Community Pharmacy 2025

Market Research
Integrated Summary Report

August 2018
THE PHARMACY GUILD AND CP2025

For 90 years, the Pharmacy Guild of Australia has represented and promoted the value of community pharmacy in the Australian health care system. Community pharmacies are a vital part of our national health system, with the potential to make an even bigger contribution to the health of all Australians.

To provide a strategic and achievable plan to secure the future of community pharmacy, the Guild has launched the Community Pharmacy 2025 (CP2025) program.

CP2025 looks ahead to the year 2025 and considers what challenges and opportunities community pharmacies will increasingly face, how their role will evolve, and how the sector can continue to thrive in these new circumstances. CP2025 is developing a strategy for the sector that will enable and sustain community pharmacy into the future, and that will provide the right advice, support and tools to members so that they can evolve and successfully adapt.

To do this well, CP2025 needs to consider the needs, expectations, concerns and priorities of patients, its membership base and the sector. Obtaining the input and feedback of key stakeholders throughout the development of CP2025 is a key commitment.
THE RESEARCH

Market research will be continuously used to support the development and delivery of the CP2025 strategic planning project. Research helps us understand:

- Current and future stakeholder needs, preferences and expectations for community pharmacy
- Trends in business, workforce, technology, and consumer behaviour
- Stakeholder opinions about potential pathways to transition community pharmacies to 2025

The focus of the market research is on:

- Australian health and pharmacy consumers (patients)
- Pharmacy owners and Guild members
- Pharmacy employees and other professional community pharmacy staff
- Pharmacy students

The research program summarised in this report involved a multi-stage, mixed methodology incorporating both qualitative and quantitative elements. Focus groups with patients, Guild members and employees were followed by large-scale general population surveys in late 2017 and July 2018. In early 2018, pharmacy owner (primarily Guild member), student (delegates to NAPSA Congress in January 2018), and pharmacy employee national surveys were also conducted.

<table>
<thead>
<tr>
<th>Patients</th>
<th>n=1,550</th>
<th>National panel survey, December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=1,000</td>
<td>National panel survey, July 2018</td>
</tr>
<tr>
<td>Owners</td>
<td>n=527</td>
<td>Online survey - Guild members and other owners February – March 2018</td>
</tr>
<tr>
<td>Employees</td>
<td>n=830</td>
<td>Open link survey - Pharmacists, assistants, other employees March – April 2018</td>
</tr>
<tr>
<td>Students</td>
<td>n=54</td>
<td>Open link survey at NAPSA conference, January 2018</td>
</tr>
</tbody>
</table>

**Nine** focus groups across Brisbane, Melbourne, and Wagga Wagga, November 2017
Synopsis

- **91% of Australians used a community pharmacy in the last 12 months**, but usage for services is more limited. Patients expect to use pharmacies more in **2025** compared to 2018.

- **Satisfaction with pharmacies is very high** (93%) and consistent across different types of pharmacies. While satisfaction with the sector is very strong, for individual pharmacies this means that **advice and service is, to an extent, somewhat commoditised**.

- 62% of patients used only one pharmacy for dispensed medicines in the last 12 months, and in general show a strong level of apparent ‘loyalty’ to individual pharmacies. However, much of this is based on convenience and cost, rather than personalised service relationships.

- One-third of patients say that a convenient location is most important to them when choosing a pharmacy, and owners understand this. However, **36% of patients say they are primarily driven by lower cost, but only 4% of owners believe that lower cost is the most important factor**. Instead, pharmacy owners (47%) and employees (43%) over-estimate the extent to which personalised service matters to patients (just 13%).

- While owners and employees describe a fairly homogenous pharmacy offer based around one-on-one personalised service, patients describe a more nuanced and diverse market, with different preferences and drivers. The personalised service segment tends to be older, lower socio-economic status, and with higher healthcare needs; while the younger segments tend to be more oriented to cost and convenience. If there is even a partial generational dimension to this, then the emphasis of patients on cost and convenience may increase over time.

- A **State of the Sector** index based on nine dimensions of perceptions sits at **7.2/10** as of July 2018.

- The highest scoring dimensions are ethics and expertise – and there is **strong patient support for an expansion of medication management services offered by pharmacists**, especially emergency dispensing and prescription renewals for stable conditions.

- Pharmacy owners report generally weaker financial performance than 5 years ago (62%). However, they are somewhat more optimistic about the next 10 years, with as many expecting performance to improve over that timeframe (35%) as expect it to deteriorate (29%).

- Owners estimate ‘services’ have the highest gross profit margin, but make up just 4% of revenue.

