

DATA-DRIVEN INSIGHTS 2022:

Counting on Community Pharmacies

The changing role of Australian
community pharmacies on
the healthcare frontline.



The Pharmacy
Guild of Australia



The community pharmacy reimaged

With greater consumer expectations and more services, community pharmacies are heading in new directions.

Community pharmacies are a vital pillar of our national healthcare system and their role has taken on a new meaning since the pandemic swept across the nation.

As essential service providers, pharmacies remained open for business during the pandemic. This provided much needed relief both to the broader healthcare system, and to the wider Australian population through the expansion of the Continued Dispensing Program for medicines, and the delivery of more primary healthcare services, including vaccinations. Often the first – and most accessible – stop for many Australians seeking medical assistance or health advice, the role of pharmacists has grown and so has their significance.

This report draws on data from Westpac and The Pharmacy Guild of Australia to identify some of the key changes in consumer behaviour over the past three years. Westpac cardholder transaction spend data, and specifically, spend within pharmacies across Australia from July 2019 to Feb 2022 was analysed and reveals some surprising and positive insights.

Our report shows how the pandemic has impacted consumer spending habits in community pharmacies. And, with the help of experts, it explores which consumer behaviours are likely to continue into the future.

Importantly, it provides an indication of the changes community pharmacies are likely to experience longer term and offers insights for directions now, and into the future.

About the data and method

- The insights in this report were drawn from the activity of 10,138,322 Westpac Group cardholders, and 800 community pharmacies from across the nation.
- The data is a representative sample and draws from suburb-based data Australiawide.
- Pharmacy spending trends were informed by 88 million transactions totalling \$3.7 billion, with an average spend amount of \$41.70.
- Datasets from Westpac Group and The Pharmacy Guild of Australia were not consolidated. They were analysed separately and then used to complement each other.



Community pharmacies: Insights at a glance

What's changed for Australia's community pharmacies over the past three years? The latest data from Westpac and The Pharmacy Guild of Australia reveals seven clear trends.



Spending is on the rise

Across the nation pharmacy spend increased from \$92.5 million to \$112.3 million from July 2019 to February 2022.

CHANGE IN PHARMACY SPEND:

+21.4%

Jul 2019 to Feb 2022



What's in the basket?

Dispensary spend per basket remained stable throughout the pandemic and into 2022 (up 5.5%), while retail and other health services swelled by almost 60%.



Bucking the online boom

E-commerce soared nationally, but community pharmacies bucked the trend, with online spending decreasing 38.4%, and instore increasing 63.1%.



A spike at discount pharmacies

Service-oriented pharmacies saw moderate growth in spend of 8.7%, while spending at discount pharmacies grew substantially - driven by an increase in store openings.

GROWTH IN DISCOUNT PHARMACY SPEND:

+64.1%

Jul 2019 to Feb 2022



Pharmacy services expand

Free influenza vaccinations were introduced at many community pharmacies to meet growing demand driven by an influenza resurgence and a new consciousness of health issues.

COVID-19 VACCINES ADMINISTERED BY COMMUNITY PHARMACIES, TO MID-2022:

≈8 million



The mood of the nation

Sertraline, an antidepressant drug, entered the 'Top 10' list of prescription medicines in 2020 - the first time an antidepressant has made the list in 14 years.



Christmas spending upswing

Across all jurisdictions, consumers are spending substantially more in pharmacies in December, on both retail and other health services, and dispensary items.

