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**HEALTH SERVICES**  
by RSM

## BETTER DATA IN PHARMACY

### The information and the needs are there. What's your next step?

The Healthcare industry collects data and lots of it. Pharmacy is no exception and owners should look inside their business for new ways of reaching out to their customers. Too many businesses keep pushing what they think the customer needs. Listening to what the customer is telling them – whether that be by direct consultation or by their habits and spending patterns.

#### What does the consumer think of Pharmacy?

The release by NABhealth of the NAB Pharmacy Report 2021<sup>1</sup> contains survey results conducted over three days in July 2021 of 1,000 Australian consumers. Pharmacists made their usual appearance in the top three of the most trusted professionals, led by doctors and nurses.

#### The survey

The survey covers a range of areas. I have attempted here to identify some points of interest and discuss some implications for pharmacy practice and business.

For pharmacy, the results of the survey were a mixed bag:

- Patients visit on average 18 times a year
- Various factors were listed for consumers to choose their three most important factors when choosing a pharmacy. There were two stand-outs: most important reason according to one in two people was convenience or location. Low cost medication was ranked by three in ten people.
- Discounters outranked traditional pharmacies, nabbing 48% of the preferred pharmacy for prescriptions and a whopping 59% for other products and services. Consumers were asked what type of pharmacy they had typically visited over the past 12 months for each category.
- On the service side, traditional pharmacies rated 8.1/10 for satisfaction whilst discount pharmacies rated 7.8 (not a lot here between first and second). Online pharmacies rated 7.
- In the key reasons for switching pharmacies, 'paying too much' came in strongest, followed by 'having to wait for prescriptions' and then 'out-of-stock on medication'.



Community or traditional pharmacies<sup>2</sup> might be surprised at the closeness of ranking on service satisfaction and the ongoing rising tide of opinion on the cost of medicine. If pharmacy is to take itself to market as a professional service provider and be judged on outcomes rather than price, it needs to take centre stage and call it out.

And pharmacists are worth it. They save lives, ease suffering and provide comfort and peace of mind. All of this in the midst of sometimes unpleasant behaviour, lack of care and a lack of knowledge from the customer. Ultimately it is a communication exercise of not small proportions and aiming to overcome the 'customer is always right' position with a position of knowledge and trust. That is where perception and actuality come in and the question is often asked as to what customer takes away from the visit having dealt with the pharmacist and the pharmacy, based on the setting, offering, customer experience and the pharmacy team's service-ability.

<sup>1</sup> NAB Pharmacy Report 2021 produced by National Australia Bank released in August 2021. All tables and data in this article are, unless otherwise noted, are from that report and NAB is fully acknowledged as the source for this data.

<sup>2</sup> The report does use the term 'traditional pharmacy' which it does not define. An assumption has been made that it comes to mean it is NOT one of the other types of pharmacies covered in the report – discount or online only pharmacies. At one point, 'discount' made reference to "e.g. Chemist Warehouse" but no other brand or franchise was mentioned.

## Professional services

The responses on professional services are interesting and the market in this area still seems to be trying to find common ground. Pharmacy has not set the pace in terms of consistency around fee for service and therefore patient expectations are naturally setting the market.

- A range of professional services were listed and pharmacy performed quite well – generally around one in five preferring to receive them from pharmacy, with the stronger preference for doctors (roughly 50% or more) still holding sway over their natural areas of practice.
- There was however a strong contingent that 'don't care' – so pharmacy should have them on the radar as well – this category was again around one in five. Services listed included, in order of strength of rating for pharmacy, or a nurse at a pharmacy<sup>3</sup>:

