, it is a good field to study when looking at how the service quality changes from privatization, where a company/industry goes from state-owned to private-owned. Furthermore, the study involves looking only at the biggest pharmacies (in sense of market share) as these pharmacies have strong financial muscles and can apply any market communication approached as they wish.

The research paper is based on a small-scale quantitative research and limited to the southern part of Sweden. The findings might differentiate slightly from foreign countries due to the consumers' cultural and behavioral differences in areas such as service expectations and perspective over product and service variety.

## **1.6 OUTLINE**

- Chapter 1 Chapter one presents the background of the dissertation. It also discusses the problematizing, purpose and presented research question, as well as the delimitations of the research.
- Chapter 2 Chapter two presents theories concerning privatization, service marketing and service quality. Firstly, there is a presentation of the New Public Management theory about privatization. Secondly, there is a presentation of Service Marketing Management theory, followed by theories within Service Quality Management. Lastly this chapter is presenting our own-designed model.
- Chapter 3 Chapter three brings firstly up the research approach of the dissertation. Secondly we discuss the research philosophy followed by research strategy. Finally, the choice of used theories in our research is presented.
- Chapter 4 Chapter four includes the empirical method. The time horizon is presented as well as the data collection method, population and sample selection. Further we present the operationalization, pilot study, questionnaire design and data analysis. It continues with a reflection about reliability and validity, ethical considerations and ends by a presentation of the data collection approach, the analytical tools used and the limitations of our thesis.

- Chapter 5 Chapter five presents the results from our study and various analyses to receive relevant results from the collected data. This chapter first presents the demographics of the research followed by the results needed to answer our research question.
- Chapter 6 Chapter six contains a reflection of the analysis and the most relevant discussions around it, starting with an evaluation of the elements and continues with a discussion for each element separately. It ends with the statistical evidence from the analysis and a discussion around it.
- Chapter 7 Chapter seven is a summary of this thesis and the most relevant conclusions drawn during the research process are presented. Further there are ethical/societal implications presented, as well as critical thinking and suggestions for further research.

## **2 THEORETICAL BACKGROUND**

---

*In this chapter there will be a discussion about theories concerning service management. These theories will be the basis of our model. First, there is a presentation of the New Public Management theory. Secondly, there is a discussion about Service Marketing Management, followed and ended by theories within Service Quality Management.*

---

### **2.1 INTRODUCTION**

In this chapter we have referred to authors who are frequently mentioned within the field of service management. Savas (2000) and Boyne (2002) are two known researchers within the New Public Management, and explain the effect of a privatization. Booms and Bitner (1981) are the developers of the seven-P theory, and explain different components within service marketing. Further, Grönroos (1984) is a well-known researcher within service quality management, whose model will be presented and explained. These presented theories are important due to the purpose of our study, and will be combined into a model named Service quality evaluation model.

### **2.2 NEW PUBLIC MANAGEMENT**

New Public management is a well-known model for governments, and the theory has its roots from the '80s. The theory belongs to a perspective that the aspects of public sector production should be transformed to approximate more closely those in the private sector, with a more market-orientated behavior (Albrecht, 2009). Privatization is the mainstream of the New Public Management, where the government contract, franchise, and/or "vouchering" (selling or leasing assets) state-owned assets to private investors (Savas 2000). Privatization of the public sector involves different kinds of benefits. These benefits are: (1) increased efficiency in the delivery of public services, (2) a utilization of economic market models for political and administrative relationships: public choice, negotiated contracts, transaction costs, and principal-agent theory, and (3) appliance of the concepts of competition, performance-based contracting, service delivery, customer satisfaction, market incentives, and deregulation.

One critical challenge is to manage the process for eliciting the participation of the private sector in a way that still protects public interest, while also allowing the private businesses to earn a reasonable return on their investments (Savas, 2000). However, if privatization gets properly carried out, it will work well and produce proven benefits (ibid). Privatization

requires a different role for the government and as Savas states it; “it calls for more brain cells and fewer muscle cells in the public service - more steering and less rowing” (Savas, 2000).

Private firms, compared to public firms, are known for having more successful management techniques. There are differences in management incentives such as, management by objectives, total quality management, devolved management and performance-related payments, where these differences involve different outcomes and different performances (Boyne 2002).

Public managers have multiple goals imposed upon them by the numerous stakeholders that all need to be satisfied. Public organizations are, therefore, victims of a more defused decision-making process by being pushed and pulled in different directions simultaneously. Meanwhile, private organizations have one major objective; to provide profit, which sure is divided into many sub-objectives, but still gives a more clear goal and direction (Boyne, 2002).

Managers in public organizations have less autonomy and lack the decision-making power to quickly adapt to changes in the surrounding environment. In comparison, private organizations do have this freedom and, therefore, receive more motivation to become more innovative and creative (Boyne, 2002).

In sense of customer service, managerial values are critical factors and the main difference between public and private organizations is the attitude and inspiration of their personnel. This phenomenon was during the '90s known under the name “public service ethos” (Pratchett and Wingfield, 1996). Public managers are less materialistic than their private counterparts due to the lack of financial incentives such as reward systems. The fact that the reward system in the public sector is almost non-existing or very low, gives managers in the public sector less motivation to improve, compared to managers in private organizations where they always aim to enhance staff commitment and improve organizational performance. Furthermore, public organizations are believed to have a stronger desire to serve the general public, rather than to specialize on individual preferences (Boyne 2002). From a marketing perspective this means that private firms have a smaller, more homogenous target audience. This is because of their desire to meet the demand of individual customers (Jobber & Fahy, 2009). Finally, the level of organizational commitment is believed to be at a lower level in the public organization because of the public organization’s more bureaucratic structure and inflexibility of personnel procedures, as well as the weak link between performance and rewards. The

service personnel may, therefore, be less focused on delivering service quality and overall customer satisfaction. Another reason for this is that it is often difficult for public employees to observe a connection between their contribution and effort within the organization and the success of the organization as a whole (Boyne, 2002).

Customer service strategies in the private sector are more developed than those of the public sector. However, one must understand that the New Public Management model's goal is to create a more market-orientated industry. In the situation of the pharmaceutical industry and its privatization, the Swedish government only privatized two thirds of the industry. This creates competition. Both between private and public organizations, and the force of competition should make both more homogenous. Jane E. Fountain (2001) investigated this phenomenon. Surprisingly, she discovered that "in borrowing private sector service management ideas, public sector actors must confront a host of operational and political implications that are not easily dissociated from the management strategy and tactics" (Fountain, 2001). Private firms begin from start with market segmentation in order to identify profitable customer segments. They shape preferences and expectations as an integral part of customer relations. Through their growth they get increasingly sophisticated in their ability to harvest information regarding the preferences of customers. So to say, private firms have the opportunity to start from scratch and begin with a successful market-orientated approach, while public firms lack this advantage and sometimes fail to become successful in a competitive market (Fountain, 2001).

The backbone of the New Public Management theory is that a more market-orientated view improves public service performance. A theory within New Public Management says that governments should no longer see themselves as the sole provider of public services and, when the service has become more cost-efficient, it should use contractors (privatize) to deliver optimal services (Walker, Brewer, Boyne, & Avellaneda, 2011). Privatization is seen as a market-oriented reform where it provides the specific industry with competition and more market-oriented behavior. This introduces competition factors which will provide the industry with the same characteristics as the private sector has. The New Public Management theory states that a privatization of an industry leads to a market-orientated structure and to an improved productivity and performance, and makes the organization more customer-oriented and proactive (Walker, Brewer, Boyne, & Avellaneda, 2011).

However, these theoretical arguments for privatization must be tested against systematic evidence. Particularly concerning the customer service and the privatization's impact on the

service quality. The majority of the empirical investigations have mostly focused on the economic impacts such as cost and efficiency, and the systematic study of effects on service quality has been rare. Even though studies have been rare, the New Public Management does involve theoretical arguments about positive impacts on service quality (O'Toole & Meier, 2004). The researcher Hodge (2000) points out in his review over research findings that no general and consistent relationship between privatization and improved service quality has yet been found to hold.

### **2.3 SERVICE MARKETING MANAGEMENT**

For a number of decades it has been recognized that the marketing of service enterprises presents additional challenges for the marketing manager. It is important to understand the distinction between a product and a service, and to understand the unique characteristics of service. Booms and Bitner (1981) developed a model called the seven-P model which was created to give marketing managers a clear picture of the differences between marketing a service and marketing a physical product. The seven-P model exists of seven essential components that should be included in the service marketing mix, and every one of them is included in a company's market communication. It gives influence over the consumer buying behavior and the company's image perceived by the customers (Jobber & Fahy, 2009). The seven different service marketing components are:

- Product- unlike the meaning of a physical product in the traditional marketing mix the product in the service marketing mix has an intangible, heterogeneous and perishable meaning, where its production and its consumption are inseparable.
- Promotion- the fact that service offerings are easy to imitate, promotion has a vital role in the service marketing mix where service companies often take the opportunity to invest heavily in promotion in order to differentiate themselves from competitors and attract customers, in a market where the offerings are closely to identical.
- Price- setting a price for a service might be more difficult than pricing a physical product due to its many indirect and invisible costs. In service pricing one puts a markup where the profit margins are considered enough and at the same time balanced with the customer's demand.
- Place- choosing the right location for the offering of the service can be decisive whether a company manages to make the customer satisfied or not. The service provided should take place at a location convenient for customer.



- People- it is of greatest importance to have the right people exercising the service provided due to the fact that service companies are very much dependent on the reputation they achieve, and the service providers are the direct contact with the customers. This concern is becoming more and more important for service companies and sending the service providers on customer service training programs is an increasing approach to improve the company's reputation and image.
- Physical evidence- since services are intangible, companies always look for ways to add tangible values, like decorating the physical store, so that the customer experience in whole gets improved.
- Process- the standard of how a service is delivered should be well thought through in order to deliver the service as efficient and effective as possible. Thus, it is common to have a service blueprint where the different steps in the process of deliver the service are provided in detail (Booms & Bitner, 1981).

These seven components have different weight in different marketing strategies. However, they are all involved in the service marketing, and are underlying factors behind the customer service quality which will be introduced in the next subchapter.

## 2.4 SERVICE QUALITY

The service management researcher Christian Grönroos has created a model to clarify the gap between expected and experienced service quality. The model explains a company's service quality from a consumer perspective. The model says that the total perceived service quality is the outcome of an evaluation process where the customer compares context-specific expectations of service quality with the experienced service quality (Grönroos 1984).

