

Annexe F

Medicines distribution – an OFT market study

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ANNEXE F

THE SURVEYS

Introduction

This annexe provides detailed information in relation to the two surveys undertaken by as part of this market study, as well as summary details of surveys undertaken by industry stakeholders. This information is in the following three sections:

Section A: Pharmacy and dispensing doctor survey

Section B: Stakeholder surveys

Section C: Wholesaler survey

SECTION A

PHARMACY AND DISPENSING DOCTOR SURVEY

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1. Summary
2. Methodology
3. Results: main findings
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5. Attachment: Forms A and B questionnaire and covering letter
6. Attachment: statistical notes

1. SUMMARY

- 1.1. This annex presents the findings of the Office of Fair Trading (OFT) pharmacy and dispensing doctor survey carried out in August 2007, five months after the implementation in March 2007 of the Pfizer scheme. The objective of the survey was to assist the OFT in quantifying and evaluating the affect of the Pfizer scheme on pharmacies and dispensing doctors and on the service they offer to patients.
- 1.2. The postal survey was conducted in-house by the OFT. Questionnaires were sent out to 1,700 owners of pharmacies or dispensing doctor premises. The response rate was high; nearly 50 per cent of questionnaires were completed and returned. The returned questionnaires covered around 15 per cent of all UK businesses and 54 per cent of UK pharmacy retail outlets. The data analysis has been weighted appropriately to avoid any bias in the results.
- 1.3. The questions sought quantification from respondents on the impact of Pfizer's scheme on discounts, ordering and delivery times, medicines availability, including of parallel imports, accuracy of deliveries, administration and cost at the dispensing level, whether Pfizer or UniChem had resolved any problems raised, and whether there was a knock-on effect on service to patients.
- 1.4. In general terms, the survey results found that UniChem Pfizer-only customers (that is, those who received only Pfizer medicines from UniChem) reported being particularly affected by the Pfizer scheme by way of deterioration in the wholesaler service levels they received on Pfizer medicines. A higher percentage of the Pfizer-only customers, compared with other UniChem customer account holders and in particular, principal full-line customers, reported a deterioration in turnaround time for dispensing prescriptions and impact on their patient services. A large majority of all customers reported a decrease in the discount they receive on Pfizer medicines. Many respondents reported additional staff time and staff costs incurred on increased administration associated with Pfizer orders. Although the survey did not ask questions regarding possible further manufacturer changes in distribution, many respondents expressed concern about expected worsening service and further decreases in discounts, for both branded and generic medicines, if other manufacturers change their distribution arrangements. The full survey results are set out in section A3.
- 1.5. The questionnaire sought to ask neutrally-phrased questions which are balanced and relevant to all respondents. The range of results for each question suggests that in instances where respondents had been unaffected or positively affected, the questionnaire enabled them to record that experience. We also observed a mix of freetext comments, some of which were critical of the new scheme and others that were candid about not being adversely affected.

- 1.6. Overall, the survey results are generally robust and have either small or moderate estimated 95 per cent confidence intervals. Where the confidence intervals are high, we have not relied on the results in our main report's findings.

2. METHODOLOGY

The objective of the survey

- 2.1. We wished to underpin the market study's analysis and findings by facts-based research. Although several stakeholders, including UniChem, had provided us with the results of their surveys, all of which provided useful insights into the effects of the Pfizer scheme (these are summarised in Annex F.3), we saw merit in carrying out our own more comprehensive survey at a stage when the Pfizer scheme had already been operating for a few months.
- 2.2. The OFT survey's objective was to assist us in quantifying and evaluating what effects, if any, had been experienced by pharmacies and dispensing doctors resulting from the Pfizer scheme since its implementation in March 2007. In particular, the survey sought to quantify the impact of the Pfizer scheme on pharmacies and dispensing doctors in respect of any changes to:
- discounts
 - ordering and delivery times
 - drug availability, including parallel imports
 - accuracy of deliveries
 - whether Pfizer had resolved any problems raised
 - administration and cost at the dispensing level, and
 - any knock-on effect on service to patients.

