

MEDIA RELEASE

6 November 2017

## Pharmacy report 2017: competition from non-pharmacists a serious threat

Pharmacy businesses are under serious threat from other businesses now selling traditional pharmacy products, according to the latest Moore Stephens Markhams New Zealand pharmacy benchmarking survey.

Atul Mehta, Director, Moore Stephens Markhams Pharmacy business unit spokesperson says the imminent arrival of Chemist Warehouse and other online marketplaces, would likely cause major disruption.

Retail sales as a percentage of total revenue had declined over the past five years and many pharmacies were finding it increasingly difficult to keep retail sales at historical levels, Mr Mehta said.

“Pharmacies that have performed exceptionally well have found further revenue streams to tap into – providing additional services, being part of a funded trial, or finding new platforms to trade with additional customers.”

The 2017 survey report released this month (November) is based on data provided by 141 pharmacies of various sizes from throughout the country.

Overall, the 2017 survey indicated a “mixed bag” of results. The average gross profit has remained constant over the past three years despite increasing challenges facing retail generally and pharmacy businesses specifically.

In particular, pharmacies have faced government funding pressure, the threat of deregulation, and the encroachment of new players into the retail space.

The use of robotics in dispensing is another growing trend noted in the survey report.

“In recent times, as technology has improved, robotic dispensary machines have become more affordable and a growing number of pharmacies are utilising them – 16 percent of our respondents, in fact,” Mr Mehta said.

“This technology is replacing or assisting tasks traditionally completed by a pharmacist or technician with benefits in terms of accuracy, allowing the staff member to complete other tasks, or possibly replacing a staff position and associated cost,”

“On average, we found that pharmacies employing robotic technology had a wage percentage approximately one percent lower, with some significantly lower than average. However, we did see some pharmacies with robots operating at above average wage percentages.”

The national chartered accountancy and advisory network, Moore Stephens Markhams works with over 140 of New Zealand’s community pharmacies. Again, this year the survey was opened to businesses that are not clients of the national group.

Of the 141 participants, 23 percent had either an ownership change or been set up as a new business during the three-year period ending 31 March 2017.

A copy of the report can be obtained by one of the pharmacy specialists in the Moore Stephens Markhams group around the country.

ENDS

For more information, contact  
Atul Mehta  
Moore Stephens Markhams Auckland  
Phone 09 309 6011 | Mobile 021 678 494  
[atul.mehta@markhams.co.nz](mailto:atul.mehta@markhams.co.nz)