Pharmacist:

*noun*

a person licensed to prepare and dispense drugs and medicines; druggist; apothecary; pharmaceutical chemist

A Nicholas Hall & CubeX study to understand the mind of a pharmacist
OTC Marketing Parameters And Challenges

But how Chemist (Pharmacist) behaves impacts all the other factors and eventually the brand success.
Now We Zoom Into Pharma Retail
Pharma Retail Scenario – India >>> Varied Looks!

What should be OTC retail approach?
Pharma Retail Scenario – India >>> Key Features

• Highly Fragmented
  – More than 60,000 wholesalers & sub-wholesalers
  – 700,000+ retailers with average shop size 100sqft.
  – Number of local pharmacies more than the US, UK and China put together!
    • For a small fraction of Indian pharma market
    • Compared to China, it has 200,000+ pharmacies for a market size of more than double of Indian market
  – Over-penetrated in metro / urban areas & under-penetrated in smaller / rural areas
    • Very low average annual income for a single retailer
## Pharma Retail v/s FMCG Retail >>> Market Dynamics

### Pharma Retail
- Fragmented but unionised
- Dominance over manufacturers / marketers
  - Impact brand / company sales
- Limited success of organised pharmacy chains
- Lucrative margins
- No investments by the cos. to upgrade them

### FMCG Retail
- Fragmented & non-unionised
- Manufacturers / marketers have upper hand
  - Consumer / brand drives sales
- Stronger organised retail and re-drafting terms of trade
- Wafer-thin margins
- FMCG cos. have done / do initiatives and invest in them

**What should be OTC retail approach?**
Pharma Retail Scenario – India >>> Prevalent Perceptions

He is least interested in upgrading himself

Chemists are ‘fuddy-duddy’ and not with the times
Pharma Retail Scenario – India >>> Prevalent Perceptions

He dictates the terms…difficult to engage with him

To him nothing else matters, except margins/incentives
Usually the ‘uninformed consumers seek advice from him.

He never shies away from ‘advising’ medicine to anybody.
Pharma Retail Scenario – India >>> Prevalent Perceptions

Doesn’t appreciate OTC-isation, indulges in brand substitution

Usually follows the prescription and gives medicines accordingly
Chain pharmacies, low penetration but high perception

Pharma retail shops have poor infrastructure
There are many prevalent perceptions among marketers? Additionally, some of the most top-of-the-mind questions are >>>
What do chemists think about OTC drugs?

Does he want more drugs go OTC? What does he think of Smaller SKU/single dose packs?

What he expects from Pharma companies? What he wants?
What is the role of the chemist in the OTC purchase? Does he merely dispenses medicine or also dispenses advice? How much consumer relies on him? What influence he has on them?
Does he influence their brand choice? If yes, to what extent?

How he advices? What motivates him? What drives his brand recommendation?

How are chain pharmacies different from standalone outlets?
So what’s on his mind?
Introducing COMPASS

Chemist’s OTC Market Probe & Assessment Study
COMPASS Scope

- **Total Coverage Planned**
  - Chemists | 1050

- **Total Coverage Achieved**
  - Chemists | 1098
  - Total Consumers / Day 165,000

- **Delhi (NCR)**
  - 150 Chemists

- **Mumbai**
  - 150 Chemists

- **Pune**
  - 100 Chemists

- **Bangalore**
  - 150 Chemists

- **Hyderabad**
  - 150 Chemists

- **Chandigarh**
  - 100 Chemists

- **Kolkata**
  - 150 Chemists

- **Chennai**
  - 150 Chemists
COMPASS Sample Design

• Sampling
  – Random sampling
    • In market place, in residential areas, near hospitals
    • Representation across various wards of the cities
    • Chemists dispersion across various demographic classes
    • Standalone chemists
    • As well as chain pharmacies

• Fieldwork
  – January-February 2010

• Analysis
  – Data was analysed using SPSS software
Categories / Sub-categories

Cough Cold & Allergy (CCA)
• Cough
• Systemic Cold & Flu
• Chest Rubs and Inhalants
• Sore Throat Remedies
• Topical Decongestants
• Allergy

Gastrointestinal
• Antacids & Antiflatulants
• Laxatives
• Traditional Digestive Remedies
• Anti-Diarrheals

Vitamin Mineral Supplements
• Multi-Vitamins
• Nutritional Supplements
• Chayawanprash
• Tonics & Cure Alls
• Calcium
Categories / Sub-categories

