What’s in Store for Pharmacy:
Its significance as a consumer marketing channel and changing role in the treatment paradigm

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Healthcare’s ongoing transformation has widened retail pharmacies’ open door to patient care. Drugstores across the country are primed to deliver in areas ripe for new solutions, including consumer convenience, price transparency and access to timely care. Rebecca Mayer Knutsen reports on the trends.

The fundamentals of healthcare delivery are changing in the wake of the Affordable Care Act, and drugstores are not passively cheering from the sidelines. The retail shops hope to gain a piece of the market by expanding older services to include quick and convenient solutions to what ails us.

The marketplace will be flooded with nearly 25 million newly insured patients during the next decade, and the current structure simply cannot handle such an onslaught. Growth opportunities have popped up for pharmacies due to shifts in primary care delivery, an increase in specialty drugs and a renewed focus on disease state management, observes Hensley Evans, principal and patient marketing practice leader at ZS Associates.

Market research indicates that pharmacists are the right healthcare professionals to step in during an unprecedented transformation in primary care. As noted in a case study from Rx EDGE, which delivers consumer marketing programs through retail pharmacies, the current shortage of 13,000 primary care physicians will grow tenfold to 130,000 by 2024. Retail clinics, with annual growth projections up to 30%, are poised to fill the gap.

Pharmacy can pitch in to ensure access to affordable quality patient care, especially among underserved communities, explains Chrissy Kopple, VP of media relations, National Association of Chain Drug Stores.

Walmart, already the nation’s largest retailer, is racing to add healthcare destination to its accomplishments. The chain has targeted rural areas with carefully placed primary care clinics, advertised to provide disease monitoring. While some laud the move, others are concerned about a retailer’s ability to treat and manage chronic conditions like diabetes.

Underlying CVS Health’s 2014 announcement to remove tobacco products from its store shelves was a more significant strategy, according to David Ormesher, CEO of the agency closerlook. “CVS was tipping their hand to the remaking of a company of retail stores into a health company,” he says.

At Walgreen Co.’s Take Care clinics, consumers can expect easy online appointment scheduling, price transparency and extended hours. Over at Target, guests in Southern California will have easy access to expanded services such as pediatric care and family planning through a collaboration with Kaiser Permanente.

Rite Aid has broken out from the pack with its Health Alliance integrated care model, which leverages a combination of pharmacists and specially trained care coaches. These in-store coaches provide interested patients with additional assistance in areas such as diet and medication management.

**Overview:** The Pharmacy Channel—a Vital Link in the Chain

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“We will continue to see pharmacy’s role evolve in the healthcare delivery system.”

—Chrissy Kopple, VP of media relations, NACDS

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Prescriptions by channel, 2010-2013 (millions)

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Source: IMS Health National Prescription Audit

30% Annual growth projection for retail clinics

Source: Rx EDGE
Disruptive innovation expert Clayton Christensen predicted macro changes in healthcare that would result in better quality care at a decreased cost, Ormesher explains. In “precision medicine,” illnesses with an 80% or greater collective agreement on the treatment protocol, such as sore throat and pink eye, can be easily diagnosed and treated. These illnesses can be moved out of the physician’s office to a clinic setting. Drugstores recognize the value in commoditizing a particular illness and meeting customer needs in a convenient way.

CVS was the first to make a significant move in this arena—initially to capture the millions of newly insured entering the marketplace—but the competition moved in right behind. It’s an entirely new market approach, according to Ormesher, and it’s working. If the consumer rings up a few household items along with a health service or two and a corresponding med, well, then the pharmacy model is paying off. With so much to offer, CVS and others seem to be in a solid position to fend off Amazon’s move toward anticipatory shipping.

But it’s not just the mega chains. Independent shops are clamoring for a piece of the pie, too. Locally owned pharmacies are “in the best position to be nimble and collaborate with local entities to meet specific needs,” says Kurt Proctor, PhD, RPh, senior VP of strategic initiatives, National Community Pharmacists Association. By providing additional services, like immunizations of all types, point-of-care (POC) testing and biometric screenings, pharmacies can help offset the pressure payers are putting on hospitals and physician groups to provide value and quality, says Proctor.

“Consumers are making more healthcare choices because they now own a larger portion of the costs,” Evans states. “People today are short on time and pharmacies provide easy access to services, right in the community.” Pharma is recognizing the opportunity for pharmacy to be a strategic player in patient education and compliance. The diagnosis phase, Ormesher explains, is challenging for patients who generally remember a mere 25% of what doctors tell them. Pharmacies are equipped to address the knowledge gap.