- Only **4% of owners feel ‘very well prepared’ to deal with the challenges of the future**, though **56% are ‘at least somewhat prepared’**. Owners give themselves high business capability ratings.

- Less than half of owners believe that their business model will need to undergo major adjustments (36%), or will even need to be fundamentally different (8%). Given owner understanding of patient drivers that is sometimes misaligned, deteriorating community pharmacy, and high levels of business capability self-confidence, many owners may be underestimating what is needed to prepare for the future.

- Owners and employees **underestimate patient’s willingness to pay** for pharmacy services.

- The strongest **support from patients for specific scenarios** of how community pharmacy might evolve in the future were for **provision of in-home services**, and for an **expanded range of health services delivered by pharmacies and pharmacists**. Technology and automated services were less immediately appealing, and generally not enhancements patients expect to pay for.
Usage of Community Pharmacy

Nine-in-ten (91%) adult residents of Australia have used or had experience with a pharmacy in the last 12 months, for either themselves or for someone else. Among the 9% who did not use a pharmacy in the last 12 months, 54% said they had no need for any pharmacy products or services, 19% said someone else in their household uses pharmacies, and 19% said they got what they needed from somewhere other than a pharmacy.

Figure 1: Frequency of visiting a pharmacy in the last 12 months to... (Patients)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Several times per week</th>
<th>Several times per month</th>
<th>3-11 times over the course of the year</th>
<th>Only 1-2 times in the year</th>
<th>Never in the past 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fill a prescription</td>
<td>21%</td>
<td>27%</td>
<td>19%</td>
<td>14%</td>
<td>0%</td>
</tr>
<tr>
<td>Buy an over-the-counter medicine</td>
<td>11%</td>
<td>19%</td>
<td>29%</td>
<td>22%</td>
<td>0%</td>
</tr>
<tr>
<td>Buy any other kind of product</td>
<td>12%</td>
<td>16%</td>
<td>24%</td>
<td>22%</td>
<td>0%</td>
</tr>
<tr>
<td>Receive any kind of test, procedure or service</td>
<td>4%</td>
<td>6%</td>
<td>15%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Most Australians use Community Pharmacies – but use of pharmacy for services is limited.
**Loyalty**

Patients express varying degrees of loyalty to a given pharmacy, or brand of pharmacy, across their purchase occasions.

In the patient survey, 50% of people surveyed said they used a single pharmacy for dispensed medicines, over the counter (OTC) and front of house products and services, and an additional 15% used multiple pharmacies but only one pharmacy within a category.

For dispensed medicines specifically, 62% of patients reported using one pharmacy only in the last 12 months.

One-quarter used multiple pharmacies within categories.

**Figure 2: Pharmacy usage loyalty (Patients)**

Although this behavioural profile suggests a high degree of pharmacy loyalty within the general population, for many patients this apparent ‘loyalty’ is superficial and potentially vulnerable because it is based primarily on convenience rather than service relationships. While tempting to think of this consistent patient choice of a pharmacy as loyalty, in practice it is often more of a pragmatic choice than an emotive connection.

*Patient loyalty in pharmacy choice is based primarily on convenience rather than service relationships.*
**Patient satisfaction**

Patients are typically very satisfied with their experiences within pharmacies. Especially positive aspects for focus group participants included:

- Personalised customer service
- Services such as vaccinations and being able to get an out of work certificate
- Addressing side effects of medicines before they even being experienced
- Saving money with generic drugs
- Having relevant other products in the same place (e.g. animal medicines)
- Being able to replace expired medicines at no cost
- Being able to get in-language advice and interpretation
- Flexible payment plans for people on multiple scripts
- Sending script renewal reminders via text message
- Extended opening hours

It is notable that many of these satisfaction drivers were associated with services.

The nationwide patient survey found that over half (53%) described themselves as ‘entirely satisfied’ with pharmacies overall in the last 12 months, and 93% said they were at least satisfied. Almost nine-in-ten (87%) rated pharmacists and the services they offer as ‘good’ (51%) or ‘excellent’ (36%).

While these very high levels of satisfaction across community pharmacy are a strong endorsement of the service and experience the sector offers the community, there is an important corollary for individual pharmacies. Because satisfaction is so high, and consistently high, to some extent it is commoditised – with patients confident that they can get a high level of service from **any** pharmacy.

