

Healthcare Executive

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Pictured on this page:

Ornella Barra, Executive Vice President of Walgreens Boots Alliance, and President and Chief Executive of Global Wholesale and International Retail

Cover Note

The merge between Walgreens (the largest drug store chain in the US) and Alliance Boots (the largest pharmaceutical commerce company in the Europe), creates the world's largest pharmaceutical distribution company WBA.

On 5th and 6th March, as the only Chinese media invited, Healthcare Executive attended Alphega Pharmacy European Convention held in Monaco by WBA, and had interviews with senior executive of the company, as well as the Alphega team leaders.

The below two articles focus on the creation of WBA, analysing the strategic core competitiveness of the combined entity, and the unique business model presented by Alphega Pharmacy, a service brand under WBA.

WBA: We do not have “competitors” by definition

By Bu Yan

“Walgreens Boots Alliance does not have ‘competitors’ by definition”, said Ornella Barra, Executive Vice President of Walgreens Boots Alliance, and President and Chief Executive of Global Wholesale and International Retail. “There is no comparability. One cannot compare different things. No other company is like Walgreens Boots Alliance, whose businesses include pharmacy chain, wholesale and distribution, health and beauty retailing, and our own product brands.”

True. Hardly any single company is able to compete with this new entity combined by Walgreen Co., the largest drug store chain in the US (‘Walgreens’), and Alliance Boots GmbH, the largest pharmaceutical commerce company in the Europe (‘Alliance Boots’). For example, WBA has more than 13,000 stores worldwide covering 11 countries; It is forecast that its 2016 revenue might reach USD 126-130 billion; It is the world's largest purchaser of generics and prescription drugs; By estimate 10% of generics worldwide will be distributed by this company; And for Walgreens and Alliance Boots, first-round of post-merger synergy could create as much as USD 1 billion cost saving.

On 6th August 2014, Walgreens exercised its option to complete the second step of its strategic transaction with Alliance Boots, proceeding to a full combination by acquiring the remaining 55 percent of Alliance Boots with USD 15.3 billion. The combined entity becomes the largest global pharmaceutical distribution company.

By the end of the year, the deal was all approved and completed. The new company is domiciled in the United States and headquartered near Chicago. Stefano Pessina, Executive Chairman of Alliance Boots, becomes the largest individual shareholder, and Executive Vice Chairman and Acting Chief Executive Officer of the new company.

Grow by mergers

The merger between the two has realised their dreams to become a truly “global” company.

Dated back to 19th June 2012, Walgreens and Alliance Boots formed a strategic partnership that transforms the industry: Walgreens initially invested USD 6.7 billion in cash and stock to acquire a 45% equity interest in Alliance Boots, with the option to proceed to a full combination.

Walgreens is the largest drug store chain in the US, with more than 8,000 stores across the country whilst Alliance Boots boasts to be the largest pharmaceutical distributor in Europe, with distribution centres across countries. Under Alliance Boots there is also Boots, the largest pharmacy chain in Europe, whose reputed business has expanded into the Middle East and Asia. Alphega Pharmacy, an independent pharmacy network, has established itself in eight European countries.

The alliance between Walgreens and Alliance Boots forced their competitors to follow their steps. In October 2013, the largest US pharmaceutical wholesaler McKesson announced to buy Celesio, one of the largest pharmaceutical wholesalers in Europe, for USD 8.3 billion.

Merger, in fact, is a key word in the company history of Walgreens Boots Alliance. WBA started its strategic “globalisation and omni-channel integration” from very early days.

Back to mid-1970s, Stefano Pessina and Ornella Barra were running pharmaceutical wholesaling business in Italy. Together their business was seen as Italy’s leading pharmaceutical wholesaler after acquiring a

number of small players. Their vision of an international pharmaceutical group dates back to that time when the “globalisation” notion was even unknown.

