09 June 2021

The Future of Pharmacy Retail Stores in Sweden

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Presentation Outline

Today's Topic

START

Introduction

- Why retail pharmacy in Sweden?
- Overall high level of customer satisfaction - 98% (Sveriges Apoteksförening, 2020)
- Evident potential pitfalls: lack of qualified personnel, increase of online sales by 315% in a 4-year period, questionable rural coverage among others
- The Adaptive cycle and the importance of resilience

PESTEL Analysis

POLITICAL

Reregulation carried out in 2009, resulting in better availability, increased variety, safer medicine usage, and better prices

ECONOMICAL

Parallel imports are encouraged however, SEK evaluation against the Euro and USD does not bode well for the country's economy

SOCIAL

There is a high level of satisfaction among the pharmacy visitors, two reasons for this satisfaction are geographical location and product availability.

TECHNOLOGICAL

More and more pharmacies are buying compounding robots to produce individualized medicines. There has also been a surge in online Pharma sales

ENVIRONMENTAL

COVID-19 pandemic has furthermore increased the consumer's demand for contactless retail experiences, home delivery options and increased safety measures within pharmacy retail stores

LEGAL

Presence of a pharmacist mandatory. To collect prescription medicines in a pharmacy, people are required to possess a Swedish personal identity number.

Porter's Five Forces Analysis

Threat of Substitutes

Prescription medicine versus prescription-free medicines available from other providers
Parallel imports

Supplier Power

Only 2 suppliers in the pharmacy market

Competitive Rivalry

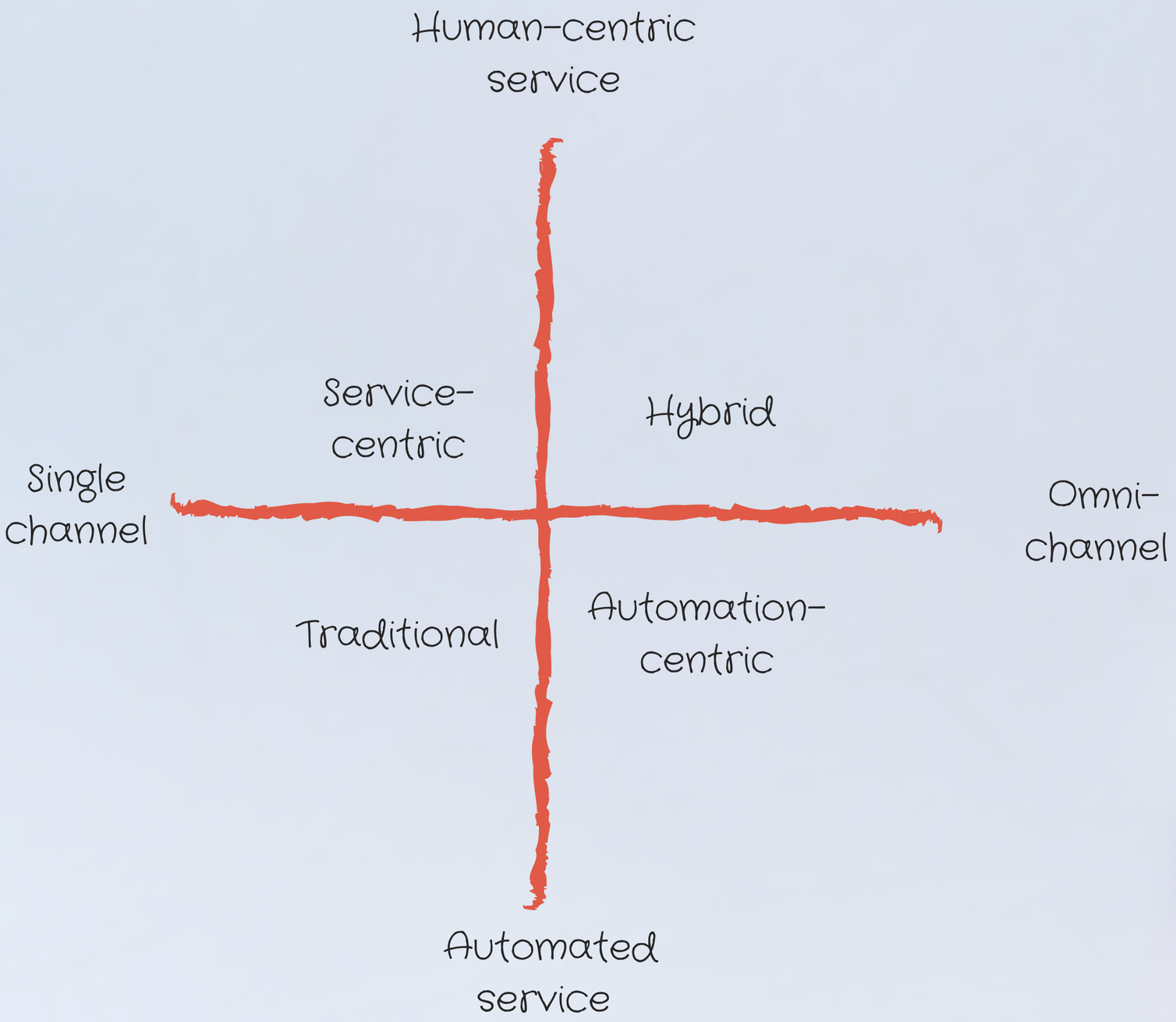
Open pharmacy market after deregulation
5 established national retail chains (97% of market share)