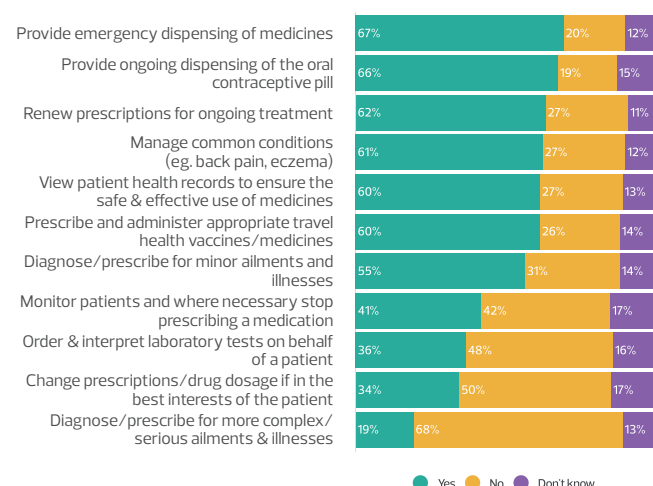
	Preference for Pharmacy or nurse at a Pharmacy	Additional consumers who had no preference between Rx and Dr	% Who said they would pay for this service in a pharmacy (% of Col 1)
Flu vaccination	28%	27%	52%
Travel health	26%	22%	48%
Wound management	25%	21%	44%
Other health programs – smoking, sleep apnoea, asthma management, nutrition etc.	21%	26%	41%
Health screening tests – blood pressure, bone density, cholesterol, blood glucose, hearing etc.	19%	17%	40%
COVID-19 vaccination	19%	27%	40%
Diagnosis/treatment of minor injuries/illnesses	19%	16%	38%
Optical (vision) services	12%	16%	31%
Mental health services	9%	15%	26%

- If pharmacy were to go after those who 'don't care' in the above table, this would increase considerably the foot traffic and ability to provide professional services and associated health solutions to a larger number of customers. The opportunity for additional sales would be high and in a strong-margin range of merchandise.
- The presence of key health areas of practice would give pharmacy a point of difference and in areas that are well within the comfort zone of pharmacy practice. And strong insights should be available from the data within the pharmacy or from data that is gained as the service offering is broadened.

## Wider scope of practice

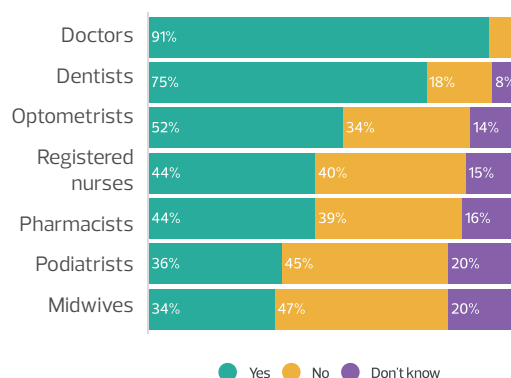
There was interest in seeing the scope of practice of pharmacists broadened with the majority of survey participants giving pharmacists the nod to extend their authority. This is set out in the table below with 'green' being for 'Go!'. And again the 'don't knows' could swell the numbers in favour. However, the lingering issue of fee for service noted above is still a question mark.

### Do you believe pharmacists should be authorised to do the following?

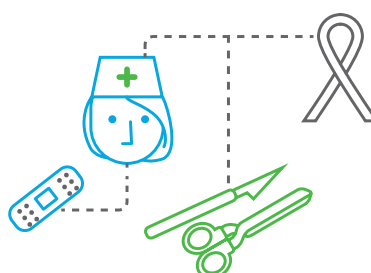


A further area of interest is the challenging question of allowing pharmacists and other health professionals prescribing rights. The survey participants gave the following responses:

### Which of these health professionals should have the right to prescribe medicine?



I wonder, for the 9% who didn't give doctors the nod, where they are getting their prescriptions from!

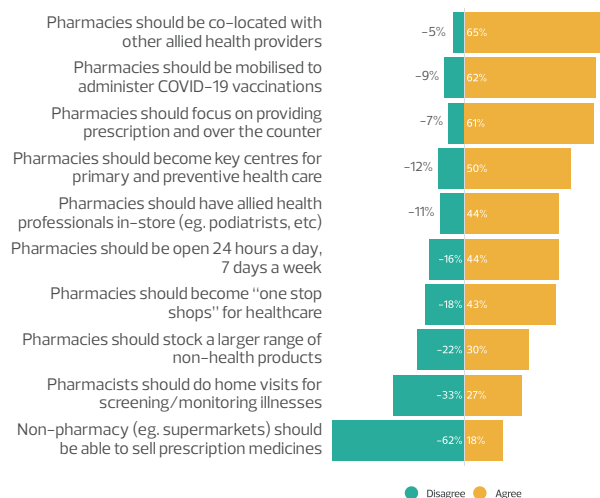


<sup>3</sup> This table produced by RSM is a combination of two data tables from the NAB Pharmacy Report 2021.

## Just where should Pharmacy be playing?

Consumers were asked if they agreed or disagreed with the following statements.