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**Figure 3: Rating of pharmacists and the service they offer (Patients)**

![Graph showing patient satisfaction ratings]

**Overall, how would you rate pharmacists or chemists and the services they offer?**

- Excellent
- Good
- OK
- Bad
- Don’t know

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*High levels of patient satisfaction and trust in the sector overall means that pharmacy advice and service has become, to some extent, commoditised.*
Patient Snapshot

93% are satisfied with pharmacy service

50% used a single pharmacy for dispensed medicine, over the counter and other products

57% used a discount pharmacy

2/3 bought over the counter products mainly or only from a pharmacy

3/4 of pharmacy patients are primarily cost or convenience driven

9/10 adults visited a pharmacy in the last 12 months
Pharmacy choice

Patients were classified into one of four segments based on their answer to the question, “which is the single most important consideration for you when deciding where to purchase prescription and OTC medicines?” The four segments can be thought of as a Cost segment (36%), a Convenience segment (33%), an Expertise segment (13%), and a Personalised service segment (13%).

Owner perceptions of the motivations behind patient choice are poorly aligned with patient self-classification.

Pharmacy owners and employees tend to over-estimate the degree to which personalised service matters to patients, and under-estimate the degree to which cost matters.

In particular, where 36% of patients say they are primarily driven by lower cost, only 4% of owners believe their patients are primarily driven by cost. Students estimate 17% – midway between the two – and employees estimate 11%.

While patients and owners estimate the importance of convenience and staff expertise about equally, many owners and employees (47% and 43% respectively) think their patients are primarily driven by personalised service (e.g.: staff knowing patients and their medical history), compared to only 13% of patients.

The market for pharmacy services is fragmented, with the small personalised service segment of the population tending to be older, lower socio-economic status and with higher healthcare needs. The majority of the population who are in the cost and convenience segments tending to be younger, higher socio-economic status and metropolitan based.

The inverse relationship is likely due to the higher healthcare needs of older people. However, if the relationship between the cost segment and younger people is, even in part, generational, then the emphasis on cost and convenience may increase over time.

Figure 3: Single most important consideration when deciding where to purchase prescription and OTC medicines (Patients, Owners, Students, Employees)
When asked why they chose a particular pharmacy during their last visit, location in terms of proximity (‘convenience’) was the main reason for those who filled a prescription or bought an OTC medicine, followed by cost. Cost was the main reason for those who bought a non-medication product.

Owner and staff perceptions of patient motivations is reflected in business models. When asked to describe their business model across a range of characteristics, community pharmacy owners as a whole describe a relatively homogenous offering that leans towards one-on-one, personalised service and advice. Pharmacy employees reinforce this relatively homogenous description.

However, the fragmented consumer marketplace is more diverse in its wants and expectations, with lower prices, a large range of products, and speed and efficiency considered important by many patients and customers.

The varying perceptions of owners and employees about patients’ primary drivers and the level of fragmentation in the marketplace suggests they may be poorly prepared for disruptions to the community pharmacy sector which is being caused by new and attractive formats and channels that emphasise convenience and low cost above, or in addition to, high levels of service.

**Over-the-counter purchase behaviour**

In focus groups, most participants indicated a preference for buying over-the-counter (OTC) vitamins and other healthcare products at a supermarket (if stocked), as this channel was typically perceived as less expensive than pharmacies. Patients felt they generally do not need advice on such purchases and it is also more convenient to buy these items at the same store as their other groceries.

Supermarkets, convenience stores, discount pharmacies and online channels were perceived to be the main competitors to community pharmacy for OTC and other products.
In the patient survey, purchasers of OTC medications were asked where they had purchased these medicines. Despite the preference expressed in focus groups for purchasing OTC products in supermarkets, the patient survey suggests that – at this time at least – most OTC purchases still occur in pharmacies. This may reflect lack of availability of the products in supermarkets, which was a point specifically made by focus group participants.

State of the Community Pharmacy Sector
In conjunction with the evolving development of the CP2025 Strategy, the focus group and survey research with patients suggested a range of indicators that would collectively indicate point-in-time perception of the community pharmacy sector as a whole. These indicators include:

- Efficiency
- Ethics
- Expertise
- Innovation
- Being the first ‘port of call’ for health advice
- Importance to family health
- Responsiveness
- Transparency
- Overall value
Each of these individual indicators were measured for the first time in July 2018, including the calculation of a ‘State of the Sector’ Index. Each of these was measured on a 0 to 10 basis, establishing a baseline measure from which changes over time can be observed as the CP2025 Strategy is implemented across the sector.

Most of the indices scored moderately strongly in mid-2018, with the ethics and expertise of the sector most highly rated by patients, but being the ‘first port of call’ for health advice the lowest individual measure. The baseline State of the Sector Index score was 7.2/10.