As DTC advertising becomes less relevant to an increasingly fragmented audience, pharmaceutical manufacturers have noted the strength of pharmacies as viable POC channels. Historically, the primary channel was in-the-bag education when patients picked up their medication, explains Evans. The brand pieces were focused on adherence and disease awareness but now pharma marketers are capitalizing on store aisles and end caps, with laser-focused patient-specific campaigns.

Evans points to rapid expansion of specialty pharmacies, which offer specialized care for complex conditions, due to the high volume of specialty drugs entering the market. Pharmacies are developing specialty drug programs—comprised of continuous patient education, medication management and ongoing monitoring—to address unmet needs.

“We will continue to see pharmacy’s role evolve in the healthcare delivery system,” Kopple says. So pull up a chair, take a seat and watch as pharmacies in the US remake themselves into health companies.

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“People today are short on time and pharmacies provide easy access to services.”

—Hensley Evans, principal and patient marketing practice leader, ZS Associates

**130,000** Expected shortage of primary care physicians by 2024

Source: Rx EDGE
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Pharmaceutical manufacturers are relying on the reputation and convenience of pharmacies to help their brands reach a relevant and rapt audience. In-store campaigns—designed to educate consumers, create awareness and incite action—are gaining momentum.

Physicians are busier than ever: Their patient hours are squeezed by administrative duties and the ACA has increased patient loads. For healthcare providers in ACOs, reimbursement depends on outcome. The emphasis on value-based care makes costs and efficacy prime considerations.

Pharmacy’s emergence as a viable marketing channel coincides with its own push to fulfill a multitude of needs for its increasingly health-conscious consumers. Through product launches, initiatives and campaigns at the retail level, brands are benefiting from a boost in awareness, adoption and education.

“Pharma marketers that leverage various channels—including pharmacies—will get ahead,” predicts Hensley Evans, principal and patient marketing practice leader at ZS Associates.

The premise is to reach consumers while actively seeking knowledge to improve their health and wellness. When a patient goes to a pharmacy with an upset stomach, the gastrointestinal aisle is a prime spot to learn about symptoms and treatment options.

A case study conducted by Rx EDGE Pharmacy Networks revealed that consumers often seek out OTC remedies first for conditions such as irritable bowel syndrome. Pharma manufacturers can take advantage of these encounters by offering information and product discounts right in the aisle for prescription IBS products.

The pharmacy provides a venue for bringing awareness to brands pre-launch, thereby driving awareness early in the product lifecycle. Rx EDGE research suggests that pharma marketers should steer away from investing in crowded drug markets and focus their campaign energy on conditions with less information, such as fibromyalgia.

Before GlaxoSmithKline launched the OTC version of allergy drug Flonase, in February, marketers enticed the public with mass-distributed coupons, flyers in drugstores and an introductory video on Walgreens.com.

The allergy category includes several switchers, such as Nasacort spray, which the FDA approved in 2013, variations of the oral Allegra (2011), Zyrtec (2007) and Claritin (2002).

“Rx to OTC switches are unique opportunities to make sure patients are aware of a new product’s status and availability and to counsel on appropriate use,” shares Kurt Proctor, PhD, RPh, senior VP of strategic initiatives for the National Community Pharmacists Association.

That said, brands often vie with private-label products. In a 2011 Walgreens survey, 84% of US adults said they purchased store-brand OTC meds when available. All the more reason to cut through the clutter.

Since pharmacies will be a key platform for many products, determining the best way to market a brand to prescribing bodies has come to the forefront, adds David Ormesher, CEO, closerlook.

“Brands need to think about the profile of the customer they’re trying to reach,” he says.

Drugmakers are turning to several vehicles for placing brand information in pharmacies, including patient materials provided at the counter, shelf-talkers for patients and publications (with strategically placed DTC ads) that target patients waiting for a script.

Evans notes that kiosks will become more common in drugstores. Healthcare kiosks can direct a patient to a drug available two aisles over while revealing targeted messages and collecting patient information that could be valuable to the marketer down the line. Plus, the kiosk itself is prime real estate for product ads.

Through pharmacy websites and social-media outlets, patients and caregivers can gather information to reinforce messages presented in the stores. “These are important vehicles to get quality information in front of patients,” explains Proctor.

Pharmacists earn consumer trust by providing the right information at the right time. Smart brands will figure out how to use this consumer pathway to their selling advantage.
Pharmacy Marketing 101: POC Is an ROI Data Mine

As the pharmacy channel grows in pharmaceutical marketing popularity, companies want to know how prescription volumes are stacking up. How is pharma gauging the impact of in-store communications?

