

MAIL ORDER PHARMACY IN GERMANY:

SHOPPER INSIGHTS AS A BASIS FOR SUSTAINABLE GROWTH

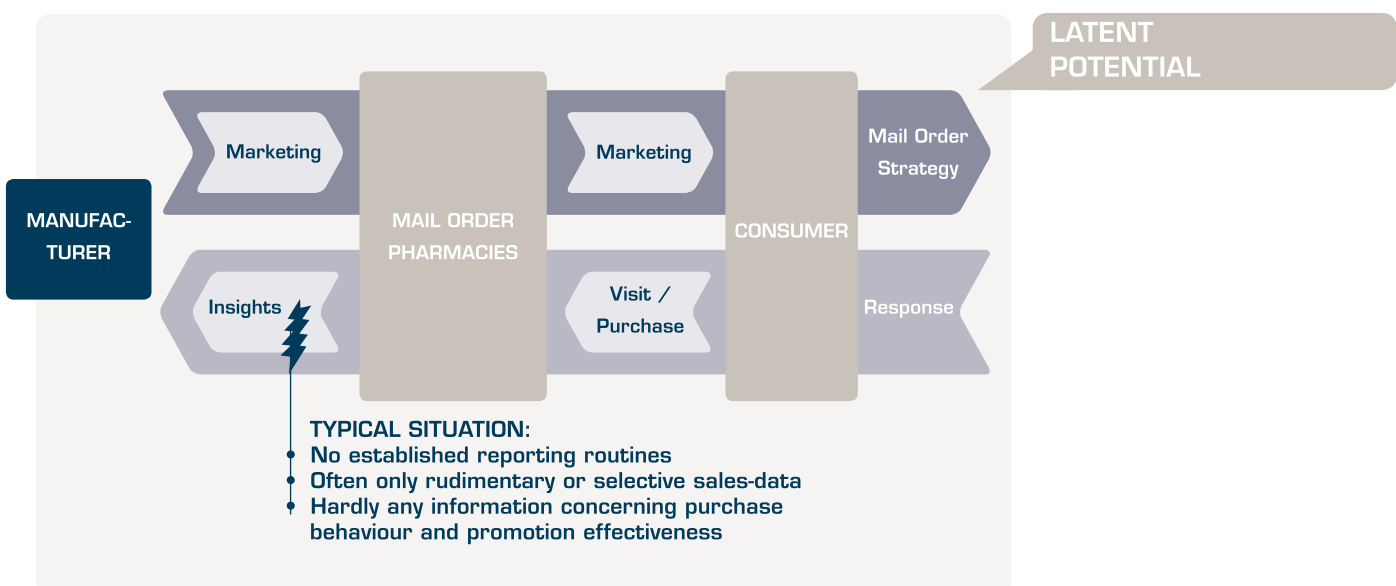
The pharmacy mail order sector is growing steadily: despite a flat overall OTC market the online channel shows up to double-digit growth rates for self-medication products. Lower prices compared to community pharmacies and anonymity when ordering are key advantages of the online channel. As a result, high-priced OTC pharmaceuticals as well as ‘embarrassing’ and some commodity ‘cupboard’ products have mail order shares that are considerably above the 11% (IMS) average. It is expected that that this percentage rate will further increase in the future: existing mail order pharmacies are increasingly professionalising and mail order businesses from other industries will enter this profitable business with pharmaceuticals sooner or later.

Continuing growth in the online channel

To develop a competitive advantage over pharmacy stores, mail order pharmacies can use marketing tools and strategic advantages that only the online channel has to offer: in particular a mail-order pharmacy can use its extensive information on purchasing behaviour to identify shopper insights and transfer the knowledge into growth strategies with pharmaceutical manufacturers.

Shopper insights: additional sales potential for mail order pharmacies and manufacturers

In comparison to physical pharmacies the online purchase facilitates systematic analysis of shopper behaviour – this includes the search and click behaviour of the customer, the impact of promotional activities on sales figures, as well as insights gathered from the order of goods in the shopping cart. Both mail order pharmacies and pharmaceutical manufacturers can profit from such insights, but established evaluation routines between them are rare.



The information collected by mail order businesses / pharmacies can be used for a wide range of analyses, which can be divided into four main areas (see chart below). The foundations of shopper insights are basic analyses of sales data. Basic information offers pharmaceutical manufacturers details on the development of their turnover and sales figures. Furthermore historical time analyses can be conducted on a monthly or daily basis. An interesting example insight of such an analysis is that orders for hair loss remedies peak in the morning and in the evening, shortly after a critical look in the mirror. Such information can be particularly valuable to pharmaceutical manufacturers in planning and managing promotional activities.

