the checkout

inside the **in-store** experience

ISSUE 8, 2013

HEALTHCARE AND PHARMACY ISSUE

IN THIS ISSUE

This issue of *The Checkout* explores how shoppers are managing their health through retail, pharmacy, online resources, and lifestyle choices.

In this issue, you will learn about:

- What shoppers seek from their pharmacy and healthcare services. **(Read more on page 2.)**
- Shoppers who still rely on brick-and-mortar pharmacies vs. mail-order pharmacies. **(Read more on page 3.)**
- Generational differences across healthcare resources. **(Read more on page 5.)**
- Lifestyle health differences between men and women. **(Read more on page 6.)**

powered by The Integer Group® and M/A/R/C® Research

Shoppers Choose Pharmacies Based on Specific Needs

While all pharmacy shoppers seek a positive experience, each retailers' shoppers (as shown in Figure 1 below) have different perspectives on what a positive experience entails. These differences are based on what factors are important to them (e.g., time, quality, and/or price).

68%

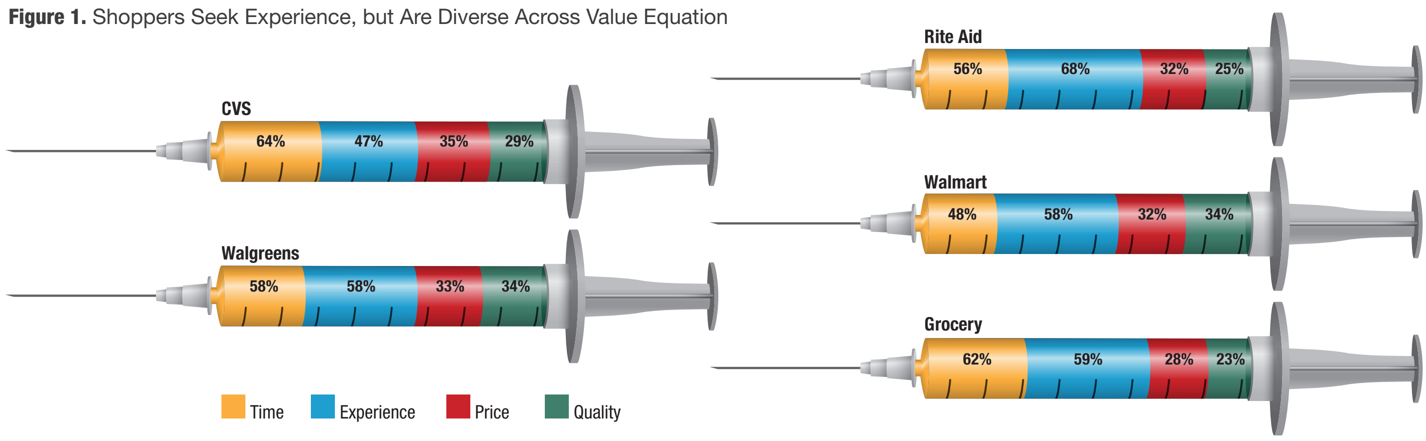
of Rite Aid shoppers seek the lowest price.

CVS shoppers are most concerned with quality. Sixty-eight percent say they want to find the best quality items when doing routine shopping, compared to 48 percent of Walmart shoppers. Walmart shoppers are more focused on cost (58 percent) and also prefer to spend as little time in store as possible compared to other shoppers. Consistent with their price sensitivity, 37 percent of Walmart shoppers choose the Walmart pharmacy due to its low dispensing fees. This is compared to 22 percent of Walgreens pharmacy shoppers, who are more likely to focus on time as being part of a positive pharmacy experience and therefore seek convenient locations and speed of filling prescriptions instead of lower dispensing fees.

Rite Aid shoppers are the most price-sensitive but don't mind spending more time in store seeking the best deals, sales, and promotions. Reflected in their lack of time sensitivity, 68 percent of Rite Aid shoppers also value their relationships with the pharmacist, more so than other retailers. Grocery shoppers, overall, are least concerned with time and experience because the pharmacy is not their main trip driver. Shoppers are there for a weekly stock-up trip and 52 percent choose their grocery pharmacy because they can conveniently pick up a prescription at the same time.

Recognizing differences across retailers and what shoppers are looking for in each store opens up opportunities to further personalize and connect with individual shoppers. This allows retailers to make the in-store experience a positive one by knowing what their shoppers' priorities are. In addition, this gives brands an opportunity to connect their shoppers' needs to the store experience to best reach their consumer in a particular store. Both of these implications lead to driving basket ring for the retailer and maintaining customer loyalty for brands.

Figure 1. Shoppers Seek Experience, but Are Diverse Across Value Equation



Source: The Integer Group® | M/A/R/C® Research, May 2013 Checkout Study, N=1,224

Q: For each priority in the list, pick a number 1 to 10 to indicate how important it is to YOU when you are doing routine shopping.

