

VIRTUAL NETWORKS OF PHARMACIES

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Abstract

The aim of this work was to focus on the description of how pharmacists work in virtual pharmacy networks and the use of the expertise of pharmacists to withstand the fierce competition in a constantly changing, unstable economic environment. In this work are described in detail the different types of pharmacy chains, especially their priorities, advantages and disadvantages.

Abstrakt

Cílem této práce bylo zaměřit se na popis způsobu práce farmaceutů ve virtuálních lékárenských sítích a na využití odborných znalostí lékárníků, aby obstáli v tvrdém konkurenčním boji v neustále se měnícím, nestabilním ekonomickém prostředí. V této práci jsou detailně popsány různé druhy lékárenských řetězců, především jejich priority, výhody a nevýhody.

Keywords

Virtual chains, hard chains, corruption, ethics, independent pharmacies, internet pharmacies, medicine

Klíčová slova

Virtuální řetězce, tvrdé řetězce, korupce, etika, nezávislé lékárny, internetové lékárny, léčivý přípravek

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"I declare that this work developed independently, and I missed it or to get another of the same title. At work I have said all sources of information from which I drew in its creation. "

Contents

Abstract.....	2
Keywords.....	2
Klíčová slova.....	2
Acknowledgements.....	3
Contents.....	4
1. Introduction.....	6
2. Target work.....	8
3. Theoretical part.....	9
3.1 History of pharmacy after 1992.....	9
3.2 Dispensing and its content.....	11
3.2.1 Proper pharmacotherapy.....	11
3.2.2 Patient compliance.....	13
3.2.3 Lifelong education of pharmacists.....	14
3.2.4 Psychological aspects of being a pharmacist.....	16
3.3 History of pharmaceutical chains.....	17
3.4 Pharmaceutical chains in the Czech Republic and their classification.....	19
3.4.1 Description of the pharmaceutical chains.....	21
Česká lékárna holding a.s. – brand name Dr.Max.....	21
Benu.....	26
Alphega.....	31
Moje lékárna.....	41
PharmaPoint.....	43
A-lékárna.....	44
Dobrá lékárna.....	45

	Pharmia.....	46
	Magistra.....	47
	Apo-Tip.....	48
	Co-Pharm a.s.....	50
	Družstvo lékáren.....	51
	Medifin.....	53
3.5	Pharmaceutical chains in Europe and in the world.....	58
4.	Results and discussion.....	60
5.	Conclusion.....	70
6.	List of sources and literature.....	72
7.	List of figures.....	78
8.	List of tables.....	81
9.	List of graphs.....	82
10.	Annex.....	83

1. Introduction

Everyone has experience with different types of behaviour on the part of traders in their interaction with customers. The same applies to different approaches of doctors, pharmacists and medical staff in hospitals, surgeries or pharmacies.

At the moment, the Czech pharmaceutical market is very liberalised. There are almost no regulatory measures or geographic regulations for opening a pharmacy. We can even come across two pharmacies next to each other in the same street. No matter how unreal this may seem, there are actually many instances of this in the Czech Republic. In such a case the competition is intense and pharmacists try to win their patients and customers using various benefits, bonuses and discounts. It is a rather sad view when we realise where pharmacy is currently heading. Business with medicines, unfortunately, matters more than professionalism and expertise of pharmacists.

Pharmacies are often perceived as so-called uniform counters serving medicines or „shops with magic pills“. However, it is quite the opposite. There are pharmacies or groups of pharmacies under a single logo but offering very different services and consultancy to their clients.

In the case of virtual pharmaceutical chain there is a certain type of partnership, since the pharmacy belongs to a pharmacist. Since these pharmacists enter into associations willingly, they have to adhere to certain code of conduct. An advantage of a virtual chain is a very close relation of a contractual nature between the pharmacy and its distributor. A network of pharmacies prepares in coordination with their wholesaler a business strategy that is used when negotiating with producers and in communication with patients. Most often this has a form of a project that is very well elaborated in terms of marketing and business. This is linked to central negotiations about financial conditions for supplies from producers, which leads to lower prices for patients.

Successful virtual pharmacies focus mainly on providing quality pharmaceutical care to their patients. This enables them to dedicate more time to necessary consultations with patients and naturally to increasing the expert qualification of the pharmacists and staff working in the pharmacy.

Another important aspect is the possibility that a pharmacy may be promoted under a unified marketing in leaflets with special offers or websites. If a project by a virtual chain has also very strong background, this allows for entering into global partnerships and agreements with the most important pharmaceutical producers.

2. Target work

The aim of my thesis is to describe the work of a pharmacist in a virtual chain and his/her expertise how to succeed in tough competition and unstable economic environment.

My thesis describes different types of chains on the market, their advantages and disadvantages. I focus on the project of so-called independent pharmacies, connected into virtual chains which – in most cases – try to strengthen relations between pharmacies, distributors and producers; there is also the constant effort to improve systems of expert education particularly when it comes to professional management of the pharmacies, which will result to improving the communication between the members working under a project and also in relation to patients.

Virtual pharmacies should ensure quick and highly efficient access to patients on the highly concentrated, competitive pharmaceutical market.

The objective of the project is to use perfect business procedures in practice in order to ensure satisfaction of patients, while achieving business objectives of pharmacies, distributors and pharmaceutical producers.

3. Theoretical part

3.1. History of pharmacy after 1992

The beginning of the 1990s saw the end of the era of pharmaceutical services in the spirit of so-called socialist and unified health care and a new era started opening new possibilities for Czech pharmacies. State-owned companies were being privatised and the state was managed by so-called market economy, which meant a revolutionary change to pharmacies, too.

Pharmacists saw the great benefit of private business and their interest into private pharmacies was increasing. However, by opening this industry to private businesses, liberal market economy and freedom to run business showed also its seamy sides. Pharmacies could be run by „laymen“, despite warnings coming from colleagues from neighbouring countries (Germany, Austria). Private and independent business meant a lot of pharmacists' dreams came true, but it also unfortunately opened the door to natural and legal persons who had no idea about the principles of this industry and they were willing to sell virtually anything, paying no attention to the actual mission of pharmacists. Their main aim was to make highest profit possible, which is actually very far from the ideals of proper pharmacy. It is only sad that similar examples can be seen even in countries with well-developed market economy.

Unfortunately, the current laws (Act No. 160/1992 Coll. on Health Care in Non-State Health Care Facilities) enabled unregulated opening of pharmacies, which means that a pharmacy may be owned by a natural or legal person meeting the conditions for opening a pharmacy as stipulated in the laws in force and it has an expert representative – a pharmacist with required certificate. This leads to a situation when the original medical nature of pharmacies vanishes and pharmacies become a matter of commerce.

Act on Pharmaceuticals (No. 79/1997 Coll.) allows sale of certain pharmaceuticals out of pharmacies, thus making it accessible to a wider general public. This concerns certain tea mixes, some mass produced pharmaceuticals – analgesics, enteric disinfectants, etc.

The last decade of the 20th century gave rise to new pharmacies and with regards to turning back to some of the ideals of the pharmaceutical occupation, we witnessed how pharmacy lost its prestige and its humanistic position. Purely commercial pharmacies were opened. Between 1992 and 2013 the number of pharmacies rose by incredible 39% to 2581 pharmacies (detail in the 2013 Annual Report of the Czech Medical Chamber).

In 1993 Regulation No. 49/1993 Coll. was issued regulating the conditions that have to be met before a health care facility (i.e. a basic pharmacy, pharmacy with expert workplace and detached dispensaries handing out pharmaceutical and health care preparations) may be opened.

The regulation includes construction parameters of essential equipment of a pharmacy and a set of rules for designers. This regulation saved and keeps saving Czech pharmacy from a transformation of *farmacopolia* (= pharmacies) to *farmacopopolium* (= pharmaceutical grocery).

The beginning of the 1990s is characterised as a period when new pharmacies with modern elements were being opened. (1)

At present we may speak about a period of so-called pharmacy differentiation, which can be divided into two development trends. The first one is represented by pharmacies which, unfortunately, are commercial, while their look is very modern. From the aesthetic point of view they are of high standard, but they lack important facilities, e.g. technical background that would allow for communication with patients in a discreet zone. This commercial trend is pushing its way through also in connection with shopping centres where pharmacies are run rather like other shops. These pharmacies are run by legal or natural lay persons who focuses primarily on business with pharmaceuticals and selling other complementary pharmaceutical goods.

It is rather sad that pharmacists seem to be forgetting the original ideals such as devotion and unselfishness linked to health care provided to the ill, while business with pharmaceuticals and sympathising with the commercial concept of this occupation steps forward. Currently it is very difficult to estimate how many pharmacies have preserved their effort to maintain its nature of a health care facility and a human face. Generally speaking, we may conclude that the 1990s and the beginning of the 21st century did not bring a very positive development to the pharmaceutical industry, but – in a way – caused its return to the past, although in a modern form of modern time pharmaceutical “shops”.

Pharmacy in the Czech Republic certainly has a positive future, but we can only guess in which direction it will actually evolve. I am confident that we will witness development and return of pharmaceutical care and one day pharmacies will be considered not a shop with pharmaceuticals, but rather pharmacotherapeutical consulting facilities.

3.2. Dispensing and its content

Being a pharmacist is linked to a certain level of responsibility and expertise when providing patients with information. In addition, it is also a consulting and advisory job.

Studying pharmacovigilance (monitoring adverse effects of pharmaceuticals) is a necessary precondition and patients need to be involved in this process, since by monitoring rare and unusual adverse effects we had no idea about we can prevent many health complications.

The primary objective of clinical monitoring is to assess results of pharmacotherapy and its impact on physical and mental health condition of patients. Monitoring pharmacotherapy is one of the optional professional qualification of pharmacists. The mission of pharmacists should be offering medical preparations and services, thus helping people and society use it as efficiently as possible. When communicating with patients, certain rules should be followed, most importantly creating a pleasant atmosphere and trust. This also concerns medical staff, while it is important to respect their instructions and thus provide for patients' adherence and compliance. Pharmacists should ensure each patient has the right approach to pharmacotherapy (compliance) trying to avoid as much as possible to so-called medical errors.

3.2.1. Proper pharmacotherapy

The objective of monitoring pharmacotherapy is ensuring that a medication is administered to the right patient, at the right time, in the right amount and in the right pharmaceutical form and through the right application cause the required response. The achieved response has to be duly documented.

The results of monitoring pharmacology are principally recommendations of preventive measures and strategies for coping with the problems pertaining to the pharmaceuticals. It is necessary to take into account the general diagnosis and treatment of each patient using certain prescribed medications. Pharmacists should contribute to so-called rational pharmacotherapy in patients, thus ensuring that each patient uses the lowest amount of pharmaceuticals possible, prevent interactions, duplicate medication and contraindications and also contribute to treatment optimisation and patient quality of life. If alternatives may be used (so-called substitution of medications), the most economic treatment should be chosen.

Proper medication

The fundamental question is, whether the right medication for a given diagnosis or patient's condition has been indicated.

Was the medication original or was it its generic alternative (i.e. medical preparations containing the identical efficient substance with the same application and in comparison with the original medication they meet the required quality, safety and efficiency standards)? Was the selected medication most favourable for the patient in economic terms?

Proper patient

Is the prescribed medication really intended for the given patient? Was he prescribed a medical in a prescription or request form by his/her physician? Are on the prescription details about the patient who actually came to the pharmacy or do they relate to somebody else? If the latter is the case, the patient has to be informed (in writing, by phone) about the proper use of the given medication, unless the patient has enough information about the medication.

Proper time

Was the medication administered at the right time and in the right interval after other medications? Does using the medication in question affect any food or drinks? Was an optimal time for administering the medication chosen with respect to its pharmacokinetic parameters?

Proper amount

Was the right dosing scheme of the medication taken into account? Is the patient an adult, child or a senior? This question is very important when it comes to determining the proper dosing scheme for the patient depending to which category he/she belongs, as this can significantly influence and negative impact on their health. Children are most exposed to risks, since their medication dosing has to be defined depending on their weight.

Proper medication form

Was such a medication form used that is most beneficial to the patient and will help him/her achieve the optimal effect seen from the perspective of the medical substance release in the treated area? Is the patient able to use the medication in order to ensure the required efficiency of the treatment?

Proper application

Was the right technique used when using the medication and through the relevant application path?

Proper response

Were the therapeutic aim and final therapeutic result achieved? Were there any adverse effects such as medical interactions, duplicate medication or hypersensitivity? Were objective studies or laboratory tests carried out (at the right time with respect to the medication administration and its interaction with e.g. food) that would guarantee the treatment efficiency?

Proper documentation

Was a report written about the response achieved after administering the medication? Were all the results written down to the relevant medical documents?