RETAIL AND OTHER HEALTH SERVICES SPEND VS DISPENSARY SPEND, DEC 2021:

2.0x

Metro areas

1.7x

Regional areas

1.6x

Rural areas

Sources: Westpac and The Pharmacy Guild of Australia



1 Spending is on the rise

TOTAL PHARMACY SPEND:

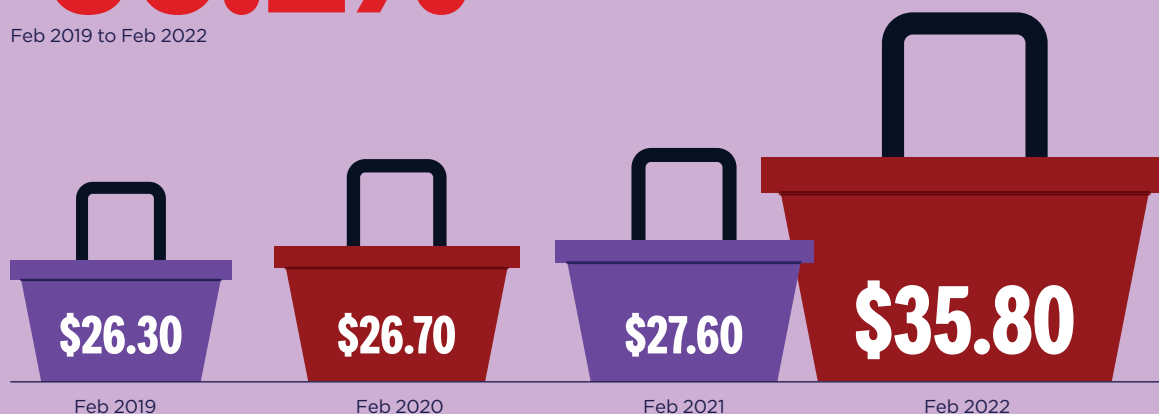


Source: Westpac

CHANGE IN PER BASKET SPEND:



Feb 2019 to Feb 2022



Source: The Pharmacy Guild of Australia

Spending where they work

The data shows that consumers were spending more at community pharmacies in Feb 2022 compared to July 2019, however, the increase was not consistent.

While pharmacies in Sydney and Melbourne central business districts (CBDs) recorded a high in March 2020, coinciding with panic buying prior to the first COVID-19 lockdowns, spending plummeted the following month with the exodus of city office workers. Pharmacies in these CBDs saw a slow recovery to May 2021, followed by another decline to November 2021 in line with the Delta wave.

“Pharmacies located in airports, large retail shopping centres and CBDs have really struggled,” says Trent Twomey, National President of The Pharmacy Guild of Australia. “But the volume of sales as an aggregate hasn’t disappeared – it’s shifted towards local neighbourhood community pharmacies.”

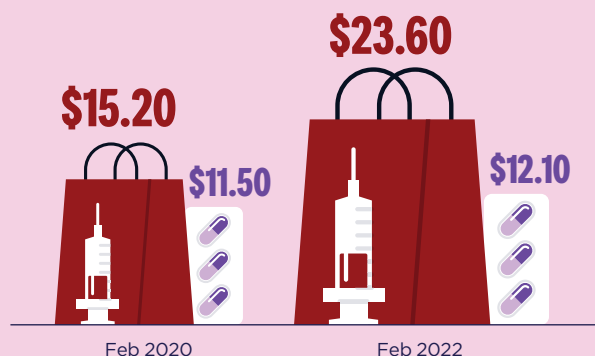
Some pharmacies were quick to adapt, notes Kaizaad Mehta, National Head of Healthcare and Professional Services at Westpac. “Some of our customers located in areas like CBDs shifted to home delivery of medicines to help supplement revenue impacted by lockdowns and reduction of foot traffic.”

Twomey believes the geographical shift in consumer behaviour sparked by COVID-19 may endure beyond the pandemic. “Before the pandemic, we knew that people shopped where they worked, not where they lived. Now we’re seeing a trend for people to shop where they live,” he says. “Of course, this may now also be where they work, given the impact of the pandemic on remote working.”