<table>
<thead>
<tr>
<th>ATTRIBUTES</th>
<th>SCORE/10</th>
<th>GRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient</td>
<td>7.7</td>
<td>A</td>
</tr>
<tr>
<td>Ethical</td>
<td>7.8</td>
<td>A</td>
</tr>
<tr>
<td>Expert</td>
<td>7.8</td>
<td>A</td>
</tr>
<tr>
<td>1st port of call</td>
<td>4.3</td>
<td>D</td>
</tr>
<tr>
<td>Innovative</td>
<td>7.3</td>
<td>B</td>
</tr>
<tr>
<td>Personal importance</td>
<td>7.6</td>
<td>A</td>
</tr>
<tr>
<td>Responsive</td>
<td>7.6</td>
<td>A</td>
</tr>
<tr>
<td>Transparent</td>
<td>7.3</td>
<td>B</td>
</tr>
<tr>
<td>Value</td>
<td>7.2</td>
<td>B</td>
</tr>
<tr>
<td><strong>OVERALL</strong></td>
<td><strong>7.2</strong></td>
<td><strong>B</strong></td>
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</table>
THE FUTURE OF COMMUNITY PHARMACY

Pharmacy revenue, profit and commercial viability
Assessments of current community pharmacy financial performance are mixed. While 13% of owners describe their financial performance as ‘strong’, 9% describe it as ‘weak’.

However, most owners (62%) assess their current financial performance to be weaker than five years ago, including 37% who describe it as ‘much’ weaker.

Despite this perception of a recent decline in financial performance, owners tend to be more optimistic about the future. 35% think their pharmacy’s overall financial performance in 10 years’ time will be stronger, though a similar proportion (29%) think it will be weaker. Optimism is driven by perceived opportunities in new technologies, medical advances and patient customer demographic trends – namely, the ageing population.

Figure 4: Comparison to past financial performance and predictions of future financial performance (Owners)

Overall though, owners are more pessimistic than optimistic about the future of the community pharmacy sector as a whole, with changes to ownership and location rules, deregulation and discounting perceived to be the primary threats. These views are especially likely among owners of multiple and banner group pharmacies in metropolitan areas.

Particular vulnerability is evident among pharmacists who use a language other than English in their workplace, and this is consistent with patient data that shows that non-English speaking background patients are disproportionately driven by cost in their pharmacy choice.
According to community pharmacy owner estimates in the owner survey, services have the highest gross profit margin at 50% on average (compared to 35% for dispensed medicines), but represent only 4% of gross revenue at this time.

Although 87% of people reported using a pharmacy to fill a prescription in the last 12 months, reported usage of pharmacies for services is limited to 29% of people. In part, this may be due to low awareness of current services offered. Testing of a number of current services showed awareness ranging from 31% to 78%, and usage ranging from 4% to 21%.

<table>
<thead>
<tr>
<th>Owner Estimates of Gross Revenue</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dispensed medicines</td>
<td>66</td>
</tr>
<tr>
<td>Over the counter products</td>
<td>17</td>
</tr>
<tr>
<td>Other front of house products</td>
<td>13</td>
</tr>
<tr>
<td>Pharmacy services</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
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</table>

The Pharmacy Guild of Australia

ORIMA Research
Threats and Opportunities
Asked what the single greatest threat to community pharmacy is, owners use words such as ‘discounters’, ‘deregulation’, ‘ownership (rules)’, ‘location (rules)’ and ‘PBS’. The main opportunities, from the owner perspective, are the ‘ageing population’ and ‘healthcare / professional services’.

Figure 5: Greatest opportunities and threats (Owners, Students and Employees)

Preparedness for the future
The majority of owners (56%) describe themselves as being at least ‘somewhat’ prepared to deal with these challenges, but only 4% feel ‘very well’ prepared and a substantial proportion feel unprepared.

Employees as a whole are also relatively confident in their employers’ preparedness, with 61% saying their current workplace is ‘somewhat’ or ‘very well’ prepared.
Moreover, despite perceptions of change and challenging financial conditions, only some owners believe their business model will need to undergo ‘major adjustments’ (36%) or even be ‘fundamentally different’ (8%). The largest proportion (53%) believe that only ‘small incremental adjustments’ will be needed, and some even believe that ‘no change’ is necessary.

Employees express similar views.

Asked to rate themselves across a range of business capabilities, most owners give themselves an ‘A’ (excellent) or a ‘B’ (good) on most capabilities. This, in combination with misaligned perceptions of what drives patients’ pharmacy choice, and evidence that community pharmacy financial performance is deteriorating, suggests that many owners (and employees) may be under-estimating what they personally need to do to prepare for the future.