3.2.2. Patient compliance

Pharmacists are in daily contact with many patients at the dispensing stage and they should give them the best information and consultancy relating to the pharmaceuticals they hand them, i.e. more than the compulsory dispensation minimum. At the same time, pharmacists should be their partners in the “health care provider – patient” relationship. Not all patients are able to follow pharmacists’ advice. This irresponsibility on the part of patients may lead to a partial failure of treatments and thus to escalation of negative symptoms during the treatment. Many people suffer from different health issues, thus having to rely on pharmaceuticals. However, patients often do not use their medications in the way they should. The question is why. Pharmacists may adjust their conduct to mental characteristics of each patient, but with the patient being interested and cooperating, we face so-called non-compliance. Proper medication dispensing and using dosing tools positively contributes to proper use of pharmaceuticals.

COMPLIANCE:

This term comes from Latin (“cum placere = complacere” means to please, to enjoy) and it may be defined as a patient’s willingness to cooperate with a medical staff member (doctor, pharmacist, ...), willingness to follow the prescription when using the medication, adhere to the treatment plan and follow advice and recommendations given by medical staff. It is the degree to which a patient adheres to recommendations given by a medical staff member.

In the patient – provider relation, the patient is in a submissive role, which has negative impact on patient compliance. Patients should understand how to use pharmaceuticals properly (dosing, application techniques, self-monitoring), otherwise we cannot expect them to follow their medical treatment.

Patients should be motivated to use medications with respect to the seriousness of their condition and they should be aware that the efficiency of the treatment depends above all on their motivation. Patients’ behaviour – very individual to a great extent – is the last pillar of proper compliance. The use and application of a given medication depends on the duration of the treatment.

The opposite of compliance is non-compliance, i.e. the patient’s unwillingness to follow recommendations given by medical staff. (2)

3.2.3. Lifelong education of pharmacists

Lifelong education of medical staff members is defined by Act No. 95/2004 Coll. as continual renewing of knowledge, skills and qualifications corresponding with the expertise and advancement in their field and latest scientific findings. Lifelong education is a comprehensive system that serves the purpose of pharmacists' expertise throughout their careers. It is intended for all members of the Czech Medical Chamber. Membership is compulsory for all people working in pharmacies.

The forms of lifelong education differ. They encompass various events – congresses, seminars and conferences, individual educational stays at relevant expert workplaces, e-learning tests, lecturing, publishing and various trainings or courses held by the Czech Medical Chamber. The events that are a part of this cycle have to meet the condition of increasing or deepening expert qualifications. Members' participation in the educational event (whether active or passive) is confirmed by the organiser by issuing a written or electronic document.

Lifelong education takes place in three-year cycles. In this period each participant has to gather the minimum amount of points, of which at least 20% at events held by, patronised or recognised by the Chamber. The minimum number of points in a three-year cycle is 90. Each member who gathered at least the minimum of required points in a cycle of a Lifelong education is entitled to request a certificate from the board of directors of the Chamber and can present this certificate publicly.

The recommended areas for the events that are a part of lifelong education:

- Pharmaceutical technology
- Pharmacotherapy
- Phytotherapy
- Pharmaceutical legal, economic and tax issues
- Homeopathy
- Patient psychology, communication skills
- Interactive dispensing seminars
- Food supplements and their interaction with medications
- Historiography and other pharmaceutical sciences

Points given for the events:

1) Publication in the field

- a) Monograph, textbooks – 40-120 points per publication
- b) Expert article published in expert press or at an expert website – 20 – 40 points (this value may be increased by up to 100% in case of publishing in journals with high impact factor)
- c) Popular science article in lay press – 5 points
- d) Review – 5 points
- e) Preparing distance forms of education – 5-10 points

2) Lecturing and teaching in the field

- a) A lecture at an expert forum – 20 points
- b) A lecture at an expert forum abroad – 40 points to the main author, other authors 20 points
- c) Educational lecture for general public – 10 points
- d) Poster – 10 points
- e) Teaching activity – 50 points for teaching a subject in a school year (at least 10 lessons taught / school year)
- f) Defending PhD and dissertation thesis – 30 points
- g) Obtaining specialised qualification by passing a postgraduate examination in one of the following subjects: public pharmacy, hospital pharmacy, clinical pharmacy – 90 points

3) Expert stay in a pharmacy, research fellowship in a workplace recognised by the Czech Medical Chamber

- for each day 5-10 points, maximum 40 points per year

4) Participation at an event held, patronised or recognised by the Czech Medical Chamber

- points are given according to the actual extent of the expert program at these events
 - a) Maximum 2 points for 45 minutes of an expert program

- b) Distance form in the form of a written exam or e-learning text – points given individually depending on the type and difficulty
- c) Regional gathering of pharmacists – 3 points
- d) Regional gathering of pharmacists with an expert lecture – 3 points + at least 3 points for an expert program

5) Other events

- a) Visiting the exposition of the Czech Pharmaceutical Museum in Kuks – 2 points (at most once a year)
- b) Visiting a museum with a pharmaceutical exposition – 1 point (at most once a year) (3)

3.2.4 Psychological aspects of being a pharmacist

An ill person comes to a pharmacy where he/she gets medications and expects their favourable effect and help with their problem. What plays an important part is the psychological effect on the patient when a diagnosis is being determined together with a suitable treatment and administering a relevant medication. In the case of an ill person we try to remove and thus heal a given health condition. An ill person shows certain features of specific behaviour aimed at recovering. In order to recover, a person is often willing to undergo a treatment that may often be painful and follow instructions of the medical staff. An ill person is in a specific mental state and believes a certain medication will help. The truth is that without faith in the treatment, the healing process would not be sufficiently efficient. (2)

In the doctor-patient relation the doctor's role is always dominant, while patients are in submissive position, which they also require. This situation calls for so-called placebo effect. The scheme of a drug effect may be expressed in the following equation: the total effect of a drug equals to the sum of pharmacological and placebo effects.

However, the therapy does not end by a patient seeing the doctor, but it continues in another health care facility – a pharmacy. A pharmacy should not be considered a mere medication dispensary, but rather a health care facility where the patient interacts with health care staff – a pharmaceutical expert. Verbal communication is a very important part of this interaction with pharmacists providing important information about the administered medication.

Non-verbal communication (a pharmacist's appearance, gesture, facial expression, voice) is equally important for positive influence on the patient. A pharmacist should represent a representative, confident and harmonic personality with good knowledge of medications. A pharmacist should show consideration to his/her patients and react sensitively to their mental state and actual needs.

A patient should be leaving the pharmacy being certain to have received the most suitable medication for his/her problem and should respect instructions of the medical staff.

An indispensable part of a proper pharmacist's practice is an expert explanation concerning the medication while making sure the patient always understands the explanation. At present, modern *ars pharmaceutica* (pharmacist's art) will lie in the ability to express information about pharmaceuticals in the language of a given patient.

We shall conclude by saying that in order to achieve the required objective, the expert level of dispensation is connected with a suitable psychological approach to patients. The appropriate combination of expertise and well chosen words gives patients hope their treatment will be successful.

3.3. History of pharmaceutical chains

Pharmacy has been through a long development before it became what it is today. In prehistoric times, thousands and thousands of years ago there were people who could prepare medical preparations and they could use them to treat illnesses or treat various wounds or injuries. These people went on improving their abilities, gathered new experience and they focused exclusively on this field.

Later on, a part of people who could prepare a medical preparation and used it to treat or heal an ill or injured person. These were the first natural healers and their skills and abilities were irreplaceable for the whole society and they became highly respected. The society trusted them and they were considered as real experts in their field. In ancient times, these natural healers focused particularly on learning about the healing effects of plants and natural substances. The Middle Ages brought a fast development of pharmacy and chemistry, which plays an important role in pharmacy.

Pharmaceutical network started to expand. New "monastic" pharmacies were established: these were "institutional" and served only a narrow group of patients. "Public" pharmacies were open to anyone, they belonged to towns and were managed by a so-called "proviser".

In the 17th century a lot of other public, municipal as well as monastic pharmacies were founded. What is perceived positively are pharmacies that opened in health care facilities of the Order of Merciful Brothers, complementing hospitals. The rise of modern type of pharmacy as we know it dates back to this period.

Many pharmacies had similar look as today and pharmacists started to be respected and highly regarded experts.

The rise of new sciences – biochemistry, pharmacology, toxicology occurred when the Medieval Age changed into modern times and its nature was almost revolutionary.

Physiological effects of medications in the body started to be researched in great detail, similarly to chemical composition of medications or appropriate adjustment and increase of the healing effect, while reducing any adverse effects. (1)

New and new healing substances kept appearing, they were modified chemically in order to become even more efficient. Later, these substances were synthesised. One of the first synthetic drugs was Aspirin. It remains to be the most famous medication with a wide range of effects that still has its supporters.

However, before pharmacy became exactly what it is today, it went through many changes. The assortment of healing preparations has recently expanded almost incredibly, while the assortment of food supplement and medical supplies keeps increasing. New medical forms have started appearing.

Research of new medications is underway, scientists study proved effects of medications, comparative studies and scientific results may one day surely bring us medications against diseases we are not able to heal yet. People working in pharmacies are qualified pharmacists with a Master degree who have studied at least five years at university. All of them thus have the “Mgr.” degree, those who carried on with their studies are doctors of pharmacy (“PharmDr.”). By participating in further education, they may become certified specialists in different fields.

Pharmacy assistants are another independent profession in pharmacies. They study after passing the graduation exam at vocational schools, once known as nursing schools. In further education they become certified specialists.

Pharmacy attendants are in charge of cleanliness, cleaning and hygiene on all premises of a pharmacy, they help with the reception and storing of medications and with other activities. Pharmacists and pharmacy assistants are in a continuous educational process by attending expert lectures, trainings or seminars and conferences (lasting several days) where they receive the latest information from their field.

3.4. Pharmaceutical chains in the Czech Republic and their classification

Methodology of thesis was based on these key words: virtual networks of pharmacies – virtual chains of pharmacies – chains of pharmacies (in Czech).

1. ***Hard pharmaceutical chains*** – they are usually owned by a legal (or natural) person –non-pharmacist, a pharmacist works here as an employee or expert representative. A pharmacist must fully respect the business strategy of the chain owner. These hard chains are vertically connected with a pharmaceutical wholesaler (e.g. BENU – Phoenix, Česká lékárna (Dr.Max) – Viapharma (under the PENTA investment group)).

2. ***Franchise pharmacies*** – it is so-called pharmaceutical franchise, base on the principle of a traditional franchise as we know it from other industries (e.g. McDonalds). A pharmacist remains to be the owner, however, he/she must adjust his/her business strategy to the concept of a franchise – look and labels in the exterior and internal equipment in a uniform style, showcasing goods (so-called category management), marketing offers of producers are managed by the franchise owner. For all this, pharmacists are paid a fee that increases their profitability.

A typical example of a franchise is BENU, a project of franchise pharmacies that covers about 50 pharmacies.

3. ***Virtual pharmaceutical chains*** – pharmacies are owned by pharmacists – natural persons (or a legal person in the case of Ltd. = s.r.o.), which – upon joining a virtual chain – undertakes to respect rules pertaining to its concept, look and marking of the exterior, participation in marketing and business activities of the group. Pharmacists usually pay a certain fee for their membership, on the other hand, they receive profit from commercial and marketing activities which allow them to compete with hard pharmaceutical chains and other businesses on the market. Virtual pharmaceutical chains are a perfect form how an independent pharmacist may compete with others, while they are still allowed to use their expertise towards patients (expert programs, prevention programs with patients), Virtual chains have common marketing strategy: they support their own brand on the market and its reputation in media.

Today, virtual chains are one of the most commonly used form of participation of private pharmacies and they are usually connected with a specific pharmaceutical distributor. The largest European virtual chain is Alphega pharmacies (over 6500 pharmacies in Europe). In the Czech Republic the virtual chain of Alphega pharmacies has 250 members (connected with the pharmaceutical wholesaler Alliance Healthcare) and Moje lékárna (380 members) cooperating with Pharmos.

4. **Buying Groups** represent another option of independent pharmacy grouping on the market. The pharmacies are owned by a pharmacist (natural or legal person). In this case a pharmacist, a member of a buying group, benefits from advantages related to buying together from pharmaceutical producers with the aim to achieve more favourable buying conditions. Buying groups usually only focus on business activity, they have no intention to form a joint business strategy, coordinated approach to patients or promotional and marketing activities.