Threat of New Entrants

Pharmacy market no monopoly anymore
Only requirement to enter market: licsensed pharmist in each pharmacy
Increasing amount of online pharmacies

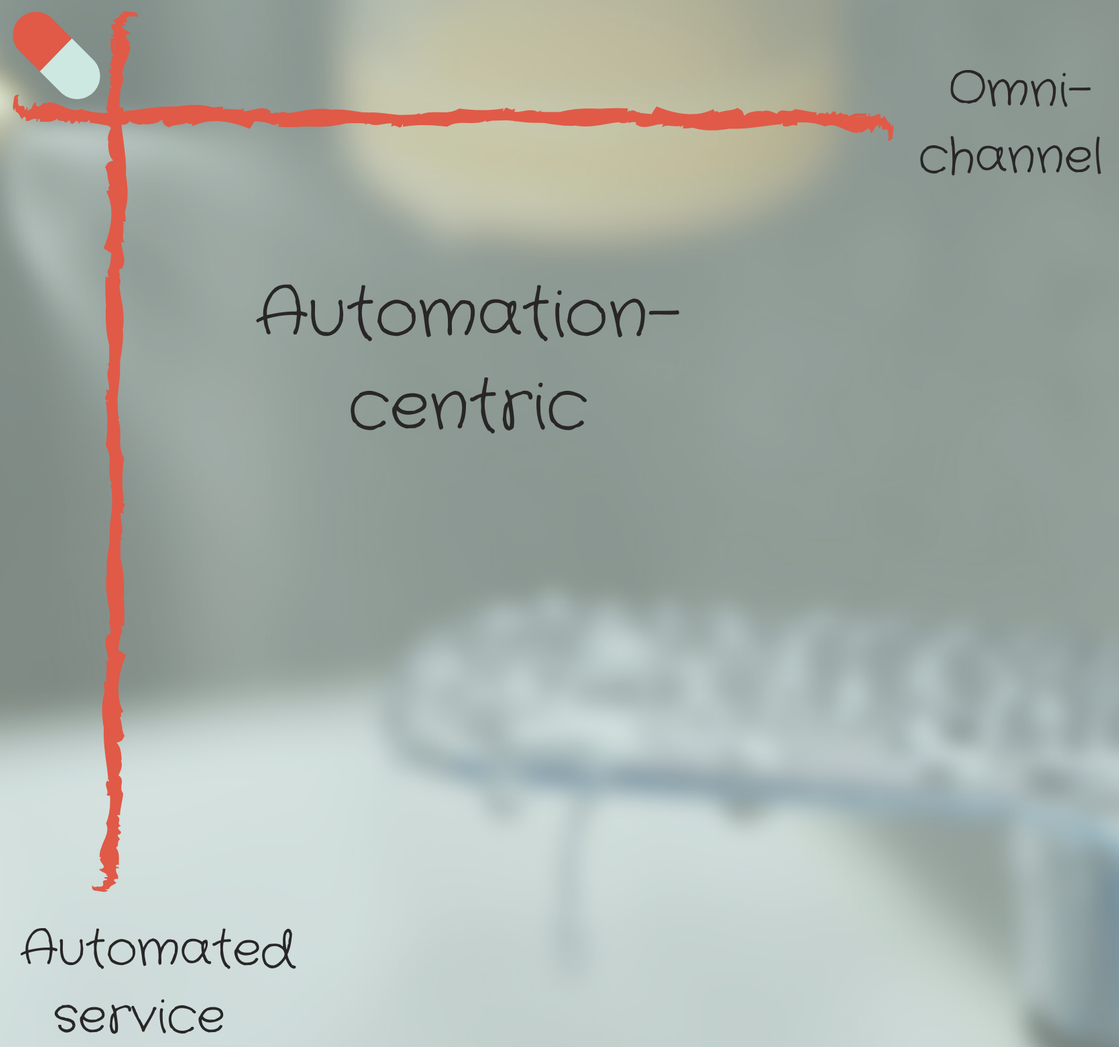
Buyer Power

Parralel imports
Prescribed medicine regulated but OTC products also available in other sales outlets