**High levels of owner self-confidence in business capabilities, misaligned perceptions of patient drivers, and deteriorating community pharmacy financial performance suggests that many owners may be under-estimating what is needed to prepare for the future.**
Anticipated usage of community pharmacies in 2025

In focus groups, patients perceived that they and other patients will be using pharmacies more for dispensed medicines in 2025, due to their own ageing and a generally ageing population. They also perceive that pharmacies will be used more if they provide new services, in accessible and appealing formats.

In the patient survey, most people predicted that in ten years’ time they will be using a pharmacy equally (51%) to now, or more frequently (41%). By category, increased projected usage of a pharmacy is the most likely for filling a prescription (39%), and least likely for buying general retail products (15%). Over one-quarter (28%) think they will be using a pharmacy more in future for receiving tests, procedures or other services. For general retail, the majority believe their pharmacy usage will remain the same as now (71%), although 14% predict they will be using pharmacies less for this purpose.

Figure 7: Predicted pharmacy usage (Patients)

Patients expect to be using pharmacies more in 2025 than in 2018.
Pharmacist role in medication management

The market research explored patient reaction to an expansion of medication management services by pharmacists and pharmacies. The majority of patients supported expanded medication management services (7.6/10), consistent with perceptions of pharmacists’ expertise in medicine. The highest support was for emergency dispensing of medicines (8.0/10), and prescription renewals for stable conditions (7.9/10). Lowest levels of support were for pharmacists making changes to prescriptions (7.1/10), but even here 51% were strongly supportive (8-10/10), and only 9% were strongly opposed.

The overall level of support for an expansion of medication management services was 7.6/10, or 59% strongly supportive (8-10/10) and only 3% strongly opposed (0-2/10).

Overall support was greatest among:

- Middle aged persons (those aged 40-59 years had an average score of 8.0/10 compared to 7.5/10 among those aged less than 40 years and 7.3/10 among those aged 60+ years)
- Those who shop in national banner pharmacies (7.9/10)
- Heavy pharmacy shoppers (7.8/10)

Support for an expansion of medication management services is related to general perceptions of the sector. The more positive a person is towards the community pharmacy sector, the more likely they are to support an expansion of services. Of the nine dimensions making up the State of the Sector index, the strongest predictors of support for expansion of medication management services are customer responsiveness, perceived competence and expertise of pharmacists, perceived efficiency, and perceived ethics and honesty.
The future of community pharmacy

Survey respondents were exposed to 30-38 different ideas for new business models, services and products in the community pharmacy sector (depending on the particular audience). It is important to note that respondents’ thoughts about the future are inevitably bound, to a certain extent, by their existing experiences and knowledge – in other words, the current paradigm of community pharmacy.

Major themes in patient preferences included:

- In line with the strong emphasis on convenience in pharmacy choice, there was strong support for any ideas which suggested greater physical integration of pharmacies with other allied health providers and services (e.g. co-location).

- In general, there was strong relative support for concepts related to holistic health care and expanded health services (e.g. GP sends a prescription direct to pharmacy followed by home delivery of medicines, pharmacies open 24/7, pharmacies as ‘one stop health shops’, and pharmacies as preventative health hubs). However, support was more moderate regarding pharmacies playing a greater role in the diagnosis and treatment of ailments, and in sharing patient records.

- Overall, patients expressed the least interest in expanding the product range in pharmacies to non-health products. This is consistent with focus groups, where there was also no strong desire to take community pharmacy into a more retail-oriented space.

- There was also some dislike of / resistance to the notion of de-regulating who may sell prescription medicines (e.g. supermarkets, large corporates and online vendors). Although patients’ understanding of the detail or implications of regulation was limited in focus groups, high levels of regulation were valued because they were perceived to lead to higher quality ethical healthcare. This is balanced against the greater convenience or cost savings that greater drug access may offer, and if patients can be confident about quality and appropriateness, then these dimensions will likely prove attractive.

Community alignment

The vision of community pharmacy in 2025 generated by these and other ideas is acceptable to most patients because it conveys greater convenience, cost savings, and increased service provision. Both the qualitative and quantitative research suggests that any expansion of services or change in business model that increases convenience or lowers cost will be valued by patients.

