



Dr A Sivakumar discusses the potential of the Indian pharmaceutical industry and offers guidelines to implement strategies for retail specific innovations in this field

A new dosage

The drug store industry has been growing especially after the mid 1990s. An important factor in driving industry growth is the increased life expectancy of the population brought about by the discovery and widespread usage of new life-saving drugs. In this emerging scenario, it is worthwhile to note that senior citizens typically use twice the number of prescribed medications as individuals half their age. The growth in prescribed medication also benefits from the continuous flow of new drug therapies as well as increasing participation in health care plans. New drug therapies result from greater investment and higher success rates in the research and development programs of the major pharmaceutical firms. While demographic factors help drive growth in sales volumes, the Indian drug store industry would be under pressure to reduce costs. In response, drug stores have tried to do the same by installing improved cost-reducing technologies to provide them with the most up-to-date information on sales and inventory.

To enhance profits, faster drug dispensing, reduction in errors and improvement in customer satisfaction is required to be achieved. Moreover, drug stores are also trying to attract customers and enhance profits with high-margin products such as convenience foods and cosmetics. We seem to be following the West in such developments. Meanwhile, drug stores are also experiencing increased competition from supermarkets that are anxious to increase store traffic with increased pharmacy sales.

CVS – US drug chain giant

The scenario in US would be able to provide us with an idea to predict the nature of things to come in India. CVS, Walgreens and Rite Aid are the three largest drug chains in US. CVS competes on the basis of store location, convenience, customer service and satisfaction, product selection and variety and price. It faces active competition from independent and other chain drug stores and from health maintenance

organisations, hospitals, mail order organisations, supermarkets and discount drug stores. In addition to prescription drugs and services, CVS offers a broad selection of general merchandise, presented in an organised fashion, in-stores that are customer-friendly, inviting and easy to shop. Merchandise categories included over-the-counter drugs (OTC), greeting cards, cosmetics, seasonal merchandise and convenience foods. The company followed an integrated healthcare approach, bringing together industry participants such as physicians, pharmaceutical companies, care providers and pharmacies. The primary efforts in this area include the operation and expansion of PharmaCare, CVS prescription benefit management subsidiary, and the creation of strategic alliances with healthcare partners. The company's strategy is to be the nation's most convenient and most technologically advanced healthcare retailer.

Indian drug retail

Drug retailers in the Indian private sector have a great role in contributing to public health. Failure to give proper advice, suggestion and support also leads to low compliance, failure of therapy and due to un-checked antibiotic use – emergence of antibiotic resistance. A vast majority of the population prefers to visit medical stores or meet drug retailers for certain common trivial illnesses because they find that physicians are not available (especially in rural areas). Drug retailers are certainly occupying a serious position in health care dynamics, who can help the general population get the most effective use out of any drug, since they are the professional the consumer meets before a drug is used.

The current status of drug retailers in the provision of health care is far from satisfactory. A number of studies on medical stores and community pharmacists reveal that drug retailers in India do nothing but sell drugs. The common man does not differentiate them from general commodity retailers (grocers). The services of qualified pharmacists as drug retailers which, when implemented in accordance with the

DOCTOR INDIA

The Indian pharmaceutical industry today is in the front rank of India's industries with capabilities in drug manufacture and technology. It ranks high in the third world, in terms of technology

RANBAXY IT IS

In India, Ranbaxy is the largest pharmaceutical company by the virtue of its sales. It occupies a considerable domestic market share of 4.83 per cent and has a ground presence in 34 countries

training they receive and in compliance with the existing law could enhance the availability of the right medicines for the right purposes.

The service angle

The convergence of all players in the health care market including insurance service providers could be a combination that could rewrite the rules of drug retailing. The unit could be as much a health maintenance and disease state management clinic as a drug store, offering all manners of diagnostic testing and screening programmes designed both to prevent and to manage illness. Cholesterol and blood pressure checks, eyesight and hearing tests, bone mineral density evaluations, and prostate and thyroid monitoring made available under one roof would be a profitable enterprise. The patient would get the results of these tests within minutes. Such a separate health care centre, adjacent to an open and easily accessed

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pharmacy offers a breadth and depth of preventive screening, testing services and great accessibility.

Some of the new developments in the drug store segment in the US are bewildering. These include: Utilisation of robotics to dispense the most frequently dispensed drugs and Usage of portable paging devices to alert the patient that the prescription is ready Free home delivery service Private label line, one effectively positioned as a quality and value alternative to national brands.

Given the population in India, some of these services and a concept like private label in drugs could revolutionise drug retailing.

Medicine Shoppe, India

Developments in this direction have taken place in India with the arrival of Medicine Shoppe. Medicine Shoppe India, with its referral programmes, monthly gift programmes, and programmes for expectant mothers offers a definite threat to the established traditional drug retailers. It is no wonder, therefore, that the retail drug store association intends to form a co-

operative to face competition. Medicine Shoppe tied up with pharmaceutical companies for sponsoring free diagnosis once a week. It tied-up with Nicholas Piramal for diabetes, with Elder for bone densitometry tests for osteoporosis, with Parke Davis for dental examination, and with Omron for examining blood pressure. In a bid to provide another value-added service, Medicine Shoppe, India and Oriental Insurance Company have joined hands to offer free Mediclaim to Medicine Shoppe customers. Now with every purchase of Rs 5,000 made at a Medicine Shoppe pharmacy, a customer will get a Mediclaim policy worth Rs 5,000. These are indications of the kind of change that is to hit the drug retailing industry in the country.

Electronic prescription

A major innovation slowly taking shape in the US is electronic prescription. Limited until a few years ago to just a few dozen physicians and pharmacies in a handful of markets across US, it is now on the verge of becoming part of every pharmacy's daily operation. In a country like India, which is the hot bed of development in the IT sector, developing such a system would be an

easy task. With the spread of IT literacy, this is one area that can help retailers. Currently even in the US, e-prescribing is illegal in some states because established laws say that no third party can have access to prescription information. Prescribing errors can cause patients to suffer adverse reactions to medication. However, this is avoidable. The integration of the patient, doctor as well as drug retailer information would have a tremendous benefit for the law-makers in tracking citizens, doctors, pharmacists and pharmacies.

Innovations in the Indian context are required for some typical problems faced by the retailers. The consolidation of the health care business poses a threat to the traditional drug retailers, unless they look at innovative marketing measures to stay in the market. The need is for juxtaposing general retail management principles to drug retailing in order to come up with ideas for sustaining efforts to grow in pharmaceutical retailing. The market is ripe for innovations. Those who get to the market with new services will succeed. ■

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