Human-centric service
Service-centric
Hybrid
Single channel
Omni-channel
Traditional
Automation-centric
Automated service

The Automation-centric scenario

- Dose dispensing pharmacies are already part of the market
- Just under 40% of consumers visit pharmacies only to collect their prescription medication
- 40% of our respondents would use a Dose dispensing station, 44% would agree if it is easy to use and 2% if they got help



The Service-centric scenario

- Coherence with current Swedish regulations and industry values
- Appealing atmosphere and personal attention were highly valued by our respondents
- 12% want to get advice from a pharmacist
- 68% want to pick up their medication but if they need help they would like to talk to the pharmacist

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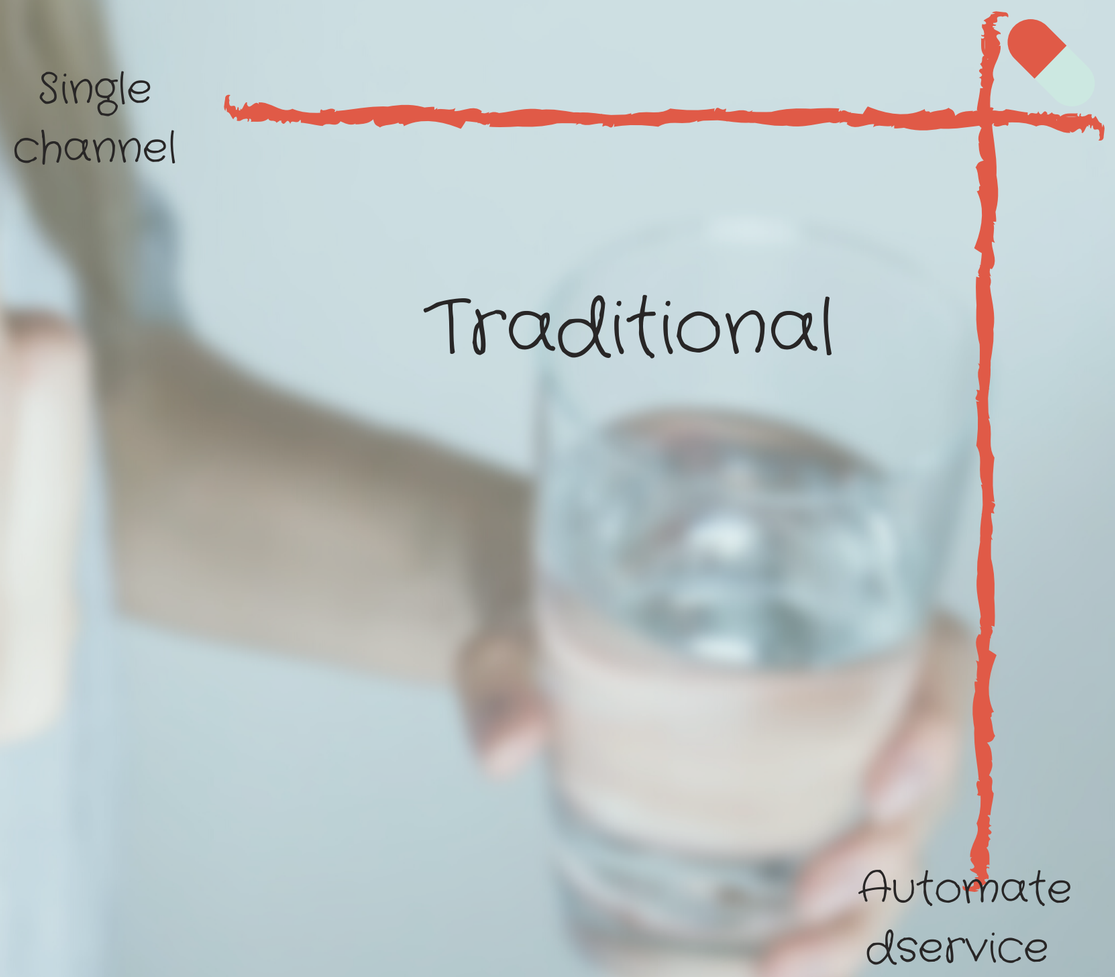
The Traditional scenario

- Pharmacies lack competitiveness and lag behind in both technological and human factors
- They only do the minimum to survive
- Slow industry evolution
- Low involvement in omnichannel or advanced automation solutions
- Not ready to change



