

Category M: Six rules

Richard King of David Parker Consulting explains that with a few simple measures, you can reverse the damage done by Category M clawback....

In many ways pharmacy contractors are like farmers; they complain that they struggle to make a living and yet, in private, would admit that they have done very nicely during the past 20 years...until last November.

Over recent years the government has dealt a number of blows to the pharmacy remuneration package but none has hit the contractor's pocket so hard nor been as far-reaching as the recent category M cuts.

No matter whom you talk to, independent or multiple, high-street or medical centre, no contractor has escaped the squeeze and this time it looks like things could actually get worse before they get better (if indeed they do get better!).

Even the most optimistic contractors, conducting the full quota of MURs and signing up for every enhanced service available, feel that they are swimming in treacle.

Where else should one look for salvation? Whilst there is no clear path to redemption, it may be time to look over the parapet and beyond the dispensary bench. However, before you do so you may want to consider the current state of play.

Like it or not, there has been a revolution in retailing habits. The major supermarkets, not content with groceries, want all of our money. First it was fuel then financial services and now 100-hour pharmacy contracts, whose introduction was a result of the government



Striking windows make all the difference

macy of around 750 square feet, I can almost guarantee three things: Medicines will be under-spaced, with P medicines behind the counter and only a couple of bays for GSL medicines. The usual suspects will be allocated far too much space (hair care, cosmetics, male toiletries, sanitary

Rule No 1: Be bold with your medicines – they are your unique selling point

OTC medicines account for up to 40 per cent of retail turnover in a typical community pharmacy and yet, regularly have only 20 per cent of the space, the rest being filled with the 'redundant' stock mentioned above.

All of the mainline wholesalers provide quality, up-to-date planograms (diagram of a store's layout, including placement of particular products and product categories) which, even if you do not follow rigidly, will give you a sound starting point to develop an inventory of fast-moving lines to keep the cash flowing.

In today's sophisticated medicines market place where there are so many products such information is invaluable.

Rule No 2: Provide specialist advice through training

There is no substitute for well-trained staff but try to look beyond the statutory requirements and the necessary training to provide the various enhanced services. Develop a team of multi-disciplinary staff. For example, do you have someone who can really advise on homoeopathy or vitamins?

Most pharmacies have at least one bay of health food and supplements, but it is rare to

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giving way to pressure from the big four supermarket chains; Asda, Tesco, Sainsbury's and Morrisons.

If you look beyond the headline-grabbing service offerings of every major supermarket, you will see that there has been a quiet revolution going on in-store.

In recent years all of the major players have been slowly increasing the amount of space and resources allocated to GSL medicines and health and beauty ranges.

Against this background the average community pharmacy's retail turnover has been gradually dropping and yet, we doggedly continue to compete in an arena where we scarcely register.

If you visit your average community phar-

products etc.) and there will be a dump bin or two groaning under the weight of all sorts of stock, some old and some worryingly new.

No doubt if you ask the sales assistant he or she will tell you enthusiastically that 'we sell loads of stock from the dump bin, all our regular customers like to rummage'...as you wipe the dust from a promotional pack of shampoo which you know is at least two years old.

Until recently it did not matter whether you had a shop full of stock of which 50 per cent didn't sell. Now we all recognise that the goal posts have moved and that unsold stock represents dead cash.

So what's to be done? Here are a few simple rules which could halt the slump and bring about redemption!

for retail redemption

find a pharmacist (or other staff member) who really knows their onions when it comes to recommending supplements.

More and more people are turning to health supplements not just to promote well-being, but actually as a preferential way to treat disease. There is a huge opportunity in this field if you have someone on your team who is well trained.

Rule No 3: Get your range right

Do not try to compete in a niche market unless you are either well-established or have a very well-researched and strong unique selling point in this area. There are far too many pharmacies still clinging helplessly to the fragrance and cosmetic markets long past the point when they should have cut their losses and released this cash.

Rule No 4: Make an impact with promotional activity

Allocate five or six 'hotspots' around your pharmacy to use for promotional activity. The secret to good promotions is having a tidy, well-merchandised shop with none of the shelf-talkers or wobblers that the visiting salesmen are keen to superglue to your shelves.

There are a number of companies such as UK POS who produce every kind of display material you can imagine. Find an image to suit you; then all you need is a colour print-

er and some quality paper.

Make sure you change the promotions regularly and keep them seasonal. All of the mainline wholesalers produce a monthly promotion catalogue which gives you a good starting point for your promotional activity.

Rule No 5: Make your windows work for you

Your windows are your ambassadors on the high street and yet are so often uninspired if not neglected entirely. Your window is not:

- The place to put the items you have been desperate to get rid of for years
- A chore
- A treat for the assistant that enjoys having a go

This is the window into your business and should be punchy, relevant and professional. Less is more! Keep it simple, choose your products or services carefully and promote them. Change your display regularly and

consider getting a quote from a professional window dresser. You know it's working when people start asking about the products or services you are advertising.

Rule No 6 – Encourage shoppers with a professional and welcoming environment

It does not inspire one with confidence that the advice you are given is up to date and the

“Consumers these days have very high expectations in terms of shopping environment; if your pharmacy looks shabby, customers may not look beyond the front door”

products the latest available, when you visit a pharmacy where the environment is old and tired.

All too often, the first thing you see is a grubby, worn carpet with the occasional stain, lighting levels which are more akin to a funeral parlour and merchandising befitting of an antiques emporium.

Major refurbishments can be an expensive business, however not always justified or cost effective. Consumers these days have very high expectations in terms of shopping environment; if your pharmacy looks shabby, customers may not look beyond the front door regardless of what spectacular offers you may have inside.

Don't despair; for as little as £10/15k, you can leave your shelving alone, upgrade your lighting and flooring, clear out all of those old manufacturers' stands, remerchandise your front of shop and revolutionise the look of your pharmacy!

Start with these six simple rules and you are on your way to shaking your business back into shape.

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Keep you shop tidy and well merchandised