



Prescription for change

Meeting evolving consumer needs



A growing consumer focus on wellness and a growing pressure on primary care providers is creating huge opportunities for pharmacies. Consumers are increasingly willing to pay for advice and services that allow them to take control over their health and wellbeing.

KPMG
Rethinking Life Sciences series offers insights and practical advice for leaders seeking agility, adaptability and innovation in business critical areas across the pharmaceutical industry



These are challenging times for primary care. The rising cost of national healthcare combined with budgetary restraints mean consumers will increasingly be required to look for treatment for many of their health conditions that don't require a GP or hospital visit. This presents both challenges and opportunities for pharmacies. In KPMG's recent research, 62% of respondents said they were already attempting to self-treat when they became ill – with the majority seeking advice online. But, as we'll see, our research also highlights trends that pharmacies can exploit to meet changing consumer expectations and healthcare needs. The combination of pressures on primary care providers and a growing desire for individuals to take control of their health and wellness will produce major opportunities to offer new services and engage consumers beyond dispensing their prescriptions.

Paying to fill the gaps?

Throughout the retail sector, businesses are targeting three key themes in the face of a massive shift online: price, convenience and experience. Pharmacies are no exception – and many have delivered on all three – where new approaches to dispensing prescriptions and providing advice on medication have already increased convenience for consumers.

KPMG's research found that half of all respondents view general healthcare services today as "poor" or "very poor". Knowing the budgetary constraints on these services, we asked whether they would be willing to pay for improvements out of their own pockets. In core healthcare services, a third agreed that they would. As pharmacies, working as primary care providers, for core services, this is already an interesting line of business. In wellness services, over 40 percent agreed they would be willing to pay for improvements in wellness services (over 60 percent for the under-35 group).



We'll look at that in more detail below, but it's clear that wellness has developed hugely over the past five years with nutrition, stress and weight management chief among concerns. Importantly, several of these wellness areas are already considered to be discretionary services, where consumers are expected to pay.

Targeting consumers

Willingness to pay for improved services is only part of the story. Our research also highlighted that the size of the opportunity for a pharmacy will be heavily influenced by the consumers it serves. For example, in a location with a high number of young families, pharmacies might consider focusing more on providing care for them alongside other healthcare professionals through a multidisciplinary community pharmacy.

From our research we also see an opportunity for pharmacies to focus on a group of customers who may not be fully in their sights today – the under-35s. Overall, this group is the most likely to seek medical and wellness advice online and around two-thirds would pay for an app to help them manage health and wellness. Among the more fitness-focused group, 79% are willing to pay for services offering complete support for their lifestyle needs. The big opportunities for pharmacies with this group will be in helping young, busy consumers improve their exercise and diet and improve the efficiency in their interactions with the health system.

Services to consider

For each pharmacy, the choice of which additional services to offer comes down to three factors:

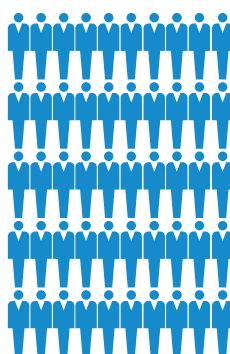
- Will there be a demand? This will depend on the type of consumers targeted and served by each individual location (along the lines of the young families in the example above).
- Will consumers be willing to pay? Our research suggests they will – but with important nuances. For example, willingness to pay for services that are currently free (e.g. NHS services) is harder to generate versus the willingness to pay for services that are currently charged (e.g. private services).
- Can the pharmacy deliver the service profitably? While many pharmacies have innovated and invested in new services, there are also many essential services that must be balanced in order to support the provision of additional services.

In the KPMG research, we asked respondents to tell us which services they would be prepared to pay for to improve on what they currently receive (either £10 per month or a £100 one-off fee). The list below shows the top six priority services:

1. Nutrition and weight management
2. Smoking cessation
3. Access to social care equipment
4. Homecare services
5. Routine health check-ups
6. Minor injury and ailment services

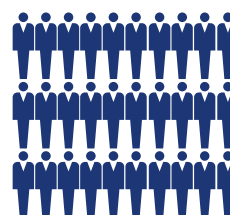
The pharmacy sector and the NHS have worked hard over a number of years to dispel the myth that the pharmacy is just for dispensing prescriptions and stocking up on plasters. Our research shows that much of the demand from consumers is for health and wellness services that many, especially larger, pharmacies already offer. Over time, potential revenue streams will open up as consumers become more comfortable with the idea of visiting their local community pharmacy for these types of services – and this process can be accelerated through online engagement, particularly via health apps and online advice.

Proportion of consumers willing to pay out of their own pocket for wellness services



65%

Under 35



40%

General population

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Opening the door for pharmacies

The trends in frontline health provision are well understood. For some time pharmacies, with trained medical experts on hand, have been providing more and more services, traditionally seen as part of the GP's – or even a hospital's – workload.

New medical advances (particularly in low invasiveness diagnostics), further constraints in primary health provision and greater awareness of the impact of chronic conditions and lengthening lifespans are creating new opportunities for pharmacies.

Consumers will be required to:

1. Manage their own health to live a fuller life and avoid 'being a burden'
2. Pay to access some health related services
3. Access and receive treatment outside more traditional routes i.e. GP surgeries or hospitals.



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Designed by CREATE | Date | CRT080348



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