SHOPPER INSIGHTS			
SALES	PROMOTION EFFECTIVENESS	BUYERS	MULTIPLE PURCHASES
<ul style="list-style-type: none"> • Development of sales revenue and sales volume • Market share • Monthly comparison (seasonality) • Weekly and Daily data • Representative share (mail order market share vs. IMS total national-market share) • ... 	<ul style="list-style-type: none"> • Effect of promotion on sales development • Effect of promotion on buying behaviour • Effect of price alteration on sales development • ... 	<ul style="list-style-type: none"> • Brand loyalty • Adherence • Buyer sociodemography: <ul style="list-style-type: none"> - Age - Gender - Regional distribution • Importance of other channels (iPhone, Amazon, Ebay, ...) • ... 	<ul style="list-style-type: none"> • Multiple purchases per shopping cart • Sales and number of products per shopping cart • Leader-Follower-Analysis • Comparison to Mail order pharmacy index • ...

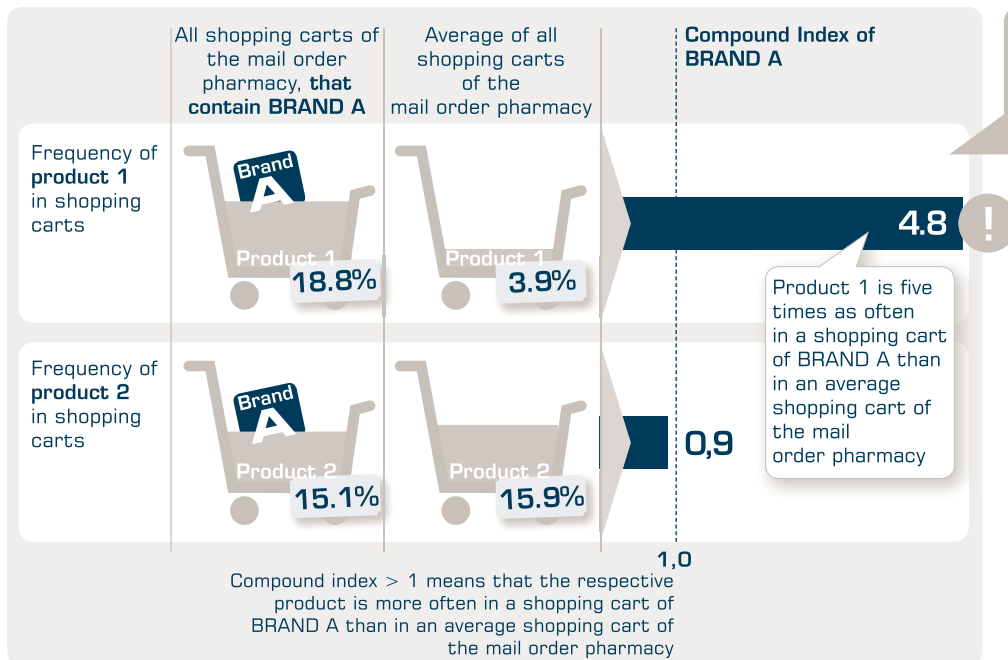
SHOPPER INSIGHTS: ANALYSIS OF BUYER BEHAVIOUR ON DIFFERENT LEVELS

Further assessment into the effectiveness of marketing activities can be built on detailed analysis of promotional activities. Promotion effectiveness analyses make it possible to track turnover and the sales effects of specific campaigns on the online platforms of the various mail order pharmacies. Analysis prompts ideas for optimising promotions, such as offering a product 'theme shop' or a temporary special offer, a special newsletter or information service - or suggesting the most effective combination of different measures.

For key account management of pharmaceutical manufacturers it is thus essential to design growth plans around a solid understanding of buying patterns for the specific brand or category. Understanding these patterns helps focus on promotional measures that are the most suitable and promising in terms of sales increase for the specific mail order pharmacy.

Another area used to create insightful data for both manufacturers and mail order pharmacies is analysis of buyers using socio-demographic data. Customers can be categorised on the basis of age as well as gender, whilst regional distribution of product sales in relation to overall purchasing power can be depicted. Analysis of brand loyalty by type of online customer is also highly insightful for pharmaceutical manufacturers.

More in-depth analyses are possible depending on the level of detail of retained data e.g. multiple purchase analyses looking at which products are often bought together. Comparing purchases with the average shopping cart produces indices for a brand, for which cross selling activities can then be generated.



MULTI-PURCHASE ANALYSES TO SELECT APPROPRIATE CROSS-SELLING ACTIVITIES

Analysis of the order in which products are placed in the shopping cart also provides for very interesting insights. With a leader-follower analysis it is possible to find evidence for products which are planned purchases – and which products are typically secondary, unplanned purchases. If a pharmaceutical manufacturer has important lead-products in its portfolio, this information can be used as an advantage in negotiations with the mail order pharmacies because the product generates traffic on the website, which consequently leads to more turnover.

Systematic analysis of buying behaviour provides shopper insights that identify opportunities for both mail order pharmacies as well as pharmaceutical manufacturers. By combining online competencies with brand and category experience, new and innovative marketing tools and techniques can be jointly identified and implemented.

The creation of a shopper insights system is the first step and the foundation for systematic development of growth potential. This requires pharmaceutical manufacturers to have a new approach to working with online pharmacies and to move beyond traditional account management methods.

CONCLUSION

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