Figure 1 CHAIN SEGMENTATION

Buying Groups	HARD	VIRTUAL
Družstvo lékáren	Dr.Max	Alphega
Magistra	BENU	Moje lékárna
Copharm	Devětsil	Pharmapoint
AVE	Novolékárny	A-lékárny
	Medifin	

Source: own creation based on the presentation of Michal Bošek. Cooperation with pharmaceutical chains. [quoted 18/03 2015] (4)

3.4.1 Description of the pharmaceutical chains

a) Hard pharmaceutical chains:

Česká lékárna holding a.s. – brand name Dr.Max

Figure 2 Logo of Dr.Max pharmacy



Source: Rynek Franczyzy. <http://rynekfranczyzy.pl/apteka-dr-max/> [quoted 17/06 2015] (5)

The Dr.Max chain is run by Česká lékárna holding a.s., a joint stock company founded in 2002 in Brno. Česká lékárna holding a.s. merged in 2004 with Penta Investments and initially ran only 25 pharmacies. In 2006 when it merged with BRL Center CZ it started running its chain under the Dr.Max brand. Currently this network has almost 360 branches and it is the biggest employer of pharmacists in the Czech Republic with approx. 25% market share concerning public pharmacies.

Pharmacists may join various education systems that provide them the possibility of permanent professional growth. These programs stand on three pillars: professional education, trainings in economics and courses focusing on psychology and communication. Dr. Max pharmacies also offer various consultancy and advisory services. The consultancy services concern a group of patients suffering from addiction to nicotine, diabetes mellitus (DM) and asthma bronchiale (AB). Pharmacies also join various prevention programs, under which they cooperate with professional institutions, particularly with the Czech Pharmaceutical Chamber.

Distribution for Dr.Max pharmacies is selectively provided by ViaPharma, its sister company with three distribution centres: in Rudná u Prahy, Brno and Ostrava. These pharmacies also own a new modern laboratory in Rudná u Prahy, which includes clean premises for sterile manufacture of eye drops, infusions and so-called all-in-one bags (comprehensive nutrition for ARU patients).

An advantage of chain pharmacies situated in shopping centres is their long opening hours, a disadvantage being less personal approach and often more limited offer of pharmaceuticals. An important aspect of commercial success of these chains is so-called stock supply optimisation.

If a pharmaceutical is offered in different versions by multiple manufacturers, a chain buys in bulk only from two or three of them and does not try to have the largest offer possible in terms of different brands. Patients coming with a prescription for another medication are then offered its alternative, which is possible under certain conditions. (6)

About half of its branches are situated in shopping centres, in so-called shopping malls. Their design is very modern, clear, simple but sometimes the pharmacies look rather like regular shops than *lege artis*. It has been on the Czech market for several years and it is gaining publicity due to bonuses and frequent special offers, which many patients find very attractive. According to their motto, Dr.Max pharmacies endeavour to give their patients best health care possible, trying to become their “first choice” pharmacies.

Dr. Max will gradually focus more on distinguishing between pharmacies by their locality and customers. E.g. shopping centres work fine in the case of OTC medications and other items, which together make up almost 80% of their total sale. By contrast, hospital pharmacies serve mainly people who come for prescribed and recommended medications. (7)

The client program of Dr.Max in the Czech Republic is very well developed. It consists of a client card, on which bonus points from each purchase of medications and food supplements are accumulated; clients may use these points to buy some products for a discount price.

Dr.Max pharmacies received the „Senior friendly“ certificate thanks to providing their employees with specific trainings. The pharmacy employees should thus be able to advise elderly people on their problems and communicate with them in a warm and friendly manner.

I am personally a little doubtful about the proclaimed high standard of expert pharmaceutical care. Although their slogans and mottos may sound very convincing to many clients, we need to see this issue from a different perspective. It is a so-called „hard chain“, when the priority is profit, not pharmaceutical consultancy. This is documented with their narrowed assortment, reduced – in comparison with traditional public pharmacy – to some 1500 medications. Pharmacies with full assortment offer about the double. Dr.Max pharmacies have recently started focusing on selling so-called private brands produced by pharmaceutical companies exclusively for their chain. These include generic Rx drugs, OTC as well as complementary assortments (vitamins, food supplements). Pharmacies then offer generic substitution (in the case of medications with the same effective substance and in the case of patient’s consent) or they only offer patients products with a private brand. The question remains, whether this is always the best option for the patient.

The undeniable advantage of this chain are long opening hours, sometimes even 12 hours a day, 7 days a week and very easy (barrier-free) access to the pharmacy. In some regions they substitute the role of missing pharmaceutical emergency. When it comes to their relation to other chains, they are very controversial. The quality, assortment and consultancy services can be easily competed, Dr.Max’s advantage clearly is great promotion and flexibility concerning opening hours, which is very comfortable for some patients as they can buy the medication they need even late in the evening, when other pharmacies are already closed.

Penta turned Dr.Max in the Czech and Slovak market into player No. 1. Its network is partly run in the form of virtual pharmacies, where its operators are their owners unified under the same brand. There are around 100 of them. However, Penta has two fundamental objections against franchising. The first is the fear that the Dr.Max brand could suffer some kind of damage after being built for 8 years. The second problem concerns the market: with respect to the fact that Dr.Max caused its consolidation, small pharmacists have negative feelings towards this network. Penta runs over 480 Dr.Max pharmacies in the Czech Republic and Slovakia and 70 in Poland, where it is about to complete the acquisition of Mediq Apteka, a pharmaceutical chain, which will bring 270 pharmacies more and Penta will thus become player No. 2 in the Polish market. (8)

I shall conclude by saying that Dr.Max certainly has great business and marketing strategy, on the other hand it has certain restrictions concerning the extent of their assortment, while having a business-like approach to its patients. Virtual pharmaceutical chains that I am going to describe further in the text are a certain alternative to this steadily growing chain.

Figure 3 Interior of Dr.Max pharmacies



Source: Laso.<http://www.laso.cz/www/cz/prizemi/dr-max-lekarna/> [quoted 18/03 2015] (9)

Figure 4 The map of Dr.Max pharmacies in the Czech Republic



Source: FPharm. http://www.fpharm.uniba.sk/uploads/RTEmagicC_prace_v_Dr.Max_CZ-page-001.jpg.jpg [quoted 18/03 2015] (10)

Figure 5 Exterior of Dr.Max pharmacies



Source: Penta koupila lékárny Harmonia, bude z nich Dr. Max
http://marketingsales.tyden.cz/rubriky/obchod/penta-koupila-lekarny-harmonia-bude-z-nich-dr-max_317416.html [quoted 18/03 2015] (11)

Figure 6 Client card of Dr.Max pharmacy



Benefits of client card:

1. Discounts up to 50% surcharge
2. Special discounted Dr.Max prices
3. Individual discount coupons
4. Other benefits

Source: Dr.Max [online]. 2015 Available from: <https://kartavyhod.drmax.cz> [quoted 07/07 2015] (12)

b) Franchise pharmacies:

BENU

Figure 7 Logo of BENU pharmacy



Source: Benu.<http://www.benu.cz/> [quoted 01/03 2015] (13)

(Note: The bird BENU, depicted in the logo of BENU pharmacies is a mythological bird coming from ancient Egypt symbolising life, energy and innovation.)

“BENU lékárna” is the trade name of the chain of pharmacies run by BENU Česká Republika a.s. that belongs to the group of the pharmaceutical wholesaler Phoenix. This network has over 120 own pharmacies and approx. 50 pharmacies under the only franchise concept in the Czech Republic.

The network of BENU pharmacies was originally run under the brand “Pharmaland”. Under the multinational corporation Phoenix these pharmacies in the Czech Republic joined the uniform brand for continental Europe. Currently, the brand covers 1,500 pharmacies in 13 European countries.

BENU pharmacies offer their patients and customers relatively modern approach to health and preventive care which is totally in line with the requirements of our modern times. All pharmacies have large self-service zones where customers may have a look at all OTC medications offered for sale and decide whether they will buy them or not. Expert personnel checks for any contraindications and interaction with other medications.

BENU pharmacies offer their customers a wide range of prescription drugs, including non-prescription medications (OTC), food supplement and medical cosmetics. In each BENU pharmacy you can receive your Medical card BENU, which is convenient not only for patients, but it also has a useful monitoring function facilitating the work of pharmacists. The Medical card BENU check automatically for any interaction between the medical preparations and/or food supplements used.

I find these automatic checks very beneficial, since they may prevent any complications related to the use of medications, on the other hand this leads to vanishing of the prestige of pharmacists, since it is them who are considered experts in the field of medications and their interactions.

Pharmacists should give to patients clear information about medications they have bought, not only read information from available sources – they should actually know them since it is their job.

Advertising campaign of BENU pharmacies tries to describe basic principles of BENU philosophy, in Czech using 5 Ps:

APPROACH first-class:

The importance of electronic media keeps increasing. Thanks to the media patients receive information about the medications and they often come to pharmacies well informed. Some patients try to search for advice concerning healthy lifestyle and disease prevention. The task of a qualified pharmacist is to be an expert reference helping customers to find optimum solutions of their problems. An indispensable part of consultancy is balancing between the objectivity and subjectivity. A pharmacist should understand the patient's needs while being a partner.

ENVIRONMENT pleasant:

BENU pharmacies offer their customers the possibility to choose their medications and find more information about them in so-called self-service zones. Patients can thus be easily informed about the size and price of a given medication. Self-service zones have several advantages. Customers have enough time for choosing their medications, which reduces queues and waiting time, which, in turn, decreases the risk of getting infected from ill patients. Patients have a feeling of more privacy, since thanks to these zones they do not have to be afraid of having to describe their delicate problems in front of other customers.

STAFF professional:

Currently there are over 100,000 different kinds of medications and food supplements in different packaging, with different effect strength, type of administering, price and quality. BENU pharmacies try to make strict selection of the medications they offer.

The quality of preparations may be questionable in certain aspects. At the moment the quality of medications is guaranteed by modern machines and technology, but still, nobody is infallible, which applies also to modern technology, where errors may be due to inaccuracy on the part of human factor or a machine, e.g. when determining the amount of a given effective substance and unfortunately also when checking the quality of medications.

COVERAGE surprising:

In the Czech Republic there are over 170 BENU pharmacies. This network of pharmacies tries to distinguish from its competition, while trying to meet its patients' and customers' needs. Their approach to preventive and medical health care is very modern and flexible.

COME, you'll understand:

The truth is this slogan sounds as mere advertisement which tries to attract customers to “understand” it is not only promotion, but reality.

Having visited a BENU pharmacy in Pilsen when gathering expert information in relation with my diploma thesis, I understood these are really high-quality pharmacies with modern equipment, where expert staff tried to provide patients with necessary information in a friendly manner. The dispensation minimum was maintained and thanks to medication cards pharmacists are able to give patients necessary important information that are often missing even in the patient information leaflet.

BENU ACADEMIA:

It is an educational project intended to general public who would like to learn about new trends in health care. The project offers to introduce patients to prevention and treatment of some health conditions and the information provided by the lecturing doctors are completely for free. The projects cover topics that slightly change on annual basis. The seminars take place on the premises of the pharmacies and it was necessary to obtain a permit from the State Institute for Drug Control (SIDS/SÚKL) first. SÚKL issued a permission to establish a „tutorial room“ for providing medical information on the premises of the pharmacies and holding educative events.

It was necessary to monitor in the long term what problems patients often complain of and what topics they would be most interested in. The first topic discussed was “Backache and its Treatment”. On the basis of monitoring the current situation in the society, “Prevention of Colorectal Cancer” was also included, since this condition affects a large number of people in the Czech Republic. Another discuss topic was the often ignored issue “Correct Protection from UV Radiation”. The most successful topic was “Sleep Disorder and its Treatment”, since the number of patients suffering from this condition, which is often due to bad eating habits, sleep hygiene and stress, keeps growing.

People interested in attending the seminars may enrol using a form at the BENU website (www.benu.cz), by phone, email or in person in the pharmacies.

Figure 8 Promotional campaigns of BENU pharmacies



Source: Benu.<http://www.benu.cz/predstaveni-hodnot-benu> [quoted 01/03 2015] (14)

Figure 9 Picture of the premises



Source: Franchising.cz <http://franchising.cz/franchisa/137/benu/> [quoted 01/03 2015] (15)

Figure 10 Client card of BENU pharmacy



Source: Lékárna pod Marjánkou [online]. 2015 Available from: <http://www.lekarna-marjanka.cz/benu-lekarna> [quoted 07/07 2015] (16)

c) Virtual pharmaceutical chains:

Alphega

Figure 11 Logo of Alphega pharmacy



Source: Lékárna Damona je jednou z více než 220 Alphega lékáren.<http://www.damonapharm.cz/novinky/lekarna-damona-se-stala-jednou-z-vice-nez-220-alphega.html> [quoted 20/02 2015] (17)

Virtual pharmaceutical chains have recently become the trend not only in the Czech Republic, but also in other European countries and in the USA. In Europe the number of virtual network members is around 6,000 in 9 countries. Five virtual pharmaceutical groups created together with the Association of Pharmacy owners (in Czech Grémium majitelů lékáren, GML) the platform for Czech pharmacy. As they claim in their declaration, the representatives of the incorporated subjects have united and defined priorities of Czech pharmacy from the perspective of public pharmacy owners. (18)

It is a response to developments in the Czech pharmacy in recent years, notably the strengthening proprietarily interrelated classical pharmacy chains (Dr. Max and Ben) and medical oligopolies (group Agel).