### Agree or disagree with the following statements



The big winners here, at each end of the scale of approved and not approved, were:

- The preference to see pharmacies co-located with other allied health providers
- That supermarkets should NOT be able to sell medicines

The polarising reactions to the practice of HMRRs are interesting. It would seem a good education piece around this area is needed.

- Customers won't know the value of what they don't know. Perhaps a simple 'Service Awareness' flyer handed out with medication might generate some interest in this type of service. And probably with the recipient of the flyer having their elderly parents in mind.

The highest ranked statement, co-location with other allied health providers, was strongly supported by those statements that closely followed:

- Pharmacies should be mobilised on COVID-19 vaccinations
- Pharmacies should focus on providing prescription and over the counter medications
- Pharmacies should become key centres for primary and preventative health care

The last bullet point above must cause Team Pharmacy to get a spring in its step because I believe this has been the mantra of both the Pharmacy Guild of Australia and the Pharmaceutical Society of Australia. The pharmacy network is unbeatable in terms of reach and the pharmacist is almost unbeatable in terms of availability. It's not far from there to the point made that pharmacy should play a key role in Primary Care.

And the professional bodies have collated much data over the years of the cost savings to the health system of the pharmacist's interventionist role as the health gatekeeper for many patients. Pharmacy owners should be rubbing their chins and plotting their reach into the customer's primary carer role.

## Where does a pharmacy owner go next?

Strategic planning is probably not one of the strengths of a pharmacy owner. Yet a pharmacy is a veritable haven of data. A consistent message from the survey is a strong bent towards more healthcare services as part of a wider scope of practice. Overarching this is that one of the key factors in choice of pharmacy is convenience or location.

Can a pharmacy build its reputation in professional practice to draw patients from a wider geographical boundary? I have seen for example that compounding pharmacies have been able to do this. They compound medication that particular patients want, they let the market know what they do and patients accordingly seek them out.

Community pharmacy should be able to examine its data closely, understand the common disease states, understand the economic data for its area and focus on those areas of service that are likely to hit the mark. They may be able to extend the geographic area from which they draw, in addition to increasing their take of the local area health expenditure. And we should cast our eyes back to those consumers who 'did not care' whether a pharmacist or doctor provided a range of services. Given access and convenience, you would have to back yourself as the community pharmacy to pick up the swinging voters.

### Better data, better decisions

**Through careful analysis of sales as merchandising and (digital) marketing shifts, a pharmacy might be able to patiently pick up on consumer queues and continue to tweak and change its offer. This will need to be accompanied by a review of the store environment, covering areas such as store presentation, staff presentation, service and product knowledge, systems and processes around implementation, foot traffic roadblocks and counter service.**

And so I come back to that strategic planning. Given the tools available today, the decision-making can be more precise and these tools are available to use for individual pharmacy owners as well as the big players. But it does take commitment to a decision-making process that makes use of the data and makes available thinking time to review and make decisions. Community pharmacy owners should be looking to have more precise data available around what patients are buying, what basket mixes are popular, what companion sales are increasing and who lives in their area to guide the direction of their pharmacy. This should form the basis of the levers they pull in order to have the graphs on the key performance dashboards heading in the right direction.

Growth in scripts, customers and professional services, professional services per script, items per customer, average retail sale over all customers and gross profit plus professional services income (\$GPPSI) per customer accompanied by stock intensity and stock turn are some basic measures that show outcomes which we use as a minimum.



- More detailed analysis of the customers' basket can also be undertaken to direct placement of merchandise and digital marketing strategies.
- A professional services strategy should be determined and it will be different for each pharmacy with many influences to be considered. The NAB report indicates there is healthy appetite for these services from pharmacy. The services strategy should not stand alone but work hand in hand with the above planning points.
- All of the above should also mean that the next refit an owner does will be driven by the desired business model and space and built for purpose.

#### Owners can take away some high level questions to consider:

1. Can I broaden my scope of practice and build successful professional services, and which ones?
2. What data are you collating and using to make decisions in your pharmacy?
3. What is the planning, measuring, reporting and decision-making process you have for your pharmacy?

### Strategic planning does not mean endless pages of business-speak.

- The planning should be practical, action-oriented
- With allocation of responsibilities across the team
- Reasonable but firm action timelines
- The reporting system should provide outcomes regularly, easily and visually
- Technology should play a big part

For further information contact one of our advisers at

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