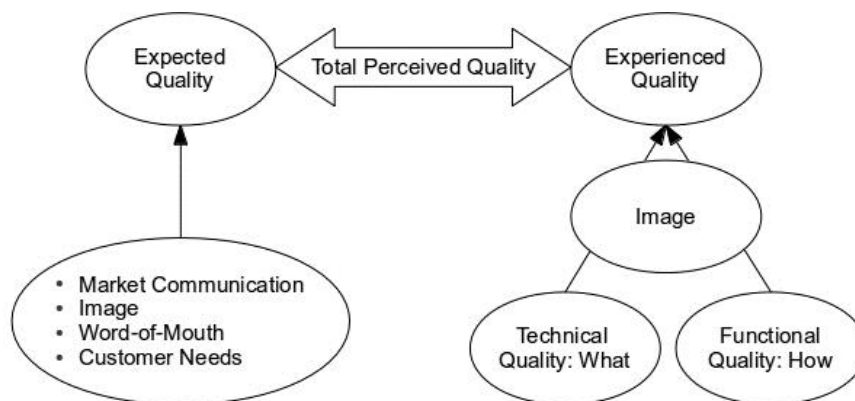


Figure 2.1 The Total perceived service quality model by Grönroos 1984

Further, Grönroos (1984) illustrated that the customers' perceived service quality is an evaluation between expected and experienced service quality. The expected service quality is often pre-evaluated by the customer, where elements like the company's image, market communication, word-of-mouth and need for the service have been influencers of the total expected service quality. In addition, the experienced quality is the actual service quality provided in the store. Here it is important for the service company to consider what service is provided and how the service is provided, combined with the image the company desires to express. *What* service is offered, considered as a technical quality, is alone not responsible for the quality outcome since the *how*, considered as a functional quality, is recognized as a more important element for the experienced quality. The reason for this is the fact that a lower technical quality can be compensated by the performance of the service providers (functional quality). The functional and the technical qualities combined together create the element named image, which involves the customers' experienced image of the service providers' behavior during the interaction (Grönroos, 1984). This is a general explanation of Grönroos' Total perceived service quality model (ibid.), and the following paragraphs will provide a more in-depth review of this model.

The expected service quality is influenced by several marketing approaches applied by the company, as well as the customers themselves by having them about the company, called word-of-mouth. The first influence is the company's market communication and involves different types of communication techniques which the company uses to communicate to their target audience. The purpose with the communication is mainly to tell the customers what service the company offers, how they offer the service, why they offer the service, and to what price they offer the service. Market communication can take different forms and the type of form chosen depends on its impact. The market communication must get through all other companies' market communication, so called noise, and reach out to the consumers to be as effective as possible. The market communication forms are, from the classic mass-communication channels, TV-commercials, poster advertisements, newspaper and magazines advertisements, radio advertisements, and advertisements on the internet. Other common market communication forms belong to the direct communication channel. These forms are direct mail, telemarketing, mobile marketing, direct response advertising, catalogue marketing, and social media advertising (Jobber and Fahy, 2009).

The second influence on the expected service quality in the model is the company's image. The image is a result of the company's market communication and the company's behavior

on the market, and the image is closely connected to the company's brand. The image is *how* the customer sees the brand and his or her emotional feelings for the brand. Images which companies strive to stand for are for instance luxury, sophistication, professionalism, friendliness, care, and cheap. However, a company's image can be very complex, and the customers' perceived image of the company can vary between customers (Jobber and Fahy, 2009).

The third influence is the word-of-mouth. It is a free marketing approach and applied by the customers themselves. It is the way customers talk about the brand to friends and other relatives, and word-of-mouth approaches are for example recommendations and suggestions by other customers (Jobber and Fahy, 2009).

The last influence is the customer need. *What* the customer needs is closely related to what the customer expects, and the customer strives to get his or her need satisfied. It is, therefore, an important influence to take into account when evaluating service quality (Grönroos, 1984).

In addition to expected service quality, the experienced quality is the overall experience the customer gets when he or she interacts with the company's service provider. The experienced service quality is influenced by the actual appeared image during the interaction. This image is a result of the technical and functional quality. Technical quality is the outcome of the service provided, namely *what* service is actually offered. In addition, the functional quality is *how* the service is offered. This is the most critical factor within the experienced quality and has the most influence over the perceived corporate image. It involves the service provider's behavior and how he or she acts in a specific situation, for example concerning the level of expertise provided, how well the customer get assisted, the customers attained attention, and the chemistry between the service provider and the customer during the interaction (Grönroos, 1984).

In the center of the model is the perceived service quality. Perceived service quality is the difference between expected and experienced service quality. It is a function of the customer's evaluation over how he or she expected the service quality to be before the interaction and how he or she felt about the service quality after the interaction. The perceived quality is depending on how well the company has kept their promises from their market communication, how well the service providers actually behaved in correlation to the image the company created in the mind of the customer, and how well the company did satisfy the customer's need. The perceived service quality might vary between customers depending on

their individual expectations, which can also be influenced by external factors such as personality and lifestyle. However, positive perceived service quality is when the experienced service quality is higher than the expected service quality, and negative perceived service quality is when the experienced service quality is lower than the expected service quality. The bigger the difference is between expected and experienced service quality, the bigger is the positive or negative perceived service quality (Grönroos 1984).

Throughout the development with the Total perceived service quality model, Grönroos (2007) chose six elements that according to him determine the customer service quality. These elements can be used when one is evaluating the expected and experienced service quality. These elements are presented as follows:

- Professionalism and skills- the service providers have the knowledge and skill needed to solve the customers' problems.
- Attitudes and behavior- the service providers solve customers' problems in a friendly way.
- Accessibility and flexibility- the service system is easy to access and adjust the demands of the customer in a flexible way.
- Reliability and trustworthiness- the service providers can keep promise in the service.
- Recovery- the service providers can take immediate actions to control anything that goes wrong.
- Reputation and credibility- the customers can trust the service providers.

These presented element will be conducted into a new model named Service quality evaluation model. This model is presented in the following paragraph.

## **2.5 SERVICE QUALITY EVALUATION MODEL**

The purpose of our study is to examine the customer's perceived service quality between state-owned and privately-owned enterprises, and evaluate if there occurs a difference between these two. This will be examined by identifying the customers' expected and experienced service quality from Grönroos (1984) model and compare it between state-owned and private-owned enterprises. Impact on the customers' expected service quality comes from underlying factors like image, market communication, word-of-mouth and customer need. These factors are shaped by the service company's marketing mix, which is created through different approaches in the 7-P model (see chapter 2.3). In addition, the experienced service

quality is affected by how the company behaves during the customer interaction, and how and if the company actually live up to what they communicated to the consumer. The outcome from the expected and experienced service quality is the perceived service quality.

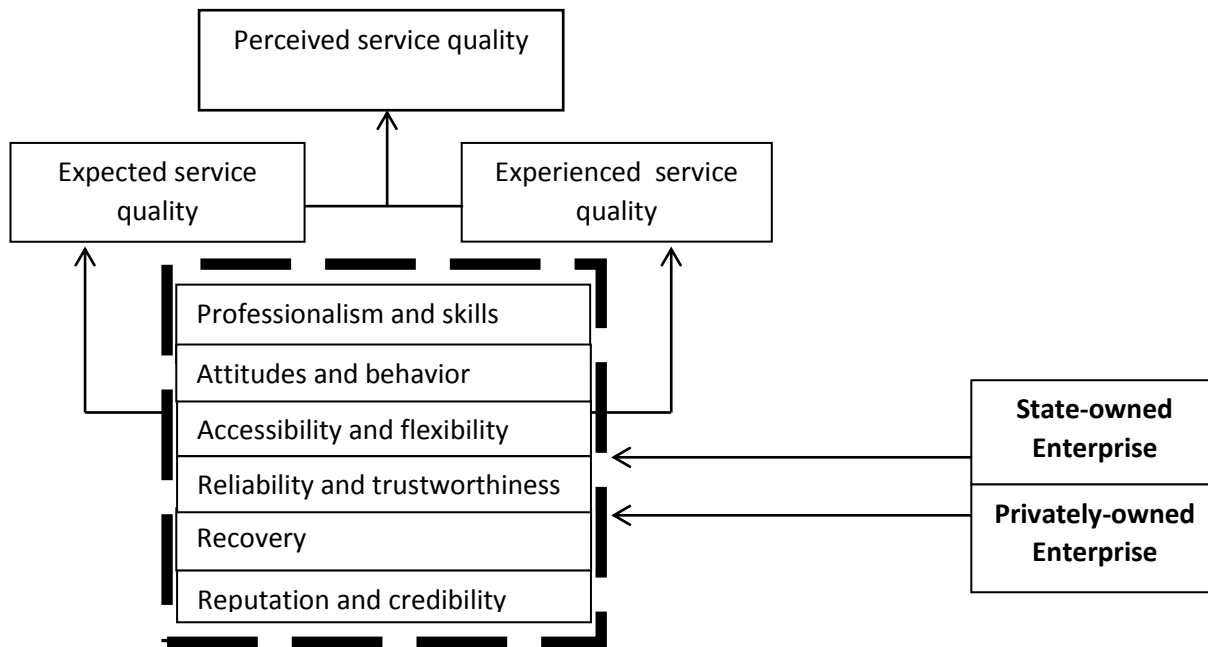


Figure 2.2 Service quality evaluation model  
(Based on: Grönroos' "Total perceived service quality model", 1984)

The dotted box presents the underlying elements one must look at when evaluating the customer service quality from a consumer perspective. The service quality within these elements is a result from the company's market communication, corporate image, the type of services offered and the service providers' behaviors and attitudes. The first element "Professionalism and skills" evaluates the service provider's understanding of the customer's needs and the service provider's knowledge to seduce it. The second element is "Attitudes and Behavior" and evaluates the quality of the customer interaction and how the service provider behaves towards the customer in various situations as well as the provider's general attitude towards the customer. Listening to the customer and meeting the customer in a friendly way are examples of behaviors one must consider when evaluating this element. Further, the third element, "Accessibility and flexibility", evaluates the service provider's time to respond to a request and the customers' convenience like when and where the customer can receive the service. The forth element, "Reliability and trustworthiness", evaluates how well the service provider keeps his or her promises, how good the delivered solution is and how efficient the process to give the solution is. Furthermore, the fifth element, "Recovery", evaluates how

well the service provider handles customer complaints and dissatisfactions. Lastly, the sixth element, “Reputation and Credibility”, evaluates the service provider’s attention to the individual customer and how well the service provider keeps the customer’s interest prioritized.

This model will be the basis of our study. Evaluating the perceived service quality for each of the six elements will provide more accurate information as well as a more structural outline when collecting, analyzing and presenting the empirical data.

## **3 METHODOLOGY**

---

*The methodology chapter of this dissertation brings firstly up the research approach of the dissertation. Secondly we discuss the research philosophy followed by research strategy. Finally, the choice of used theories in our research is presented.*

---

### **3.1 RESEARCH APPROACH**

We will have the major Swedish pharmacies as the core/subject in our study. It is a good study field due to the present time, where the privatization of the pharmaceutical industry has gotten time to stabilize. Our study specifies on the actual change from the deregulation of the pharmaceutical industry in the sense of service quality for the customers. The examination of this is done by distinguishing the pharmacies from whether they are state-owned or privately-owned. Therefore, we divide the market into two different types of pharmacies: (1) State-owned pharmacies and (2) Privately-owned pharmacies.

The method will be of a quantitative approach by giving out a questionnaire to customers in the selected sample group. The sample group is adult customers (18 years and above) of the selected pharmacy. By this approach we expect to attain information about the current expected and experienced service quality to understand the customers' perceived service quality at the two different types of pharmacies; state-owned and privately-owned.

### **3.2 RESEARCH PHILOSOPHY**

This subchapter begins with a brief explanation of the different research philosophies, and ends with a presentation of the research philosophy chosen for our study.