The Alphega concept started in France in 2001. These activities then spread in other countries, e.g. in Italy, Spain, the United Kingdom, Germany, the Netherlands and in 2008 in the Czech Republic. The number of members in European countries differs state by state. In the past couple of years there has been a gradual growth of the number, of which the most members are in France: 1,200 followed by German with over 1,000 members. The project started gained success not only in developed countries such as the United Kingdom, Spain and Italy, but also in Russia or Turkey. What is thus the key to such success?

The success is mainly due to a certain change in the nature of independent pharmacies (compared with so-called „hard or fixed chains“) and their different approach to patients. The fundamental features of the chains can be easily described.

Independent pharmacies try to face the competition of chain pharmacies, which is the reason why they unite in order to have common marketing strategy and purchases. (19)

Alphega is an association of independent pharmacies with the objective of providing above standard services to its customers. Its key values are patients, their health and satisfaction. Alphega pharmacists try to approach each customer individually, taking into account their health condition and long-term pharmacotherapy. They make effort to give professional advice in a friendly manner and provide unique services to their customers. Alphega offers on contractual basis the following:

- a) Community of partner pharmacies
- b) Increasing the competitiveness
- c) Using the Alphega brand
- d) Meeting sales targets
- e) Wide marketing support

Membership in the Alphega project has a certain degree of exclusivity and the pharmacies need to meet certain commitments concerning their turnover.

Hard chains in the Czech Republic have a totally different strategy of selling medications than virtual chains. Their main target is their commercial success and profit for its owners and shareholders, which is also the basis for motivation and remuneration of pharmacy employees. These pharmacies try to attract their clients with sophisticated marketing consisting of special offers, discounts and – above all – returning the regulatory fee (note: regulatory fees in the Czech Republic were cancelled as of 01/01 2015). At first sight, this may seem as a very attractive offer. However, the opposite is true.

The mission of virtual pharmacies is contributing to the improvement of health quality through the model of an independent community pharmacy.

The Alphega concept of virtual pharmacies focuses primarily on building a strong European network of independent pharmacies under a single brand. It offers to independent pharmacists a complete palette of services with added value, marking their pharmacies with a unified logo and – last but not least – also professional trainings for pharmacists including projects focusing on patient care. The project also offers supporting services in the field of retail sale together with various advantages when ordering and purchasing.

The indisputable advantages of membership in this project are:

1. Income from producers and distributors allowing a pharmacy to increase its profitability and become more competitive on the market
2. Offering quality pharmaceutical care services to patients and organising special consulting days for them
3. Holding professional seminars for pharmacy employees
4. Each pharmacy has its own marketing and complementary program which facilitates responding to particular patient requirements
5. International background and the possibility to share experience on international level

Key benefits of Alphega Pharmacy:

1. Close follow-up and support from a business mentor
2. Solutions for buying better and operating more efficiently
3. Solutions for driving consumer traffic and sales
4. Support in anticipating and shaping the evolution of the pharmacist's role
5. Being an active member of a local, national and European network of peers

Figure 12 Interior of Alphega pharmacies



Source: Alphega. <http://www.alphega-lekarna.cz/web/consumer-facing/alphega-lekarna-u-matky-bozi-roznov> [quoted 05/03 2015] (20)

Figure 13 Interior of Alphega pharmacies



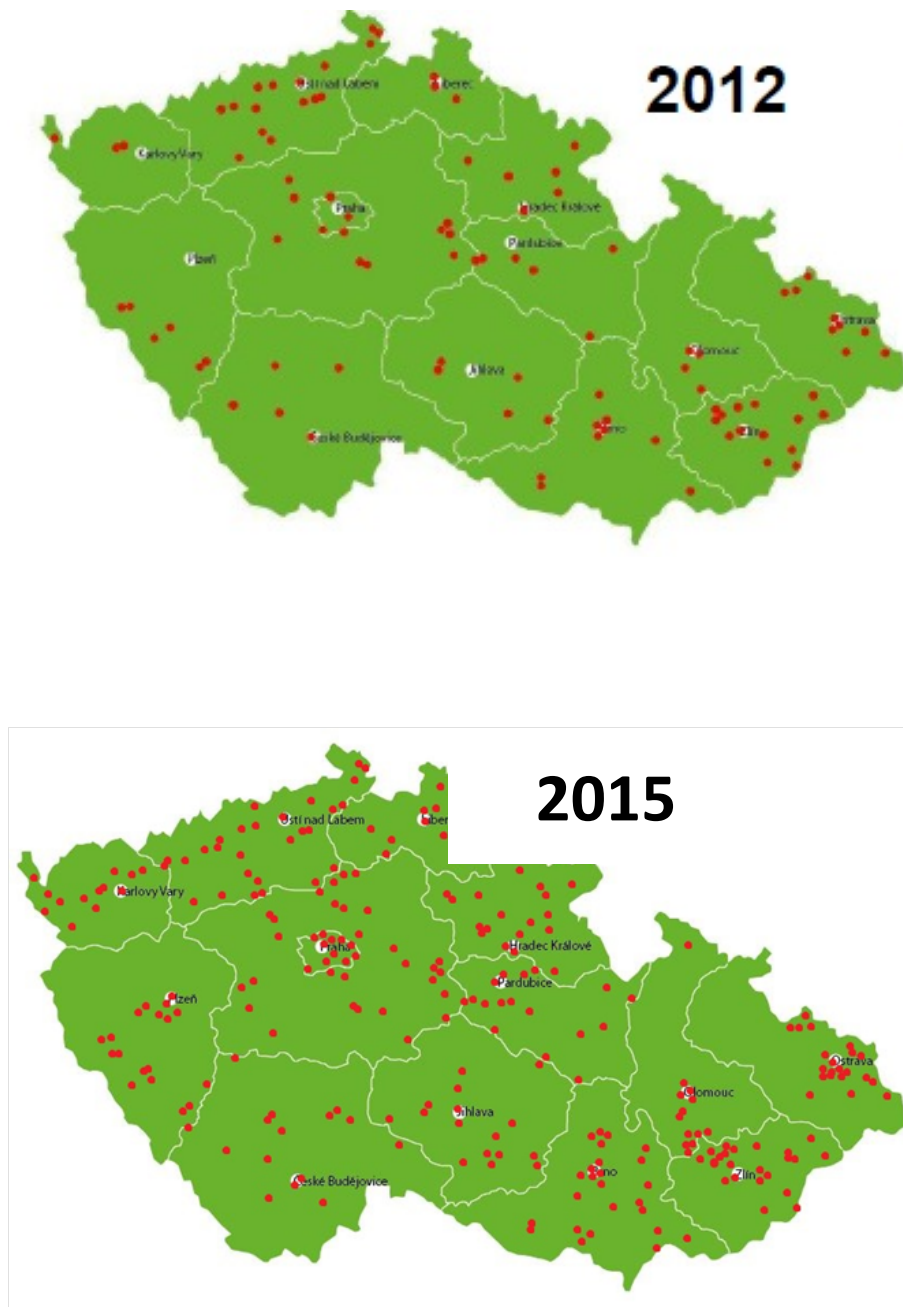
Source: [Alliance-Healthcare. Kadan_Alphega_interni2.jpg](#) [quoted 20/02 2015] (21)

Figure 14 Interior of Alphega pharmacies



Source: [Alliance-Healthcare. Kadan_Alphega_interni3.jpg](#) [quoted 20/02 2015] (22)

Figure 15 Alphega pharmacies in the Czech Republic between 2012 and 2015



Source: Alliance-Healthcare. Alphega pharmacies. Principles and development of the concept [quoted 18/03 2015] (23)

In the last three years the number of Alphega pharmacies increased significantly (more than 100 %). The reason is growing competition of hard chains, overall lowering pharmacy profitability related with pharmaceutical market decrease and opportunity to participate in the successful global virtual chain project. New members come from all regions, highest density is in Moravia (Ostrava, Olomouc, Brno), East and North Bohemia. Prague is somewhat different but there were added new 8 members.

Figure 16 Alphega pharmacies – European context

Alphega in Europe



Source: Alliance-Healthcare. Alphega pharmacies. Principles and development of the concept [quoted 18/03 2015] (23)

Alphega Pharmacy supports more than 6,000 pharmacies in 9 markets across Europe, with Germany and the Netherlands rebranding in 2014, and Turkey joining the Alphega Pharmacy network in 2015. It is the biggest virtual chain of independent pharmacies in the world with strong support of Wallgreens Boots Alliance and his wholesale division Alliance Healthcare.

Figure 17 Marketing tools of Alphega pharmacies in 2015



Source: Alliace-Healthcare. Marketing support 2015 [quoted 18/03 2015] (24)

Figure 18 Client card of Alphega pharmacy



Source: Lékárna4You [online]. 2014 Available from: <http://www.lekarny4you.cz/zakaznickakarta/> [quoted 07/07 2015] (25)

Summary of Alphega Pharmacy Concept

1. Offering to Manufacturers:

- Seasonal and health awareness campaigns
- Sell-in/Sell-out initiatives (sales and data)
- Retail promotions
- Service development and trials
- Merchandising and Category Management



Optimised patient care and better patient compliance, leading to increased turnover

2. Offering to Patients/Consumers:

- Co-ordinated marketing campaigns
- Standardised look and feel for marketing initiatives
- Managed healthcare services provided by well-trained pharmacy teams
- Magazines, information leaflets, promotional activity
- Patients compliance programmes



Satisfaction drives loyalty

3. Offering to Pharmacists:

- Personalised solutions for business and professional development with mentor
- Networking opportunity with peers
- Alphega Pharmacy Development Programme (APDP)
- Training programmes across Europe through Alphega



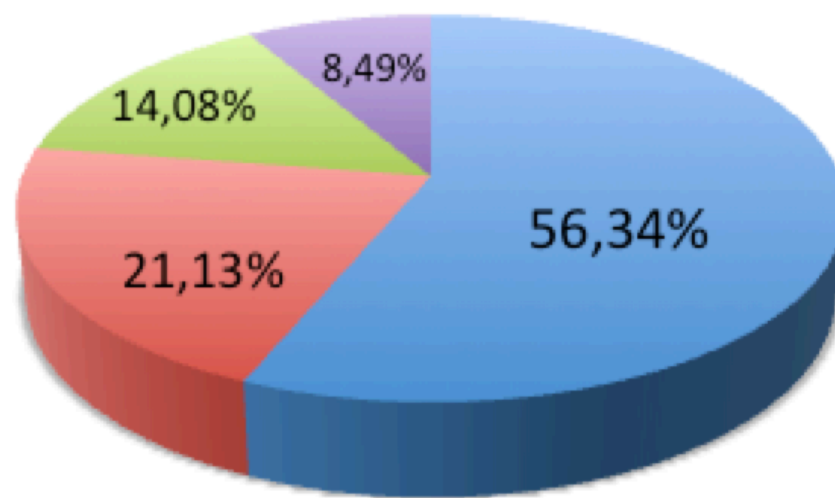
Supports the dual role as a healthcare provider and an entrepreneur

Preventive campaigns - assessment:

During my internship in pharmacy I decided to do an assessment of preventive campaigns focusing on knowledge and effectiveness in Alphega pharmacies. I sent questionnaire to all Alphega pharmacies and got responses from 186 pharmacies with the following results:

Graph 1:

Question 1: Do you consider Prevention campaign concerning measurement of blood pressure as beneficial to your pharmacy?



Total respondents: 186

Respondents answers	Percentage
rather yes	56,34
certainly yes	21,13
rather not	14,08
I don't know	8,49

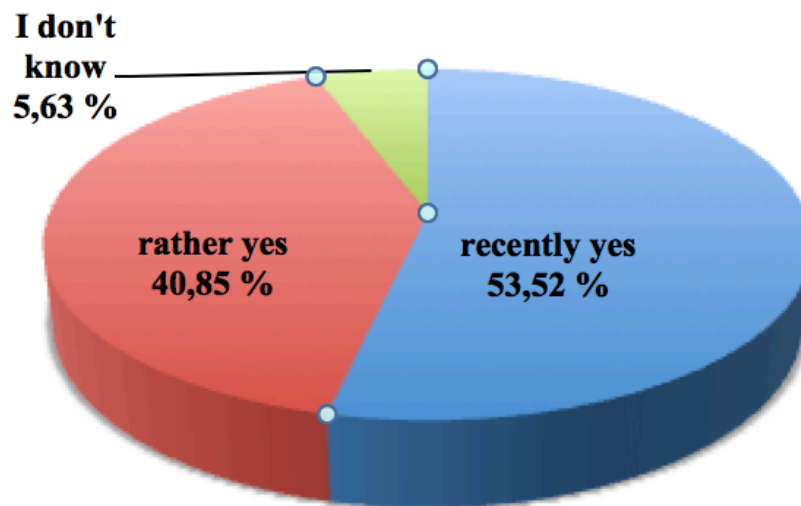
77% consider the campaign as a beneficial

Source: own creation based on research questionnaire of Alphega Pharmacy (26)

Preventive campaigns 2015:

Graph 2:

Question 2: Do you intend to participate with your pharmacy in other prevention campaigns in 2015?



