

View Point



Improving the Online Pharmacy Experience

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Abstract

An improved online pharmacy experience helps pharmacy retailers in several ways, enabling them to attract new customers, enhance customer loyalty and increase sales of prescription drugs, services and front-end items.

This paper identifies some of the common pitfalls currently seen in a typical online pharmacy operation and lists some additional services that can provide a unique, unified and seamless customer experience

Introduction

Online prescription drug sales clock over \$5.6 billion per year* and are consistently growing at a faster rate than in-store sales. Even with these numbers, online drug sales constitute only a small percentage of overall prescription drug sales.

A key factor for the higher volume of in-store sales is a patient's immediate need for medication, which can only be met in-store. While a pharmacy retailer cannot do much to address this issue, he can resolve the other important reason for the relatively lower online drug sales – the inconvenience associated with most pharmacy retailer websites.

This white paper offers insights through which pharmacy retailers can improve the online prescription experience and thereby reap the benefits of offering their customers an effective and easy-to-use website.

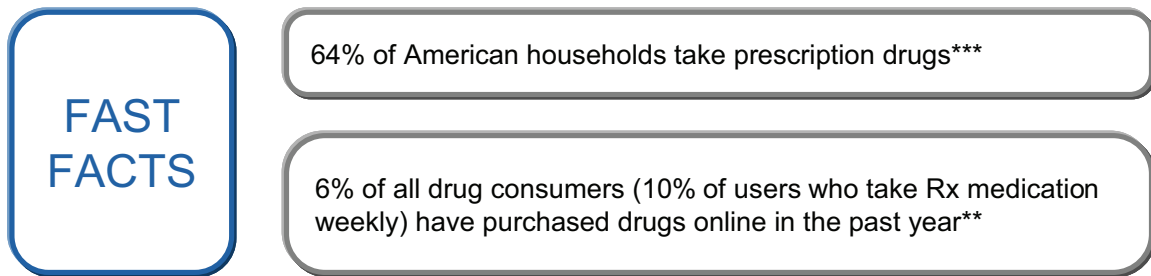


Fig 1 – Fast facts around drug usage and online drug purchases

The Need for a Better Online Pharmacy Experience

To retain and grow their customer base, it is imperative that pharmacy retailers provide customers a superior online experience. By doing so, they can increase sales in multiple ways, such as:

- **Increased prescription drug sales** due to 'auto-refills'
- **Attracting new customers from competitors:** A majority of online pharmacy customers constitute a high spending demographic that all pharmacy retailers would want in their customer base. This demographic consists of people who are over forty years of age, college educated, married, technology optimists and have a household income of over \$70,000**
- **Increased sales of over-the-counter (OTC) and other health-related services** by displaying ailment-specific items and services based on patient profile and drugs ordered
- **Expanding cross-sell and up-sell opportunities beyond Rx drugs** to promote other front-end items. This leads to an overall increase in online sales
- **Reinforcing the brand image** with existing customers through a uniform shopping experience across all channels – in-store, Web and mail order
- **Increased customer loyalty:** Rx customers typically spend more money and demonstrate stronger loyalty when compared to grocery online shoppers

* 2004 Numbers. Source: "Rx for E-Drug Stores", Internet Retailer, May 2006

** Source: "Who buys drugs online", Forrester Research, 2006-2007

*** Source: "Prescription Drugs Online", Pew Internet & American Life Project Research, 2004-2005

What Pharmacy Websites Lack Today

Online pharmacy customers are technology optimists who purchase other items and services online – such as electronics, apparel, travel services, insurance, etc. They are accustomed to a significantly superior online experience than what is typically offered by pharmacy retailer websites.

Most online pharmacy retailer websites have similar functionality and provide the following features:

- Viewing of drug information and effects of drug interactions
- Ordering refills
- Scheduling of auto-refills
- Transferring prescriptions from other pharmacy chains
- Ordering new prescription fills (with mail-in of the prescription hard copy)
- Providing a choice between free in-store pick-up and home delivery with a shipping charge
- Assisting in Medicare plan selection
- Viewing of / downloading previous order history and expense summary

While the functionality is common, these websites are typically cumbersome to use. They are often overloaded with items and information and require a multi-day registration and verification process before customers can order medication online.

Apart from this, implementation of functionalities varies widely across different retailers. Some key transactional issues include:

- **Profile Set-up:**
 - In the absence of data-matching, multiple profiles are created in the store system and website for the same individual
- **Order Processing:**
 - Cumbersome and non-intuitive ordering process for a new prescription, refills, setting refill reminders, and / or auto refills
 - Inability to view the current status of an order: Typically an “In Progress” status is displayed, which provides no information to the customer
 - Fragmented order fulfillment process: A single order is shipped in batches due to different fulfillment locations for different items in the order
- **Pricing and Discounts:**
 - There is always the possibility of price variations while ordering online as against an in-store order. This is because in-store cash pricing is often dependent on competitor pricing, store location and footfalls
 - Websites offer neither price match/lowest price guarantee, nor price comparison with other retailers
 - Customers cannot use manufacturer coupons or discount Rx / loyalty cards on the website to obtain free / reduced price refills
- **Check-out and Shipping:**
 - Customers are unaware of the actual co-pay amount as adjudication has not been performed when orders are placed
 - No specific delivery / pick-up date and time is communicated. Most websites give the customer a window of delivery that can stretch over days
 - Often, Rx items do not qualify for free shipping offers. Further, shipping charges may vary widely based on the medicines included in the order, the geographical location and even the month in which the order was placed