Saunders et al (2009) identify three major research philosophies, each one with its own characteristics and stances. What characterizes the first philosophy, positivism, is the eagerness to work with an observable social reality where the researcher can test his or her own hypothesis based on existing piles of theories. He or she can then prove the hypothesis to be either confirmed or rejected, which results in a law-like generalization. Another characteristic for positivism is the stance at the studied field. The researcher should stay independent from the research subject and neither affect or get affected by it. In other words one must free oneself from preconceptions and take a viewpoint from a third, value-free,

perspective. Lastly, the researcher should only consider data that can be observed as credible data. (Saunders et al 2009)

When it comes to the second research philosophy, realism, Saunders et al (2009) mean that the main characteristics of realism are firstly the belief that objects, such as toys or raw materials, have an existence independent of a human mind. The second characteristic is the view that reality is what our senses, combined together, interpret as reality. Realism can be split into two subcategories, where the first is direct realism and the second is critical realism. The amount of steps taken to experience and to perceive the world determine in which one of these categories one belongs. Direct realism stands for the opinion that we are living in a rather unchanging world, where individuals, groups and organizations only operate at one level and only believe in what one see. Saunders et al (2009) explain that while direct realism is able to experience and perceive the world in sense of what one does and sees, critical realism differs in the sense that it includes the mental process; the time needed for the sensation to reach our senses and process them in order to perceive and experience the world in the senses' interpretation. Further, critical realism, unlike direct realism, believes in the fact that we are living in a constantly changing world, where individuals, groups or organizations are operating in a multi-level world. This perspective can help us to understand the complexity of the world better since it stands for the opinion that what we see is only a small part of the actual reality. However, both direct and critical realism believes there are major social factors that affect the way we see and perceive the world (Saunders et al, 2009).

Interpretivism puts a great weight on the fact that there are major differences between humans seen as social actors and, therefore, critical to the stance of positivism to use law-like generalization. Interpretivism is about how we interpret situations in our everyday life, which then leads to the conclusion that we interpret our own social role as well as others' social roles (Saunders et al, 2009). Interpretivism's further viewpoint is that if one wants to understand the desired study field, one must see it from the perspective of the social actors who are in it. This will lead the researcher closer to the objective to understand the complexity of the studied field (Saunders et al, 2009).

Our study makes use of a positivistic research philosophy. This philosophy is used when one is testing existent theories. We evaluate the perceived service quality with objective measurements to perceive the reality, with use of a quantitative approach.



### **3.3 RESEARCH STRATEGY**

A research strategy can be divided into seven different categories: experiment, survey, case study, action research, grounded theory, ethnography and archival research (Saunders et al, 2009). These strategies are connected either to a deductive approach or an inductive approach (Grey, 2011). Our study has a deductive approach and involves a quantitative survey strategy. The survey strategy is common within business and management research due to its convenience of involving a fast collection of a large amount of data with a relatively low-cost approach. The chosen approach is to collect the data through questionnaires with a seven level Likert Scale, where we measure how strongly the respondents agree or disagree to a certain statement. The answers/opinions to the statements will contain a scale from 1 to 7 in order to provide as accurate information as possible.

A research strategy can be descriptive, exploratory or explanatory, depending on the research approach and purpose (Saunders et al, 2009). Since our study is of a deductive approach, an explanatory research is conducted where we intend to explain how the privatization affects the customer service quality.

### **3.4 CHOICE OF THEORY**

In our study we have chosen to make use of the New Public Management theory, Boom's and Bitner's (1981) seven-P theory about Service Marketing Management, and Grönroos' (1984) theoretical framework within customer service quality. Grönroos (2007) has further created a framework with elements which identifies the level of service quality and distinguishes what service quality the customer experience and what service quality the customer expects. Grönroos framework has a central role in our own-developed model.

## 4 EMPIRICAL METHOD

---

*In this chapter we discuss the empirical method. The time horizon is presented as well as the data collection method, population and sample selection. Further we present the operationalization, pilot study, questionnaire design, and data analysis. It continues with a reflection about reliability and validity, ethical considerations and ends by a presentation of the data collection approach, the analytical tools used and the limitations of our thesis.*

---

### 4.1 TIME HORIZON

Time horizon of the research can be divided in two dimensions, cross-sectional studies and longitudinal studies. Cross-sectional studies involve the study of a particular phenomenon at a certain time (Saunders et al, 2009). In addition, longitudinal study is the study of a particular phenomenon over an extended period of time. This method is used to see a certain change or development. One could think, due to our research question, that this study would involve a longitudinal study to see the effects on service quality from privatization. However, this is not the case and this study involves a cross-sectional study. This means that we will look at the pharmacies up to this date, comparing the state-owned with the private-owned, and see if there is a difference in customers' perceived service quality between them. The strength in this approach is that it ignores external effects that may have had an effect on the pharmaceutical industry's behavior over time. These external effects are for example improvements in technology, the economic cycle, political measurements and product development. A cross-sectional time horizon is therefore a more fair approach for our study.

Due to the chosen cross-sectional time horizon we have used questionnaire and we seek to explore the customers' response towards the service quality at the pharmacy, comparing the state-owned pharmacies with the private-owned pharmacies. The approach is a quantitative method, and a cross-functional time horizon is also for this reason more suitable (Saunders et al, 2009).

### 4.2 DATA COLLECTION METHOD

The collection of data will be made through a survey where we make use of a quantitative method with a questionnaire to ask the customers at the pharmacies about their expected and experienced service quality. A survey is a suitable method for our study for a number of reasons. The first reason is that the survey will get the appropriate information needed to

perform our model based on Grönroos' (1984) service quality theory. The second reason is that the purpose of our study requires an accurate generalization of the customers' opinion, and, therefore, it requires a large sample size. A third reason is that this data collection method is the least time consuming per respondent and still brings relevant information needed for our study.

The benefit of using a quantitative method to collect data is that quantitative data is based on numeric answers, making it convenient to analyze data from a large sample size. Furthermore, the quantitative method deals with number analysis instead of, as with the qualitative method, dealing with description analysis (Richards, 2005). While the qualitative data can be observed, the quantitative data can be measured, which is more suitable for our study where we make a comparison of the service quality between state-owned and private-owned pharmacies.

### **4.3 POPULATION**

The purpose of our study is to see how the privatization affects the customers' perceived service quality. We have decided to look at the healthcare sector, namely the pharmaceutical industry. The pharmaceutical industry is involved in the healthcare industry, since they are in charge of the medication, and the pharmaceutical industry has a very wide demand. Our study does, therefore, involve the entire adult population of Sweden (18 years and above).

### **4.4 SAMPLE SELECTION**

Sample selection techniques can be divided into two major types. These types are probability sampling and non-probability sampling. Probability sampling is where the researcher picks respondents randomly, while non-probability sampling is a more judgmental sampling where the researcher picks respondents by his or her own choice. In our study we make use of probability sampling. This is the most common approach associated with survey-based research strategies, due to its more representative nature (Saunders et al, 2009). Our study involves comparing the customers' perceived service quality at state-owned pharmacies and privately-owned pharmacies. The state-owned pharmacy is Apoteket and the chosen privately-owned pharmacy is Apotek Hjärtat. We have chosen Apotek Hjärtat because it is the biggest private pharmacy on the market in sense of market share (see Appendix 1), and is, therefore, a fair pick as it has strong financial muscles and is not as limited with expenditures concerning investments in service quality as the minor private pharmacy chains. The sample selection is a stratified random sampling approach within probability sampling. This sampling

method implies that one divides the population into two relevant and significant strata (Saunders et al, 2009). These strata are customers from a state-owned pharmacy and customers from a privately-owned pharmacy. These two strata will then be questioned equally, with a randomized approach on both of them, meaning that we will pick respondents haphazardly.

The chosen sample group is the pharmacies' adult customers (18 years and above). We will hand out our questionnaire after they have visited the pharmacy, since we believe that they will be able to answer our questionnaire more accurately at this moment where they have recently experienced the service provided. To avoid external factors like customer density, it is fair to focus on pharmacies at the same place. Therefore, we have chosen to execute our survey at shopping malls, where equal conditions are expected. These shopping malls are Våla centrum in Helsingborg and Emporia in Malmö. At each shopping mall we investigate one state-owned pharmacy and one privately-owned pharmacy, where we at each one of the pharmacies collect 30 questionnaires. The number of respondents for our research is a total of 120 respondents.

#### **4.5 OPERATIONALIZATION**

Operationalization is the process where one is defining variables into measurable factors. To get accurate measurements as well as reliable analyses one must define each variable used in a research into a complex context and avoid diffuse concepts (Saunders et al, 2009). For researchers this can be a challenge, and a pilot test is therefore used to ensure that the respondents understand the questions or statements in a correct way.

#### **4.6 PILOT STUDY**

In the pilot study ten (10) questionnaires were handed out to randomized customers at the pharmacies. We investigated how the questionnaire is administered by the respondents, how well the respondents identify themselves with the statements, and how well the statements are understood. Through this method we could ensure that our collected information will be reliable.

#### **4.7 QUESTIONNAIRE DESIGN**

The questionnaire is designed to be compatible with our model. We have created twelve (12) statements and these statements are divided into two different parts, where one part is related to the customer's expectation of the service quality and the other part is related to the

customer's experience of the service quality. Furthermore, these twelve statements cover six different elements. These elements are: Professionalism and skills, Attitudes and behavior, Accessibility and flexibility, Reliability and trustworthiness, Recovery, and Reputation and credibility. As shown in the table below, one can see what statement measures what element. These are the elements designed by Grönroos (2007) and are modified into our own model by being the core of the evaluation process.

Table 4.1 What specific element the specific statement measures.

<b>Element</b>	<b>Statement</b>
1. Professionalism and skills	4-5
2. Attitudes and behavior	6-7
3. Accessibility and flexibility	8-9
4. Reliability and trustworthiness	10-11
5. Recovery	12-13
6. Reputation and credibility	14-15

The statements are measured on a seven level Likert scale, where the respondents can choose from strongly agree to strongly disagree. The respondents' answers, to the statements and the specific element the statements cover, are then combined which allows us to make a comparison of the findings between the state-owned pharmacy and the privately-owned pharmacy.

## **4.8 DATA ANALYSIS**

To analyze the result we use a method based on the Total perceived service quality model by Grönroos (1984). That implies that we measure the customer's expectation and the customer's experience of the service quality, and make a comparison between these two by looking at different elements concerning the service quality. These elements are presented in the dotted box in Figure 2.2. Each alternative answer has been given a score and the score for the customer's expectation is summarized and the score for the customer's experience is summarized. Thereafter we compare these results and calculate the difference. This difference is the score for the perceived service quality concerning the specific element.

The method presented above is used on all observations (n) and the observations are divided into state-owned enterprise and privately-owned enterprise. By comparing these enterprises'

perceived service quality score on the different elements, one will see if there occurs a change in the perceived service quality from a privatization.

#### **4.9 RELIABILITY AND VALIDITY**

The credibility of a dissertation is checked by examining the reliability and validity. Reliability refers to consistent findings, according to Saunders et al (2009), which can be tested by looking at the three following factors: (1) if the measures will give the same result if tested again, (2) if the result will be similar even with another observer, and (3) if there is transparency in the interpretation of the raw data. Saunders et al (2009) goes further by explaining that the reliability implicates the ability of a questionnaire to resist four different types of errors. The first error is subject/participant error, which means that the timing of when participants are asked to fill the questionnaire may affect their answers depending on their mood. Fridays, where respondents look forward to the weekend or Mondays where respondents might have a long week ahead are examples of situations where this error might occur. Continuing with the second error, subject/participant bias, Saunders et al (2009) means that respondents sometimes have the tendency to answer as someone above them would answer (their bosses), this to avoid consequences that might occur if they would answer wrong according to their bosses opinion. The third error is observer errors, which occurs when observers do not collect the data as planned which can lead to errors in the whole research. Finally we have observer bias as the fourth error. This error is described by Saunders et al (2009) as the error of observers' ability to interpret data and results where own beliefs and values come in their way.

