Services marketing: what does your pharmacy offer?

By Nikki Di Costa

Learning objectives

After reading this article you should be able to:

- Describe concepts of service delivery versus product provision and identify applications within a pharmacy setting
- Appreciate the competitive advantage that is possible through focusing on the delivery of pharmacy services and customer service
- Describe the characteristics of services and develop skills in service delivery
- Apply techniques and strategies in quality service to bring about positive change in customer service and in the delivery of pharmacy services.

Competency standards (2010) addressed:
1.2.2, 1.3.2

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CAP110909c

Case study: delivering services to build business

Martin owns a pharmacy in a recently renovated shopping centre. The renovations included the addition of a department store and a second pharmacy. Consequently he has realised that he needs to change the way in which he operates to ensure the new competition does not impact on his business. Martin has heard about service provision in pharmacy and how pharmacies are maximising business opportunity by implementing a service approach and/or services like weight loss programs. However he has not given it much thought, given he has had no real competition within his retail and ethical spaces. With an interest in business and marketing concepts, Martin decides to find out more about how offering a service could help his business.

Do you offer a product or a service?

A product is anything that can be offered to a consumer for attention, acquisition, use or consumption that might satisfy a want or need. One’s perception of products often includes only physical items but in essence a product may be a service, idea, experience or personal transformation offered to a consumer. In Martin’s case the obvious products he offers are medicines, health products and retail lines. However, the information and knowledge he gives his patients are also part of this product offering. Sometimes as pharmacists we offer ‘pure’ physical goods, where little or no service is provided. Self service weighing scales at the front of a community pharmacy are an example of this. When we solely...
advise a patient, we are offering a 'pure' service as no physical product exists. More often than not, however, 'almost pure' products and services are offered whereby a service is offered as part of a physical product or vice versa. A business that is solely service-focused offers its customers something intangible; the interaction does not result in ownership of anything. Often one finds that a business selling goods may offer a service as a secondary feature or augmentation of the core product. There is rarely a business that relies entirely on intangible services. While not health related, an excellent example is the airline industry. While the core product is an intangible service, namely transportation, airline companies incorporate physical elements. Incorporating food, drinks and entertainment represents a tangible component of the service, potentially giving the airline a competitive advantage.

How goods and services are marketed differ. With physical goods one must satisfy the needs and wants of the consumer and enter into an exchange of a tangible item. Only the features of the product and price are important. A service, on the other hand, relies on satisfying an exchange relationship. When counseling in pharmacy, one must build rapport and trust with a patient to ensure optimal service delivery. Given these differences, business owners adopting the same marketing principles for both goods and services have been known to fail.

Competitive advantage through service delivery

Competition in the market place has increased with globalisation, changes to entry barriers and price settings. In pharmacy, deregulation and low price pharmacy models are examples of this. Consequently, augmenting a product has become increasingly important in creating competitive advantage as most competition takes place at the product augmentation level. In pharmacy, offering advice and information services when providing medication and health related goods or setting up specific services may give a pharmacy a competitive advantage.

It is often more advantageous to focus on service, as a service can be memorable and even transformational. A patient commencing an antidepressant medication is likely to appreciate the service given as well as the actual product. The counselling given not only provides information but a personal transformation towards hope and the formation of a trust relationship. The latter two become the most prominent memories and drive the patient’s subsequent visit to the pharmacy.

Characteristics of service

Martin decides that to move forward he will focus on service delivery within his pharmacy. However he wants to know more about the characteristics of services, listed below:
1. intangibility of services
2. high involvement and personal nature of services
3. variability of service encounters
4. synchronous delivery and consumption
5. perishability of services

1. Intangibility of services

Intangibility is the most frequently discussed element and arguably the only characteristic which is common to all services. Services cannot be stored, stocked, touched, tasted and tried before they are offered. This is a consideration when providing a service as success is governed by the patient’s experience, perceptions and initial impressions made when receiving the service. Delivering superior service and/or creating atmosphere become the tangible components, as a patient takes away a memory and impression and as such one’s ability to deliver this will provide a competitive advantage.

Tangible aspects can be added and concentrated on to create an image of the service in the patient’s mind. A pharmaceutical representative, when detailing a drug, will give a pharmacist marketing merchandise, for example a business card, not just for contact and company details but to remind of and reinforce sentiment and service.

Knowing this, Martin decides he can add tangible aspects to his customer service and counselling. An empathetic tone, the extra offer to help, a follow up phone call or a CMI are all items that can make his service delivery more tangible.

2. High involvement and personal nature of services

Service delivery requires a high degree of involvement and is influenced by the personal attributes and behaviours of both the patient and the pharmacist. The relationships formed may be very personal and bonds formed can become very strong, particularly if the service is ongoing. These factors drive consumer expectation. Take, for example, a customer buying paracetamol from a supermarket and another from a pharmacy. When a customer buys a packet of paracetamol from a supermarket (almost pure product) there is not the same degree of personalisation as when a patient enters the pharmacy with a migraine and needs some analgesics and self-care counselling. If the supermarket paracetamol was not to the customer’s liking, given the low cost and low involvement nature the customer would shrug off the unmet expectations and simply make a mental note not to buy that particular product again. However if the pharmacy patient was not satisfied with the advice given and/or the choice of analgesic (combined product/service) they would more likely complain due to unmet expectations.

Martin realises how this works in his pharmacy. He becomes more aware of situations and patient/customer transactions that require an extra level of service delivery in the form of customer service.