Total respondents: 186

Source: own creation based on research questionnaire of Alphega Pharmacy (26)

Preventive campaigns – summary:

Prevention campaign has, in your opinion, contributed to:

63% - promoting pharmacy services

62% - wider portfolio of services

57% - building good reputation of the pharmacy

42% - promoting your own pharmacy

36% - sale support

33% - facilitates contact with the patients

Moje lékárna

Figure 19 Logo of Moje lékárna pharmacy



Source: Moje lékárna. <http://www.mojelekarna.cz/> [quoted 05/03 2015] (27)

Figure 20 Interior of Moje lékárna pharmacies



Source: Lékárna U Kaštanu. <http://www.lekarnaukastanu.cz/o-nas-2.html> [quoted 05/03 2015]
(28)

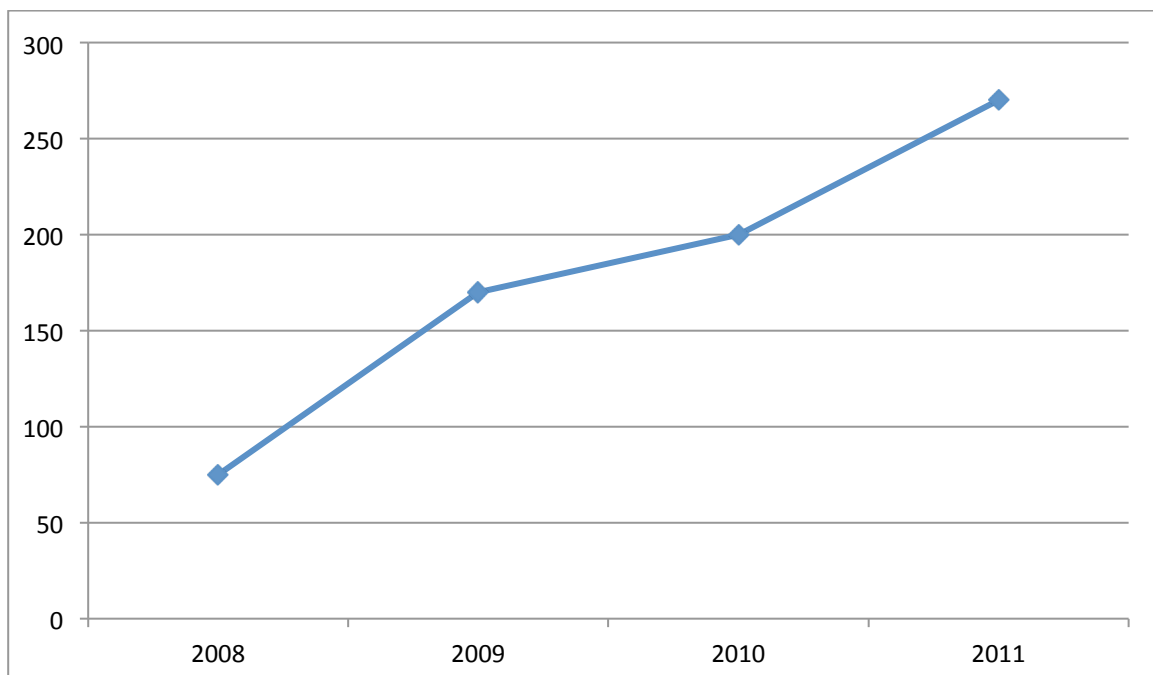
Moje lékárna, association of pharmacies, was established on the basis of impulses from the pharmacists, shareholders of Česká lékárnická a.s, which defends interests of individual pharmacists. It is a virtual (meaning imitating) association of pharmacies run by the Pharmos wholesaler, which imitates property (hard) chains while maintaining any property independence and also virtual pharmaceutical chain, especially in Germany.

The chains offer two levels of participating. The highest level concerns 120 pharmacies marked Moje lékárna plus, the rest of the network (approx. 260 pharmacies) is not fully integrated. The association has been on the market since spring 2008 and currently covers more than 380 pharmacies.

The objective of this project is to increase the quality of the goods and services offered by mutual cooperation. The project focuses on expert consultancy with special accentuation of geriatric patients. Pharmacies offer their patients leaflets with information discussing problems related to old age. Pharmacists who are a part of the Moje lékárna chain are regularly trained under the patronage of the Czech Society of Gerontology and Geriatrics. The main objective of this form of education is to teach pharmacist the skill to advise geriatric and polypragmatic patients (i.e. patients using many kinds of medications, usually in high dosage, resulting in significant problems caused by adverse effects and medication interactions). Consultancy focuses not only on old age, but on other issues such as depressions, osteoporosis and incontinency.

The Moje lékárna virtual network strives for providing favourable prices of certain medications and publishing them on a virtual e-store. The Moje lékárna associations offers patients the possibility to order goods and the option to collect them in any pharmacy involved in the project or to have them sent by own e-stores. The pharmacies involved also provide consultancy with the option of self-testing at the following website: <http://www.mojelekarna.cz/o-projektu-moje-lekarna/sebetestovani.html> (29)

Graph 3 Number of Moje lékárna pharmacies



Source: Edukafarm [online]. 02/2011. 2011 Available from: <http://www.edukafarm.cz/casopis-farminews-archiv> [quoted 05/03 2015] (30)

PharmaPoint

Figure 21 Logo of PharmaPoint pharmacy



Source: Apatykář. „Nové“ GEHE chce razantně ukousnout z distribučního trhu.
<http://lekarenstvi.apatykar.info/lekarenstvi-u-nas/clanek-2333/> [quoted 10/03 2015] (31)

It is a virtual chain of the Phoenix pharmaceutical wholesaler. It has been on the Czech pharmaceutical market since autumn 2012 and currently has over 160 pharmacies involved in the project.

The greatest emphasis is on displaying goods of so-called category management, which is the main source of income of a pharmacist involved in the project. The objective of PharmaPoint pharmacies is to offer care that reveres traditional values of pharmacy, while respecting modern trends of the 21st century. PharmaPoint pharmacies offer a wide range of high quality services together with many other advantages. High quality assortment, expert consultancy, information service and naturally various special offers with favourable prices.

Approach to customers is very individual. There is a clear effort to treat the customer as a partner and to consider the services rendered as the main purpose of pharmacists' work. Lately, this strategy has focused rather on transforming this network in the BENU franchise project.

A-lékárna

Figure 22 Logo of A-lékárna pharmacy



Source: Devětsil. A-lékárny - budoucnost začíná s nami. <http://www.devetsil.cz/aktivita/a-lekarna-klub/> [quoted 10/03 2015] (32)

A-lékárna was in the past a virtual chain under the GehePharma pharmaceutical wholesaler, later Viapharma after it was taken over by PENTA. This independent pharmaceutical alliance uses various advantages resulting from the stable background offered by the Viapharma pharmaceutical wholesaler and the biggest and expanding pharmaceutical chain Dr.Max.

The brand A-lékárna was established in February 2013 replacing the former Valunio pharmacies. The mission of A-lékárna pharmacies is to provide clients with added values and first class service without requiring them to participate in a strict chain system. Therefore, the pharmacies involved preserve their individuality and uniqueness.

Thanks to the Viapharma strategy to focus primarily on its chain Dr.Max the project is in fact non functional and probably destined to come to an end. (33)

d) Buying unions

Dobrá lékárna

Figure 23 Logo of Dobrá lékárna pharmacy



Source: Akční ceny.cz. Prodejny Dobrá lékárna dle krajů a měst.
<http://www.akcniceny.cz/prodejny/hledej/dobra-lekarna/> [quoted 12/03 2015] (34)

Dobrá lékárna is a network of Alliance Healthcare (AH) loyal customers with high rate of supplies from AH (over 50%). It is AH's client project for public pharmacies. The project involves over 120 pharmacies (they exist exclusively under the Dobrá lékárna project). This group receives from AH various marketing support, similarly as the case is with Alphega pharmacies. These include e.g. various leaflets for shop windows for the counter and naturally better purchase conditions, special offers, etc. During 2015 this group of pharmacies will be transferred under the Alphega brand.

Pharmia

Figure 24 Logo of Pharmia pharmacy



Source: Mzdová praxe. http://www.mzdovapraxe.cz/download/1354192177/pharmia_logo.jpg
[quoted 12/03 2015] (35)

This is a small buying union that is not dependent on any distributor. Pharmia is the smallest partner association of independent pharmacies operating on the principle of pharmaceutical care. It has been active in the Czech Republic since 2008. It currently unifies approx. 30 pharmacies from the market.

The key objective of Pharmia is to improve the quality of pharmaceutical services and professional life of pharmacists, while increasing the health and quality of life of its clients via a system of value- and client-focused pharmaceutical care. Pharmia pharmacies focus particularly on marketing and managerial education. At the end of 2012 Pharmia announced cooperation with a new chain of pharmacies from Central Europe. These pharmacies have recently become almost invisible and in this extent they are of very low interest for pharmaceutical producers. (36)

Magistra

Figure 25 Logo of Magistra pharmacy



Source: Magistra lékárny. <http://www.magistra.cz/> [quoted 12/03 2015] (37)

It is a buying union of approx. 150 pharmacies that are not contractually dependent on any distributor. The union was founded in 2010. It is a joint-stock company owing approx. 12 pharmacies, the rest being pharmacies run by independent pharmacists.

The management of Magistra a.s. negotiates better business conditions with producers for all members of the group. Marketing and external/internal branding is on low level, but there has been a recent improvement when a professional team of representatives and traders is being developed.

Magistra pharmacies offer their customers a wide assortment of medications and OTC preparations. Pharmacists cooperate with doctors, producers and drug distributors so that patients can profit from the most modern medications. Qualified and friendly staff tries to help customers with choosing the most suitable medication. Pharmacists should provide such care that they would expect themselves.

Magistra pharmacies regularly prepare for their clients special offers with discounted prices. Clients may register into a loyalty program and profit from advantages in the form of points for their purchases or discounts.

Figure 26 Client card of Magistra pharmacy



Source: Magistra lékárny [online]. 2013 Available from: <http://www.magistra.cz/vyhody-klientske-karty> [quoted 07/07 2015] (38)

Apo-Tip

Figure 27 Logo of Apo-Tip pharmacy



Source: Apo-Tip. <http://apotip.webnode.cz/> [quoted 20/03 2015] (39)

It is a buying union focusing particularly on end customers of pharmacies. The idea of this direct marketing originated in 2008. The founders of the original Apo-Tip project concept are owners from a traditional pharmaceutical family, Mr. and Mrs. Nedopil. They were inspired mainly by new findings from the German pharmaceutical market which is considered, in terms of strategy and system functioning, the one of the most sophisticated in Europe.

A great advantage of private pharmacies is their long standing experience and high level of professionalism with regards to traditional pharmaceutical habits. These are values that a chain pharmacy under an international corporation will never be able to offer. Private pharmacies also have their disadvantages, mainly insufficient ability of joint promotion, disunity of their offers and when we take into account the ever growing competitive environment – the inability to achieve such amounts of orders from distributors and producers that does not allow them to offer interesting low prices to their customers.

The objective of the common business strategy of Apo-Tip pharmacies is their uniform offer of seasonal products. The offer of medical preparations is in approx. 1/3 specific for each region, where special emphasis is laid on local specifications of each of the independent pharmacies.

Apo-Tip pharmacies try, using the strategy of unified marketing, create a strong marketing network that will have an interesting potential for distributors as well as for pharmaceutical producers. In this way, pharmacies will cut their promotion costs.

The vision of the Apo-Tip project is maintaining traditional Czech pharmacy, providing comprehensive and high-standard services and consultancy and offering a wide assortment of medications. Magistraliter preparation of medications should be (according to the Apo-Tip's motto) a service to the general public.

This concept of pharmacies should increase the professional authority in the eyes of the general public as well as of health care workers.

Apo-Tip strives for rectifying the damaged reputation of pharmacists who were in the past the target of lowbrow politicians and clerks and for returning the original dignity to Czech pharmacists.

However, it should be noted that this union is currently rather undistinguished and almost invisible buying union.

Co-Pharm a.s.

Figure 28 Logo of Co-Pharm pharmacy



Source: Jenásvidět.cz CoPharm.<http://www.jenasvidet.cz/reference/copharm/23> [quoted 20/03 2015] (40)

Co-Pharm a.s. is a buying union of independent pharmacies linked to the internet store Kasa.cz. It is a new union with more than 200 pharmacies with Martin Kasa, e-commerce investor and founder of Kasa.cz, one of the top e-store in the Czech Republic, behind. The network of pharmacies Co-Pharm is absolutely independent of distributors or pharmaceutical companies.