Brand campaigns—aimed at raising disease awareness and delivering educational information—are popping up frantically across multiple points of contact in your local drugstore. The marketing strategy is quickly gaining traction as it aligns well with expanded healthcare services being rolled out in retail pharmacy settings.

In-store delivered communication, according to closerlook’s CEO David Ormersher, is the moment of truth: The consumer is in the store, his wallet is out and he’s ready to make a buying decision. “It’s not like seeing a billboard or television ad for a medication when the consumer isn’t in a position to buy,” he observes.

The main goal for marketers is a targeted brand communication strategy. There’s no better place than the pharmacy, where you have a captive audience with health concerns on the brain.

The pharmacy is the perfect environment to measure the return on investment (ROI) of POC communication campaigns. ZS Associates’ Principal Hensley Evans explains that many brands use the pharmacy channel to achieve strategic objectives around disease education, ongoing patient support and promoting adherence and improved outcomes.

Aided by the buy-in of the major retail pharmacy chains, “brands are continually designing, testing and fine-tuning their consumer-directed efforts for the pharmacy arena,” according to Bill Liebman, president of Retail Intelligence, a company that measures the effectiveness of retail-delivered programs in chain drug, supermarket and mass merchants.

Since the arrival of DTC, in 1999, Liebman says, pharma has developed strategies to inform the public of its newest brands through virtually every media channel possible. The result? An overinformed and confused audience.

With targeted campaigns in the pharmacy, marketers hope to educate consumers at their own pace and at a time when they are already seeking healthcare information. Brand information is fed to consumers via takeaway brochures at the prescription counter, store-entry signage and shelf units featuring informative brochures with copay discounts.

A study conducted by ZS found that the POC marketing spend in physician offices, hospitals and pharmacies has grown 10% annually since 2010 and is expected to exceed $500 million within the next few years.

The process of crunching script performance measurements at the pharmacy is less daunting and far more meaningful than in other POC locations. As a result, pharma is crunching brand numbers like mad.

“In the pharmacy channel, brands can measure the campaign impact on adherence by leveraging anonymized patient level data in test and control groups and then comparing the two,” Evans explains (see chart at left). “ROI, however, varies substantially based on brand objectives and tactics.”

Companies can measure the impact of in-store promotions accurately, often producing a clear ROI analysis within 30 days. “Matched-panel experimental-research-designed studies are used to track the additional scripts generated by in-pharmacy efforts,” explains Liebman. “Properly designed studies eliminate all variables except the in-store program.”

Once the impact of a program has been determined, the logical next step is to use the data gathered to guide the performance of future marketing endeavors. The question remains whether pharma is doing everything in its power to capitalize on this momentous opportunity.
Pharma firms and other healthcare entities are inviting drugstores into outside partnerships that run the gamut of medication adherence programs to clinical trials.

Pharmaceutical companies, PBMs and tech firms are lining up for a chance to take their relationship with national chain pharmacies to the next level: beyond the aisle. To continue riding the patient education wave, the industry is making a splash with creative brand-marketing strategies.

Costing nearly $300 billion annually, failure to adhere to a medication plan is cutting our nation’s healthcare system off at the knees. A growing number of patients simply do not take their meds, whether because they forget or don’t understand the reason for the prescription.

David Ormesher, CEO of closerlook, believes the pharmacy is the right environment to educate the consumer. “Consumers may pick up a script and realize they have questions about dosing and drug interactions,” he says. “It’s an opportunity for the pharmacist to bring out a brochure as a teaching moment, all paid for by pharma.”

A growing number of companies have zeroed in on extending messaging beyond the store. Beginning with targeted emails and text messages aimed at drug adherence, campaigns have advanced to more interactive platforms that can double as data catchers.

On the pharmacy side, Walgreen Co. is jumping into the arena feet-first with several recent collaborations. Through a partnership with WebMD, Walgreens is offering an interactive coaching program on its website called “Your Digital Health Advisor” to target patients interested in smoking cessation and other programs. The drugstore rewards those who record their progress with points in its Balance Rewards system.

Further revamping of Walgreens rewards system, through a collaboration with Qualcomm Life, is designed to help patients consistently monitor their vital signs. Incentivized by earning points, customers can sync mobile health devices directly to their accounts.

By aggregating data from PatientsLikeMe, Walgreens’ website is providing consumers with a platform to read about potential side effects of a particular drug, as told by fellow patients.