2 What's in the basket?

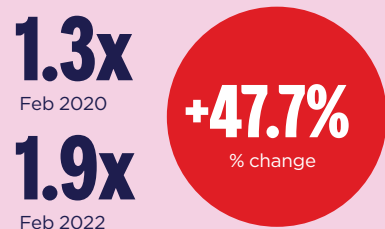
RETAIL AND OTHER HEALTH SERVICES VS DISPENSARY, AVERAGE SPEND PER BASKET:



CHANGE IN AVERAGE SPEND:



RETAIL AND OTHER HEALTH SERVICES / DISPENSARY RATIO:



Source: The Pharmacy Guild of Australia

Unlocking new revenue streams

Dispensary cost per basket remained stable during the pandemic and into 2022, while retail and other health services swelled. "Early panic buying saw a huge spike in demand for products like hand sanitiser," explains Twomey. "People were also more likely to use their community pharmacy to buy items they may normally have picked up elsewhere."

"Pharmacies need to look at how they unlock more diverse revenue streams."

KAIZAAD MEHTA, NATIONAL HEAD OF HEALTHCARE AND PROFESSIONAL SERVICES AT WESTPAC

The growth in retail and other health services can also be attributed to the increasing significance of pharmacists as the first port of call for many Australians regarding their primary healthcare needs.

The dispensary side is largely government funded through the Pharmaceutical Benefits Scheme (PBS), but margins are limited, says Mehta. "So community pharmacies need to look at how they unlock more diverse revenue streams. There's great potential for this as they continue to move towards the provision of more primary healthcare services."



3 Bucking the online boom

ONLINE SPEND:

\$38.0m

Jul 2019

\$23.4m

Feb 2022



INSTORE SPEND:

\$54.5m

Jul 2019

\$88.9m

Feb 2022



Source: Westpac

Open-door policy

The national online shopping trend throughout the pandemic did not extend to community pharmacies. Online pharmacy spending decreased by 38.4%, whilst instore spending grew 63.1%.

Why did pharmacies buck the national online shopping trend? For Twomey, the answer is simple. "Pharmacies were the only healthcare destination in Australia that didn't limit their access to people during lockdown.

"Emergency departments were turning many people away. Elective surgeries were cancelled. Many GPs took to telehealth, while pharmacies did not shut. We saw a lot of people with clinical presentations who ordinarily would have sought advice from either a hospital or a general practitioner. There was a new reliance on community pharmacies during this time."



4 A spike at discount pharmacies

Spending in the balance

In July 2019, service-oriented pharmacies accounted for 77.1% of spend compared to 22.9% for discount pharmacies.

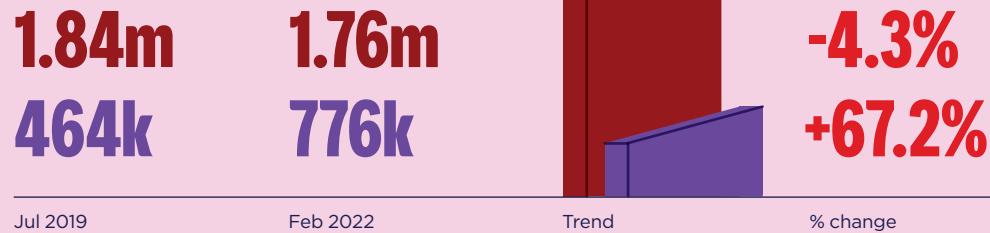
While service-oriented pharmacies saw moderate growth in spend of 8.7% throughout the pandemic and into 2022, spending at discount chemists grew by 64.1%.

“It’s vital our profession meets the expectations of patients and consumers.”

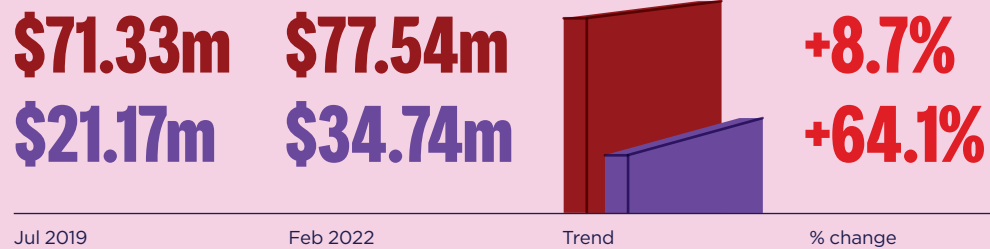
PROFESSOR TRENT TWOMEY,
NATIONAL PRESIDENT OF THE
PHARMACY GUILD OF AUSTRALIA

But there’s another story behind the numbers. While an increase in store openings is likely to account for the boost in spending at discount pharmacies, there was a 1.8% contraction in spend per transaction at discount pharmacies overall. In contrast, spend at service-oriented pharmacies increased 13.4% per transaction.