Co-Pharm a.s. bring to its members knowledge how they can increase their competitiveness by focusing on their patients in the area of value oriented pharmaceutical care. Co-Pharm a.s. prepares various projects of pharmaceutical care and disease management, thanks to which patients are informed about different health care topics with the possibility to discuss the indication of the medications in pharmacies. Offering consultancy services and so-called pro-patient communication increases the level of pharmacists who are members, while such pharmacies are – thanks to the competences – perceived not only as expert, but also as friendly environment, where patients like to return.

Co-Pharm a.s. cooperates with producers and suppliers, thus strengthening the position of producers and suppliers on the market of independent pharmacies under effective and, most importantly, ethical cooperation.

Cooperation should be bilateral and should respect ethical principles. Partnership with Co-Pharm a.s. offers to producers and suppliers particularly an increase in their market share, increased loyalty of its clients and winning new clients thanks to a competitive advantage together with targeted approach to promotional activities concerning certain products and – last but not least – flexible approach to the traditionally divided pharmacy market. (41)

Družstvo lékáren

Figure 29 Logo of Družstvo lékáren pharmacy



Source: Družstvo lékáren. <http://www.dlekaren.cz/dru%C5%BEstvo/o-nas> [quoted 20/03 2015] (42)

Družstvo lékáren is the first and the longest active buying union of pharmacies that was founded about 12 years ago (on 28/5 2002) in Hradec Králové on a foundation meeting. The impulse to establish this union was the reaction of Czech pharmacists to the situation on the pharmaceutical market. Pharmacists united under this union are at the same time the people who actually run their pharmacies.

The objective of the Družstvo lékáren is to strengthen the economic and business position of pharmacy operators – union members, so that it gets as close as possible to the conditions of retail chains. The union offers marketing services focusing on increasing the efficiency of goods and services and decreasing operational costs of pharmacies. In the past the Družstvo lékáren united almost 300 pharmacies and represented a significant group on the market. The network regularly holds tenders for two pharmaceutical distributors who are then entitled to supply together about 70 % of the total purchase volume of the group to the network. At the moment the network is supplied by Phoenix and Pharmos. Nevertheless, the number of its members has fallen dramatically to current approx. 90 pharmacies, since many members went to Alphega and Moje lékárna projects.

Družstvo lékáren enters the market also with its own products that are produced under the Družstvo lékáren logo in cooperation with producers and delivered to the pharmacy network of the union members. A member of this union may be a natural person (a pharmacist or pharmacy assistant) or a limited company with its seat in the Czech Republic under the conditions that at least 50% of the associates or pharmacists or pharmacy assistants. (43)

Figure 30 Client card of Družstvo lékáren pharmacy



Source: Družstvo lékáren [online]. 2014 Available from:
<http://www.dlekaren.cz/pacienti/karty> [quoted 07/07 2015] (44)

Medifin

Figure 31 Logo of Medifin pharmacy

The logo for Medifin pharmacy, featuring the word "medifin" in a bold, black, sans-serif font. The letter "i" is replaced by a red cross symbol.

Source: Medifin. <http://www.medifin.eu/o-medifinu/> [quoted 20/03 2015] (45)

It is a buying union which is currently almost invisible on the market.

Medifin a.s. runs health care facilities through smaller health care facilities, under which it offers standard and above-standard care to its clients. The system of health care provision is dual, it means it is provided by its employees as well as by private doctors who rent surgeries from the organisation.

The objective of Medifin pharmacies is providing a high-standard care and maximum comfort for patients and medical staff. (46)

Figure 32 Exterior of a Medifin pharmacy



Source: Medifin. <http://www.medifin.eu/wp-content/themes/soulmedic-child/images/lekarna1.png> [quoted 20/03 2015] (47)

Figure 33 Client card of Medifin pharmacy



Source: Medifin [online]. 2014 Available from: <http://www.medifin.eu/karta/> [quoted 07/07 2015] (48)

e) Other examples of pharmacies joined by property

IPC

IPC is a group of pharmacies owned completely or partly by PharmDr. Martin Mašát. Currently, it unifies approx. 45 pharmacies. IPC coordinates pharmacy activities in relation with producers and distributors and it negotiates better business conditions. It is thus a buying union.

DEVĚTSIL

A group of pharmacies operating mainly in Western and Southern Bohemia. The number of the pharmacies is about 20. The pharmacies are owned by PharmDr. Štastný and Dr. Jerhot.

Agel

A hospital network in Moravia-Silesia Region that belongs to the group of the businessman Chrenek. We notice a significant market share in the segment of hospital pharmacies in this region.

Clients may have a client's card issued in any AGEL PHARMACY. This card offers advantages concerning OTC medications as well as prescribed medications. When buying OTC medications, clients get back a certain percentage of their total shopping in the form of points which they may use when they shop next time. Moreover, when buying products during the pre-Christmas time, clients may take advantage of special Christmas vouchers for the most favourite gift products for women and men. All of these activities contributed to the fact that the turnover of all the pharmacies remains on the levels of 2012, despite the fact that the overall pharmaceutical market in the Czech Republic has fallen in volume by approx. 10%, including the market with OTC medications. (49)

Valunio

It is a former virtual chain of GehePharma, currently ViaPharma. Pharmacies moved under the A-lékárna network.

Lloyds

A former network of GehePharma pharmacies – after being sold to PENTA the pharmacies moved under the Dr.Max network (approx. 30, the rest of the pharmacies were close to their non-profitability).

Europ harm

It is a former name of the pharmacy chain run by Phoenix. Later it was renamed to Pharmaland, now it is the BENU pharmacy network.

Chytrá lékárna

Figure 34 Logo of Chytrá lékárna pharmacy



Source: Promoteri. <http://www.promoteri.eu//images/db/65887.jpg> [quoted 20/03 2015] (50)

It is a pharmacy network in Brno, Vyškov and Tišnov with other 6 branches in Southern Moravia.

In Chytrá lékárna there is an effort to pay increased attention to elderly people. The pharmacy offers special advantages to people over 70 years of age.

Chytrá lékárna also offers many complementary services, such as measuring blood pressure, complexion checks, consultancy concerning homeopathics, birthmark diagnostics, assessing phototypes, etc. (51)

Figure 35 Exterior of a Chytrá lékárna pharmacy



Source: Img.

Firmy. <http://img.firmy.cz/photo/full/201302/0613/56/51125a0556eaa782a9ca2200?v=1>
[quoted 20/03 2015] (52)

3.5. Pharmaceutical chains in Europe and in the world

Figure 36 Pharmaceutical chains in the Czech Republic and in neighbouring countries



Source: Lekárník (53)

In Central Europe occurs progressive vertical integration of pharmaceutical wholesalers with the retail pharmacies like in the Czech Republic. In these countries there is also no territorial limitation and ownership restriction regarding number of pharmacies and there is applied the liberal approach to building the chains of pharmacies.

As we can see in the chart, we are witnessing a fast development of Dr.Max pharmacies in Slovakia, the Czech Republic and Poland. In Hungary there are no Dr.Max pharmacies. The second biggest pharmacy chain in the Czech Republic and in Hungary is BENU, however, there are no BENU pharmacies in Poland yet.

USA:

Walgreens Boots Alliance (WBA) is the first global pharmacy-led, health and wellbeing enterprise in the world. WBA purpose is to help people across the world lead healthier and happier lives.

WBA was created through the combination of Walgreens and Alliance Boots on 31 December 2014.

This transaction brought together two leading companies with iconic brands, complementary geographic footprints, shared values and a heritage of trusted healthcare services through pharmaceutical wholesaling and community pharmacy care, dating back more than 100 years.

WBA presence is today in more than 25 countries and employs over 370,000 people and is the largest retail pharmacy, health and daily living destination in the USA and Europe.

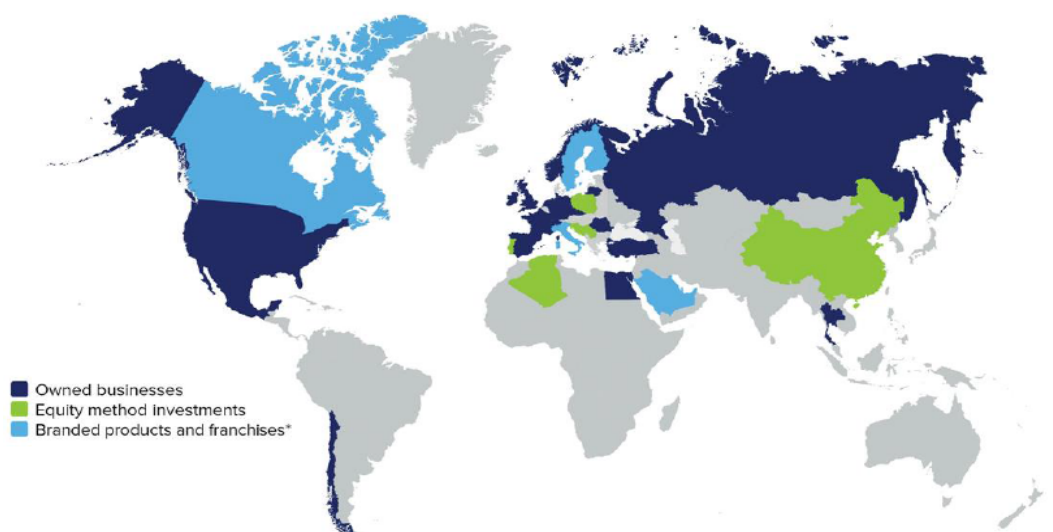
WBA is also the global leader in pharmacy-led, health and wellbeing retail with over 12,800 stores in 11 countries, the largest global pharmaceutical wholesale and distribution network with over 340 distribution centres delivering to more than 180,000 pharmacies, doctors, health centres and hospitals each year in 19 countries and world's largest purchaser of prescription drugs and many other health and wellbeing products (54)

Figure 37 Logo of Walgreens Boots Alliance



Source: Alliance Healthcare. WBA and Alphega pharmacy in the Czech Republic [quoted 24/01 2015] (55)

Figure 38 Walgreens Boots Alliance in the world



Source: Alliance Healthcare. WBA and Alphega pharmacy in the Czech Republic [quoted 24/01 2015] (55)

4. Results and discussion

The market with public pharmacies has changed dramatically in the past 5 years (see the graph below). The vertical integration of four biggest pharmaceutical wholesalers with pharmacies through their own chains (Dr.Max and BENU) or their virtual pharmaceutical chains (Alphega, Moje lékárna, PharmaPoint, A-lékárna) is getting more and more intense. The number of independent pharmacies not included in any common activities with distributors or buying union owners has decreased dramatically from 1,200 pharmacies to current 400 pharmacies, i.e. by 66%.

It can be expected this trend will continue in the years to come. That is why I believe that every owner of an independent pharmacy should answer the following questions:

- Do I have a unique place where I run my pharmacy? (e.g. an outpatient clinic with doctors, a pharmacy with high concentration of customers)
- Is my pharmacy financially stable and perspective enough?
- Do I offer enough services with added value to my patients (client programs, loyalty cards, screening offers, prevention programs)
- Do I have suitable and trained personal for offering these services?

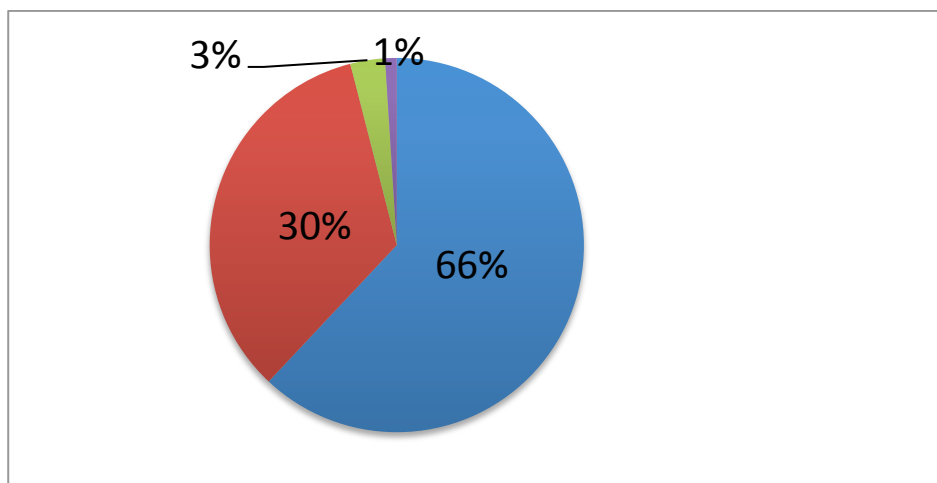
If I answered yes to all of these questions, I don't have to consider selling my pharmacy or getting involved in a virtual chain or buying union may further increase my profitability and attractiveness. If my answers are partially or wholly negative, the pharmacist should in any case consider getting involved in a virtual chain project that will help them solve the current situation. Selling a pharmacy to a hard chain should be the last option in case of other exceptional reasons (health issues, retirement, etc.). Even in such a situation there is the possibility to sell the pharmacy to younger colleagues who have the courage to start their doing business in this industry.