The next step was to expand on the Continent. Thanks to the foresight and insights from Stefano, and to the excellent execution and management capability of Ornella, they expanded their business into several Southern European countries through merges, acquisitions and partnerships. The Alliance Santé Group was born in 1991 of these acquisitions and of an innovative merger with some French wholesalers.

This was only to be the springboard for further international expansion for their business. In 1998, Alliance Santé merged with UK business UniChem to form the Alliance UniChem Group. In just a few years, Stefano and Ornella developed Alliance UniChem from a primarily pharmaceutical wholesaler with a presence in a few countries to a pan-European leader with two core businesses, pharmaceutical wholesale and retail pharmacy, in more than 12 countries.

To further enhance the retailing part of business under the flag, Stefano and Ornella cast their eyes on Boots, the legendary UK pharmacy chain.

Boots is the largest UK pharmacy chain dating back more than 160 years with a reputation of being “the pharmacy of the nation”. It established itself from a “Cash Chemist” offering affordable drugs to ordinary people, and the business grew rapidly through all types of innovative ideas including researching, producing and selling own brand beauty products. In modern days, it is still people’s first choice for healthcare and beauty.

If a merger went ahead between UniChem and Boots, for Stefano and Ornella, the picture they see would be exciting: further increased scale on retailing; vertically integration between wholesaling and retailing; introduction of a third core business i.e. own product brand development and manufacturing.

Several other investors were considering Boots, too. But in 2006, Stefano managed to orchestrate the merger of Alliance UniChem with Boots Group to form Alliance Boots.

[Image inserted:]

1991 – Alliance Santé was born following acquisitions and an innovative merger with some French wholesalers

1997 – Alliance Santé merged with the UK business UniChem to form the Alliance UniChem Group

2006 – In 2006, merger between Alliance UniChem with Boots Group to form Alliance Boots

2015 – Deal completed to form Walgreens Boots Alliance, combining Walgreens and Alliance Boots

After the merger, Alliance Boots grew further and faster to enhance its position as an international leader in healthcare services and beauty industry. It has a presence in more than 25 countries, with nearly 110,000 employees. Their pharmaceutical wholesale business, together with associates and joint ventures, supply medicines, other healthcare products and related services to more than 180,000 pharmacies, doctors, health centers and hospitals from more than 370 distribution centers in 20 countries. Together with their associates and joint ventures, their retailing business operates more than 3,000 health and beauty retail stores in countries including the UK, Norway, the Republic of Ireland, the Netherlands, Lithuania and Thailand. Each year Boots dispenses over 250 million items to patients.

In March 2013, Alliance Boots and Walgreens announced a strategic partnership with AmerisourceBergen, one of the largest American pharmaceutical wholesalers in North America. One of the key areas was that Walgreens agreed to expand their existing relationship to a ten-year comprehensive primary distribution agreement for branded and generic pharmaceutical products. For Stefano Pessina, although AmerisourceBergen is not the largest wholesaler in the US, it is the best quality one.

This deal has placed AmerisourceBergen as the second largest US pharmaceutical wholesaler, thanks to the steady income stream brought by the ten-year deal with the largest US pharmacy chain. The three-party partnership has also provided the US wholesaler the possibility to interact with an unprecedented global network, with existing Alliance Boots partners in ex-US countries especially the emerging markets.

To Alliance Boots, this partnership repays it with a significant presence in the pharmaceutical distribution market in the United States.

Shortly after securing a leading place in the biggest healthcare market in the world, Alliance Boots cast their eyes on Latin America.

In August 2014, Alliance Boots announced that they have completed the acquisition of Farmacias Ahumada S.A.. The acquisition comprises two main businesses, which together operate over 1,400 stores. Farmacias Benavides is the third largest retail pharmacy chain in Mexico with around 1,000 stores, and Farmacias Ahumada is one of the three largest retail pharmacy chains in Chile with around 400 stores.