Körner and Wahlgren (2012) describe validity as a measure that checks whether one measured what one was supposed to measure, or if one measured something completely different from what the intention was. To bypass validity problems Körner and Wahlgren (2012) suggest to use operational definitions, where an explanation of how the measuring of the defined measurements will be conducted. Our own-designed model (figure 2.2) plays a central part throughout our study. The model's strength is that it separates the service quality into different elements. This gives a more in-depth understanding of the service quality and also improves the structure of the collected data, the analysis of the collected data as well as the discussion about the collected data. Our model is therefore improving the validity in our study.

#### **4.10 ETHICAL CONSIDERATIONS**

It is of major importance to consider the ethical aspect when collecting empirical data. There are ethical rules one must pay close attention to during the data collection process in order to not put people at risk or violate someone's integrity. In our study we have followed the Swedish Research Council's (2005) rules regarding good research practice. According to the Swedish Research Council there are four general requirements a researcher should fulfill when collecting empirical data. These are: (1) information requirement, (2) the requirement of informed consent, (3) confidentiality obligations and (4) utilization requirement. The information requirement involves informing the participants about the purpose of the study and that they participate voluntarily. Further, the requirement of informed consent involves getting the participant's consent to include them into the research and give them the opportunity to, at any time, cancel their participation. The confidentiality requirement involves keeping certain information classified, where the collected data should be treated confidentially, and the participant's identity must not be revealed in the research paper. Lastly, the utilization requirement involves the usage of the collected data, where the collected data should only be utilized in the concerned research (The Swedish Research Council, 2005). In our study we have fully lived up to these requirements.

#### **4.11 DATA COLLECTION APPROACH**

As mentioned earlier, one must take various ethical considerations into account when collecting empirical data. In order to collect as reliable and valid data as possible, without harming the respondents' integrity, our approach to hand out questionnaires was to firstly make sure that we were able to position ourselves outside of the chosen enterprise at the shopping center. We spent a total of four days á eight hours to collect the data. Further, to minimize the possibility that the seize and crowdedness of the shopping centers would have an effect over the outcome, we chose to stand one week day and one weekend day at each mall. Furthermore, we distributed the time spent collecting data from state-owned and privately-owned enterprises equally to the extent that we had 60 completed questionnaires of each.

When we first interacted with respondent we chose to present ourselves properly dressed and with a nametag, and enlighten the respondent of who we are, which school we are from, and what the study is about and how we will carry out the survey. Further, we gave the

respondents the possibility to ask questions about the questionnaire, by telling them to freely ask if needed and by position ourselves within proper reach to them.

#### **4.12 ANALYTICAL TOOLS**

Throughout the analytical process of the collected empirical data we made use of diverse analytical tools. Using statistically and scientifically recognized analytical tools helps one to translate raw data into specific and relevant information, and to perform different analytical tests to increase the validity of the research. In our study the following tools were used within the software program IBM SPSS Statistics 20:

- Descriptive statistic- tables and cross tables providing key figures to improve the understanding of the empirical data.
- Bar chart – a designed figure that visually presents the empirical data.
- Independent-samples T-test- an instrument used for measuring the statistical significance.

#### **4.13 LIMITATIONS**

Our study has a time limitation of three months and the number of participated respondents is limited to 120. Further, the empirical method is geographically limited to respondents in Malmö and Helsingborg.

Another limitation is that not every customer finds interest in participating in our research, which had an effect over the number limitation of respondents participating in the research.



## 5 RESULTS AND ANALYSIS

---

*This chapter presents the results from our study and various analyses to receive relevant results from the collected data. This chapter first presents the demographics of the research followed by the results needed to answer our research question.*

---

### 5.1 INTRODUCTION

We will analyze the collected data with the software program IBM SPSS Statistics 20. In this chapter we have used descriptive statistics to demonstrate demographics over gender and age from our study. Further, we have used descriptive statistics to demonstrate the expected and experienced service quality score for each of the six elements from our model, together with a related bar chart. With calculations we have identified the perceived service quality score for each of the six elements and presented it together with a related bar chart. Furthermore, we have analyzed the difference in perceived service quality between state-owned and privately-owned enterprises for each element using an independent-samples T-test. Through this test we could analyze the differences' statistical significance.

### 5.2 DEMOGRAPHICS

The 120 participants (n) in this study consisted of 43 men and 77 women with age ranging from 18 to 81 years, and a mean age of 43.08 ( $SD = 17.38$ ), as shown in table 5.1 and 5.2 below.

Table 5.1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	43	35.8	35.8	35.8
	Female	77	64.2	64.2	100.0
	Total	120	100.0	100.0	

Table 5.2 Age

	N	Range	Minimum	Maximum	Mean	Std. Deviation
Age	120	63	18	81	43.08	17.381
Valid N (listwise)	120					

### 5.3 EXPERIENCED AND EXPECTED SERVICE QUALITY ANALYSIS OF EACH ELEMENT

The table 5.3 gives an overlook of all six elements' experienced and expected service quality, and are divided into whether the enterprise is state-owned or privately-owned, with a total of 60 respondents of each. The six elements are, as shown in our model (figure 2.2): Professionalism and skills, Attitudes and behavior, Accessibility and flexibility, Reliability and trustworthiness, Recovery, and Reputation and credibility. In our study, each element covers two statements from the questionnaire, as shown in table 4.4. These statements have, in the questionnaire, a seven-level Likert scale. Level 1 stands for fully disagreeing with a statement and level 7 stands for fully agreeing with a statement. These levels are in our analysis transformed into representing a score of the equivalent. The score indicates the customer's opinion about the experienced service quality and the expected service quality. The higher the score is the higher is the service quality. These results are presented in figure 5.1 and the different elements are separately presented in the following subchapters.

Table 5.3 Average score of experienced and expected service quality for each element

State-owned or Privately-owned	Element (Statement)	Average score of experienced service	Average score of expected service
State-owned	Professionalism and skills (4-5)	5.44 ( $\pm 1.16$ )	6.12 ( $\pm 1.03$ )
	Attitudes and behavior (6-7)	6.02 ( $\pm 1.02$ )	6.45 ( $\pm 0.83$ )
	Accessibility and flexibility (8-9)	5.88 ( $\pm 1.14$ )	6.43 ( $\pm 0.73$ )
	Reliability and trustworthiness (10-11)	5.45 ( $\pm 1.13$ )	6.32 ( $\pm 0.84$ )
	Recovery (12-13)	5.15 ( $\pm 0.95$ )	6.28 ( $\pm 1.14$ )
	Reputation and credibility (14-15)	5.83 ( $\pm 0.91$ )	6.45 ( $\pm 0.69$ )
Privately-owned	Professionalism and skills (4-5)	5.16 ( $\pm 1.18$ )	5.93 ( $\pm 1.24$ )
	Attitudes and behavior (6-7)	6.07 ( $\pm 0.91$ )	6.46 ( $\pm 1.16$ )
	Accessibility and flexibility (8-9)	5.87 ( $\pm 0.99$ )	6.30 ( $\pm 1.15$ )
	Reliability and trustworthiness (10-11)	5.53 ( $\pm 1.17$ )	6.35 ( $\pm 1.11$ )
	Recovery (12-13)	5.28 ( $\pm 1.34$ )	6.18 ( $\pm 1.12$ )
	Reputation and credibility (14-15)	5.55 ( $\pm 1.19$ )	6.40 ( $\pm 1.16$ )

### **5.3.1 Professionalism and skills**

The element, Professionalism and skills, features statement 4 and 5 and is determining the service provider's understanding of the customer's needs and the service provider's knowledge to seduce it. The element is a summary of two statements which the respondents had to answer. These statements are: (4) *"To solve my needs I get professional advises by the staff"* and (5) *"To solve my needs, this pharmacy offers a range of similar products with an explanation of the differences"*. The result for the state-owned pharmacy is an average experienced service quality score of 5.44 (SD=1.16) with a score ranging from 3 to 7, and an average expected service quality score of 6.12 (SD=1.03) with a score ranging from 3 to 7. In addition, the result for the privately-owned pharmacy is an average experienced service quality score of 5.16 (SD=1.18) with a score ranging from 1.5 to 7, and an average expected service quality score of 5.93 (SD=1.24) with a score ranging from 1 to 7.

### **5.3.2 Attitudes and Behavior**

The element that features statement 6 and 7, Attitudes and behavior, determines the customer interaction and how the service provider behaves towards the customer in various situations, as well as his or her general attitude towards the customer. This element is a summary of two statements which the respondents had to answer. These statements are: (6) *"The staff is accommodating in a positive and friendly manner"* and (7) *"The staff spends the time and interest to find the solution I seek"*. The result for the state-owned pharmacy is an average experienced service quality score of 6.02 (SD=1.02) with a score ranging from 3.5 to 7, and an average expected service quality score of 6.45 (SD=0.83) with a score ranging from 4 to 7. In addition, the result for the privately-owned pharmacy is an average experienced service quality score of 6.07 (SD=0.91) with a score ranging from 4 to 7, and an average expected service quality score of 6.46 (SD=1.16) with a score ranging from 1 to 7.

### **5.3.3 Accessibility and Flexibility**

The third element, Accessibility and flexibility features statement 8 and 9, which determines the service provider's time to respond to a request and the customers' convenience, like when and where the customer can receive the service. This element is a summary of two statements which the respondents had to answer. These statements are: (8) *"The staff can easily find solutions/offerings for what I seek"* and (9) *"This pharmacy has convenient opening hours for me"*. The result for the state-owned pharmacy is an average experienced service quality score of 5.88 (SD=1.14) with a score ranging from 3 to 7, and an average expected service quality

score of 6.43 (SD=0.73) with a score ranging from 4.5 to 7. In addition, the result for the privately-owned pharmacy is an average experienced service quality score of 5.87 (SD=0.99) with a score ranging from 3 to 7, and an average expected service quality score of 6.30 (SD=1.15) with a score ranging from 1 to 7.

#### **5.3.4 Reliability and Trustworthiness**

The element Reliability and trustworthiness features the statements 10 and 11, and determines how the service provider keeps his or her promises, how good the delivered solution is and how efficient the process to give the solution is. This element is a summary of two statements which the respondents had to answer. These statements are: (10) *“This pharmacy has the products I seek”* and (11) *“This pharmacy keeps their promises from their advertising”*. The result for the state-owned pharmacy is an average experienced service quality score of 5.45 (SD=1.13) with a score ranging from 3.5 to 7, and an average expected service quality score of 6.32 (SD=0.84) with a score ranging from 4 to 7. In addition, the result for the privately-owned pharmacy is an average experienced service quality score of 5.53 (SD=1.17) with a score ranging from 3 to 7, and an average expected service quality score of 6.35 (SD=1.11) with a score ranging from 2 to 7.

#### **5.3.5 Recovery**

The element Recovery, featured by statement 12 and 13, is determining how the service provider handles customer complaints and other arising problems concerning the service. This element is a summary of two statements which the respondents had to answer. These statements are: (12) *“In this pharmacy there is an opportunity to leave a comment on any complaint”* and (13) *“This pharmacies staff will take immediate action in case of any fault, for example if the product is out of stock, wrong product supplied, the product is defective, the product gives exaggerated side effects, etc.”*. The result for the state-owned pharmacy is an average experienced service quality score of 5.15 (SD=0.95) with a score ranging from 3.5 to 7, and an average expected service quality score of 6.28 (SD=1.14) with a score ranging from 4 to 7. In addition, the result for the privately-owned pharmacy is an average experienced service quality score of 5.28 (SD=1.34) with a score ranging from 2.5 to 7, and an average expected service quality score of 6.18 (SD=1.12) with a score ranging from 2 to 7.