The questionnaire

- 2.3. The questionnaire was structured to elicit the following information about the respondents and on any changes they had experienced to the following operational areas:
- About the respondent: whether the respondent operated a single or multiple dispensing premises; was a pharmacist or a dispensing doctor; postcode of all dispensing premises and number of FP10 items dispensed in 2006.
 - Number of wholesalers used.
 - Any change to discounts received on branded and generic pharmaceuticals.
 - Service levels: cut-off and delivery times; medicines availability; accuracy of delivery against order; whether issues had been raised with Pfizer or UniChem and if so, what the outcome had been; and ancillary services.

- Availability of Pfizer medicines and allocation of quotas.
 - Administration relating to operation of the Pfizer DTP agreement (operating accounts; impact on staff time and stock levels).
 - Impact on patient services: time spent advising patients; dispensing turnaround times; other patient services.
- 2.4. The majority of the questions required a box to be ticked or a number to be inserted. The questionnaire provided freetext boxes to allow respondents to explain and elaborate on their answer where this was not possible through the tick-box and number insertion options.
- 2.5. The questionnaire was accompanied by a covering letter explaining the purpose of the study and asking respondents to complete either Form A for businesses operating a single outlet only or Form B for businesses operating multiple outlets. The letter asked respondents to provide answers to the questionnaire based upon their own experience of the Pfizer scheme so far. The covering letter and questionnaire and Forms A and B are reproduced in section 5 of this Annex.
- 2.6. Respondents were not required to state their identity on the returned questionnaire. For organisational reasons, each form was allocated a unique reference number. Its purpose was to track returns, so that were it to prove necessary to issue reminder letters, we would not need to do so to those that had already replied. In addition, the reference number was used to check for duplicate returns, submitted either by accident or design, which would have had the effect of reinforcing a particular viewpoint. In any event, no duplicate forms were detected.
- 2.7. One concern with self-completion surveys is the potential presence of response bias in the results. For example, one might expect those pharmacies and dispensing doctors who feel particularly strongly about the new scheme (i.e. those who have been most adversely affected) to make more of an effort to respond than those who have a positive experience or are neutral. The bias that self-selection may introduce is not easily quantifiable and this uncertainty is an inevitable feature of any survey. A second source of potential bias concerns leading questions. It is important that the questions are not phrased in such a way that forces a specific answer from the respondent.
- 2.8. To minimise the bias from leading questions, we aimed to design a questionnaire which would be balanced and of relevance to all respondents. All the questions were formed in a neutral way and a number of open-ended questions were included allowing respondents to write comments. On balance, we do not believe that there is sufficient evidence of systematic bias in the results to undermine the conclusions we have drawn from them.

2.9. Before launching the survey, the questionnaire was pilot-tested to ensure that the forms were clear, understandable and that the information being sought was available to the respondents. The forms were sent out at the beginning of August 2007, almost five months after the implementation of the Pfizer agreement. A deadline for returns was given for 22 August 2007 to accommodate possible holiday delays in completing the questionnaire. In view of the very high response rate, the OFT did not need to send reminder letters.

Sample methodology

2.10. The UK retail pharmacy sector is made up of 12,563 community pharmacies in GB with 10,619 in England, 1,222 in Scotland and 722 in Wales.¹ There are around 530 pharmacies in Northern Ireland. In addition, there are 5,970 dispensing doctors in the UK² and around 1,800 dispensing doctor practices, mainly in rural and remote areas.