Generally speaking, owner / employee preferences are aligned with patient preferences; that is, highly rated ideas from the patient perspective are also rated higher than average by owners and employees, and poorly rated ideas among patients are also poorly rated by owners and their staff. The overall conclusion is that, in terms of realistic preferred scenarios, patients, employees and owners are broadly aligned – all stakeholders want the sector to go in a broadly similar direction.
Patient Reaction to Tested Concepts

**ALLIED HEALTH SERVICES**
- Pharmacies located in aged care facilities
- Childhood vaccinations
- A Medicare office in pharmacies
- Pathology (blood tests)
- Hearing tests and services
- Nutrition advice
- Travel clinic
- Mental health services
- Optical (vision) services
- Beauty and spa services

**SPECIALIST PHARMACIST SERVICES**
- Pharmacists prescribing certain medications
- Pharmacists prescribing and administering vaccines
- Pharmacists administering some drugs to patients
- More individualised dispensing / specialised compounding
- Pharmacogenomics / DNA sampling
- Selling or leasing disability and mobility aids
- Selling or leasing electronic monitoring devices
- Selling or leasing fitness equipment

**HOLISTIC CARE**
- Doctor sends prescription to pharmacy, then delivered to home
- Pharmacies are open 24 hours a day, 7 days a week
- Pharmacies become 'one-stop-shops' for health care
- You have a pharmacist app on your phone
- Pharmacies become a 'preventative health hub'
- Shared online patient health records
- Pharmacists are able to diagnose/treat minor injuries/illnesses
- Allied health professionals inside pharmacy
- Pharmacy home visits for screening/monitoring illnesses

**NON-HEALTH PRODUCTS**
- Australia Post in pharmacies
- Toys and children's items
- Small electronic goods (cameras, mobile phones)
- Convenience store items
- Books, magazines and stationery
- Food and other grocery store items

**DRUG ACCESS**
- You get your prescribed medicines from a dispensing machine
- Pharmacies have drive-through service windows
- Supermarkets can sell prescription medicines
- You can buy prescribed medicines online
- Large corporations can own pharmacies

- Pharmacies located in aged care facilities
- A Medicare office in pharmacies
- Childhood vaccinations
- Nutrition advice
- Hearing tests and services
- Doctor sends a prescription to pharmacy, then delivered to home
- Pharmacies become 'one-stop-shops' for health care
- Pharmacies become a 'preventative health hub'
- Books, magazines and stationery
- Toys and children's items
- Convenience store items
- Small electronic goods (cameras, mobile phones)
- Food and other grocery store items
- Large corporations can own pharmacies
- Supermarkets can sell prescription medicines
- You can buy prescribed medicines online
Fees for services

Patients were asked how much they would support or oppose pharmacies charging a fee for certain services that pharmacies currently provide for free. Overall, only one in three people actively oppose pharmacies covering their costs for these services by charging fees.

In general, owners under-estimate patients’ willingness to pay for services they receive, and employees are even more likely to under-estimate willingness.

Among patients, there was also general acceptance of fees for many potential future service concepts (although the majority did oppose the concept of fees for some, such as pathology, 24/7 opening hours and phone apps).

**Figure 8: How much would you support or oppose pharmacists charging a fee for this service? (Patients)**
Patient responses to future scenarios
As CP2025 enters an implementation phase, ongoing market research will help ensure that initiatives remain aligned with and attuned to evolving stakeholder needs and preferences, and that the practical implementation is feasible and without adverse consequence. The State of the Sector Index and individual dimensions will assist in keeping track of the implementation.

Five scenarios, representing five of nine potential community pharmacy growth pathways, were presented to respondents in July 2018. These pathways were chosen because of their patient-facing visibility and were framed in such a way as to be meaningful to ordinary consumers.

Each of the five scenarios was assessed based on the following criteria:

- **Overall receptivity**: The extent to which respondents supported or opposed pharmacies changing in this way

- **Likelihood of use**: The extent to which respondents believed that they, or someone else in their household, would use pharmacies in this way or for this purpose

- **Behaviour change**: The predicted impact on frequency of use of pharmacies

- **Value**: The extent to which respondents supported or opposed pharmacies charging a fee for elements of this service

- **Perception shift**: The positive or negative impact on perceptions of community pharmacies

On a scale from 0 to 10 (where 10 indicates the most positive possible response to a scenario and 0 indicates a the most negative possible response to a scenario), overall scenario receptivity was 5.8 when taking all of these dimensions into account together.