### 5.3.6 Reputation and Credibility

The element Reputation and credibility, that features statement 14 and 15, determines the service provider’s attention to the individual customer and how well the service provider keeps the customer’s interest prioritized. This element is a summary of two statements which the respondents had to answer. These statements are: (14) “*The staff gives me the best possible offering based on my needs*” and (15) “*I get professional attention from the staff*”. The result for the state-owned pharmacy is an average experienced service quality score of 5.83 (SD=0.91) with a score ranging from 4 to 7, and an average expected service quality score of 6.45 (SD=0.69) with a score ranging from 4.5 to 7. In addition, the result for the privately-owned pharmacy is an average experienced service quality score of 5.55 (SD=1.19) with a score ranging from 2 to 7, and an average expected service quality score of 6.40 (SD=1.16) with a score ranging from 1 to 7.

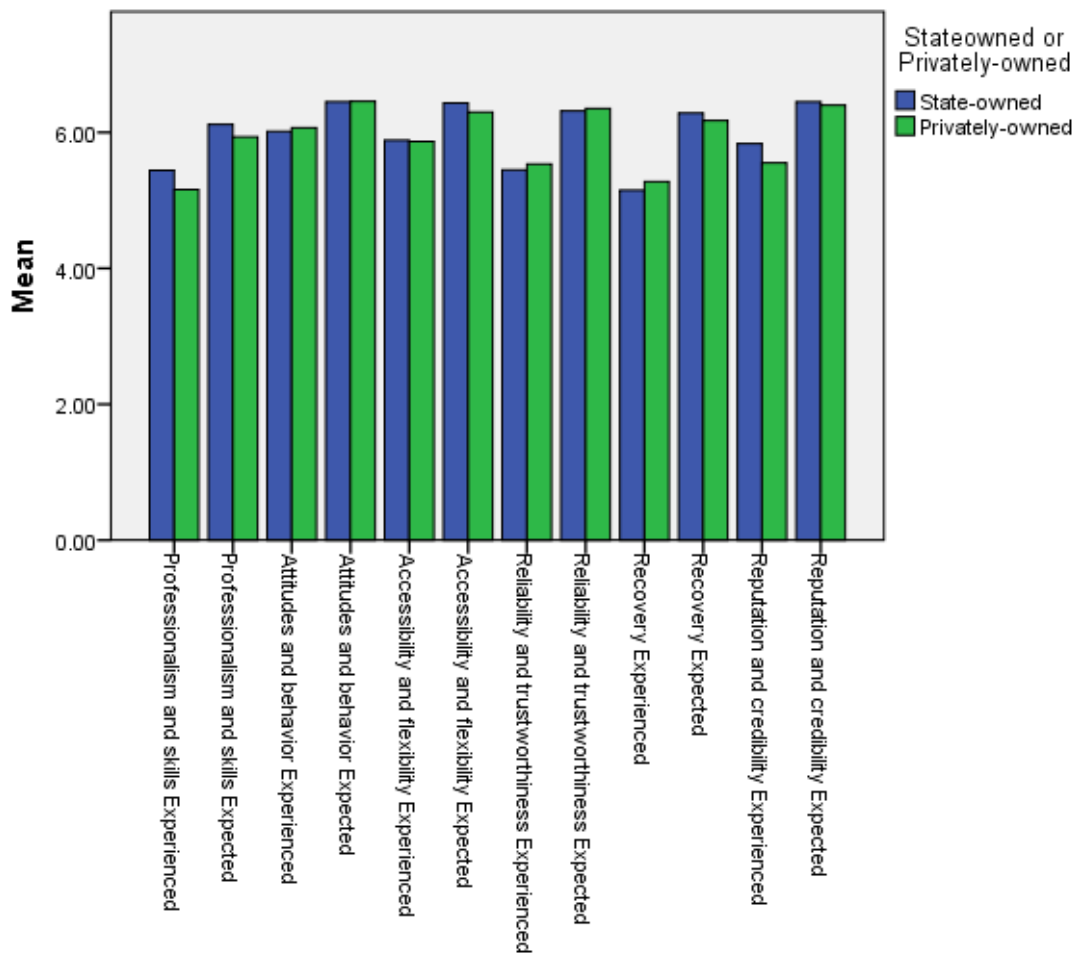


Figure 5.1 Average experienced and expected service quality score for each element

## **5.4 PERCEIVED SERVICE QUALITY ANALYSIS**

The difference between the expected and experienced service quality score is the perceived service quality score. One must therefore calculate the difference between the experienced service quality score and the expected quality score to get a score for the perceived service quality. The perceived service quality score for all six elements concerning both state-owned and privately owned pharmacies are demonstrated in Figure 5.2, where the perceived service quality score is equal to the experienced service quality score minus the expected service quality score. The higher perceived service quality score the better is the perceived service quality. A score equal to 0 and above is when the pharmacy does live up to the customer's expectation, while a score below 0 indicates that the service quality does not reach the customer's expectation. In this section we evaluate the perceived service quality score for each element and compare state-owned and privately-owned pharmacies.

### **5.4.1 Professionalism and skills**

For the element, Professionalism and skills, a state-owned pharmacy has an average perceived service quality score of -0.68. Meanwhile, a privately-owned pharmacy has an average perceived service quality score of -0.78. This is given an average score difference of 0.1, meaning that a state-owned pharmacy has a slightly better service quality concerning this element.

### **5.4.2 Attitudes and Behavior**

The element Attitudes and behavior is the strongest element, where both enterprises scored best. A state-owned pharmacy has an average perceived service quality score of -0.43, meanwhile, a privately-owned pharmacy has an average perceived service quality score of -0.39. This is given an average score difference of 0.04, meaning that a privately-owned pharmacy has a slightly better service quality concerning the second element.

### **5.4.3 Accessibility and Flexibility**

Concerning the element Accessibility and flexibility, a state-owned pharmacy has an average perceived service quality score of -0.55. Meanwhile, a privately-owned pharmacy has an average perceived service quality score of -0.43. This is given an average score difference of 0.13, meaning that a privately-owned pharmacy has a slightly better service quality concerning this element.

#### 5.4.4 Reliability and Trustworthiness

Regarding the element Reliability and trustworthiness, a state-owned pharmacy has an average perceived service quality score of -0.87. Meanwhile, a privately-owned pharmacy has an average perceived service quality score of -0.82. This is given an average score difference of 0.05, meaning that a privately-owned pharmacy has a slightly better service quality concerning this element.

#### 5.4.5 Recovery

Concerning the fifth element, Recovery, a state-owned pharmacy has an average perceived service quality score of -1.13. Meanwhile, a privately-owned pharmacy has an average perceived service quality score of -0.90. This is given an average score difference of 0.23, meaning that a privately-owned pharmacy has a better service quality concerning the fifth element.

#### 5.4.6 Reputation and Credibility

The last element is Reputation and credibility, and a state-owned pharmacy has an average perceived service quality score of -0.62. Meanwhile, a privately-owned pharmacy has an average perceived service quality score of -0.85. This is given an average score difference of 0.23, meaning that a state-owned pharmacy has a better service quality concerning this element.

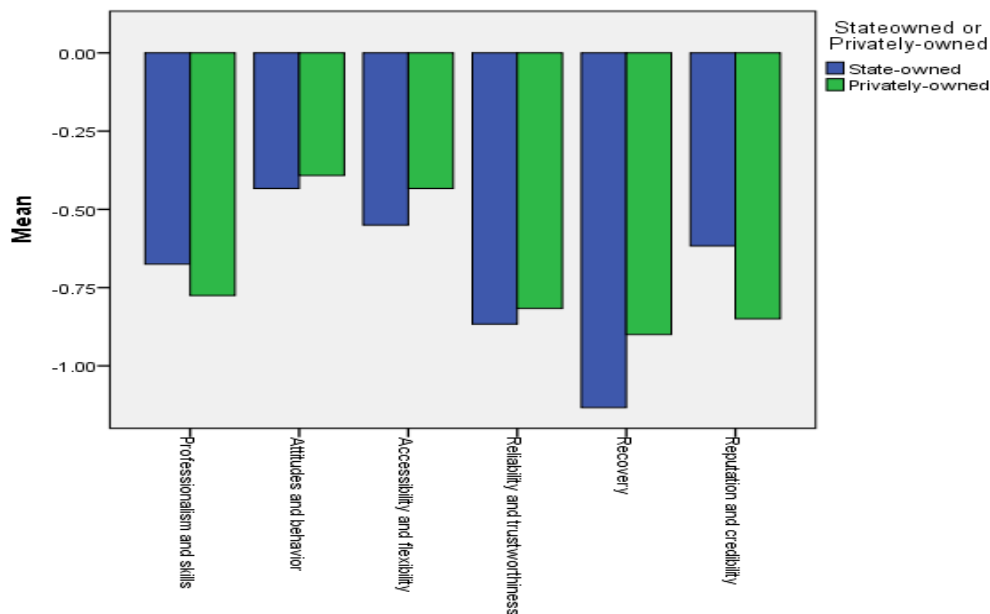


Figure 5.2 Perceived service quality score for each element

## 5.5 INDEPENDENT-SAMPLES T-TEST

Statistical significance plays a pivotal role in statistical hypothesis testing. It is used to determine whether a null hypothesis should be rejected or retained. A null hypothesis is the default statement that nothing differs or changed. For a null hypothesis to be rejected, meaning that something changed or that there is a difference, the result has to be statistically significant. Statistical significance is the probability that an outcome is not because of chance. Factors that determine the significance is for instance the sample size (Körner & Wahlgren, 2005).

In our study we do not make use of hypotheses. However, we investigate if there is a difference between the service quality at a state-owned pharmacy and the service quality at a privately-owned pharmacy. We can, therefore, test the difference of the perceived service quality score between state-owned and privately-owned pharmacies to see if there is a significant difference. The test is an independent-samples T-test. Further, the alpha level or significance level is set at 5% meaning that the rejection region comprises 5% of the sampling distribution. Moreover, the test is of a two-tailed test as the difference can either be positive or negative (ibid).

The independent-samples T-test is shown in the table below (table 5.5) with assisted group statistics (table 5.4). For any of the elements to be significantly different between state-owned and privately-owned pharmacies it is necessary that the difference has a significance (sig 2-tailed) below 0.05. As shown in the table 5.5, none of the element achieves this requirement and the significance for each element is as follows:

- Professionalism and skills has a significance level at 0.55.
- Attitudes and behavior has a significance level at 0.84.
- Accessibility and flexibility has a significance level at 0.51.
- Reliability and trustworthiness has a significance level at 0.81.
- Recovery has a significance level at 0.26.
- Reputation and credibility has a significance level at 0.20.

This implies that the level of perceived service quality at the state-owned and privately-owned pharmacies cannot be statistically proven to be different.