2.11. The top-ten pharmacy multiples accounted for over half the UK retail pharmacy market at the end of 2006.³ They are followed by a highly fragmented long tail, including a large number of stand-alone pharmacies. Retail pharmacies can be categorised into: independent pharmacies (less than five outlets and not vertically integrated with a wholesaler); national or regional chains of five or more pharmacies, including pharmacies within supermarkets; and pharmacies which are vertically integrated with wholesalers. Table F.1 below shows the number of stores owned by each of the largest multiples for 2005 / 2006.

¹ Source: RPSGB Pharmacy Premises Register as at 1 November 2007.

² Source: Dispensing Doctor' Association estimate for 2006. Consistent data from official sources of DH and NHS agencies does not appear to be available at present.

³ Source: UK Retail Pharmacy 2006, Verdict [DMVT0350. Datamonitor (Published 11/ 2006]. NB the Verdict numbers precede the 2007 Co-operative Group (CWS) Limited and United Co-operatives Limited merger.

Table F.1 – Pharmacy numbers 2005/06

Company	Pharmacy numbers 2005/06
Lloyds pharmacy	1,527
Boots	1,290
Alliance Pharmacy	954
Co-operative Pharmacy	381
Rowlands	372
Superdrug	224
Tesco	200
Sainsbury	169
Morrison	110
Asda	85

Source: The UK Retail Pharmacy Market 2006. Verdict Research

- 2.12. In order to survey the UK dispensing population, we sought a database which identified the 'head office'⁴ of all UK NHS dispensing pharmacies and dispensing doctors together with the number of outlets they operate. Such a database would provide an ideal sampling frame, ensuring that a survey could be well designed and employ proper random sampling procedures.
- 2.13. We explored a variety of potential sources in some depth. Ultimately, having in mind issues such as UK coverage, data consistency and cost, we opted to use Pfizer's own customer database which was the most appropriate for our requirements. The OFT is grateful to Pfizer for making the database available for the purposes of the OFT survey.
- 2.14. The UK retail pharmacy market is not static. Periodically, pharmacies will change hands, new pharmacies will open, others will close and some will relocate. In the responses to the questionnaires we observed a very small number of cases in which addresses relating to ownership of the dispensing premises and the number of outlets relating to specific businesses departed slightly from the information obtained from the Pfizer customer account database. Given that the departures were few and small in nature we do not think this had any effect on the robustness of the survey. Nor is this intended to imply any criticism of the Pfizer database. The results of our survey present our best estimates of the state of retail pharmacy businesses at the time we conducted the study.

Sample size and demographics

- 2.15. The Pfizer database listed the invoicing points ('head offices') for all dispensing pharmacies (4,200) and dispensing doctors (1,400) in the UK. To get a

⁴ 'Head office' understood in this context as referring the office or person responsible for either all branches – two or more - falling under common ownership or for a single dispensing premises.

representative picture of the entire population, we chose a random sample of 900 pharmacy and 800 dispensing doctor practice head offices to participate in the survey. The calculation of this sample size assumed a response rate of 40 per cent, a margin of error of ± 5 per cent and a standard 95 per cent confidence level. In the event, the response rate was higher and we also obtained high sampling fractions for the larger businesses. This had the beneficial effect of further reducing the standard errors of our estimates.⁵

- 2.16. Pharmacy head offices with more than five dispensing premises, and dispensing doctors operating more than one dispensing premises, were all included in the sample. Pharmacy and dispensing doctor head offices with fewer outlets were randomly sampled. The sampling was, however, controlled so that the sample size in each region was proportional to the population of pharmacies and dispensing premises in that region.
- 2.17. In the analysis, results were weighted to take account of the different sampling proportions applied to the larger and smaller businesses. The weighting procedure ensures that estimates properly reflected the overall population of outlets.
- 2.18. Table F.2 below shows the geographic distribution of questionnaires sent out by region.