In China, the most valued potential market in Asia, Alliance Boots completed their deal acquiring a stake of 12% in Nanjing Pharmaceutical Company Limited (seventh largest pharmaceutical wholesaler nationwide),

following receiving approval from the authorities. It became the second largest shareholder in Nanjing Pharmaceutical, adding on their existing Chinese presence. The joint venture Alliance Boots established with Guangzhou Pharmaceutical Holdings several years ago has grown steadily into a regional leading player, the fifth largest wholesaler nationwide.

Yves Romestan, Senior Vice President in Communications and International Affairs of WBA told Healthcare Executive: “China is still on our priority list for future development. As our executives have mentioned on several occasions, our businesses in China will only be conducted in partnership with local players.” He explained that WBA has no intention to aggressively play on its own in the Chinese market, and has always been modestly seeking partners with local knowledge and expertise. “Our executives’ vision is to forge win-win partnerships with Chinese peers, in the hope that we help create a national champion in China and assist such a national champion to possibly compete internationally.”

Mr Romestan said that unlike other companies who make deals for financial purposes, and sell their investment off for quick money, “on the contrary, WBA is only thinking long-term. The merger with Walgreens makes us a truly global enterprise. And by becoming a truly global company the combined new entity refreshes itself with diversified assets spreading across various countries, placing the business in a very good position to counter-subject to unforeseeable risks and changes in any specific market. By doing so the life of the company is further extended and interest of the company is reassured.”

Innovative services

Merges and acquisitions help WBA globalise and upscale its core business during a short period of time, but in order to support that structural expansion, WBA has been engaging in continuous innovations on operational level in all its service frontiers.

Alliance Healthcare is the umbrella service brand name for pharmaceutical wholesaling businesses under WBA. In recent years, the pharmaceutical distribution industry in Europe has been facing various challenges including a weak macro-economy, reduced national reimbursement, change in the manufacturers’ needs etc.

To progressively respond to these challenges, Alliance Healthcare has offered a series of innovative services to better connect the suppliers and pharmacies along the supply chain. For example, Skills in Healthcare provides key manufacturers with all-inclusive distribution solutions covering mega-date management,

targeted sales and distribution; Alloga focuses more on third-party logistics, pre-wholesaling to manufacturers that have such needs; Alphega Pharmacy is a virtual network to connect and empower independent pharmacists across eight European countries; Almus is the award-winning brand generics; and Alcura, the recently launched homecare service brand, offers special healthcare service and medicine delivery, answering the call to an aging society with an increasing number of patients suffering from chronic diseases.

These businesses may well seem to be complicated and interwoven, but they operate separately and sometimes support each other to smartly upgrade services provided, and innovatively help drive cost reduction, increase efficiency and realise economics of scale along the supply chain.

The development of Almus is a perfect example of brand and service innovation. Almus provides high quality generic medicines in a wide and growing range of therapeutic categories. These are produced by manufacturers in various countries, who are well qualified and certified. Almus itself does not manufacture generics. It only distributes the brand generics through its own channels.

It was launched in the UK in 2003, aiming to lead the field in patient-safe packaging design, and to provide unbeatable operational efficiency in the pharmacy through a combination of packaging clarity and high service level through the wholesaler. Before the existence of Almus, the market was full of generics with very similar package design. Chances for pharmacists to dispense and for patients to take the wrong medicine are high.

What Almus had done was, it redesigned the package of its brand generics scientifically using contrasting colours to clearly label various dosage and different type of medicines. This tremendously reduced chances where pharmacists and patients make regrettable mistakes.

Alcura is another example that illustrates operational innovations of WBA. As one of the service brands under Alliance Healthcare, Alcura partners with healthcare companies, professionals and organizations to provide innovative personalized solutions that improve patient care and treatment experience. It helps deliver medicines, run clinical trials, and outsource patient support services for secondary care.

“Worth bringing to attention is that Alcura does not take orders from individual consumers or patients. So it is correct to say that Alcura is currently still a B2B business”, said Angelique Kurylo from the International Marketing team at Alliance Healthcare under WBA.