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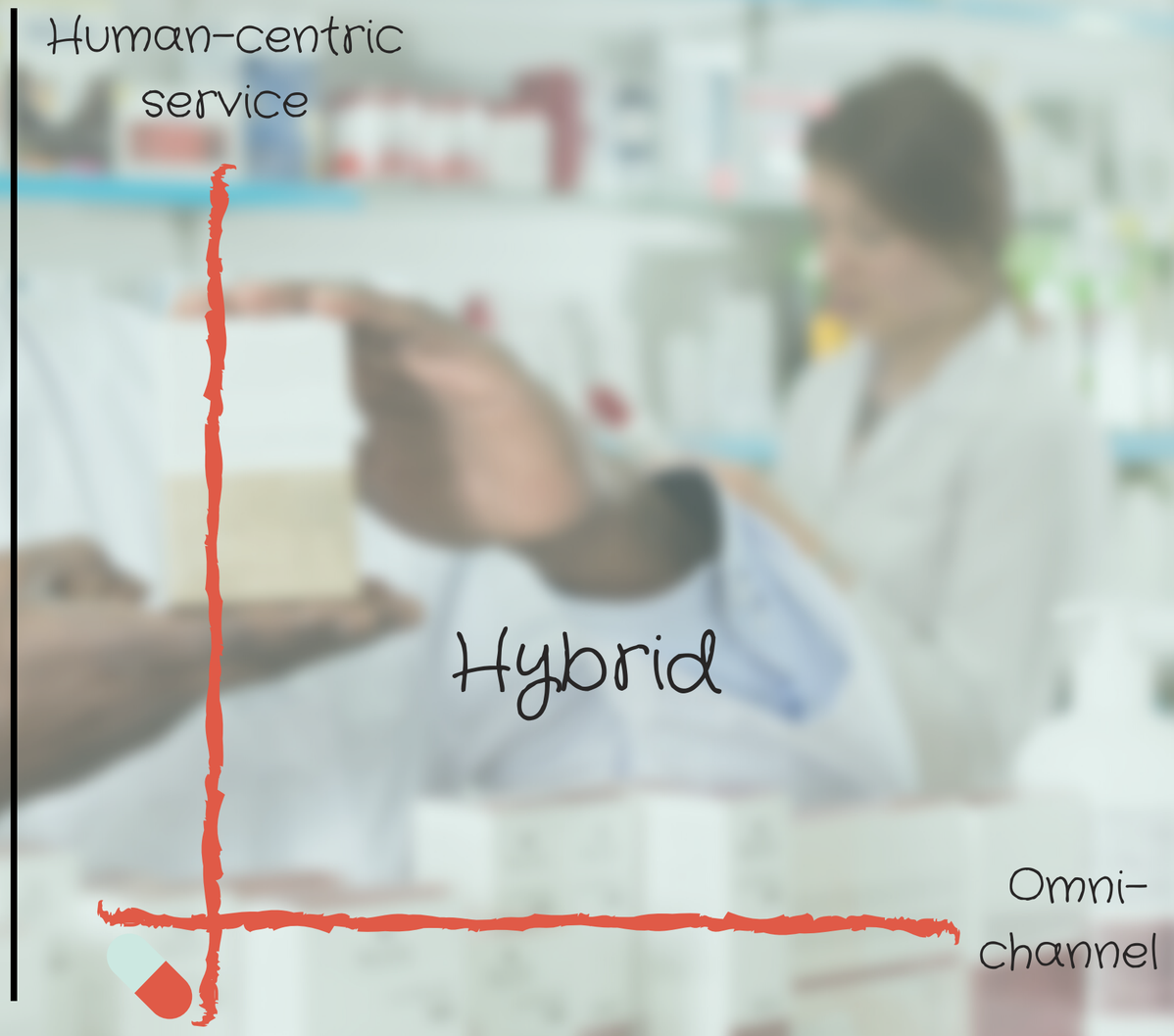
The Hybrid scenario

- High personal service quality
- Stronger relationship between the retailer and its customers
- Added value through automation, speed, and convenience
- Safer medicine consumption
- Longer benefits life span --> Costliest scenario



Recommendations for managers

- Adapt to the changing environment
- Lead change by introducing better training of staff, better data collection systems, if possible dose dispensing stations, and 24/7 service
- Strive to slowly move to the Hybrid scenario as it is the all-encompassing future alternative

Recommendations for Brands

- Adopt a flexible approach to the branding strategy - follow the trends, from a marketing perspective
- Optimize personalized available service - consultation meetings with a pharmacist.
- Optimize the brands on the shelves - consider quality, reliability, and brand reputation
- Service convenience - availability, buying process speed, buying options (home delivery vs. pick up stations).
- Promotions when there is more demand - making the customer feel appreciated

Thank you for your attention!

Questions?