Dermatological
• Anti-fungal & Rashes
• Antiseptics & Disinfectants
• Acne Remedies
• Scalp Treatments

Analgesics
• Fever & Headache
• Analgesics-Body & Joint Pain
• Topical Analgesics

Contraceptives
Aspects Covered / Probed

Chemist Profile
- Outlet location
- Outlet area
- Standalone v/s retail chain
- Number-of-people-in-the-shop wise
- Turnover wise
- Presence of following items
  - AC, Refrigerator, Telephone, Computer / Internet connection / Printer, Power Back-up
- Manual billing / computerised billing
- Age & Gender of the owner
- Education qualification
- Language skill

5 Broad Categories
23 Sub-Categories
145 Brands
Aspects Covered / Probed

Customer Buying Behaviour

- Customer split based on nature of purchase – Rx, OTC, others
- Customer split on the category of OTC medications bought
  - CCA v/s Analgesics v/s others
- Customer split between with prescription or without prescription
  - With prescription, and pre-decided brand
  - With prescription, but still seeking chemist advice
  - Without prescription, but with pre-decided brand
  - Without prescription, and seeking chemist advice
- Average billing per customer
- Average time spent
- Customer split on when (at what stage) do they come to chemist
Aspects Covered / Probed

Customer Traffic Profile
- How many people per day
- Distribution of traffic time wise
- Age wise traffic
- Male v/s Female split

Consumer-Chemist Interaction
- Factors influencing the chemist while recommending a particular brand / drug
  - Prioritisation on 18 factors and rating to each factor (on a scale of 1 to 5)
- When chemist’s advice is sought
  - Prioritisation of all the possible questions which customers seek information on
  - Prioritisation of the questions which chemists ask before recommending
- Split / prioritisation of the factors (circumstances) when chemists refrain from recommending any brand to the customers
Aspects Covered / Probed

Chemist’s Attitude to OTC Brands
And Incidence of Substitution
Dispersion & prioritisation of all the 14 factors
• Relative strength of each parameter on a scale of 1 to 5
• Incidence of brand switch / shift / substitution from one brand to another by chemists
• Reasons for the shift

Other Issues
• Popularity / acceptance of Smaller SKU
• Smaller SKU possibility for various ailment categories
  • Prioritisation of ailments and
  • Their relative strengths
• Chemists expectations from the Pharma companies
• Discount
  • Incidence
  • Under what circumstances
5 broad categories
23 sub-categories
145 brands

Aspects Covered / Probed

Brand Awareness
• Category / sub-category wise
• TOM, Spontaneous and Aided
• Awareness linked with recommendation

Company & Brand Imagery Profile
• For each company separately on all the parameters
  • Individually for All India, each city and chemist outlet type wise
• For each sub-categories (23 categories)
  • For each of the 20 parameters
Few Answers
What Is His Opinion on OTC Drugs?

• Contrary to perceptions, he is all for OTC drugs >>> supports it, endorses it
• He in fact believes that there is no need for doctor’s opinion for such drugs
• A strong felt ‘need & desire’ to upgrade himself >>> from dispenser to advisor
• Displays concern about chances of fake drugs, still doesn’t want to hold back
What He Perceives To Be His Role?

- Strongly believes that he is quite capable enough to recommend them to consumers
- But he believes that they are not ‘quite efficient’ >>> customers come back again
- This view probably explains the incidence of substitution
His View on OTC Brand Prices & Advertising?

- Belief that consumer pull (brand building) is very important for OTC medicines
- Most chemists believe that OTC drugs are priced ‘right’
- Nearly equal split on either ‘expensive’ or ‘not-expensive’
- Equation seems to be Company >>> Advertising >>> Chemist >>> Consumer
Does He Wants More OTC Brands?

• They whole-heartedly support movement towards OTC drugs
• Close to 70% chemists agree on launching more OTC drugs
• In fact they see themselves as the torch-bearers of the OTC race
So What Happens At The Chemist’s Outlet?

- More than 1/3rd selftreaters seek chemist’s advice & the brand choice
- Interestingly, more than 50% of such consumers even have a prescription!
- This obviously leads to the phenomenon of brand substitution
- Again 1/3rd chemists admits that it happens quite often...
• Consumers are guided primarily by brand name…company matters least
• Expiry, dosage, side-effects, price are the other key consumer questions
• Majority of the chemists, who give advice, don’t give it blindly
• In fact, quite often they don’t give any advice>>>new consumer, multiple symptoms
What Influences Chemist’s choice?