To help me to answer these difficult questions I have prepared statistical data regarding ownership structure and list of services provided by pharmacies.

In the following graph you can see an interesting ownership structure of Czech pharmacies.

Graph 4:

Pharmacies according to ownership to 31.12. 2013



Source: own creation, data of Annual report of Czech Pharmacy Chamber 2013 (56)

66 % pharmacy owned by legal persons

30 % pharmacy owned by individuals - pharmacists

3 % pharmacy owned by individuals – non-pharmacists

1 % state pharmacies

Table 1 Database of pharmacies in the Czech Republic

Pharmacies in the Czech Republic	Number	%
Pharmacy with web pages	1,456	50.5
Pharmacy with internet sales in the Czech Republic	185	6.4
Pharmacy with internet sales abroad	56	1.9
Pharmacy with a 24-hour emergency service pharmacy	17	1.0
Pharmacy with extended working hours, including Saturdays and Sundays	876	30.4
The hospital pharmacy	97	3.7
Pharmacy dispensing drugs estranged department and medical devices	488	17.0
Pharmacy preparing cytostatics	40	1.4
Pharmacy with the preparation of sterile medicines without antimicrobial ingredients	29	1.0
Pharmacy dispensing with electronic prescriptions	1593	55.2
Pharmacy operator is a distribution authorization holder	336	11.6
Issuing of medicines	239	8.3
Outlets of selected medicinal products	1,499	51.9
Total	2,886	

Source: own creation, SIDC: <http://www.sukl.cz/modules/apotheke/search.php> [quoted 19/06 2015], <http://www.lekarnici.cz/Pro-verejnost/Seznam-lekaren.aspx> [quoted 19/06 2015] (57)

Table 2 Database of chain pharmacies

Chain pharmacies in the Czech Republic	Number	%
Dr.Max	292	10.12
BENU	125	4.33
Agel	25	0.87
Chytrá lékárna	7	0.24
Medifin	6	0.21
Pharmia	5	0.17
Total	2,886	

Source: own creation, SIDC: <http://www.sukl.cz/modules/apotheke/search.php> [quoted 19/06 2015], <http://www.lekarnici.cz/Pro-verejnost/Seznam-lekaren.aspx> [quoted 19/06 2015] (57)

Based on this statistics it is clear that level of provided services in the retail pharmacies is not developed enough, large space and big opportunity I see in the value-added services for the patients (preventive campaigns, food supplements home delivery for immobile patients, usage of internet as a tool for better communication and ordering/reservation system, category management based on administrative and attractive products display).

Database of chain pharmacies showing only 16% pharmacies in hard chains (measured by number of pharmacies) but financial power and turnover is much higher and reached today more than 40% of market share in retail pharmacies market. The role and importance of hard chains is growing but they are now facing a problem to recruit the new profitable pharmacies from the independent segment.

On the other hand, the trend in the independence pharmacy segment has changed in the recent three years also dramatically. Virtual chains and buying groups achieved more than thousand pharmacies and they represent a logical counterweight versus hard chains. Some projects related with financial power of strong wholesalers (eg. Alphega and Alliance Healthcare or Moje lékárna connected with Pharmos) have a greater chance of success in long term period than fully independent buying groups of pharmacies.

Table 3 Numbers of chain pharmacies according to various sources

Chain	Source A	Source B	Source C	Source D	Source E	Source F
Dr.Max	292	358	267	357	-	370
BENU	125	125	127	175	-	170
Alphega	-	184	Cca 115	200	186	250
Moje lékárna	-	356	Cca 308	380	more than 350	-
PharmaPoint	-	147	-	-	-	-
A-lékárna	-	61	-	-	-	-
Dobrá lékárna	-	89	-	-	-	-
Pharmia	5	-	-	-	29	-
Magistra	-	120	Cca 50	-	-	-
Apo-Tip	-	-	-	-	-	-
CoPharm	-	128	-	-	more than 150	-
Družstvo lékáren	-	-	Cca 135	-	Approx. 120 since year 2002	-
Medifin	6	6	-	-	-	-
Chytrá lékárna	7	9	-	-	-	-
Agel	25	21	-	-	-	-
IPC	-	36	-	-	-	-

Legend of table 3

A SIDC (2015)

B Lékárenské řetězce a sdružení <http://www.najdi-lekarnu.cz/lekarenske-retezce.jsp> [quoted 07/07 2015] (58)

C Občan v síti http://www.sdruzeniobcan.cz/files/vajskebr_cerge2012_09.pdf [quoted 07/07 2015] (59)

D Lékárny v nákupních centrech se přejmenují. Penta koupila další síť http://ekonomika.idnes.cz/ceska-lekarna-holding-prebrala-vetsinu-novolekaren-fx9-/ekoakcie.aspx?c=A141103_141213_ekoakcie_nio [quoted 07/07 2015] (60)

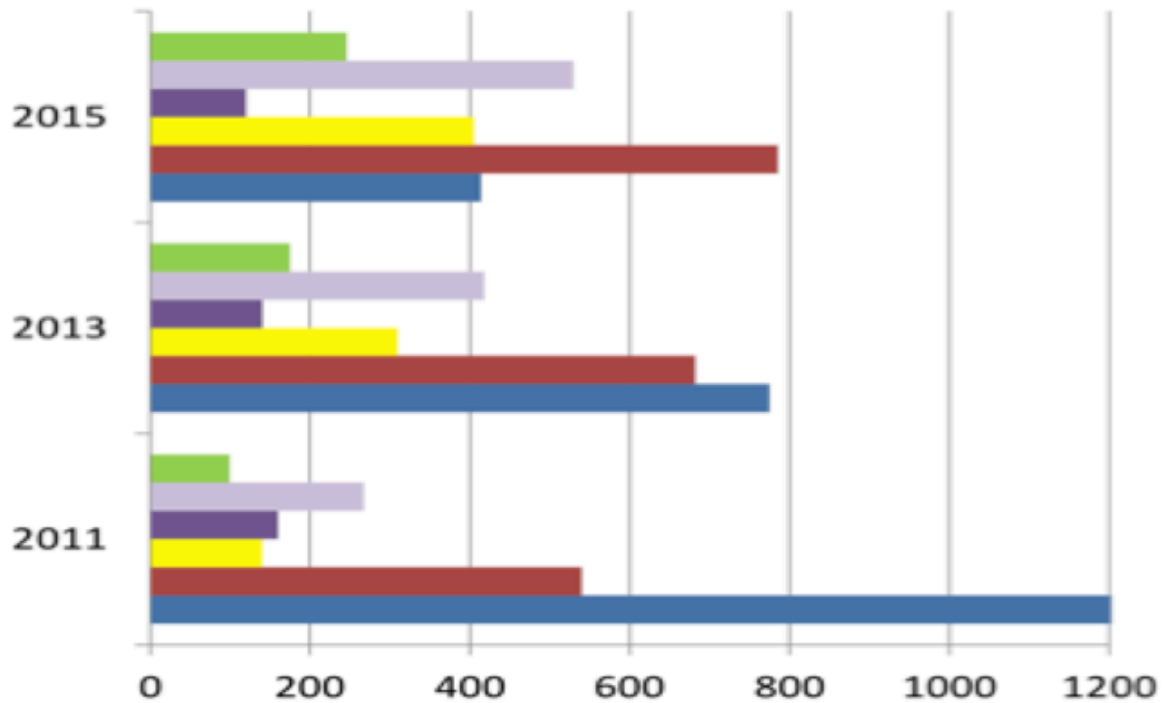
E Apatykář [online]. 2013 Available from: <http://lekarenstvi.apatykar.info/lekarenstvi-u-nas/clanek-2421/> [quoted 07/07 2015] (61)

F Penta loni vydělala dvě miliardy, hodnota skupiny roste [online]. 2015. Available from: <http://zpravy.aktualne.cz/ekonomika/dr-max-rozlisi-sve-lekarny-cast-se-priblizi-drogeriim/r~ec58184af31511e4bc3a0025900fea04/> [quoted 07/07 2015] (62)

The following graph shows last 3 years market retail changes and consolidation.

Graph 5:

How was changed the market of retail pharmacies?



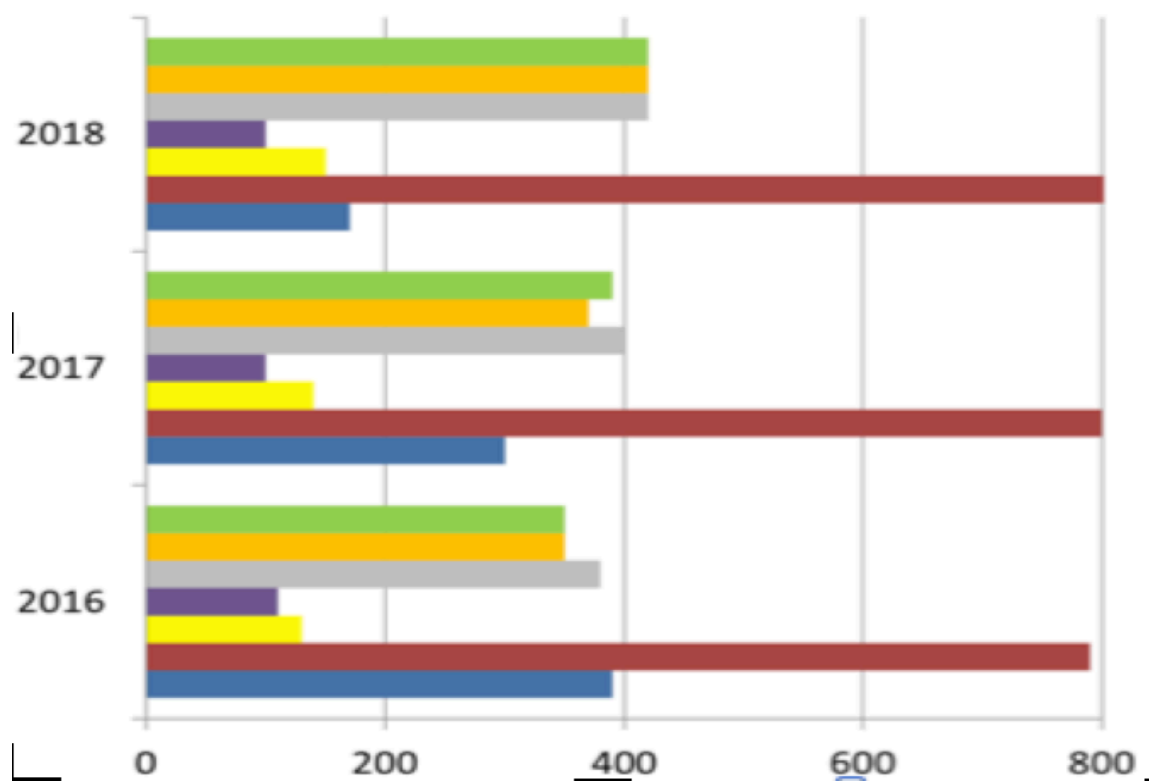
- Alphega
- Big hard chains
- Small chains
- Virtual chains
- Buying Groups
- Independent pharmacies

Source: own creation in cooperation with Ing. Jiří Hanzlík. Market with public pharmacies in the Czech Republic [quoted 15/03 2015] (63)

The expected development in the next 3 years to come will be characterised by hard chains Dr.Max and BENU and virtual chain Alphega strengthening their positions with regards to the current position of these pharmaceutical wholesalers on the Czech and European markets. Buying groups will be losing their position, as they will not be linked to strong economic companies and independent pharmacies will be leaving them for virtual chains of big distributors. Small chains of pharmacies connected through the person of a single owner will not grow, their importance will be decreasing due to the growing competition of chain pharmacies. The number of totally independent pharmacies will fall further to some 150-200 pharmacies: these will be mostly small village pharmacies playing the role of „pharmaceutical emergency“ with basic assortment of medications and food supplements.

Graph 6:

How the market of retail pharmacies is going to change?



