
Drug makers eye e-pharmacy for real time distribution data

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Drug dispensing and distribution by pharmaceutical manufacturers are poised for a change after [Amazon](#) pharmacy's debut in the country. As part of planning steps, a few drug manufacturers are looking to enter the e-pharmacy space along with the brick-and-mortar outlets. They have two paths to follow — developing their own platform or a possible acquisition of an existing e-commerce platform.

This may help manufacturers in getting real time data about distribution and supply chain of drugs, which is not fully transparent as of now. According to reports, there are over 50-odd e-pharma platforms employing over 30,000 people in the country.

seen a surge in people seeking out e-pharmacies as an alternative than visiting a traditional pharmacy.

“Like telemedicine that allows patients to connect with doctors from the comfort of their homes, pharma manufacturers are looking at e-pharmacies to re-haul the drug dispensing system for chronic disease drugs,” a member of the Indian Pharmaceutical Alliance (IPA) said on condition of anonymity.

“We are open to e-store concept and is one of our focus areas. But we are waiting for the draft e-pharmacy rules to be notified. Also, we are seeking some regulatory changes like amendment of the Drugs and Cosmetics Act and Rules; prescription of molecule names unless brand names specified among other changes,” the IPA member said, adding that the regulations should be a mix of both IT and D&C Act as currently e-pharmacies is a marketplace and is governed by the IT Act.

The primary advantage for pharma manufacturers will be the availability of distribution data. They will be able to maintain their profitability by lowering their marketing spend on the traditional channel and see better volumes from e-pharmacies. Online pharmacies provide real-time detailed data, which will reduce opaqueness in the current system. Data analytics helps manufacturers to forecast demand more accurately and to understand target customers better,” a Hyderabad-based pharma company said.

“Overall, the retail pharma market in India is around Rs 1.5 lakh crore now and is expected to reach around Rs 2.1 lakh crore by 2024. Of this online today is around 2%. Since it is relatively untapped, there is a big potential opportunity and is expected to eventually service 20-25% of the market,” said Dr Surendra Mantena, COO, MedPlus, an omni-channel player in Hyderabad. “Medicines as a product are well suited for online commerce because they come prepackaged, branded, hence the same regardless of where you purchase them, have a fixed MRP and are mostly planned rather than emergency purchases. So customers will migrate to a channel that offers them the best discounts and convenience. Hence, there is an opportunity for e-pharmacies to grab a slice of the market,” he added.

However, there are two main challenges.

“Primarily, pharmaceutical industry is a highly regulated market and e-pharmacies have to make themselves compliant to these regulations. Secondly, almost 99% of medicines sold are branded. They come with a fixed margin which is the same for online and offline players. Since

operating at a loss. Normally, they would make up some of the margin by selling higher margin substitutes or own brands, but this is not likely for prescribed medicines. So the challenge is in sustaining marketshare while operating profitably,” he explained.

A Ficci report on e-pharmacy stated that there was growth of about 8.8 million in the number of households using e-pharmacy services in the lockdown period and was estimated that the e-pharmacy penetration level will be able to tap approximately 70 million households by FY25. As per Frost and Sullivan study, the e-pharmacy market which was estimated at Rs 3,500 crore in 2018, was expected to grow at 63% annually to reach Rs 25,000 crore by 2022.

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