- Company name & image is the most important factor
- Quality of the brand and past success history are second most important factors
- Margins is as important as Advertising
- Another indicator that investing in brand is a good strategy
- Also indicates that he is quite careful when it comes to giving advice
What Do They Expect From The Companies?

- Clearly he is looking for things beyond mere monetary support
- He is looking forward as well as quite open to upgrade his skills
- Wishes to change traditional image / perception closer to dictionary definition
- Wants continuous engagement through regular meets, loyalty programmes
What Is Their Attitude To Smaller SKU / Single Dose?

- His view on single dose packs follows his ambition and desire to own OTC space
- He sees this strategy as part of increasing OTC medicines consumption
- He has a clear view on which therapeutic segments smaller SKUs will work
- In previous slide he mentioned ‘sampling’ as the most desired expectation
What Is The Infrastructure At The Outlet?

- Refrigerator & the telephone has almost 100% penetration
- Other than these, lack of other infrastructure facilities in majority of outlets
- Resulting in manual billing at most of the outlets
- Incidence of computerised billing 3 times more in chain pharmacies
• Customer Traffic at chain pharmacies is marginally more than standalone
• So is the case with average billing per consumer
• Consumer basket consist more ‘non-pharma’ products at chain pharmacies
What Is The Extent Of Discounting?

• Close to 50% chemists admit that they offer discounts to the consumers
• Practices vary from standard discounts, to purchase amount linked discounts
• Discounts are usually in the 5-10% range
Summation Of The Key Insights

Motivators
- Clearly wishes to go beyond mere dispensing medicines
- Desires to move into ‘dispensing advice’ space ‘officially’
- Wants to engage with the companies more meaningfully
-Actively exploring revenue increasing opportunities
- Is seeking more respect socially

Barriers
- Infrastructure with-in the shop is a big problem area
- Sees infrastructure as an issue. Expect companies to support upgrade
What Should Be The Focus Of The Companies
Four Pronged Approach

Empower
• Them to propagate responsible self-medication
• To recommend OTC drugs based on sound knowledge

Engage
• Through continuous connect with the company
• Take feedback. Respect it. Incorporate it for strategic decision making

Educate
• Invest in upgrading their knowledge to run business better
• About their role in improving the healthcare system

Expand
• By helping them to increase their revenue...Point-of-Care; Loyalty programmes
• Aid in improving their in-shop infrastructure
Engage & Educate Retailers >>> Coca Cola Way

- Programme called The ‘Parivartan‘ (means ‘change’ in English)
  - Involves training retailers through a virtual, global university (university on wheels), launched in 2007, for all learning and capability-building activities.
  - Shop owners (traditional retailers) given training on displaying & stocking products well.
  - Goal is to provide traditional Indian retailers skills, tools and techniques to succeed in a constantly changing retail scenario.
    - Presentations (including audio/visual technology) in Hindi language help small retailers (< 200 square feet in average size) to better understand the concepts involved. Each retailer also receives a Coca-Cola "Certified Retailer" certificate at the conclusion of the program.
    - First launched in Agra, it will equip "mom-and-pop" shop owners with the skills, tools and techniques required to succeed
    - Key issues focused - print a visiting card with your telephone number; around 80% of business comes from 20% of products, so build up visibility for these; try and display posters of discounts; organise a home delivery facility; be courteous to your customers
    - The programme has covered 20,000 retailers in North India so far
  - Based on their feedback ‘Advanced Parivartan’ has been developed that will cover issues like shop layout and location, display, basics of finance, knowledge of credit card transactions, people management skills etc.
Educate Consumers Through Chemists >>> Pharma Way

- **Project Concern**
  - Together by All India Drugs Control Officers' Confederation (AIDCOC), Maharashtra State Chemists and Druggists Association (MSCDA) and Johnson and Johnson India
  - Project implemented at Mumbai, Thane, Pune, Kolhapur and Aurangabad in which 10 pharmacists from each location participated
  - Three key objectives of the project
    - Give value add to patients through pharmacists
    - Counsel the patient along with his/her family, and
    - Motivate family members towards preventive healthcare.
  - Overall objective is to establish and improve the health care system through pharmacists and also to improve their role in the whole process scientifically.
    - Focus is on projecting pharmacists as family pharmacists
  - Education and counseling plays a very important role in dealing with chronic disorders like diabetes and blood pressure and this is where the pharmacist's role comes into play
Chemist Monitor Reveals That Pharmacist Are Ready To Live-Up To The Dictionary Definition

Complete Report Would Be Available In May, 2010