Q: In the past 12 months, which store has been your main pharmacy, in other words, the one you go to most often to fill prescription medications?

Brick-and-Mortar Pharmacies Still Win Over Mail-Order Pharmacies

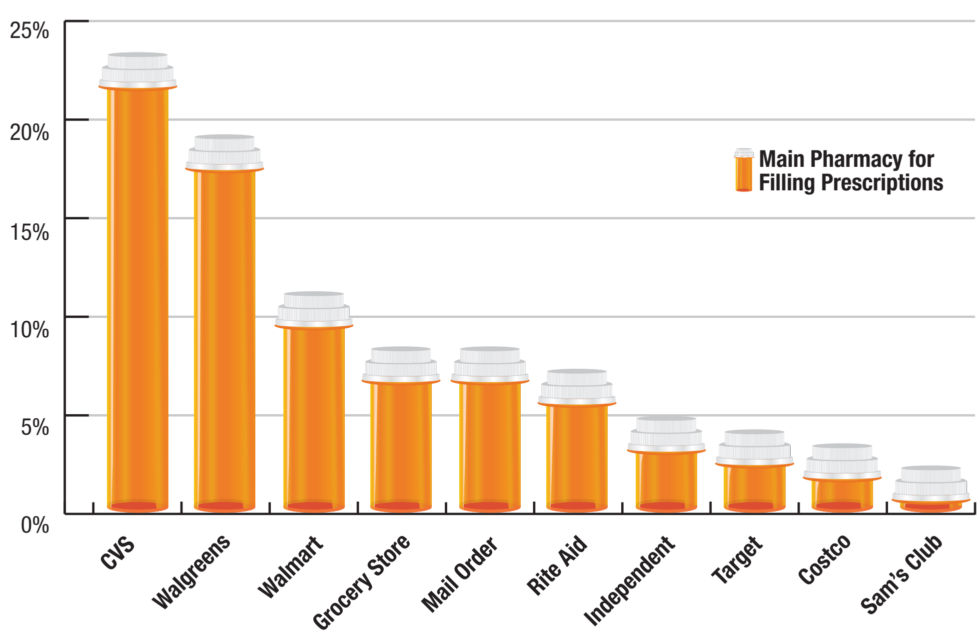
In the past few years, mail order has gained attention from shoppers when it comes to prescriptions, but, overall, brick-and-mortar pharmacies still take the lead over mail-order pharmacies for filling prescriptions. Only seven percent of shoppers are choosing mail order to fill their prescriptions compared to 78 percent who are choosing to fill at their retailer. However, among the 65+ audience, mail-order usage is more than double (15 percent) that of the general population (7 percent). This is most likely driven by their shift to Medicare. For those who maintain their in-store trips, CVS and Walgreens are the most popular pharmacy choices with 23 percent of respondents shopping at CVS and 19 percent choosing Walgreens.

78%

of shoppers fill their prescriptions at a brick-and-mortar pharmacy.

While mail order offers multiple perceived benefits such as convenience, potentially lower costs, and automatic refills, brick-and-mortar pharmacies have done a good job creating programs that help to bring shoppers back. Drugstore programs such as Walgreens Walk With Walgreens and Balance card, CVS ExtraCare, and Rite Aid Wellness Ambassadors offer engagement and personalized healthcare for multiple conditions plus savings on prescriptions and purchases throughout the store. This is a bonus for shoppers because 30 percent of shoppers like to continue shopping while waiting for their prescriptions to be filled.

Figure 2. Shoppers Are Still Filling Prescriptions at Brick-and-Mortar Pharmacies



Source: The Integer Group® | M/A/R/C® Research, May 2013 Checkout Study, N=1,328
Q: In the past 12 months, which store has been your main pharmacy? In other words, the one you go to the most often to fill prescription medication.

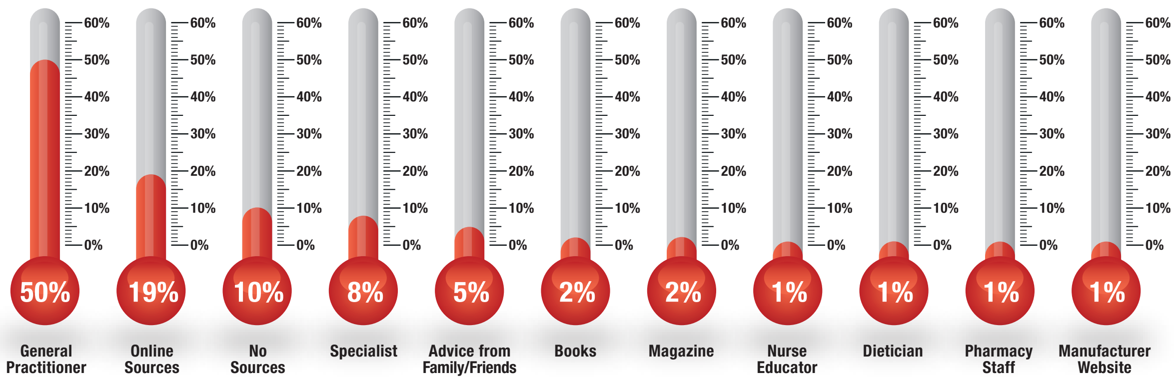
General Practitioners Are Still the Go-To Source