Table 5.4 Group Statistics

	State-owned or Privately-owned	N	Mean	Std. Deviation	Std. Error Mean
Professionalism and skills Difference	State-owned	60	-.6750	1.02438	.13225
	Privately-owned	60	-.7750	.80478	.10390
Attitudes and behavior Difference	State-owned	60	-.4333	1.19131	.15380
	Privately-owned	60	-.3917	1.08570	.14016
Accessibility and flexibility Difference	State-owned	60	-.5500	1.05646	.13639
	Privately-owned	60	-.4333	.88522	.11428
Reliability and trustworthiness Difference	State-owned	60	-.8667	1.12320	.14500
	Privately-owned	60	-.8167	1.18596	.15311
Recovery Difference	State-owned	60	-1.1333	1.12697	.14549
	Privately-owned	60	-.9000	1.10775	.14301
Reputation and credibility Difference	State-owned	60	-.6167	1.10992	.14329
	Privately-owned	60	-.8500	.83005	.10716

Table 5.5 Independent Samples T-test

		Independent Samples Test									
		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
										Lower	Upper
ProDifference	Equal variances assumed	,214	,645	,595	118	,553	,10000	,16818	-,23304	,43304	
	Equal variances not assumed			,595	111,739	,553	,10000	,16818	-,23323	,43323	
AttitudeDifference	Equal variances assumed	,406	,525	-,200	118	,842	-,04167	,20808	-,45373	,37040	
	Equal variances not assumed			-,200	116,998	,842	-,04167	,20808	-,45377	,37043	
AccessDifference	Equal variances assumed	,560	,456	-,656	118	,513	-,11667	,17794	-,46903	,23570	
	Equal variances not assumed			-,656	114,493	,513	-,11667	,17794	-,46914	,23581	
ReliabilityDifference	Equal variances assumed	,120	,730	-,237	118	,813	-,05000	,21087	-,46759	,36759	
	Equal variances not assumed			-,237	117,653	,813	-,05000	,21087	-,46760	,36760	
RecoveryDifference	Equal variances assumed	,523	,471	-1,144	118	,255	-,23333	,20401	-,63733	,17066	
	Equal variances not assumed			-1,144	117,965	,255	-,23333	,20401	-,63733	,17066	
ReputationDifference	Equal variances assumed	6,173	,014	1,304	118	,195	,23333	,17893	-,12099	,58766	
	Equal variances not assumed			1,304	109,270	,195	,23333	,17893	-,12129	,58795	

## 6 DISCUSSION

---

*This chapter contains a reflection of the analysis and the most relevant discussions around it, starting with an evaluation and discussion of each and one of the elements separately. It ends with a discussion about the statistical evidence from the analysis.*

---

### 6.1 INTRODUCTION

The purpose of our study was to examine how the customers' perceived service quality differs between state-owned and privately-owned enterprises after a privatization of an industry. To evaluate this we have chosen to use a theory developed by Grönroos (1984) where the perceived service quality is the difference between expected and experienced service quality. Further, we have chosen to evaluate different aspects of the perceived service quality. These are as well developed by Grönroos (2007), and are viewed as six different elements: Professionalism and skills, Attitudes and behavior, Accessibility and flexibility, Reliability and trustworthiness, Recovery, and Reputation and credibility. These elements have been separately analyzed and compared between state-owned and privately-owned enterprises, and the results will be discussed in this chapter. Lastly, the statistical evidences from our study will be discussed.

### 6.2 EVALUATION OF EACH ELEMENT

There was no significant difference between the state-owned and privately-owned enterprises at any of the different elements, as shown in table 5.5. However, there were slight differences, and we will discuss and analyze these differences for each and one of the six elements. Based on figure 5.2, we will present the perceived service quality score of the different elements, as well as the expected service quality score (figure 5.1) since the actual level of expectation is of major importance when evaluating the perceived service quality, due to the fact that the expected service quality score directly affects the perceived service quality score. The perceived service quality score can either be explained by the level of experienced service quality score, or by the level of expected service quality score. Furthermore, we will present the difference between state-owned and privately-owned enterprises and sum up with an attempt to explain the reasons behind the difference for each of the six elements.

### **6.2.1 Professionalism and skills**

Concerning the element Professionalism and skills, the perceived service quality score was for state-owned enterprises -0.68, where the expected service quality score was 6.12. Meanwhile for privately-owned enterprises the perceived service quality score was -0.78, where the expected service quality score was 5.93. The state-owned enterprise has for this element a higher perceived service quality score of 0.1 units (13 %), even though their expected service quality was higher. A reason behind this difference can be that state-owned enterprises have been active for a longer period of time, and have therefore a better know-how about the customer's needs and the skills of how to satisfy the customer's needs. As Grönroos (2007) states, the element Professionalism and skills is the customer's perception over the service provider's knowledge, and within the Booms and Bitner's (1981) seven P-theory it is of great importance to have the right set-up of people exercising the service and the service providers play an essential part in the company's service marketing mix. As said, privately-owned enterprises have not the same experience, and knowing the right set-up of employees for the specific business might take time.

### **6.2.2 Attitudes and behavior**

Regarding the element Attitudes and behavior, the perceived service quality score was for state-owned enterprises -0.43, where the expected service quality score was 6.45. Meanwhile for privately-owned enterprises the perceived service quality score was -0.39, where the expected service quality score was 6.46. The privately-owned enterprise has on this element a better perceived service quality score of 0.04 units (9 %), and the expected service quality score was equal. A reason behind this difference can be that privately-owned enterprises are more concerned about retaining customers since losing customers is a direct threat to their existence. However, both state-owned and privately-owned enterprises had the highest score on this element. We believe that this is an effect from the privatization where both state-owned and privately-owned enterprises are in a constant competition to attract customers, and creating a relationship with the customer increases the chance that the customer will become loyal. This argument is also expressed by researchers like Savas (2000) within New Public Management, where Savas states that privatization increases the efficiency for the whole sector, both for public and private enterprises, since it opens up for competition.

### **6.2.3 Accessibility and flexibility**

Concerning the element Accessibility and flexibility, state-owned enterprises had a perceived service quality score of -0.55, where the expected service quality score was 6.43. Meanwhile for privately-owned enterprises the perceived service quality score was -0.43, where the expected service quality score was 6.30. The privately-owned enterprise has on this element a better perceived service quality score of 0.12 units (22 %). A reason behind this difference is that the expectations for the state-owned enterprise were higher which affects the perceived service quality. A reason for these higher expectations could be that customers expect state-owned enterprises to be more flexible in finding solutions and respond to the customer's needs. Existing customers have been customers for a long period of time and might expect the state-owned enterprise to have learned and improved this flexibility. According to Grönroos (1984) Total perceived service quality model (chapter 2.4), customer expectations are influenced by market-communication, image, word-of-mouth, and customer needs. These higher expectations concerning this element might exist because of the company's image. The image is *how* the customer sees the brand and his or her emotional feelings for the brand (Grönroos, 1984). Due to the public enterprise's long existent, customers feel closely connected with the enterprise and expect the enterprise to be flexible in responding to their needs.

### **6.2.4 Reliability and trustworthiness**

The perceived service quality score, regarding the element Reliability and trustworthiness, was for state-owned enterprises -0.87, where the expected service quality score was 6.32. Meanwhile for privately-owned enterprises the perceived service quality score was -0.82, where the expected service quality score was 6.35. The privately-owned enterprise has on this element a better perceived service quality score of 0.05 units (6 %). The score for this element is close to equal between state-owned and privately-owned enterprises, both on expected service quality score and perceived service quality score, meaning that both are almost equally concerned about gaining trust and being efficient in the process of delivering solutions. According to theories within New Public Management, a reason behind this similarity might be that privatization creates competition between private and public organizations, and the force of competition makes both more homogenous (Fountain, 2001).

### **6.2.5 Recovery**

Regarding the element Recovery, the perceived service quality score for state-owned enterprises was -1.13, and the expected service quality score was 6.28. Meanwhile for privately-owned enterprises the perceived service quality score was -0.90, where the expected service quality score was 6.18. The privately-owned enterprise has on this element a better perceived service quality score of 0.23 units (20 %). The expectations are higher for state-owned enterprises concerning this element. However, the privately-owned enterprises do, even after taking the difference in expectations into account, still have a higher perceived service quality score. According to theories within New Public Management a reason behind this major difference in perceived service quality can be that privately-owned enterprises are more concerned about improving, and handling customer complaints is a method to improve the service provided. In addition, state-owned enterprises seem to have less incentive to be efficient in handling customer complaints.

### **6.2.6 Reputation and credibility**

Concerning the last element, Reputation and credibility, the perceived service quality score was for state-owned enterprises -0.62, where the expected service quality score was 6.45. Meanwhile for privately-owned enterprises the perceived service quality score was -0.85, where the expected service quality score was 6.40. The state-owned enterprises have on this element a better perceived service quality score of 0.23 units (27 %), even though they have a higher expected service quality score. The perceived service quality for this element has the largest difference between state-owned and privately-owned enterprises of all six elements. According to Grönroos' Total perceived service quality model (1984) this difference is influenced by the functional quality. The functional quality is *how* the service is offered, and state-owned enterprises seem to deliver a better service concerning the element "Reputation and credibility". This element is evaluating the service provider's attention to the individual customer (Grönroos, 2007), and the reason behind the difference between state-owned and privately-owned enterprises might be that state-owned enterprises prioritize this service marketing approach more than privately-owned enterprises do.

## **6.3 STATISTICAL EVIDENCE**

As been said in the introduction of this chapter the difference in perceived service quality between state-owned and privately-owned enterprises was not statistically significant. Although there were differences, as discussed under the subchapter 6.2, but these differences

cannot be statistically proven to be true. That leaves us to the conclusion that there is no difference between state-owned and privately-owned enterprises' customer service quality. In the introduction of this paper we presented arguments stating that a privatization of an industry, which opens up the industry for privately-owned enterprises, would harm the customer service quality. It is a belief that private enterprises concern more about profits and tight cost control, leaving the customer's interest less prioritized (Öbrink, 2012; New Internationalist, 2003). In addition, we presented arguments stating that a privatization of an industry will increase the customer service quality. Researchers state that private enterprises hold more incentives to provide the best service possible for customers, since a satisfied customer is worth much more than the opposite. Further, researchers state that private enterprises have a more efficient organizational structure, and are more flexible in finding solutions for the customers (Minton, 2013; Savas, 2010).

However, none of these arguments seems to be true according to our findings. How can one explain this? In chapter 2 we presented New Public Management, which holds several theories about performance management and other factors that increase the efficiency of a state-owned enterprise. The method to privatize the industry is the most common method. It opens up the market for private investors and introduces competition (Boyne, 2002). In cases, like in our study, the government chose to keep a certain market-share state-owned. The state-owned enterprise might have been inefficient and lack incentives to improve before the privatization, but since the market has become competitive the pressure to improve might have increased for the state-owned enterprise. This might be the answer behind the results of our study. The privately-owned enterprises have compelled the state-owned enterprise to improve and to put more energy in being attractive for the customers. Further, the privately-owned enterprises and the state-owned enterprises are competing but are also working in harmony with each other. They learn from each other's mistakes and successes, and get a better understanding in what the customer finds satisfying, and learn from it.

## 7 CONCLUSIONS

---

*This chapter presents the conclusions of our study based on our findings. Further, there are ethical/societal implications presented, as well a critical thinking section, and suggestions for further research.*

---

### 7.1 CONCLUSIONS OF THE RESEARCH

The purpose of this research was to examine how customers' perceived service quality differs between state-owned and privately-owned enterprises after a privatization of an industry. We investigated if state-owned enterprises and private-owned enterprises have different level of perceived service quality. Statistical evidences in our study have proven that there is no significant difference between state-owned and privately-owned enterprises in sense of perceived service quality. We will, in this subchapter, evaluate why there is no such difference, and convey our own opinion and our own interpretation of the results.