An Avella Specialty Pharmacy–branded app, created by mscripts, was found to help increase the medication adherence rates of the retail pharmacy’s HIV patients in a study. With features such as refill and dosage reminders, the app is particularly helpful for this population, which generally requires patients to be at least 90% adherent to achieve viral suppression.

Further cementing pharmacy’s foray into mHealth, CVS Health has equipped its mobile app with a tool to alert consumers when a certain mix of medications might not sit well. The drugstore chain likely has more innovation up its sleeve with its plans to open a CVS Digital Innovation Lab in Boston.

PBMs are getting in on the act, too. Members of AmeriHealth District of Columbia will have access to HealthNHand, new text-messaging software designed to improve medication adherence rates for asthma patients. Developed by Memotext, the platform is due to be launched by PBM company PerformRx.

CVS, which owns the nation’s largest pharmacy services provider, has access to consumers and their prescription data. According to Ormesher, clinical trials, which are often challenged by finding the right candidates to participate, could benefit from CVS’s database and ability to reach out to its constituents in a way that respects privacy laws.

With its recently announced deal to acquire PBM company EnvisionRX, Rite Aid might be trying to fend off the tobacco-less cloud coming from CVS.
As national pharmacy chains struggle to improve patient education and medication adherence rates, technology will play a central role through monitoring patient initiatives and adherence to achieve improved outcomes overall.

The US healthcare system is scrambling to embrace preventative health and wellness initiatives to slash costs across all sectors. With the Fitbit era’s arrival, consumers can steer their weight loss and exercise goals, but can pharmacies help them take it a step farther? The year 2015 will be a telling one as national drugstores duke it out in the digital space to improve patient education and medication adherence rates.

Ryan Walsh, senior director of retail trade strategy at Walgreens, says technology will continue to play a vital role. “Technology provides enhanced patient history insight and allows pharmacists to identify opportunities to close care gaps,” he states.

Pharmacies are significantly involved in patient compliance and monitoring, says David Ormesher, CEO, closerlook. “Wearable devices are becoming tied to analytics and portals where consumers can manage chronic illnesses,” he says. “Doctors can’t handle the amount of data coming from patients, but stores like CVS might have the bandwidth to monitor a patient.”

The laser focus has switched to reducing access barriers and helping individuals engage in their own health. With the proliferation of self-diagnostics and in-home medical devices, drugstores aim to capitalize on the opportunity.

Pharmacy-level changes are evident in the evolution of marketing campaigns, says Paul Darling, office managing principal, ZS Associates’ San Francisco office. “They’re talking more about changing the behavior of the consumer to live a healthier life,” he observes.

Retail stores are embracing sophisticated apps that monitor blood glucose levels or provide adherence support. Rite Aid and Walgreens are both hot on the pursuit of patients who ignore routine immunization recommendations for vaccine-preventable diseases.

The stores hope to capture consumer attention with convenient hours and walk-in policies. “The use of rewards incentives, connectivity and evidence-based interventions can help drive better outcomes and increase medication adherence,” conveys Walsh.

The store that solves the medication adherence issue will be king. “Healthcare costs can be dramatically improved by addressing adherence rates,” explains Darling.

Three Ohio markets will usher in Rite Aid’s newest brainchild later this year: private walk-in HealthSpot stations, where customers connect to HCPs through interactive medical devices and videoconferencing. “We’re focused on creating a health and wellness destination for our customers,” says Kristin Kellum, a company spokesperson.

With recent studies indicating that specialty pharmacies deliver higher adherence rates and better patient outcomes, the boom of PBM-owned businesses will continue. (To wit: United Health Group’s $12.8-billion purchase of PBM Catamaran, announced in March.) CVS Health’s Specialty Connect dissolves specialty medication challenges by offering in-store support services.

Ormesher believes pharmacy is moving in the right direction but may hit a crossroad. “The danger is commoditization as more scripts go to mail order and immediate care centers capture more dollars,” he reports.

To grab profits from newer market entrants, chains must transform the retail environments so patients think of health needs first and the soda aisle second. “Evolving into a full-fledged doctor’s office is unlikely and would undermine the drugstore’s cost model,” Ormesher suggests. “But I see front-of-store services, soft lighting and a nurse practitioner dressed like a healthcare provider.”

Are consumers aware of their responsibility concerning their own wellness? Maybe not, but pharmacies are doing everything in their power to send the message. The path, however, is not perfectly clear, explains Darling.

“I see front-of-store services, soft lighting and an NP.”

—David Ormesher, CEO, closerlook

$12.8B
Amount United Health Group agreed to pay for the PBM Catamaran