Consumers and shoppers are moving toward a more proactive healthcare mind-set, meaning that they focus on how to take better care of themselves day to day. But even with information at shoppers' fingertips, general practitioners still remain the number-one source of information for shoppers, as shown in Figure 3.

50%

of people most often rely on their general practitioners for health information.

Figure 3. Health Management Resources



Source: The Integer Group® | M/A/R/C® Research, May 2013 Checkout Study, N=1,328
Q: For information about managing your health and wellness, which of the following sources of information do you rely on most?

21%

of Millennials go online for health information, compared to

15%

of Boomers.

Source: The Integer Group® | M/A/R/C® Research, May 2013 Checkout Study, N=1,328
Q: For information about managing your health and wellness, which of the following sources of information do you rely on most?

While shoppers still rely on traditional resources, they are starting to go online more frequently, with 19 percent of respondents saying online is their most relied-on resource for health information. The shift toward online resources is more prevalent in younger age groups as they try to determine which resources work best for them (as Table 1 below shows). For instance, overall, younger age groups have a lower income than older generations; this could contribute to Millennials' reasoning for searching online, at no cost for information, before going to visit a doctor. This shift is an opportunity for retailers and brands to communicate with younger generations online in a way that helps them understand how to obtain health and wellness information that is still personalized, but on a more frequent basis than just at a yearly general practitioner visit.

Table 1. Health Management Resources Differ for Millennials and Boomers

Resources for Health Management	Millenials (25–34)	Boomers (50–64)
General Practitioner	38%	58%
Online Resources	20%	15%
Advice From Family and Friends	11%	2%
Specialist	6%	10%

Personal Care Desires Vary

Differences in the resources individuals use to find health and wellness information is due to their desire for different types of education and care. One of the biggest differentiators in how people choose a pharmacy is their relationship with the pharmacist, because patients have so many different individual needs when it comes to healthcare.

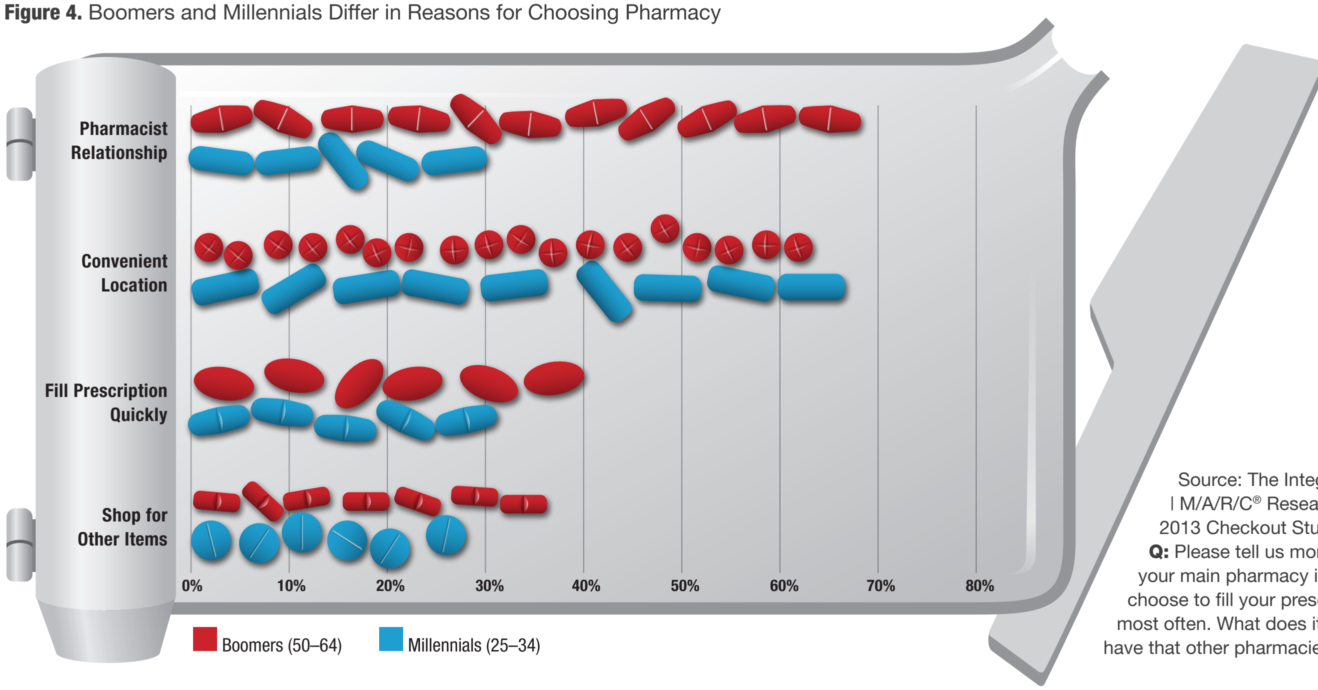
For instance, Boomers desire more personalized care, meaning considerations such as whether or not the pharmacy staff pays attention to customers, knows who individual customers are, and the staff's overall knowledge are the top priorities for Boomers. However, Millennials are more concerned with location over relationship as well as whether the pharmacy can fill their prescriptions quickly.