Researchers within New Public Management state that a privatization will improve the perceived service quality, since competition gives the industry more incitements to improve. We share this opinion and believe that the competition gives the enterprises a challenge and an incitement to improve. No enterprise, within a competitive industry, wants to be the last chosen by the customer, and the biggest reason behind this is survival. State-owned enterprises are aware that if they would lose a high amount of market share, the citizens would question their existence. In addition, privately-owned enterprises, if constantly losing market share, might end up in bankruptcy.

Improvements can be made in various ways, and enterprise can, for example, invest in any of the different service marketing components presented in the seven P-theory (chapter 2.3). For instance, a company can invest in education, and improve the knowledge of the service staff (people). Or, an enterprise can invest in size and improve the availability of the service provided (place). Moreover, an enterprise can invest in a new enterprise system to improve the flow of information within the enterprise (process). These are just some examples of many improvements that can be made within an enterprise. However, one must know what to improve, which is not always obvious, and the improvement an enterprise invests in is vital to the customers' perceived service quality.

Privatization of an industry increases the diversity of enterprises, and opens up for more solution and ideas to solve a customer need, where the enterprises find different ways to satisfy the customer. The customer can, in a privatized market, freely change service provider whenever he or she is disappointed or dissatisfied with the service provided, and the customer will choose the enterprise that brings the highest level of satisfaction. Therefore, enterprises with a high market share are deemed to be more attractive for customers. By evaluating enterprises with a high market share, competitors can imitate successful solutions and ideas, and get a better understanding in what the customer finds satisfying.

Our study concerned state-owned and privately-owned enterprises with the highest market share on the market. The reason behind their market share is deemed to be that the customers find their service more attractive than the competitors'. These state-owned and privately-owned enterprises are, therefore, seen as being successful and exposed for imitation by competitors. However, we believe that these enterprises do also take the opportunity to imitate. They imitate each other, and learn from each other's successful approaches to satisfy the customers. We believe that both the state-owned and privately-owned enterprises have evaluated each other's approaches to satisfy the customer in both marketing approaches and approaches to exercise the service, and improved in the areas where they have been less efficient. This has led to the result that the customers' perceived service quality is similar between these enterprises.

In summary, we cannot prove that there is a difference in customer service quality between state-owned and privately-owned enterprises after a privatization. This leaves us to the conclusion that state-owned and privately-owned enterprises are similar in sense of customers' perceived service quality in a deregulated marketplace due to the competition, customer choice and the opportunity to imitate. These three factors lead to a similar level of perceived service quality between state-owned and privately-owned enterprises.

## **7.2 ETHICAL/SOCIETAL IMPLICATIONS**

Our study contributes to the understanding of privatization. Privatization is a well-debated measure and citizens of almost any society shares different opinions about its effect on our well-being, and the results from our study give an understanding in how privatization actually does affect the society in sense of perceived service quality. Our findings contribute to the knowledge about privatization, and indicate that privatization is of a sustainable development concerning the customers' perceived service quality, where privatization does not harm the



perceived service quality. By targeting the consumers' opinion in our study, we believe that we enrich the diversity concerning the overall opinion about the privatization's effect on the customers' perceived service quality.

In our study we have taken ethical considerations into account, and followed the guidance from the Swedish Research Council in order to not harm any individuals. Further, we have avoided inaccurate information from our collected empirical data by designing our questionnaire carefully, with a pilot test to ensure a correct understanding of the questions asked. Further, reliability and validity has been considered as shown in detail under the subchapters 4.9 and 4.11.

### **7.3 CRITICAL THINKING**

If we would use a longer time horizon we could have collected more empirical data and increased the reliability of the presented data. Furthermore, our questionnaire could have been designed differently. Our questionnaire consisted of two questions/statements for each of the six service elements used in our model. More questions per element would improve the accuracy of the elements as some questions/statements might have been more weighted than others. However, this would involve a too complicated questionnaire which would decrease the respondent's willingness to participate. A qualitative approach would in that case be more suitable. Lastly, the data collection could have included more pharmacy enterprises since our approach ignored minor pharmacy enterprises and did only include the major ones in sense of market-share.

### **7.4 FURTHER RESEARCH**

Our study has examined the difference in customer service quality between state-owned and privately-owned enterprises after the privatization of the pharmaceutical industry. We find our model to be a convenient and effective tool when evaluating the customers' perceived service quality, and we recommend further research to continue our approach for other industries that have been privatized. We evaluated the pharmaceutical industry since we found it interesting to evaluate an industry that plays an important role for the citizens' well-being. We do therefore suggest that further research should be made within a similar field such as education and public transport, or other health care sections like hospitals.

## REFERENCES

---

- The Swedish Research Council. (2011). *God forskningssed*. Stockholm: The Swedish Research Council.
- Albrecht, T. (2009). Privatization processes in health care in Europe—a move in the right direction, a ‘trendy’ option, or a step back? *European Journal of Public Health*, 448-450.
- Allison, G. (1979). Public and private management: are they fundamentally alike in all. *Classics of Public Administration*, 457-474.
- Alvehus, J. (2013). *Skriv uppsats med kvalitativ metod: en handbok*. Stockholm: Liber.
- Andersson, K. (den 27 03 2013). *Privat apotek satsar på smink och hälsa*. Hämtat från SvD Näringsliv: [http://www.svd.se/naringsliv/branscher/handel-och-tjanster/privat-apotek-satsar-pa-smink-och-halsa\\_8034930.svd](http://www.svd.se/naringsliv/branscher/handel-och-tjanster/privat-apotek-satsar-pa-smink-och-halsa_8034930.svd) den 14 05 2014
- Apotek Hjärtat AB. (den 23 05 2014). *Starkare position för Apotek Hjärtat*. Hämtat från Apotek Hjärtat: [www.apotekhjartat.se](http://www.apotekhjartat.se) den 23 05 2014
- Apoteket. (den 23 05 2014). *Om Apoteket*. Hämtat från Apoteket: [www.apoteket.se](http://www.apoteket.se) den 23 05 2014
- Apoteksföreningen. (2012). *Branchrapport*. Stockholm: Sveriges Apoteksförening.
- Booms, B., & Bitner, M. (1981). Marketing Strategies and Organisational structure for service firms. *American Marketing Association* , 47-51.
- Boyne, G. A. (2002). PUBLIC AND PRIVATE MANAGEMENT: WHAT’S THE DIFFERENCE? *Journal of Management Studies*, 97-122.
- Boyne, G. A. (2002). Public and Private Management; whats the difference? *Journal of Management Studies*, 98-122.
- Buckley, J. (2003). Pharmaceutical Marketing. *Journal of Business Ethics and Organization Studies*, 4-11.
- Colell, A. M. (1984). The profit motive in the theory of monopolistic competition. *Journal of economics*, pp. 119-126.
- Fountain, J. E. (2001). Paradoxes of Public Sector Customer Service. *International Journal of Policy and Administration*, 55-73.
- Fregert, K., & Jonung, L. (2010). *Macroekonomi- Teori, Politik och Institutioner*. Lund: Studentlitteratur.
- Grey, P. (2011). *Psychology*. New York: Worth.
- Grönroos, C. (1984). A Service Quality Model and its Marketing Implications. *European Journal of Marketing*, 36-44.
- Grönroos, C. (2007). *Service Management and Marketing: Customer Management in Service Competition*. West Sussex: John Wiley & Sons.

- Hansson, L., & Wrangmo, A. (2013). Optimal ways for companies to use Facebook as a marketing channel. *Journal of Information, Communication and Ethics in Society*, 112-126.
- Heise, J. (2012). Learning from a changing market - Sweden's pharmacy industry. *International Trends*.
- Hodge, G. A. (2000). *Privatization: An International Review of Performance*. Boulder, CO: Westview Press.
- Internationalist, N. (den 01 04 2003). *Privatization*. Hämtat från New Internationalist: <http://web.b.ebscohost.com.ezproxy.bibl.hkr.se> den 18 02 2014
- Internationalist, N. (den 01 04 2003). *Privatization*. Hämtat från New Internationalist: <http://web.b.ebscohost.com.ezproxy.bibl.hkr.se/ehost/pdfviewer/pdfviewer?sid=d6dcc6ff-8172-4808-989e-bc80ade7727e%40sessionmgr110&vid=1&hid=114> den 18 02 2014
- Jobber, D., & Fahy, J. (2009). *Foundation of Marketing third edn*. Berkshire: McGraw-Hill Education.
- Kaboolian, L. (1998). The New Public Management: Challenging the Boundaries of the Management vs Administration Debate. *Public Administration Review*, 189-193.
- Köthenbürger, M. (2006). *Privatization experiences in the European Union*. Cambridge: MIT Press.
- Kotler, P. (2000). *Marketing Management 10th edn*. New Jersey: Prentice-Hall.
- Kumra, R. (2008). Service Quality in Rural Tourism: A Perspective Approach. *Conference on Tourism in India-Challenges Ahead*, 424-431.
- Körner, S., & Wahlgren, L. (2005). *Statistiska metoder*. Lund: Studentlitteratur AB.
- Körner, S., & Wahlgren, L. (2012). *Praktiskt Statistik*. Lund: Studentlitteratur AB.
- L, P., & M, W. (1996). Petty bureaucracy and woolly-minded liberalism? The changing ethos of local government officers. *Public Administration*, 639-656.
- McBain, H. (1944). *Are customers always right*. Chicago: The Rotarian.
- Minton, M. (den 15 01 2013). *Washington's Liquor Privatization Did Increase Prices, But Also Selection And Availability*. Hämtat från Open Market: <http://www.openmarket.org/2013/01/15/washingtons-liquor-privatization-did-increase-prices-but-also-selection-and-availability/> den 05 03 2014
- O'Toole, I. J., & Meier, K. J. (2004). *Parkinson's Law and the New Public Management? Contracting Determinants and Service-Quality Consequences in Public Education*. *Public Administration Review*.
- Parasuraman, A. (2010). Service productivity, quality and innovation. *International Journal of Quality and Service Sciences*, 277-286.