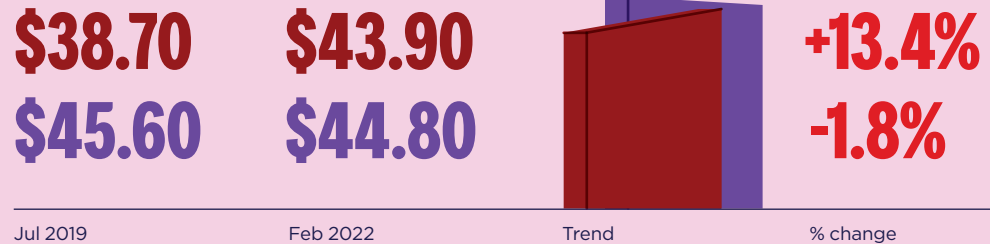
SERVICE-ORIENTED VS DISCOUNT PHARMACIES, NUMBER OF TRANSACTIONS:



TOTAL SPEND:



AVERAGE SPEND PER TRANSACTION:



Source: Westpac

Meeting consumer needs

Discount pharmacies are generally perceived more as retail centres than health service destinations, according to Twomey.

“But all pharmacies are a mix of both,” he says. “It’s just that some are better at providing services, while others are better at retail.”

“Whether you’re discount or service-based, those pharmacies that are making it easier for consumers to make decisions about whether they can access a product or service from their pharmacy before they set foot in the door are the ones that are doing really well.”

“It’s vital that our profession meets the expectations of patients and consumers who may want to check on their mobile phone that they can access a flu jab, or that you have their particular antacid in stock.”



5 Pharmacy services expand

Service booster

Around 8 million vaccines for COVID-19 had been administered by community pharmacies nationally by mid-2022. Prior to the availability of COVID vaccinations, a new consciousness of health issues had already caused the number of Australians seeking flu vaccinations to rise. Amid predictions of an influenza resurgence in 2022, free flu shots were introduced at community pharmacies and general practitioners across the country*, for a limited period.

Meeting the demand

The range of vaccines now available from community pharmacies has expanded since the start of the pandemic. And, as the service offering expands, more pharmacies are seeking new ways to meet that demand.

“A lot of community pharmacies are coming to us with requests for finance for things like dispensing robots to allow pharmacists to spend more time with their patients, or they’re looking to restructure the layout of their stores to have more space for private consultation with their patients,” says Mehta. “We have a strong appetite to support them with this.”

* Not available in ACT or NT.

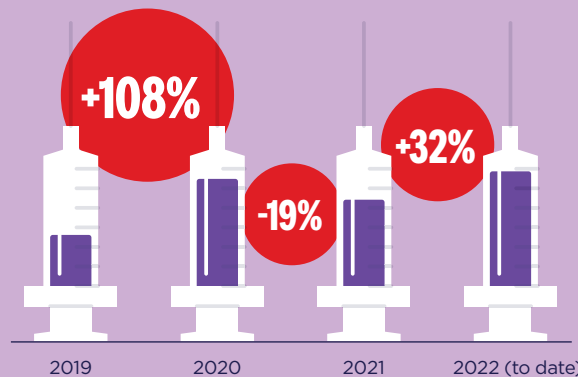
Corporates line up for flu vaccination

The Pharmacy Guild of Australia has seen an expansion of its Corporate Vaccination Program, which allows staff of participating organisations to choose a date, time and local pharmacy to get their flu vaccination.

Demand for corporate influenza vaccinations surged from 13K in 2019 to 27K in 2020. This number declined by around 19% in 2021, driven by pandemic restrictions. However, 2022 has seen an increase in corporate influenza vaccinations, in line with a spike in flu cases.