Source: own creation in cooperation with Ing. Jiří Hanzlík. Market with public pharmacies in the Czech Republic [quoted 15/03 2015] (63)

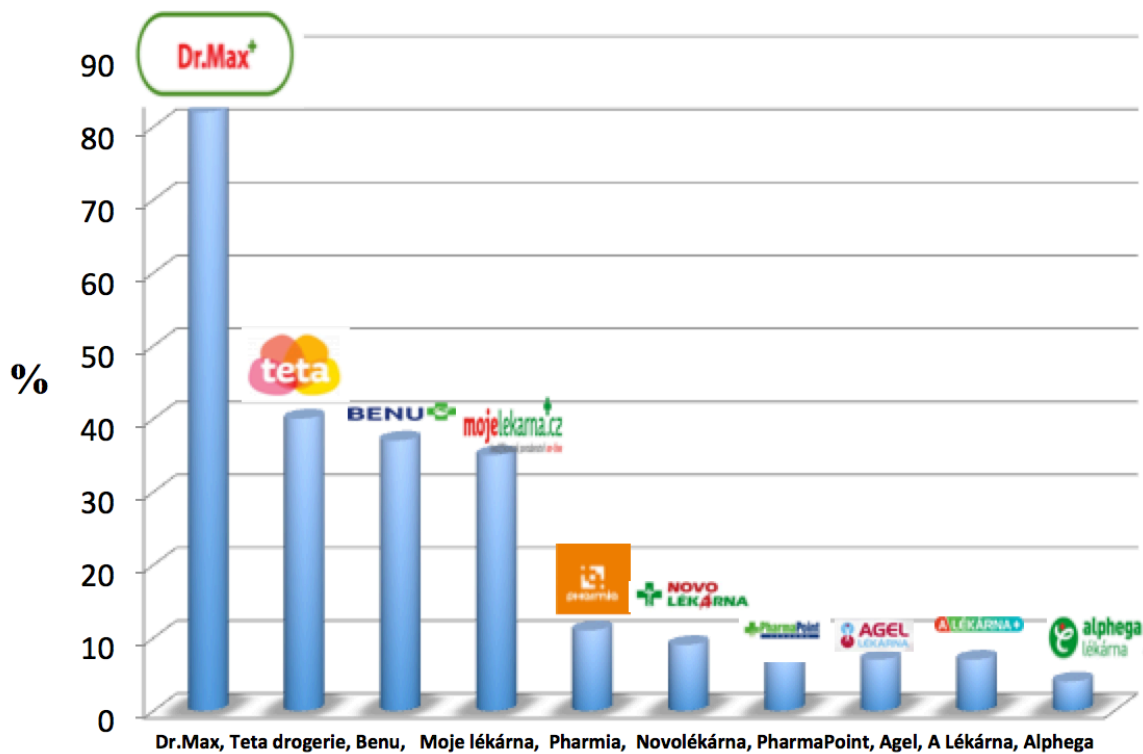
- Alphega + partner
- Benu + franchise
- Dr. Max
- Small chains
- Virtual chains
- Buying Groups
- Independent pharmacies

My next analysis during my study internship in pharmacy was focused on patient's knowledge and awareness of brand name of pharmacy. I asked regularly 100 patients (targeted group 30 years old and later) and the winners were as expected: Hard chains Dr.Max, BENU and surprisingly drugstore Teta - all investing massively to advertisement in TV and media. Virtual chains and buying unions (except Moje lékárna) were practically unknown by the patients. But it is a great opportunity for them to do something!

Brand awareness– results:

Graph 7:

Question: Do you know the listed pharmacy chains at least according to the title?



Source: own creation

Total respondents: 100

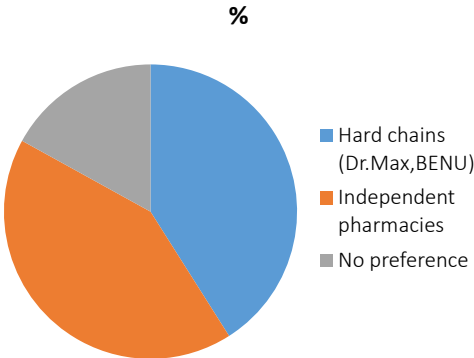
In the target group are respondents aged 30 years and over.

Final graph is a result of survey provided by a reputable agency Mediaresearch focusing on behaviour of the patients regarding what type of pharmacy prefer different group of the patients. The result surprised even me alone because I expected a much larger share in the group of chains especially for people middle-aged and older. 60% of the patients not prefer chains pharmacies (respondent target group was more than 1.000 people in the whole country) and this is a good signal for the independent pharmacists!

Graph 8: What type of retail pharmacy you prefer?

Behavior of the patients

What type of retail pharmacy you prefer?



6 from 10 patients not prefer chain pharmacy

Patients from a smaller communities up to 10ths. people less often prefer chains pharmacies

65 % patients 35 - 44 years old not prefer chains pharmacies

49 % mothers with the childrens prefer chains pharmacies

Source: Mediaresearch, presentation of Alphega Regional meeting in Prague [quoted 23/06 2015] (64)

5. Conclusion

Czech pharmacy has gone through a stage of dynamic development in the past 25 years. The question is whether it is taking the right direction. A Czech pharmacist works in a country with very open and liberal approach to pharmacy ownership (actually anyone may own a pharmacy as long as it is managed by a qualified and certified pharmacist, there are no regulations concerning the number of pharmacies (a pharmacy may be opened anywhere, providing it meets basic parameters of the relevant regulation) and works in an economic environment of a country with the lowest common regressive distributor and pharmacy margin in Europe.

Can a pharmacy owner actually be successful in such an environment? I tried to answer this question in my diploma thesis. Further development of Czech pharmacy will be undoubtedly connected with future horizontal and vertical concentration of the distributing chain links (producer – distributor – pharmacy) and the overall economic globalisation. We expect similar development in other European countries and United States. Global players today e.g. Walgreens Boots Alliance or Mc Kesson from US will be positioned to create substantial incremental efficiency, synergy and growth opportunities to further accelerate the development of a fully integrated global platform for the future to provide innovative ways to address health and wellness challenges. Global company is well positioned to expand customer offerings in existing markets and become the health and wellbeing partner of choice in emerging markets.

The following chart shows the market saturation of retail chain pharmacies. Development in the recent years has stabilized at the same level. Hard chains now must optimize its network, especially get rid of non-profitable pharmacies. On the other hand, growing numbers of independent pharmacies in virtual chains and open up of new pharmacies in the hands of independent owners is balancing factor on the market.

Graph 9: Dynamics of the retail pharmacy market



Source: own creation, data from annual report of Czech Pharmacy Chamber (2010-2013) (65)

Finally the position of a Czech independent owner of a pharmacy will not be easy.

Despite this fact and based on the information and my own analysis in this diploma works, I firmly believe that there is space for the independent pharmacy owners and the future for their profession. But they will have to focus on what they are successful pharmacy hard chains (marketing, own brands, discipline, education, financial stability, the modern elements of the sale) and to add to all what differentiates independent pharmacists (pharmacy ownership, entrepreneurial spirit, empathy toward patients, passion to develop their freelance).

The number of totally independent pharmacies will become even lower and I expect three types of pharmacies:

1. Chains - the market saturation is high in this case, their market share will not exceed 50% in the future based on experience in other developed European countries. In the following years we can expect limited growth of hard chains pharmacies, limited factors will be mainly lack of medium and big size pharmacies with monthly turnover higher than 1,5m CZK which are most preferred by chains

2. Independent pharmacies under a virtual chain (this is what I consider the most suitable alternative to successful owners of big and middle-sized pharmacies). I expect in this segment further consolidation of virtual chains, buying groups transformation process into virtual chains related and connected with the full-line wholesalers.

3. Totally independent pharmacies (I believe these will be concentrated around small villages and they will play the role of a basic health care facility). This group of pharmacies will be indispensable and irreplaceable in small cities and in the countryside and will be a stabilizing factor of availability of pharmaceutical care.

I firmly believe that despite current market trend there will be a rather large group of pharmacy owners on the Czech market for which patients and **their health will be the main priority**. And I personally would like to work in such type of pharmacy.

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7. List of figures

Figure 1 Bošek M. Cooperation with pharmaceutical chains

Figure 2 Rynek Franczyzy. Available from: <http://rynekfranczyzy.pl/apteka-dr-max/>

Figure 3 Laso. Available from: [http://www.laso.cz/www/cz/prizemi/dr-max-lekarna/#prettyPhoto\[14720\]](http://www.laso.cz/www/cz/prizemi/dr-max-lekarna/#prettyPhoto[14720]) [online]

Figure 4 FPharm. Available from: http://www.fpharm.uniba.sk/uploads/RTEmagicC_prace_v_Dr.Max_CZ-page-001.jpg.jpg [online]

Figure 5 Penta koupila lékárny Harmonia, bude z nich Dr. Max. Available from: http://marketingsales.tyden.cz/rubriky/obchod/penta-koupila-lekarny-harmonia-bude-z-nich-dr-max_317416.html [online]

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Figure 7 Benu. Available from: <http://www.benu.cz/> [online]. 2015

Figure 8 Benu. Available from: <http://www.benu.cz/predstaveni-hodnot-benu> [online]. 2015

Figure 9 Franchising.cz. Available from: <http://franchising.cz/franchisa/137/benu/> [online].2015

Figure 10 Lékárna pod Marjánkou [online]. 2015 Available from: <http://www.lekarna-marjanka.cz/benu-lekarna>

Figure 11 Lékárna Damona je jednou z více než 220 Alphega lékáren.Damonapharm. Available from: <http://www.damonapharm.cz/novinky/lekarna-damona-se-stala-jednou-z-vice-nez-220-alphega.html> [online]. 2012-2015

Figure 12 Alphega. Available from: <http://www.alphega-lekarna.cz/web/consumer-facing/alphega-lekarna-u-matky-bozi-roznov> [online]. 2015

Figure 13 Alliance-Healthcare. Kadan_Alphega_interni2.jpg.

Figure 14 Alliance-Healthcare. Kadan_Alphega_interni3.jpg.

Figure 15 Alliance-Healthcare. Alphega pharmacies. Principles and development of the concept

Figure 16 Alliance-Healthcare. Alphega pharmacies. Principles and development of the concept

Figure 17 Alliace-Healthcare. Marketing support 2015

Figure 18 Lékárna4You [online]. 2014 Available from:
<http://www.lekarny4you.cz/zakaznickakarta/>

Figure 19 Moje lékárna. Available from: <http://www.mojelekarna.cz/> [online]. 2015

Figure 20 Lékárna U Kaštanu. Available from: <http://www.lekarnaukastanu.cz/o-nas-2.html> [online]. 2011

Figure 21 Apatykář. „Nové“ GEHE chce razantně ukousnout z distribučního trhu. Available from: <http://lekarenstvi.apatykar.info/lekarenstvi-u-nas/clanek-2333/> [online]. 2015

Figure 22 Devětsil. A-lékárny - budoucnost začíná s nami. Available from:
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Figure 23 Akční ceny.cz. Prodejny Dobrá lékárna dle krajů a měst. Available from:
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Figure 24 Mzdová praxe. Available from:
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Figure 25. Magistra lékárny. Available from: <http://www.magistra.cz/> [online]. 2013

Figure 26 Magistra lékárny [online]. 2013 Available from: <http://www.magistra.cz/vyhody-klientske-karty>

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Figure 28 JeNásVidět.cz. CoPharm. Available from:
<http://www.jenasvidet.cz/reference/copharm/23> [online]. 2011

Figure 29 Družstvo lékáren. Available from: <http://www.dlekaren.cz/dru%C5%BEstvo/o-nas> [online]. 2002-2014

Figure 30 Družstvo lékáren [online]. 2014 Available from:
<http://www.dlekaren.cz/pacienti/karty>

Figure 31 Medifin. Available from: <http://www.medifin.eu/o-medifinu/> [online]. 2014

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Figure 33 Medifin [online]. 2014 Available from: <http://www.medifin.eu/karta/>

Figure 34 Promoteri. Available from: <http://www.promoteri.eu/images/db/65887.jpg> [online]

Figure 35 Img.Firmy. Available from:
<http://img.firmy.cz/photo/full/201302/0613/56/51125a0556eaa782a9ca2200?v=1> [online]

Figure 36 Lékárník

Figure 37 Alliance Healthcare. WBA and Alphega pharmacy in the Czech Republic

Figure 38 Alliance Healthcare. WBA and Alphega pharmacy in the Czech Republic

8. List of tables

Table 1 Database of pharmacies in the Czech Republic

Table 2 Database of chain pharmacies

Table 3 Numbers of chain pharmacies according to various sources

9. List of graphs

Graph 1 Do you consider Prevention campaign concerning measurement of blood pressure as beneficial to your pharmacy ?

Graph 2 Do you intend to participate with your pharmacy in other prevention campaigns in 2015?

Graph 3 Number of Moje lékárna pharmacies

Graph 4 Pharmacies according to ownership to 31.12.2013

Graph 5 How was changed the market of retail pharmacies?

Graph 6 How the market of retail pharmacies is going to change?

Graph 7 Do you know the listed pharmacy chains at least according to the title?

Graph 8 What type of retail pharmacy you prefer ?

10. Annex