Therefore in fact for Alcura services, the payor has always been national healthcare authority, hospitals, or healthcare institutions. The services, however, reach individual patients at their homes. Some of them are cancer survivors who need medicines and care services in long term. Alcura has its own field team of nurses and technicians. They visit patients in homes to train and counsel patients, guide them on how to use or take pills/injections correctly, and more often than not, the presence of these healthcare professionals and the human touch brought along provide patients with huge psychological support.

Alcura has a patient support team available 24 hours a day on the phone. It delivers clinical and early discharge services at patients' homes, as well as medicines and patient care products to local pharmacies. In addition, when necessary Alcura can provide bespoke medicines upon specific needs.

On top of these, Alcura took over running of the in-hospital pharmacy for the Christie, the largest cancer centre in Europe – first of kind model in the UK. It benefits hospital with increased efficiency and reduced cost. For patients, there has been less waiting time and better services.

The DTP revolution

“By saying that we want to be the market leader it does not necessarily mean to be the largest one operating in the market”, explained Ornella: “being the market leader, for me, it means to be the best quality service provider in the industry, the fastest one responding to changes, and the most innovative one. Being a market leader means you have to show to others how you adapt with the emerging trends, what the best practices are, and that you are leading the industry into the future.”

Eight years ago, Alliance Healthcare created a “big bang” in the UK healthcare market. The Direct to Pharmacy (DTP) model shift, led by Ornella Barra and her Alliance Healthcare team in a revolutionary partnership with Pfizer, has been seen as the biggest innovation within the UK pharmaceutical distribution industry in recent years.

At that time Pfizer's products accounted for about 50% of the UK market, and they were considering taking a brave decision to change the way their medicines were distributed – starting a new model called Direct to Pharmacy, i.e. to further reduce the number of pharmaceutical distributors and wholesalers, to commission only one distributor to supply all their medicines.

Few distributors responded positively to embrace this new change. They were happy with the old model, the traditional way where they could maintain easy profits for another couple of years. “This can’t happen!” “This is not what wholesaling is about!” “How people can ensure delivery for all that amount! Even if they can, they can’t maintain the service quality to standard and that is not allowed!” One heard all negative cries. But Ornella was an exception. She was the one who saw opportunities. She made a brave decision with the team to go ahead and work in partnership with Pfizer in a truly innovative way, and was determined to ensure both delivery and quality. Risks were there, but Ornella decided to take them. She did not fear to be “a pioneer”.

They made it. Based on that foundation, the UK market has been a fantastic story for Alliance Healthcare. Their market share continued to grow, with the most recent figures reaching nearly 50%. Their number of customers was increasing significantly. They went twice a day to all dispensing points in the UK, hospitals, dispensing doctors and pharmacies. There has been a massive increase of their network, and number of items delivered multiplied by four times.

The competitors of Alliance Healthcare were grumbling: “The hospitals won’t be happy; the pharmacies won’t be happy; the consumers won’t be happy; the services won’t be as good; nobody can do this...” But through sheer determination, Alliance Healthcare proved their competitors were wrong.

The important thing is it has not been only a real breakthrough within the industry and a great success with Pfizer. It has also been a success with generics, surgical, specials and all of the other categories in the business. After Pfizer, Alliance Healthcare generated many new deals with many other manufacturers. Industrial competitors who once had doubts now have to follow the steps.

Nowadays, the DTP model pioneered by Pfizer and WBA has been widely recognised within the industry and across borders.

Starting in early 2013, MSD Netherland and Alliance Healthcare Netherland entered into a partnership, agreeing that MSD supplies all their medication exclusively via Alliance Healthcare to all the hospitals (more than 100) in the countries on a daily basis.

Previously MSD supplied its medication via three wholesalers. In addition, part of the portfolio was directly purchased from MSD. MSD was unable to meet the wishes of the hospital to have an order delivered the following day. The former model was inefficient for both the hospital and MSD. For this reason, research

was carried out into an effective new supply method. This led to the decision to start a partnership with a single partner to achieve distribution of the medication from MSD to hospitals in the optimised way. After an exclusive tender process, Alliance Healthcare Netherland was selected for best quality, innovation, service, cost value and the professional level. The most important benefits of the partnership are efficient stock management, reduction and prevention of spillage, therefore creating more optimal cost management. This results in the optimised availability of the MSD medicines to patients.

