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SELF SELECTION VS COUNTER CONVERSATION



GUEST AUTHOR — 30/07/2017

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What is your strategy? How does your performance compare to strategy? asks Glenn Guilfoyle

Bruce Annabel has recently written some insightful pieces around the commercial and strategy comparisons between the so-called hard discounters vs soft discounters vs non-discounters service models in retail pharmacy.

Taking a somewhat cynical purview of these different service models, one could conclude that, for those medicines categories that can be either located on the gondolas in front of the dispensary service counters and/or behind these service counters, the hard discounters tend to

balance toward more stock weight on the gondolas.

The non-discounters tend to balance toward more stock weight behind these service counters. And then there are the soft discounters that Bruce describes as “stuck in the middle”.

It's kind of logical and intuitive. The hard discounters seem to be signalling: “come to our store and we will give you what you want with low touch staff involvement – our massive range, discount pricing and shelf talkers will give you the info you need”.

Conversely, the non-discounters seem to signal a dichotomous invitation: “come to our store and our high touch and professional, expert staff will give you what you need with the info you want”.

If we consider these two opposite scenarios occupying either end of a service spectrum, then of course there is not one single soft discounter position on this spectrum, but myriad positions.

Following Bruce's pop music analogy “Stuck in the middle with you”, The Moody Blues coined the reality of my spectrum analogy beautifully in 1969 with their classic album title “A Question of Balance”.

New data coming to light from the on-going customer engagement and script processing audits conducted by The Next Level, now nearing 300 studies, provides new insights into this question of balance and how it strikes to the heart of strategy around self selection vs counter conversation as sources for generation of volume sales regarding the relevant medicines categories.

The new benchmarks are progressively being supported by growing sample size, and for the current, tell us that:

- As a ratio against total script customer transaction numbers, the current national average of all s3/s2/unscheduled health items sold is 1.9

Considering three location sources that contribute to this total of 1.9

- The national average coming from conversations with script customers at the script counters {ie companion add-ons} is 0.3 , ie 16%

- The national average coming from conversations with otc customers at the otc counter {ie health products basket size} is 0.5 or 26%
- The national average coming of the gondolas in front of the dispensary service counters {ie self selection with/sans any staff intervention} is 1.1 or 58%

As the sample size grows , so too will granularity to be able to group states by their relative s2 legislation. Now it is possible for any pharmacy to assess its performance at two critical levels

- External comparison of non-script health product volume performance against relevant Australian standards at each of these three sources {see above}
- Internal comparison of relative contribution from each source against the business' strategy, ie what % of these sorts of products do you want to generate from counter conversations vs from self selection.

Strikes to the very heart of the pharmacy strategy vis-à-vis the health customer offer. What is your answer to this "Question of balance"?

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