67%

of Boomers choose a pharmacy based on their relationships with the pharmacist.

This leaves us wondering what role pharmacists will play in the future. Will younger generations desire more personalized care as they get older and develop more conditions, which leads to more health questions and concerns, or will they increasingly go online for information instead? Looking to the future, retailers and brands might need to develop new ways to deliver personalized care outside of the brick-and-mortar pharmacy.

Figure 4. Boomers and Millennials Differ in Reasons for Choosing Pharmacy



Source: The Integer Group® | M/A/R/C® Research, May 2013 Checkout Study, N=1,328
Q: Please tell us more about why your main pharmacy is where you choose to fill your prescriptions most often. What does it offer or have that other pharmacies do not?

Women Continue to be More Health-Conscious

While shoppers still go to the pharmacy for health information, they are also starting to take a more proactive approach to healthcare. Paying attention to their eating habits by reading nutrition labels (50 percent) and cooking at home (64 percent) are the top behaviors shoppers exhibit on a daily basis to stay on top of their health.

Men and women have similarities in criteria for choosing a pharmacy such as convenient locations and quick filling of prescriptions. However, overall, men prefer their store to be more functional, while women seek an experience. This mirrors what we typically hear about men being more practical when it comes to shopping behaviors and women being more experiential. These behaviors translate to their day-to-day healthcare as well. Overall, women and men are both adopting proactive health behaviors, but women are doing so more consciously. With an overarching shift toward healthier habits, brands need to consider where they fit in regard to health and wellness.

Almost 60% of women regularly think about their eating habits.

Figure 5. Women Are Generally More Health Conscious

Source: The Integer Group® | M/A/R/C® Research, May 2013 Checkout Study, N=1,328
Q: Which of the following do you do regularly (daily – weekly) to help manage your health and wellness?

Implications for Brands and Retailers

1. **Shoppers' Needs Vary; Understanding Them Opens Opportunities.**
Even though the pharmacy is a necessity-driven trip, shoppers still seek an enjoyable experience. Retailers have the opportunity to tap in to who their shoppers are and what "enjoyable" means to them and then deliver both functional and experiential shopping for customers. As shoppers continue to seek personalization, especially with healthcare, the importance for retailers and brands to learn who is walking through their doors, purchasing products, and how to connect with these shoppers continuously increases.

2. **Emphasize Your Pharmacists at Drugstores.**
Reasons for choosing a pharmacy differ across men and women as well as generations. A large portion of shoppers makes a decision based on their relationship with the pharmacist or their trust of the pharmacist's knowledge. Other store factors, such as location and product variety, are not as easily altered, but retailers can bring their pharmacists to the forefront by helping them spend more time with patients, providing tools that aid in answering patient questions, and allowing them to get to know customers who are frequent visitors. This gives pharmacists the ability to connect and drive loyalty with shoppers who come in because of a health condition, not just a prescription.

3. **Reaching a Wider Audience.**
While younger generations lean toward online information for personalization now, will they continue to seek online information as they grow older? If so, retailers will need to change their communication strategy and develop ways for credible pharmacists to remain a resource for younger generations. For brands, this offers an opportunity to connect with younger generations as a trusted resource online now so that, in the future, brands will remain top of mind as Millennials continue to develop their own habits and routines regarding healthcare.

4. **Proactive Healthcare.**
While women are more health-conscious than men, in general, everyone is becoming more proactive in their day-to-day care. Providing products, education, and customized health solutions connects pharmacies with shoppers on a topic that is personal and relevant. With a consistent health buzz in our society, retailers and brands have a chance to continue having the health conversation with their customers but also push themselves to differentiate what their health positioning is as a company, both in store and online.

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The Checkout is based on a nationally representative survey of 1,200 U.S. adults conducted monthly by ***M/A/R/C Research.*** Please contact us to learn more about the data we collect or additional analysis.