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Alphega Pharmacy: a perfect combination of independent pharmacies and chain store services

What makes Alphega Pharmacy unique is that the network is completely “virtual” and invisible. There is no “chain” to lock their members, or to force any models, ideas, styles or changes that independent pharmacists do not like or feel reluctant to accept.

By Bu Yan

On 5 and 6 of March, Alphega Pharmacy European Convention 2015 took place at Grimaldi Convention Centre in Monaco. In one of the meetings, an independent pharmacist and Alphega member from the UK raised his hand for a question to Ornella Barra, founder of Alphega Pharmacy, Executive Vice President of Walgreens Boots Alliance, and President and Chief Executive of Global Wholesale and International Retail. “I am happy being an Alphega member, and I do not want to lose my independency. As a group, WBA is growing larger and increasingly powerful. Could you promise that one day you are not going to make Alphega Pharmacy into WBA pharmacies?”

With smiles on her face, Ornella Barra reassured him that WBA will never consider taking over Alphega Pharmacy and chain-store its members. “Please please please stay independent”, said Ornella: “Alphega Pharmacy should always be associated with independent pharmacists standing behind the counter, providing care, support and services to people from local communities. I never take back my words. Please stay reassured to be independent. WBA, Alliance Healthcare and Alphega Pharmacy will make their best to support you and empower you. Take what is offered and keep independent! ”

Independent pharmacies form the majority of the retail pharmacy industry in Europe, especially on the Continent. There are several industrial alliances, operating a virtual network aiming at providing support services to independent pharmacies. WBA’s Alphega Pharmacy is one of them, and more than that only.

Very few such alliances are as successful as Alphega Pharmacy. Not that many franchise pharmacies have struck a perfect balance game between “chain authority” and “independence”. The “gravity” is either too tight or too loose. More often than not we hear of cases where the franchise head office rolls out their

standards without considering each individual store's situation. In the other cases stores enjoy too much freedom which the "group" fails to cohesively maintain.

What makes Alphega Pharmacy unique is that the network is completely "virtual" and invisible. There is no "chain" to lock their members, or to force any models, ideas, styles or changes that independent pharmacists do not like or feel reluctant to accept. Becoming a member of Alphega will never damage the owners' authority, but only bring extra supports and flexibilities in terms of marketing, branding and services. Everything is discussed with the owners, and unless the owner is willing to take and apply, there will be no enforcement.

For example, the pharmacist's name occupies about two-thirds of the store's fascia, while the Alphega name only occupies about one-third of the space. "That is a conscious decision, because after all it is their pharmacy," said Alphega Pharmacy Europe Managing Director Caitlin Sorrell. This indicates how Alphega respects the independence of its members.

The innovative business mode of Alphega has, first of all, managed to get around policy restrictions in some European markets where pharmacy chains are not allowed or tightly restricted. Secondly, by respecting their independence, it has won the "battle" against the conservative and defensive mind-sets of most traditional European pharmacy owners. The current generation of Europeans still distaste "assembly lines" and hate to see large chains replacing independent community stores.

Founded in 2001, Alphega now has more than 6,000 members across eight countries and the number continues to increase.

Enhanced buying power

One of the benefits for being an Alphega Pharmacy member is to enjoy unconditional support provided by WBA and its pharmaceutical wholesaling business (under the brand Alliance Healthcare). Resourceful as Alliance Healthcare is, it helps Alphega Pharmacy members better connect with manufacturers up on the supply chain, receiving better offers or promotional packages. By being together as a network with impact, the independent pharmacies are also gaining more power when it comes to negotiating with government on reimbursement packages to provide primary healthcare service locally. Governments in many European countries are facing a tough time. Many of them have reduced public healthcare budget, which leads to reduced reimbursement to community pharmacies for providing primary healthcare services. Competition

to win these subsidised programmes is getting intense. An individual independent pharmacy could hardly compete against an “alliance” or “network” with several thousand independent pharmacies.

