



We're a weird mob!

THE Fourth Community Pharmacy Agreement is determined by the Pharmacy Guild of Australia and the Federal Government, but customers determine the future of community pharmacies and their owners.

The Guild and the Government can't tell customers to choose your pharmacy over another. The customer decides that and, as competition increases at an almost exponential rate, they have more options from which to choose.

The Agreement is meaningless to a customer's decision on where they fill their script. So, the key issue to remaining viable is to understand customer behaviour and store choice criteria to ensure enough customers select your store over competitors, irrespective of regulation.

Consider these comments:

'Finding out about our customer is becoming more critical and more complex. ...the schizophrenic customer...is almost impossible to read consistently. We see consumers driving the latest Mercedes shopping at Aldi.

'The customer walks in with a specific shopping mission driven by his/her personal values and attitudes. On the surface customers may look similar but it is important...to understand that underneath the exterior is a different tale and each customer has different needs and preferences depending on their motivation that day.

'Customers exert greater control...empowered by technology and regulation. Often people tell us what they want us to hear and not necessarily what is reality.

'Developing insights through innovative models and creative approaches is needed by each and every retailer.'

(Understanding That Complex Customer, *ACRS Retail Register* July 2005).

Add to that wealthy people who will only travel Virgin or Jetstar!

These insights apply equally to retail pharmacy, particularly now that dispensing profitability has been shaken and

aggressive pharmacy competitors are taking slabs of business away from 'me too' pharmacies.

Many of you are now thinking: 'What is this guy talking about? Of course we understand our customers' needs. Service is the big attraction of community pharmacy and the prime differentiator compared with warehouse pharmacies and supermarkets.' Is it?

Customer service values

What do customers really think of service and the features that they value?

Recently ESA Market Research conducted a customer service survey in the UK on behalf of *In-Store* magazine (August 2005) on the key aspects of service highly valued by customers. Here is a short summary.

- Staff politeness was deemed the single most important factor.
- Short and efficient queues (the most important factor for 34 per cent of males).
- Store efficiency.
- Only 10 per cent of shoppers say staff assistance is the most important issue.
- Retailers incorrectly identify service as one big thing instead of a million little things.

Pharmacy came a distant second in the retail rankings.

There are many lessons from the *In-Store* survey results and the *ACRS* article. Most important is that service in the customer's mind is much more than staff.

The five-second test

When walking into a pharmacy I conduct the five-second test. That is, if I were a customer, what do I see immediately upon entering the store? Normally I see a big sign up the back (Dispensary or Prescriptions) and a mass of confused and unattractive clutter in between. That isn't customer relevant, doesn't convey a message and can be off-putting. What does the five-second test say about your store?

And, yes, price is important to customers including those not financially challenged who don't wish to pay top price for a product they constantly buy.

Try these customer relationship scenarios (*ACRS Retail Register* July 2005, *Human Values in Business*).

1. Product groupings

Scenario: 'I can never find what I want easily and you force me to walk along aisles unnecessarily. Why don't you have better signage?'

Customer response: 'Shopping is a chore and I appreciate retailers that make an effort to save me time. They are the stores I will shop at.'

2. Range

Scenario: 'You don't have what I want to buy.'

Customer response: 'Please stock what I want to buy, not what you want to sell me, otherwise I will have to go elsewhere. You make it too hard to shop here.'

To better understand the customers in your market, obtain the latest demographic and trade area reports (customer profiles, market size/share—your wholesaler may assist) to get some idea of which customers your store attracts and those it misses.

Use your POS department, category and SKU data to tell you what customers do and don't want to buy from your store. Talk to your staff and customers about the pharmacy's offer, prices, range, physical format, signage, expertise and so on. Check out all the competition and distill down the reasons why customers shop with them instead of you. Read the book *Why We Buy* by Paco Underhill.

Customers may be a bit weird but they and your understanding of them will determine your future. ■