CORPORATE INFLUENZA VACCINATION NUMBERS:

13,000 27,000 22,000 29,000



Source: The Pharmacy Guild of Australia



6 The mood of the nation

Anxious times

Data from the [World Health Organisation](#) shows the global prevalence of anxiety and depression increased by 25% in the first year of the pandemic. This corresponds with prescription data that reveals the antidepressant drug Sertraline entered the 'Top 10' list of prescription medicines in 2020, after a 14 year hiatus.

“The two largest pressures on our healthcare system are cardiovascular disease and mental health. That was the case before COVID-19. I think the pandemic just shone a brighter light on it.”

PROFESSOR TRENT TWOMEY, NATIONAL PRESIDENT OF THE PHARMACY GUILD OF AUSTRALIA

Change to Continued Dispensing Arrangements

Community pharmacies presented even more value to patients during the pandemic with expansion of the Continued Dispensing Arrangements, allowing pharmacists to give patients up to a month’s supply of their medication without a script, at the PBS price. Twomey says disruption to the supply of a patient’s regular medication makes the ‘top 10’ list of potentially preventable hospital presentations in every state and territory. “Since the pandemic, people who were presenting to emergency departments or general practitioners to get a repeat prescription have been able to go to pharmacies.”



7 Christmas spending upswing

'Tis the season

Across all jurisdictions consumers were spending substantially more in pharmacies as of December 2021 compared to July 2019. This trend was higher in metropolitan areas than rural or regional.

Like the retail sector in general, community pharmacy retailing enjoys a bumper December, but people are also likely to be in store for more than just their Christmas shopping. Benefits for PBS Safety Net expire on the 31st December and start again on New Year's Day, notes Twomey.

"We always get a busy script month as people are trying to get that last box for free before they have to start paying again in January."

HOLIDAY SEASON SPEND, RETAIL AND OTHER HEALTH SERVICES / DISPENSARY RATIO, DEC 2021:

2.0x

Metropolitan areas

1.7x

Regional areas

1.6x

Rural areas



Source: The Pharmacy Guild of Australia

How can pharmacies capitalise on the December foot traffic?

Give them what they really want.

"As a bank, we can help community pharmacies tap into consumer needs via our unique insights around consumer behaviour," says Mehta.

"We also have a large client base of pharmacies right across the country, and we can use our anonymised data to benchmark community pharmacies against their peers, and to gain a deeper insight into their own performance to identify business opportunities."



Seizing future opportunities

Primary healthcare gets a reboot thanks to the continued evolution of community pharmacies.

The pandemic has proven to be an exceptionally busy time for community pharmacies, but it has also presented opportunities for many to expand their service offerings, delivering new revenue streams and ways to capitalise on a deeper understanding of consumer behaviour and a commitment to high levels of healthcare.

What's more, some consumer behaviours triggered by the pandemic are likely to stick long-term, confirm the experts in this report.

"People will be willing to pay to get safe primary healthcare advice – and a solution – if they don't have to wait in a doctor's surgery, and if they don't have to go into an emergency department," says Twomey.

"We're already seeing an expansion in the provision of primary healthcare at community pharmacies and I think we're just starting on this journey."

Westpac is committed to helping community pharmacies evolve and grow, now and into the future.

"We can use our industry insights to add value and help you to unlock new opportunities."

KAIZAAD MEHTA, NATIONAL HEAD OF HEALTH AND PROFESSIONAL SERVICES AT WESTPAC

"Our dedicated healthcare specialists work across the primary health ecosystem and around the country," says Mehta. "We can use our industry insights to add value and help you to unlock new opportunities."



Need to know more?

This information is general in nature and has been prepared without taking your objectives, needs and overall financial situation into account. For this reason, you should consider the appropriateness of the information to your own circumstances and, if necessary, seek appropriate professional advice.

If you have any questions or would like to know more about the information contained in this report, please contact the author:

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