- Pereira Heath, T., & Chatzidakis, A. (2012). The transformative potential of marketing from the consumers' point of view. *Journal of Consumer Behaviour*, 283-291.
- Pioch, E. A., & Schmidt, R. A. (2004). Community pharmacies as good neighbours? A comparative study of Germany and the UK. *International Journal of Retail & Distribution Management*, pp. 532-544.
- PWC. (2009). *Pharma 2020: Marketing the future*. New York: Price Waterhouse Coopers.
- Richards, L. (2005). *Handling qualitative data: a practical guide*. London: Sage Publication.
- Rudholm, N. (2008). Entry of new pharmacies in the deregulated Norwegian pharmaceuticals market- consequences for costs and availability. *Health Policy*, 258-263.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students 5th edn*. Harlow: Pearson Education.
- Savas, E. S. (2000). Privatization and the New Public Management. *Fordham Urban Law Journal*, 1731-1737.
- Schmidt, R. A. (2004). Community pharmacies under pressure: issues of deregulation and competition. *International Journal of Retail & Distribution Management*, 354-357.
- State, U. D. (den 14 02 2013). *Regulation and Control in the U.S. Economy*. Hämtat från About: <http://economics.about.com/od/howtheuseconomyworks/a/regulation.htm> den 18 02 2014
- Steinhart, Y., Mazurski, D., & Kramins, A. M. (2013). The process by which product availability triggers. *Marketing letters*, 217-228.
- The Chartered Institute of Marketing. (den 04 02 2010). *Cost of customer acquisition vs customer retention*. Hämtat från Camfoundation: <http://www.camfoundation.com/PDF/Cost-of-customer-acquisition-vs-customer-retention.pdf> den 11 03 2014
- Walker, R. M., Brewer, G. A., Boyne, G. A., & Avellaneda, C. N. (2011). *Market Orientation and Public Service Performance: New Public Management Gone Mad?* Public Administration Review.
- Wallace, R. (2005). *North Carolina State University: Labwrite*. Hämtat från North Carolina State University: [http://www.ncsu.edu/labwrite/Experimental%20Design/exp\\_PL\\_sciproblem.htm](http://www.ncsu.edu/labwrite/Experimental%20Design/exp_PL_sciproblem.htm)
- White, S. J. (2010). Maximizing your pharmacy brand. *American Journal of Health-System Pharmacy*.
- Woodall, T. (2007). New marketing, improved marketing, apocryphal marketing: Is one marketing concept enough? . *European Journal of Marketing* , 1284-1296.
- Öbrink, A. (den 05 9 2012). *Privatiseringen av apoteken är misslyckad*. Hämtat från Svt (Sveriges Television): <http://www.svt.se/nyheter/sverige/privatiseringen-av-apoteken-ar-misslyckad> den 17 02 2014

## APPENDIX 1. COMPANY INFORMATION

---

### **Apotek Hjärtat AB**

At the end of 2013 Apotek Hjärtat owned 306 stores, most stores compared to other privately-owned pharmacies. A net sale of 8 266 million SEK resulted in an operating profit of 288 million SEK and leave a result of 83 million SEK.

After acquiring Vårdapoteket during the summer of 2013, they now own more than half of the pharmacies at hospitals.

They received the reward for “Investment of the year, in increased customer service”, and increased their members of the customer club by 45% and resulted in a total of 1,2 million members (Apoteket AB, 2014).

### **Apoteket AB**

By the end of 2013 Apoteket owned 372 stores out of 1303, which is 28.6 % of the industry. They had a net sale worth approximately 18 850 million SEK with an operating profit of 354 million SEK and ended up with a result of 364 million SEK.

Further they were nominated for the second year in a row for the ServiceScore®, an approach and working practice to identify, measure, analyze and work with service, award for best retail company, where they faced ICA and Systembolaget, who won the award, as competitors. Over 130 companies are measured where they look at the gap between the expected and experienced service the companies have to offer, using a unique model with nine business moments in the customer process.

For the sixth year in a row they were named Sweden’s most honest company and the second most recognized brand after IKEA.

In the sustainable brand index 2014, where 242 companies in 20 different industries were ranked, Apoteket was crowned to the most sustainable enterprise in the industry and ended in the tenth spot in the whole ranking. Beside this they were named the best public enterprise (Apotek Hjärtat AB, 2014)

## APPENDIX 2 DESCRIPTIVE STATISTICS

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
Stateowned or Privately-owned	120	1	0	1	.50	.502
Gender	120	1	0	1	.64	.482
Age	120	63	18	81	43.08	17.381
Visitspermonth	120	3	1	4	2.04	.864
Professionalism and Skills1Experienced	120	6	1	7	5.53	1.223
Professionalism and Skills1Expected	120	6	1	7	6.06	1.162
Professionalism and Skills2Experienced	120	5	2	7	5.07	1.419
Professionalism and Skills2Expected	120	6	1	7	5.99	1.350
Attitudes and behavior1Experienced	120	4	3	7	6.18	.984
Attitudes and behavior1Expected	120	6	1	7	6.53	.978
Attitudes and behavior2Experienced	120	3	4	7	5.91	1.123
Attitudes and behavior2Expected	120	6	1	7	6.38	1.086
Accessibility and flexibility1Experienced	120	5	2	7	5.63	1.130
Accessibility and flexibility1Expected	120	6	1	7	6.31	1.044
Accessibility and flexibility2Experienced	120	6	1	7	6.12	1.285
Accessibility and flexibility2Expected	120	6	1	7	6.43	1.001
Reliability and trustworthiness1Experienced	120	5	2	7	5.43	1.370
Reliability and trustworthiness1Expected	120	5	2	7	6.35	.967
Reliability and trustworthiness2Experienced	120	4	3	7	5.55	1.256
Reliability and trustworthiness2Expected	120	5	2	7	6.32	1.115
Recovery1Experienced	120	5	2	7	5.27	1.327
Recovery1Expected	120	5	2	7	6.18	1.172
Recovery2Experienced	120	5	2	7	5.16	1.257
Recovery2Expected	120	5	2	7	6.28	1.168
Reputation and credibility1Experienced	120	6	1	7	5.51	1.264
Reputation and credibility1Expected	120	6	1	7	6.45	.960
Reputation and credibility2Experienced	120	6	1	7	5.88	1.234
Reputation and credibility2Expected	120	6	1	7	6.40	.991
Professionalism and skills Experienced	120	5.50	1.50	7.00	5.3000	1.17287
Professionalism and skills Expected	120	6.00	1.00	7.00	6.0250	1.13732
Attitudes and behavior Experienced	120	3.50	3.50	7.00	6.0417	.96490
Attitudes and behavior Expected	120	6.00	1.00	7.00	6.4542	1.00209
Accessibility and flexibility Experienced	120	4.00	3.00	7.00	5.8750	1.06363
Accessibility and flexibility Expected	120	6.00	1.00	7.00	6.3667	.96086
Reliability and trustworthiness Experienced	120	4.00	3.00	7.00	5.4917	1.14493
Reliability and trustworthiness Expected	120	5.00	2.00	7.00	6.3333	.97948
Recovery Experienced	120	4.50	2.50	7.00	5.2125	1.16074

Recovery Expected	120	5.00	2.00	7.00	6.2292	1.12626
Reputation and credibility Experienced	120	5.00	2.00	7.00	5.6917	1.06350
Reputation and credibility Expected	120	6.00	1.00	7.00	6.4250	.94746
Professionalism and skills Difference	120	5.50	-3.00	2.50	-.7250	.91864
Attitudes and behavior Difference	120	6.50	-3.50	3.00	-.4125	1.13512
Accessibility and flexibility Difference	120	5.50	-3.50	2.00	-.4917	.97227
Reliability and trustworthiness Difference	120	5.50	-3.50	2.00	-.8417	1.15042
Recovery Difference	120	4.50	-3.50	1.00	-1.0167	1.11885
Reputation and credibility Difference	120	4.50	-3.00	1.50	-.7333	.98291
Exxx	120	50.00	34.00	84.00	67.225	10.8127
					0	4
Valid N (listwise)	120					

## APPENDIX 3. QUESTIONNAIRE SWEDISH

Nr.	Frågor/Påståenden					
1	Kön:	Man <input type="checkbox"/>	Kvinn <input type="checkbox"/>			
2	Ålder:					
3	Antal besök hos apoteket i genomsnitt per månad:	Mindre än 1 <input type="checkbox"/>	1-2 <input type="checkbox"/>	3-4 <input type="checkbox"/>	5 eller fler <input type="checkbox"/>	
Svarsalternativ till påstående 4-15: 1. Tar helt avstånd 2. Tar avstånd 3. Tar delvis avstånd 4. Varken eller 5. Instämmer delvis 6. Instämmer 7. Instämmer helt						
<b>Vad jag UPPLEVER</b>						
4	För att lösa mina behov får jag professionella råd av personalen.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
5	För att lösa mina behov erbjuder detta apotek ett utbud av likartade produkter med förklaring på skillnaden mellan dessa produkter.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
6	Personalen är tillmötesgående på ett positivt och vänligt sätt.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
7	Personalen lägger ner tid och intresse på att hitta den lösning jag söker.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
8	Personalen hittar snabbt lösningar/erbjudanden till det jag söker.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
9	Detta apotek har öppettider som passar mig.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
10	Detta apotek har de produkter som jag söker.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
11	Detta apotek håller det dem lovar utifrån deras reklam.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
12	På detta apotek det finns möjlighet att yttra sig om eventuella klagomål.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
13	Detta apoteks personal tar omedelbara åtgärder vid eventuella fel, exempelvis om produkten är slutsåld, fel levererad produkt, produkten är trasig, produkten ger överdrivna biverkningar etc.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
14	Personalen ger mig bästa möjliga erbjudandet utifrån mina behov.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
15	Jag får personlig uppmärksamhet av apotekets personal.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
<b>Vad jag FORVÄNTAR mig</b>						
4	För att lösa mina behov får jag professionella råd av personalen.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
5	För att lösa mina behov erbjuder detta apotek ett utbud av likartade produkter med förklaring på skillnaden mellan dessa produkter.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
6	Personalen är tillmötesgående på ett positivt och vänligt sätt.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
7	Personalen lägger ner tid och intresse på att hitta den lösning jag söker.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
8	Personalen hittar snabbt lösningar/erbjudanden till det jag söker.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
9	Detta apotek har öppettider som passar mig.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
10	Detta apotek har de produkter som jag söker.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
11	Detta apotek håller det dem lovar utifrån deras reklam.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
12	På detta apotek det finns möjlighet att yttra sig om eventuella klagomål.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
13	Detta apoteks personal tar omedelbara åtgärder vid eventuella fel, exempelvis om produkten är slutsåld, fel levererad produkt, produkten är trasig, produkten ger överdrivna biverkningar etc.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
14	Personalen ger mig bästa möjliga erbjudandet utifrån mina behov.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
15	Jag får personlig uppmärksamhet av apotekets personal.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

(OBS! Ifylls av undersökarna) Detta apotek är: ställigt  privat



## APPENDIX 4. QUESTIONNAIRE ENGLISH

Nr.	Question/Statement	Male <input type="checkbox"/>	Female <input type="checkbox"/>	What I EXPECT						
1	Gender:									
2	Age:									
3	Average pharmacy visit per month:	Less than 1 <input type="checkbox"/>	1-2 <input type="checkbox"/>	3-4 <input type="checkbox"/>	5 or more <input type="checkbox"/>					
Response options for statement 4-15: 1. Fully disagree 2. Disagree 3. Partly disagree 4. Neither 5. Partly agree 6. Agree 7. Fully agree										
<b>What I EXPERIENCE</b>										
4	To solve my needs I get professional advises by the staff.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
5	To solve my needs, this pharmacy offers a range of similar products with an explanation of the differences.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
6	The staff is accommodating in a positive and friendly manner.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
7	The staff spends the time and interest to find the solution I seek.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
8	The staff can easily find solutions / offerings for what I seek.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
9	This pharmacy has convenient opening hours for me.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
10	This pharmacy has the products I seek.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
11	This pharmacy keeps their promises from their advertising.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
12	In this pharmacy there is an opportunity to leave a comment on any complaint.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
13	This pharmacies staff will take immediate action in case of any fault, for example if the product is out of stock, wrong product supplied, the product is defective, the product gives exaggerated side effects, etc.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
14	The staff gives me the best possible offering based on my needs.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		
15	I get professional attention from the staff.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>		

(NOTE: To be completed by the researchers) This pharmacy is: state-owned  privately-owned