Table F.2 - Number of Pharmacy and Dispensing Doctors Head Offices sampled by region

<u>Region</u>	<u>Forms issued to:</u>	
	<u>Pharmacy contractors</u>	<u>Dispensing doctors</u>
North East	36	29
North West	103	29
Yorkshire and Humberside	51	82
East Midlands	54	95
West Midlands	79	59
East of England	72	150
London	202	3
South East	86	119
South West	40	114
Scotland	80	59
Wales	45	56
Northern Ireland	53	5
UK total	900	800

⁵ In survey sampling, the main controlling influence on the sampling errors is the sample size. However, the sampling fraction (the proportion of the total population included in the sample) also has an influence. In cases where the population is very large, the sampling fraction is very small and has a negligible influence. In this study, however, the sampling fraction was high and sufficiently influential substantially to reduce the sampling errors.

3. RESULTS: MAIN FINDINGS

Introduction

- 3.1. The main findings are reported in the tables below each followed by a brief discussion. As explained in more detail in section 6, as far as possible, the results presented in tables are in a consistent format. Typically row headings are used to describe important categorical differences between business and account types. Summary headings over columns describe specific questions in the survey, with individual column headings describing the various different answers available. Results presented in the body of the table normally consist of an initial column showing the response base, followed by percentages of different responses.⁶ Due to the nature of the subject matter, some tables relate to head offices and some to retail outlets. We include where they provide some insights into the statistics, representative quotes made by respondents in the freetext boxes supplied in the questionnaire. Sampling errors are discussed in section 6.
- 3.2. Discussion of the results for each the questionnaire answer is grouped below in the same order as the questions in the questionnaire.

ABOUT THE RESPONDENTS

Response rate, profile and demographics

- 3.3. Of the 1,700 forms issued, a total of 844 were returned, reporting information on a total of 8,170 pharmacy and dispensing doctor outlets. This represents nearly 50 per cent of forms issued (47 per cent of forms issued for dispensing doctors and 52 per cent for pharmacy contractors). Response rates by type and size of business, and coverage in terms of pharmacy outlets, is given in table F.3 below, with regional response information in table F.4.
- 3.4. In terms of coverage, we succeeded in our aim of capturing information from a high proportion of outlets. Table F.3 shows that we managed to obtain information that covered some 54 per cent of all (15,016) pharmacy and dispensing doctor outlets in the UK. The high coverage achieved was partly due to the high response rate from the largest multiple pharmacy businesses.

⁶ It should be noted that percentages may not add up exactly to 100 due to rounding.

Table F.3 – survey structure: response rates and coverage of outlets

Type of business and size	Total head offices	Total outlets	Outlets covered in sample	Forms issued	Forms returned	Response rate
Pharmacy contractor						
Single outlet	3,337	3,337	309	619	309	49.9%
Multiple outlets	875	9,936	7,343	281	156	55.5%
2-5 outlets inclusive	733	1,893	269	139	73	52.5%
6-25 outlets inclusive	113	1,161	552	113	61	54.0%
26-99 outlets inclusive	19	889	675	19	13	68.4%
More than 100 outlets	10	5,993	5,847	10	9	90.0%
All pharmacy contractors	4,212	13,273	7,652	900	465	51.7%
Dispensing doctor						
Single outlet	1,009	1,009	272	426	272	63.8%
Multiple outlets	373	824	246	374	107	28.6%
All dispensing doctors	1,382	1,833	518	800	379	47.4%
All businesses						
Single outlet	4,346	4,346	581	1,045	581	55.6%
Multiple outlets	1,248	10,760	7,589	655	263	40.2%
All businesses	5,594	15,106	8,170	1,700	844	49.6%

3.5. All of the regions across the UK were well covered in terms of respondents participating in the survey and outlet representation across the UK. Although we obtained postcode data from the head offices of multiple chains, we have not aggregated the postcode data in view of the sheer volume of data. However, since the national and regional multiples have branches across the whole of the UK, the 263 completed forms returned from this group can be safely assumed to provide very good overall regional representation of outlets in the regions. The percentage breakdown of forms returned by single 'head office' pharmacies and dispensing doctors by region given in Table 4 below provides a good proxy for regional representation of all types of businesses (i.e. including the branches of multiples).