The Infosys Methodology for an Improved Online Pharmacy Experience

Instead of a 'Big Bang' roll-out, Infosys' incremental phased approach allows for iterative releases of must-have functionalities as soon as they are ready to be deployed. This minimizes business disruption during the deployment of various modules, features and functionalities. The key phases of the Infosys methodology include the following:

- End-state capabilities: Definition and benchmarking
- Capability prioritization and roadmap definition
- Process definition and technology options selection
- Implementation and deployment

A pictorial representation of each phase and its associated tasks is provided below:

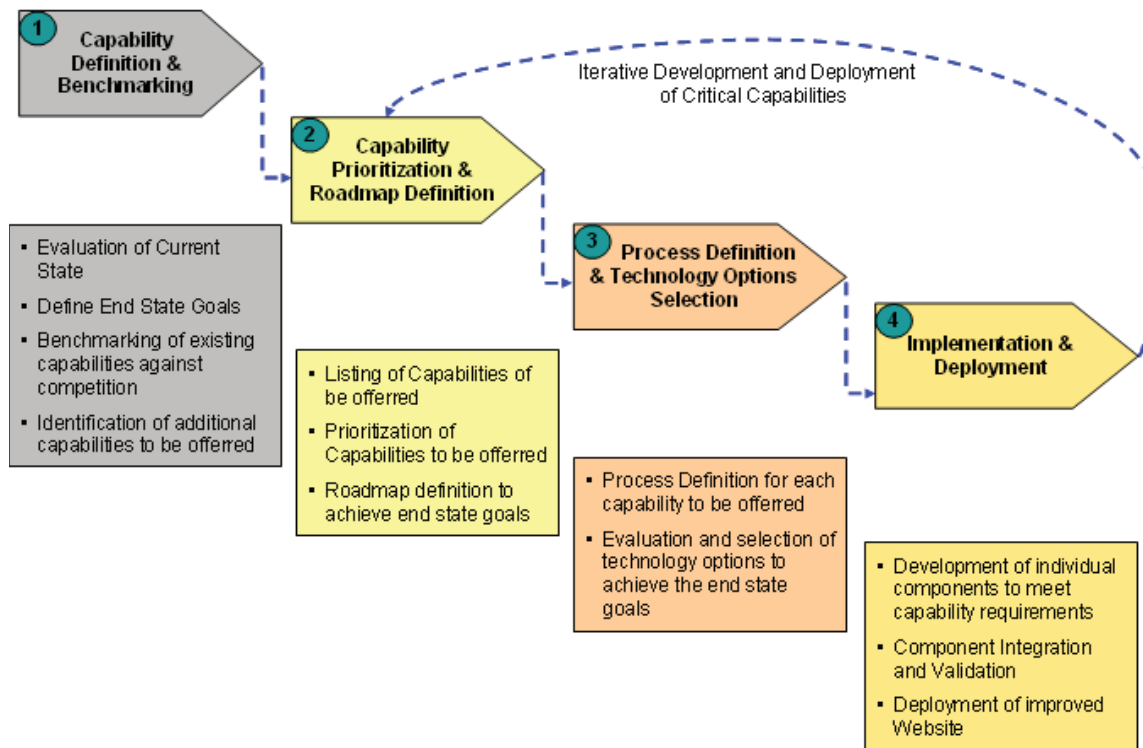


Fig 2 – The Infosys methodology for improving the online pharmacy experience

In the Infosys methodology, each phase has a set of accelerators that enable quick analysis and options evaluation. As a result, the overall cost, effort and time to market are minimized. A list of these accelerators and their specific applicability, by phase, is available upon request.

Several pharmacy retail chains have benefited from the Infosys approach in terms of reduced costs of development, validation and deployment, besides sharply reduced time to market.

Value-added Services

In addition to the significant benefits that accrue from improving the online pharmacy experience, retailers can provide some additional user-friendly features on their websites for competitive advantage. These features can include:

- Customized offers for every customer according to his / her health requirements. These can include disease-specific dietary offerings (low salt / low sugar) and other healthrelated items
- An online “Chat with a Pharmacist” feature
- Appointment scheduling with a pharmacist / clinic operator
- Manufacturer discount coupons on specific drug pages
- Multi-language options in the website for non-English speaking customers
- Price Match / Lowest Price Guarantees

End-state Vision

An improved online pharmacy experience can enable retailers to tap into a desirable demographic of online consumers. It can help increase sales, draw customers from the competition, build the brand, and improve customer loyalty. With the right approach, pharmacy retailers can provide additional features such as customized offerings and discount coupons to differentiate themselves.

In addition to the benefits of an improved online pharmacy experience, pharmacy chains can maximize the potential of all sales channels – in-store, mail order, central fill, interactive voice response (IVR), and kiosks – by thoroughly integrating them with their online operations.

By improving the online pharmacy experience, a retailer can collect appropriate and accurate data points. This information can help define the business case for an integrated operation providing a seamless experience to customers across all touch points.

About the Authors

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