

## NRT—a lost opportunity or just a reflection of reality?

Does the recent recommendation by the National Drugs and Poisons Scheduling Committee to allow nicotine replacement therapy gum and patch products for open sale mean that pharmacy could have done better with this category? BRUCE ANNABEL\* offers this view

RECENTLY I learnt to my dismay and enormous disappointment that much of the nicotine replacement therapy (NRT) category is likely to go open sometime in 2004, subject to final ratification by the National Drugs and Poisons Scheduling Committee (NDPSC) in February 2004.

The impetus for gum and patches going open may well be trans-Tasman harmonisation and the push by a manufacturer incensed at pharmacists over aggressive generic substitution practices (Ed. NDPSC reasons for the recommen-

dation had not been published at time of going to print).

No matter what the reason, I can't help wondering whether the NDPSC would have acted if pharmacists had done a better job with the category. Is pharmacy on the verge of losing another key healthcare category because it failed to defend it effectively?

Unfortunately, most pharmacists regard the NRT category as reactive product supply at a price rather than as a profitable key healthcare solution capable of significantly improving their customers' health and the pharmacy's bottom line. Yet, NRT is one of the most productive categories in pharmacy because it occupies such little shelf space.

During the last four months I have shown the quit smoking 'Crafted Solution' category developed by Hilary Kahn and Mike Lazarow to more than 20 pharmacy owners. It takes up 1.8 metres in width (approximately 13 linear meters), includes the S2 NRT products, complementary products and extensive information. And the cost is minimal.

The pilot sites (four of which I have visited) produced stunning results. Turnover increased by up to four times the previous level and the gross profit margin (dollars and percentage) increased by a greater rate. The up-front investment was paid back by a factor of 10 times in the first 12 months!

While all the owners were interested, only two took it any further. One wanted to install it as soon as possible, but the second believed it was far too expensive and could do it himself. I was astounded. That response is, of course, code for 'it will never happen'. Even if he did try to develop it, the cost would be extraordinary to do it properly and involve a long lead-time.

My experience with this reflects my experiences with the attitudes of pharmacy owners to this category—most believe it is purely price-driven. But the pilot sites

prove the opposite is true. Unfortunately, little attention has been given by pharmacists to the other key drivers of retail healthcare categories, including space allocation, stock levels (range), providing solutions advice, attractive merchandising, information, staff knowledge, in-store promotion and local area promotion.

Assuming the de-scheduling of gum and patches is ratified, pharmacy can still do well by convincing consumers that healthcare support is an integral part of the overall NRT offer. But that can only occur if pharmacy owners and managers treat NRT as a key retail healthcare solutions-based category, and not simply as product at a price.

The aim is to ensure the total offer is solution-driven and differentiated compared with the supermarkets, which will treat NRT in a similar way to most of their categories. That is, product at a price without the holistic solutions advice pharmacist owners can potentially provide.

Pharmacy has been doing a great job for the Federal Government, concentrating on providing a wonderful PBS dispensing service. But, it's time to take advantage of wonderful opportunities that are available right now in the front yard of community pharmacies.

With falling profitability and inexorably rising overheads (rent and wages) pharmacy must start thinking about the whole pharmacy as a healthcare delivery vehicle instead of only the dispensary.

After all, the percentage gross profit on NRT products is 20 per cent higher than the dispensary, including all discounts and rebates. Developing the Quit Smoking category as a solution is a very good start.

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- Janelle Robertson, Illawong Pharmacy (NSW)
- Piri Anderson, Mate St Pharmacy (NSW)
- Heather Chisholm, Somerville (VIC)
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