Kalpesh Patel has been with Alphega Pharmacy for more than one year, he is already thinking about upgrading into an intermediate-level membership as he sees and values what the network can bring to him.

Being an Alphega member, Patel’s pharmacy is having more choices from promotional packages and offers provided by manufacturers. Cost of selected products can be reduced as much as by 30%. “Thanks to the reduced cost I can pass the benefit to consumers. Price at my pharmacy is comparable to those from big chain store or supermarkets”, he told Healthcare Executive: “Sometimes my consumers come into my store and say oh this is even cheaper here than Boots! It definitely helps build customer loyalty.”

Dr Gino Scali further illustrated to Healthcare Executive the benefits their pharmacies receive from Alphega network. “To carry out specific tests, devices are necessary for local pharmacies but they are also expensive. Not that many pharmacies would be willing to make a big one-off investment.” Alphega Pharmacy provided members with an option to rent devices (such as blood pressure reader, glucose monitor, and devices for asthma and allergy test) with merely a basic fee. “We value it very much”, he said.

Alphega in certain countries also offers its members a programme of professional “service in a box”, which provides the pharmacy with everything (from equipment to promotional leaflets) they need to provide services such as smoking cessation or weight management support. For example, the box for the weight management program include scales and a tape measure for recording hip-to-waist ratios, as well as DVDs and training manuals, patient follow-up cards, information leaflets and store signs.

And content in the “box” may vary from country to country.

“The McKinsey” for independent pharmacies

Alphega Pharmacy differentiates itself from other buying alliances by offering independent pharmacies far more than promotional packs. It is also the one-stop management consultancy where independent pharmacists can run to and count on whenever they need. It brings value that other pure buying alliances can hardly offer.

When a pharmacist joins the network one of the first things that happens is that a consultant will visit the pharmacy and take photos of it, inside and out, as well as detailed measurements. Similar photos will be taken of competing pharmacies. “We will then come back with a detailed analysis of the population around their pharmacy, showing the demographics of their catchment area”, said Caitlin Sorrell, Managing Director of Alphega Pharmacy Europe. “We will show them pictures with things highlighted that show what’s working and what needs improvement, and we will do the same with their competitors.” The photographs and the demographic data are only part of what that initial report, which takes the form of a 30-40 page book that also includes information about the healthcare professionals in the catchment area around the pharmacy, and information about the percentage of sales to space. The report also includes a list of recommendations that the point-of-sale consultant will then discuss with the pharmacist, setting time frames for recommended changes.

This report is a really powerful tool because someone working in a pharmacy day in and day out very often has likely lost the ability to look at it in an objective and detached way. Sometimes just seeing a picture helps them see things they could do to improve.

“We more often than not get the buy-in”, Sorrell says. “Because generally when the pharmacist implements our recommendations, they see an immediate benefit. That allows the point-of-sale consultants to very rapidly demonstrate their credibility which then gives them license to then have some more difficult conversations.”

Sabine Nouchy is a consultant responsible for 35 pharmacies on the west side of Paris. She visits the pharmacies she is responsible for every month or so, going over sales figures, working with the pharmacy team, and recommending product promotions and other merchandising moves. Most visits last about three hours and are conducted in either the morning or the afternoon: Nouchy says that with established units she tries to spend about one hour with the pharmacist/ owner, discussing sales figures and the owner’s goals or expectations, and two hours with the pharmacy staff, discussing everything from merchandising initiatives to the training opportunities available to them. She advises the network’s pharmacies on everything from the promotional themes the group is recommending each month to the ways the independent pharmacists can boost their sales and offer more services to their customers. She is also able to share best practices among the pharmacies in her charge.

Through Nouchy and others like her, Alphega Pharmacy suggests seasonal promotions that pharmacists should run each month. The independents can decline to participate, but Alphega's advisors can typically cite sales figures to support their recommendations.

