



# Easiest route to success

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Last month a client rang me in a state of panic about a warehouse pharmacy opening 2km away. So he has now been forced to make changes and improve his customer offer and efficiency.

## REDUCE VULNERABILITY

Without changing the existing pharmacy business model, we agreed on initiatives (in addition to projects like generic substitution) to ease the impact of the new entrant and the economic downturn:

### 1. Reduce overhead waste

- achieved by changing processes.

### 2. Improve efficiencies

- cut out unnecessary activities by having a fresh look.

### 3. Focus on customer outcomes as priority

- pharmacist permanently at the front offering solutions; and
- retail staff customer focused and available.

### 4. Revise merchandise

- remove the irrelevant, slow-movers and clutter; and
- broaden range of demanded lines.

### 5. Pricing

- competitive pricing of KVIs (known value items); and
- maximise prices on lines not price sensitive and add value.

### 6. Marketing

- communicate new pricing of the KVI lines; and
- communicate full-margin product/services that customers want/need.

There is little expense involved, cost reductions are achieved via change rather than slashing, service levels improve and the overall customer offer is enhanced.

## WHAT IF CUSTOMERS DEFECT?

However, pharmacy is no longer a homogeneous market. So the above initiatives outlined won't be enough to stop some customers defecting to different pharmacy offers due to behavioural changes driven by the economic downturn.

Accordingly the big question is what fundamental business model changes will the smart pharmacy owner make to both compete and win over all retailers?

The five options are outlined in Figure One (as published last issue, but with emphasis on 'EasyEST').

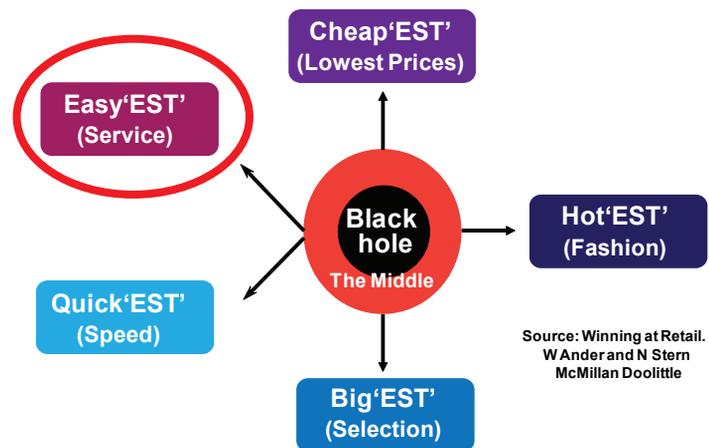
## EASIEST IS ABOUT VALUED SERVICE

The most appropriate position for the great majority of pharmacies to adopt is the EasyEST model which is about service. This does not relate to the standard prescription supply and reactive styles of 'service' I currently see in traditional pharmacies.

To win by being EasyEST entails the whole pharmacy offering solution-oriented service. But first a reality check for those who reckon they already do this. Customer behaviour has changed significantly and because it's the outcome pharmacies deliver them, good or bad, that determines whether they will return or defect, it's not your definition of service that's vital—it's theirs!

The customers' defines service as:<sup>1</sup>

- knowing what I want and having it in stock;
- helping me find the product I'm looking for without wasting my time;
- providing information to answer my questions and assist me in making an intelligent choice—with signs, brochures, a salesperson, or via the



Source: Winning at Retail. W Ander and N Stern McMillan Doolittle

internet; and after you've done the first three right

- having friendly, knowledgeable people.

So winning by being EasyEST is all about 'ease of use for customers'.<sup>1</sup>

They want:

- an experience that makes shopping easy and hassle free;
- an experience that makes it easy for them to solve whatever problem they have;
- an experience that enables them to easily choose the available option that is right for them; and
- a solution proposed by retailers who know their staff and who understand customers' needs, wants and aspirations.

So winning on service is all about helping customers solve problems, help create ideas, provide assurance, offer an enriching experience and provide information to help them understand their options and make decisions easily.<sup>1</sup>

## PHARMACY IDEALLY SUITED

Community pharmacy owners and

employed pharmacists are ideally placed to win by being EasyEST. Targeting particular customer's looking for more than a warehouse product/price offer is the opportunity.

Today we can see elements of EasyEST in the new Chemmart dispensary model, the Tony Ferguson weightloss systems correctly implemented Feel Good Guide solutions and those few who deliver special solution-oriented services including, for example, wound care, HMRs, diabetes management, asthma management, wellness, vitamins, beauty and so on.

But the point is none of the aforementioned can win compared with all competition unless the whole pharmacy, including the dispensary, delivers completely on the customers' definition of service and the four 'ease of use for customers' ingredients.

Those owners who make the change and embrace the EasyEST route to success have nothing to fear from warehouse pharmacies and supermarkets.

1. Ander W, Stern N. Winning at Retail. 2004; 3-05.