- The scenario garnering the most positive response overall was ‘In-home services’ (6.3), followed by ‘Pharmacist services’ (6.0).
- The scenario with the weakest response overall was ‘Automation technology’ (5.2)

With respect to new ideas and concepts for the community pharmacy of 2025, the highest potential ideas relate to expansion of allied health and specialised pharmacist services and holistic patient healthcare.
## SCENARIO OVERVIEW

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
<th>Receptivity</th>
<th>Likelihood of use</th>
<th>Behaviour change</th>
<th>Value</th>
<th>Perception shift</th>
<th>Composite score</th>
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<tbody>
<tr>
<td>Service Related</td>
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<td></td>
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</tr>
<tr>
<td>Scenario 1</td>
<td>Deliver a range of allied health and pharmacist services tailored for the expanding in-home care market</td>
<td>7.3</td>
<td>5.6</td>
<td>6.1</td>
<td>5.8</td>
<td>6.6</td>
<td><strong>6.3</strong></td>
</tr>
<tr>
<td>Scenario 2</td>
<td>Create <strong>community health hubs</strong> – facilities in pharmacies for allied health professionals</td>
<td>6.3</td>
<td>5.2</td>
<td>5.8</td>
<td>-</td>
<td>6.0</td>
<td><strong>5.8</strong></td>
</tr>
<tr>
<td>Scenario 3</td>
<td>Expand the range of <strong>health services</strong> provided in pharmacies by the pharmacist</td>
<td>6.7</td>
<td>5.7</td>
<td>6.1</td>
<td>5.5</td>
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<td>Scenario 4</td>
<td>Develop <strong>online</strong> retailing, fulfilment and management for medicines and front of shop products</td>
<td>6.7</td>
<td>5.6</td>
<td>5.8</td>
<td>4.5</td>
<td>6.0</td>
<td><strong>5.7</strong></td>
</tr>
<tr>
<td>Scenario 5</td>
<td>Support an increased use of <strong>automation</strong> technology to reduce cost and increase time serving and caring for patients</td>
<td>6.0</td>
<td>4.9</td>
<td>5.5</td>
<td>4.1</td>
<td>5.6</td>
<td><strong>5.2</strong></td>
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<td><strong>All scenarios</strong></td>
<td></td>
<td><strong>6.6</strong></td>
<td><strong>5.4</strong></td>
<td><strong>5.9</strong></td>
<td><strong>5.0</strong></td>
<td><strong>6.0</strong></td>
<td><strong>5.8</strong></td>
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</table>
SCENARIO 1 – IN-HOME SERVICES

“A pharmacy offers in-home services to assist people who want to remain in their homes for longer. You would arrange to access services from your local pharmacy who would send a community pharmacist to visit you in your home.”

The in-home services scenario had the most positive response overall (6.3/10).

50% strongly supported the idea (8-10/10, including 21% who gave a 10), and very few strongly opposed it (4% gave a 0-2/10). Most people (53%) said they ‘probably’ or ‘definitely’ would use pharmacies in this way, and 43% said this would make them use pharmacies more frequently (including 7% ‘a lot more’ frequently). Over half (54%) said this made them feel more positively about community pharmacies.

Support for pharmacies charging a fee for these services was, on balance, positive, with 29% strongly supportive (8-10) and only 15% strongly opposed (0-2).

The component that was most attractive to patients was home delivery of medicines and other health-related products. NESB people, those with a disability or chronic illness, and heavy shoppers were the most supportive of this scenario.
SCENARIO 2 – HEALTH HUB

“Create community health hubs – facilities in pharmacies for allied health professionals. A pharmacy has private consulting rooms for a range of health services from external specialists. You would book with and pay the health specialist directly, and then use the consulting rooms in the pharmacy. The health specialist will work with your pharmacy to make recommendations about your health needs.”

The health hub scenario was quite positively received. Over one-third of people strongly supported the idea (34% gave an 8-10, including 13% who gave a 10), and just one-in-ten were strongly opposed to it (10% gave a 0-2).

Almost half (47%) said they ‘probably’ or ‘definitely’ would use pharmacies in this way, and – similar to the in-home services scenario – 42% said this would make them use pharmacies more frequently (including 6% ‘a lot more’ frequently). 44% said this made them feel more positively about community pharmacies.

The component that was most attractive to patients was the idea of GPs in pharmacy health hubs, followed closely by allied health professionals such as physiotherapists, podiatrists etc.

The health hub scenario was most supported by people aged 30-49 years, NESB people, and users of banner and discount pharmacies.
SCENARIO 3 – PHARMACIST SERVICES

“Expand the range of health services provided in pharmacies by a pharmacist. You would book with and pay for these services directly to the pharmacy.”

The expanded pharmacist services scenario had the second most positive response overall (6.0/10). 42% strongly supported the idea (8-10/10, including 15% who gave a 10), and just 8% strongly opposed it (0-2/10).