Table F.4 - head offices operating a single outlet: response rates by region

<u>Region</u>	<u>Forms issued</u>	<u>Forms returned</u>	<u>Response rate</u>
North East	37	23	61.7%
North West	85	48	56.4%
Yorkshire and Humberside	67	42	62.3%
East Midlands	83	51	61.5%
West Midlands	83	50	60.2%
East of England	132	82	62.1%
London	151	65	42.9%
South East	119	67	56.4%
South West	88	50	57.1%
Scotland	100	44	44.1%
Wales	59	39	66.4%
Northern Ireland	41	20	48.6%
UK total	1,045	581	55.6%

Size of the respondents' share of NHS dispensing

3.6. So that we could identify whether any results relating to individual questions might reflect the size of respondents' share of NHS dispensing, we used as a proxy for size of market share the approximate number of items on FP10 forms that respondents dispensed in 2006. The aggregated answers to this question are set out in Table F.5 below as mean, median, maximum and minimum amounts by business size.

Table F.5 - responses to Q4 (Form A and Form B): number of items on FP10 dispensed in 2006

<u>Size of business; Head offices operating:</u>	<u>Total (head offices)</u>	Number of items on FP10 dispensed in 2006				SE of Mean
		Mean	Median	Max	Min	
A single outlet	3,957	58,856	50,309	300,000	1,100	600
2-6 outlets inclusive	1,037	158,025	104,000	2,400,000	6,600	7,547
7-25 outlets inclusive	81	742,043	680,000	1,629,000	57,138	40,524
26-99 outlets inclusive	18	3,950,145	3,695,066	8,500,000	1,304,010	476,170
100 or more outlets	9	44,697,000	30,000,000	122,100,000	5,973,000	14,788,523

Notes:

1. Coverage: all head offices.
2. Analysis excludes missing answers.

ABOUT THE RESPONDENTS' WHOLESALERS

Number of wholesalers used

3.7. As part of the objective of establishing what the significance, in terms of administrative burden, might be of dealing with an additional wholesaler account as a consequence of the Pfizer scheme, the survey sought to establish the number of wholesalers typically delivering to pharmacies and dispensing doctors at least once a week. The breakdown of responses by contractor type and UniChem account type is given in table F.6 below.

Table F.6 - responses to Q5 (Form A and Form B): percentage of outlets receiving deliveries at least once a week from one, two, three or more than three wholesalers

<u>Type of business and UniChem account</u>	<u>Total (outlets)</u>	Number of wholesalers			
		One wholesaler	Two wholesalers	Three wholesalers	(% of outlets) More than three wholesalers
Pharmacy contractor					
Pfizer only	7,309	30%	28%	12%	30%
Principal full-line	3,365	35%	24%	17%	23%
Secondary full-line	2,528	52%	36%	6%	6%
All pharmacy contractors	13,202	36%	28%	12%	24%
Dispensing doctor					
Pfizer only	1,623	20%	54%	19%	7%
Principal full-line	33	..	..	..	..
Secondary full-line	121	6%	74%	9%	12%
All dispensing doctors	1,778	20%	55%	18%	7%
All					
Pfizer only	8,930	28%	33%	13%	26%
Principal full-line	3,398	36%	24%	17%	23%
Secondary full-line	2,650	50%	37%	6%	7%
All	14,978	34%	32%	13%	22%

Notes:

1. Coverage: all outlets.
2. Analysis excludes missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

3.8. The results indicate that 34 per cent of all outlets typically receive deliveries from one wholesaler and 32 per cent from two wholesalers per week.

3.9. We note that the survey results suggest that some respondents may have understood the question differently to others. For example, 28 per cent of all Pfizer-only UniChem customers reported typically receiving deliveries from one wholesaler whereas that customer group would be expected to have two or

more wholesalers. We do not rely on the survey result to this question in our findings and recommendations.