3. Variability of service encounters

Unlike goods that generally carry a consistent level of quality, service quality can vary within and between workplaces and at different times. Such variations commonly pertain to the human influence within service provision. The effectiveness in delivering services in pharmacy is influenced by the ethos within the pharmacy,
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the attitudes and daily moods of staff and managers. Whilst people are providing services no experience will be entirely standardised. The success of a pharmacist counselling a patient depends on the rapport and relationship established, the timing and the type and level of counseling given and/or required. Embarrassing or culturally sensitive topics, gender and education differences can all influence the way in which a service like counselling is provided.

Technology has reduced service heterogeneity. The electronic world has brought about a visible shift in standardisation of service provision. People like predictability and uniformity in services. Technology improves the chances that the service being provided is the same for all patients.

Service standards are useful to reduce the variance in service quality. In pharmacy, the Pharmaceutical Society of Australia (PSA) Professional Practice and Competency Standards provide service standards that help standardise and maintain the quality of service given in pharmacies and by pharmacists.

Martin realises his staff can be inconsistent in their customer service delivery depending on their mood. He decides he will revisit the PSA standards and retrain and monitor staff performance in this area.

4. Synchronous delivery and consumption

When providing a service the delivery and consumption are inseparable. Essentially the patient or customer participates in the process of service production, which is consumed while it is being produced. The live nature of inseparability demonstrates the vulnerable environment in which we function when delivering services. Often as pharmacists we only get one chance to deliver and meet patient expectations.

5. Perishability of services

Unlike physical products, the need-satisfying benefit of a service is perishable; it cannot be stored. No physical inventory is available to store. Once you have engaged in customer service in supplying medication you only have a memory of it. Excess capacity for service cannot be stored either. For example, if a pharmacy were to organise a paid education session for diabetes patients, a 50% attendance means 50% of the opportunity is lost as you cannot rerun the evening.

Another realisation: Martin is reminded that he and his staff need to be consistent at all times in delivering quality customer service as often they will only get one chance to win over their customers and patients.

Implementing quality service

Martin decides he likes these concepts and will implement a more services orientated approach in his pharmacy. He will look carefully into specific services he may introduce as he can see the labour intensity and the cost involved. He has heard of the debate over whether pharmacies should charge for service and, should he implement a specific service, he would look into the pros and cons of this. However, in the short term he can see simple, inexpensive ways of improving service delivery within his pharmacy to maximise business and develop a reputation of being a caring and helpful pharmacy. He sees that this really just relies on delivering quality customer service. This is something that, along with creating a service orientated culture within the pharmacy, he can train his staff in immediately.

As a start, Martin can use the dimensions of quality service as a training tool for staff (see Figure 1). Studies show that customers judge the quality of a service they receive on the following dimensions: Tangibles, Reliability, Responsiveness, Assurance and Empathy. These dimensions of quality service have evolved from the characteristics of services discussed.

Key message – focus on intangibles

Despite providing tangible products like medicines and other health goods, pharmacies are all invariably service organisations to some degree. Pharmacists, as health providers and retailers, offer their patients and customers something intangible every time they visit the pharmacy. There is an element of the interaction that does not result in ownership of anything. As this intangible element is often the part of the interaction that the patient remembers, why not focus on it?

We have all heard testimonies like the following: ‘He is such a helpful pharmacist.’ ‘He wrote down exactly how to take my warfarin.’ ‘He gave me so much advice about how to treat my son’s chicken pox.’ ‘While I went to buy calamine lotion, rather than just making the sale he suggested that it wasn’t the best product nowadays. I will definitely go back there!’

At times it is difficult to draw a conclusion on goods and services as many have a shared component of both tangible and intangible aspects. However, understanding the tangible and intangible components is a key factor in determining the emphasis one should put on the product or the service to assist in quality health and business outcomes.

Figure 1. Dimensions of service quality

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<tr>
<th>Dimensions of service quality</th>
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<tbody>
<tr>
<td>Tangibles</td>
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<tr>
<td>Appearance of tangible facilities, equipment, personnel and communications materials</td>
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<td>Reliability</td>
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<td>Ability to perform the promised service dependably and accurately</td>
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<td>Responsiveness</td>
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<tr>
<td>Willingness to help patients/customers and provide prompt service</td>
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<tr>
<td>Assurance</td>
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<tr>
<td>Knowledge and courtesy of staff and their ability to convey trust and confidence</td>
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<td>Empathy</td>
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<td>Caring, individualised attention the pharmacy provides its customers</td>
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References

Questions

1. As a dimension of service quality, ‘assurance’ refers to:
   a) the staff’s ability to convey trust and confidence.
   b) the patient or customer is assured consistency in service.
   c) the caring, individualised attention the pharmacy provides its customers.
   d) both a) and b).

2. Which of the following is NOT a characteristic of services?
   a) Synchronous delivery and review.
   b) Intangibility of services.
   c) Invariability of service encounters.
   d) Both a and c.

3. In relation to variability of service encounters:
   a) one should express an attitude of acceptance and approval.
   b) technology and service standards help to reduce variability.
   c) homogeneity can be achieved through strategic recruitment.
   d) staff should be told to not bring their moods to work.

4. Which of the following is NOT true in relation to services and/or services marketing?
   a) A service can be memorable and even transformational.
   b) Providing a CMI leaflet is information and hence known as a ‘pure’ service.
   c) Unlike physical products the benefit of a service is perishable; it cannot be stored.
   d) Success in service delivery is governed by the patient’s experience when receiving the service.

A score of 3 out of 4 attracts 0.75 CPD credits.