Most people (58%) said they ‘probably’ or ‘definitely’ would use pharmacies in this way (the highest across all scenarios), and 49% said it would make them use pharmacies more frequently (including 7% ‘a lot more’ frequently). Almost half (48%) said this made them feel more positively about community pharmacies.

Support for pharmacies charging a fee for these services was, on balance, slightly positive, with 26% strongly supportive (8-10/10) and 20% strongly opposed (0-2/10).

The component that was most attractive to patients was pharmacies providing tests (e.g. blood tests) and monitoring (e.g. blood pressure), vaccinations, and pharmacies helping patients manage conditions.

People aged 30-49 years and NESB people particularly were the most supportive of this scenario.
**SCENARIO 4 – DIGITAL SERVICES**

“Develop online retailing, fulfilment and management for medicines and front-of-shop products. Your local community pharmacy offers some of their services in a digital way.”

*Development of digital services* was also well received by patients (5.7/10), but support for pricing was lower, resulting in a lower composite score.

Over one-third of people strongly supported the idea (39% gave an 8-10/10, including 13% who gave a 10), and very few strongly opposed it (only 7% gave a 0-2/10). Most people (57%) said they ‘probably’ or ‘definitely’ would use pharmacies in this way, and 40% said this would make them use pharmacies more frequently (including 6% ‘a lot more’ frequently). Almost half (46%) said this made them feel more positively about community pharmacies.

Only 18% strongly supported pharmacies charging a fee for these services (8-10/10) and 29% strongly opposed fees (0-2/10). In short, many patients liked the concept but did not perceive it to be a value-add that pharmacies were justified in charging a fee for.

The component that was most attractive to patients was electronic delivery of prescriptions from doctors to pharmacies, followed by online shopping and pharmacist advice via online chat. Younger people, NESB people, and discount pharmacy users were the most supportive of the *digital services* scenario. Among people aged younger than 30 years, the overall scenario rating was 6.3/10.
SCENARIO 5 – AUTOMATED PROCESSES

“Support an increased use of automation technology to reduce cost and increase time serving and caring for patients. A pharmacy automates some of its products and services.”

The automated services scenario was relatively the least enthusiastically received by patients (5.2/10), but was still moderately supported. One-quarter of people strongly supported the idea (27% gave an 8-10/10, including 10% who gave a 10), and just 11% strongly opposed it (0-2/10).

Almost half (45%) said they would ‘probably’ or ‘definitely’ use pharmacies in this way, and 33% said this would make them use pharmacies more frequently (including 5% ‘a lot more’ frequently). 38% said it made them feel more positive about pharmacies, but 18% felt more negative.

The component that was most attractive to patients was notifications to smartphone or device about the availability of a script for collection, followed by health monitoring and advice via smartphone apps. Younger people, NESB people, discount pharmacy users and those who are primarily driven by ‘expertise’ in their pharmacy choice were the most supportive of the automated processes scenario. Among people aged younger than 30 years, the overall scenario rating was 6.0/10 (compared to 4.3/10 among 60+ year olds).

As with digital services, fewer strongly supported pharmacies charging a fee for automated services (15% and 8-10/10) than the 33% who strongly opposed fees (0-2/10, including 20% a 0).

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**Composite Score by Segments**

<table>
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<tr>
<th>Segment</th>
<th>Score</th>
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<tbody>
<tr>
<td>Male</td>
<td>5.4</td>
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<tr>
<td>Female</td>
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<tr>
<td>18-29</td>
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<td>30-39</td>
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<td>40-49</td>
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<tr>
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<table>
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<tbody>
<tr>
<td>Cost</td>
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<td>Convenience</td>
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<tr>
<td>Expertise</td>
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<td>Personalised service</td>
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<td>Discount</td>
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<tr>
<td>Single pharmacy</td>
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<tr>
<td>Multiple pharmacies</td>
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<tr>
<td>Health keeper</td>
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<tr>
<td>Heavy shopper</td>
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</table>
Most popular future services

- Family doctors in pharmacy
- Allied health services
- Pharmacy to home delivery
- Tests / monitoring
- Vaccinations
- Digital prescriptions
- Digital notifications
We welcome ideas and views on the future of community pharmacy 2025 and would ask that you email:

CP2025@guild.org.au

For more information:

Tiffany King
National Manager, Communications, Pharmacy Guild of Australia
e: Tiffany.King@guild.org.au

David Bruce
Associate Partner, ORIMA Research
e: David.Bruce@orima.com