"There's a tool to analyse the figures, which is very useful for the advisor as well," Nouchy says. "We can see how many customers the pharmacy is serving a day, for example, and whether that number is increasing or decreasing, and how it compares with other pharmacies in Paris. We can do the same with total sales, and sales of prescription drugs or cosmetics. That gives us a very useful perspective that we can share with the pharmacist when discussing what needs to be improved."

Pierre Vaillant and Sophie Vaillant own Pharmacie du Centre in France. It has been more than five years since they joined the network, and recently they have upgraded their membership level. "We are happy with the Alphega network not because it offers better promotional packages. We value more the guidance it gives to us in overall rebranding, both on hardware and software."

Dr Pierre Vaillant showed Healthcare Executive pictures contrasting the look of their pharmacy before and after Alphega rebranding. The refurbished and rebranded Pharmacie du Centre is more light and cheerful. Through the windows consumers can see inside that the pharmacists are dispensing drugs, talking to patients and helping with customers. More space was designed on the exterior of the house to include a notice board clearly showing customers weekly or monthly promotion information and staff/pharmacists on duty at the pharmacy. "The interior space has been completely redesigned and rearranged, just so we have very clear divisions for each sector of products, such as mother & babies, natural herbal supplements, cosmetics, OTC, prescription drugs etc. Before the display hardly follows any logic and most products mix up. It was not easy if you want to very quickly find something. But now it is convenient for both pharmacists and customers."

The digital strategy

The name of Alphega Pharmacy comes from the Greek alphabet: first letter alpha (A/α) and last letter omega (Ω/ ω) is combined as Alphega, meaning all types of services from A to Z for its members.

Now among the service options provided by the network, there are a few very exciting innovations – going digital.

“We are all aware that consumers are increasingly connected and in their minds the distinction between online and offline world is disappearing – the two worlds are merging and lines are blurring between the two”, said Caitlin. “Brands that are creating a strong relationship online have benefits in their stores, and vice and versa.”

According to scientific research, 54% of consumers who shop online would ideally like the reassurance of some human interaction. It is no longer enough to have brands online, and it is no longer enough to only have stores that customers can visit. Alphega Pharmacy is creating tools to enable its members to increase their presence online, and enables customers to transition from digital worlds to physical world seamlessly.

Starting from the UK and France, Alphega Pharmacy helps its members create their own individual bespoke websites according to their needs. The Alphega team will take care of designing, building and testing the website with advanced functions such as “order & collect” .

The website will be named after the pharmacy, and the pharmacist still makes pricing decisions. Alphega Pharmacy provides all necessary technical support and daily maintenance. And on the condition of consumer data protection, Alphega Pharmacy helps independent pharmacists analyse the online data and provide them with valuable insights.

As the largest pharmacy chain in the UK, Boots boasts 18 million Advantage Card members. Considering the total UK population is 60 million, almost one third of UK people hold Boots Advantage Card, meaning that such loyalty programme has permeated into nearly every single UK family. Consumers are happy to be part of it as they get exclusive offers, whilst to Boots the mega data generated backstage has enable the pharmacy chain to better understand consumer needs and to optimise the stock and targeted sales.

As a next step, Alphega Pharmacy will introduce similar loyalty programmes to its members to help them make full use of the consumer data generated through daily purchase at their pharmacies.

At the end of the day, being digital serves the ultimate purpose of providing better service to consumers and patients in local community. Localisation is the key. “Why Walgreens stores also sell food? Because in America if there is no food in the store people will not even consider pushing the door to get in”, Ornella Barra illustrated.

In the United States, online shopping has changed people’s habits. But in Europe, off-line traditional high street retailing still dominates. In Ornella Barra’s view, it would be difficult to rely on online sale only to provide patients with guidance and advices. What traditional pharmacies do is still much valued even in the digital era. Drug dispensing always needs some human touch. This is about person-to-person care, help and quality service, which will be irreplaceable by any machine or technology.

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