Type of account held with UniChem

3.10. The survey sought to assess customers' response to the need to have an account with UniChem in order to obtain Pfizer medicines by asking what type of account they held with UniChem. Table F.7 below sets out the results.

Table F.7 - responses to Q6 (Form A and Form B): type of account with UniChem

Type of business	Type of account with UniChem			
	Total (head offices)	Pfizer only	Principal full-line	Secondary full-line
Businesses operating a single dispensing premises				
Pharmacy contractor	3,326	61%	33%	6%
Dispensing doctor	975	92%	1%	7%
All	4,303	68%	26%	6%
Businesses operating two or more dispensing premises				
Pharmacy contractor	874	67%	29%	4%
Dispensing doctor	367	90%	3%	7%
All	1,241	74%	21%	5%
All businesses				
Pharmacy contractor	4,200	62%	32%	6%
Dispensing doctor	1,342	91%	2%	7%
All	5,544	69%	25%	6%

Notes:

1. Coverage: all head offices.
2. Analysis excludes missing answers.
3. See Table F.37 for confidence intervals.

Key findings on type of account held with UniChem

- 69 per cent of all respondents reported opening a Pfizer-only account with UniChem
- the remaining respondents reported using UniChem as their principal or second full-line wholesaler.

Customer switching to UniChem for all branded medicines purchases

3.11. The survey sought to test out stakeholder concerns that customers would switch to UniChem for all their branded medicine supplies since as a result of becoming Pfizer's exclusive distributor, UniChem was the only wholesaler continuing to offer the full range of manufacturers branded medicines. The survey results are set out in Table F.8 below.

Table F.8 - responses to Q7 (Form A and Form B): switching all branded purchases to UniChem as a result of the implementation of the Pfizer-DTP scheme

<u>Type of business and UniChem account</u>	<u>Total (head offices)</u>	Have you switched all your branded purchases to UniChem as a result of the implementation of the Pfizer-DTP scheme?	
		(% of head offices)	
		Yes	No
Pharmacy contractor			
Pfizer only	2,608	10%	90%
Principal full-line	1,337	40%	60%
Secondary full-line	237	..	..
All pharmacy contractors	4,181	20%	80%
Dispensing doctor			
Pfizer only	1,207	12%	88%
Principal full-line	18	..	..
Secondary full-line	96	..	..
All dispensing doctors	1,323	12%	88%
All			
Pfizer only	3,815	11%	89%
Principal full-line	1,355	40%	60%
Secondary full-line	333	14%	86%
All	5,503	18%	82%

Notes:

1. Coverage: all head offices.
2. Analysis excludes missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.35 for confidence intervals.

Key findings on customer switching to UniChem for all branded medicines purchases

- 18 per cent of respondents reported that they had switched to UniChem for all their branded medicines purchases.

3.12. We note that the survey results are open to question since a proportion – over 10 per cent - of respondents who characterised themselves as Pfizer-only UniChem customers reported switching to UniChem for all their branded medicines purchases. We have not relied on the survey's findings in respect of this question to support the OFT's findings and recommendations.

DISCOUNTS

Customer buying method

3.13. We wished to establish the extent to which, if any, customers possess buyer power in respect of discounts on purchase of pharmaceuticals, by asking respondents about their buying method. Purchasing pharmaceuticals centrally for all branches or as part of a buyer group enables customers to benefit from the higher end of volume discounts offered. Purchasing Pfizer medicines as part of a buyer group has not been an option.

3.14. The results are set out in Table F.9 below

Table F.9 - responses to Q9 (Form A and Form B): buying method

<u>Type of business and UniChem account</u>	<u>Total (head offices)</u>	<u>Buying method (% of head offices)</u>		
		<u>Centrally for all branches</u>	<u>As part of a buying group</u>	<u>At individual branch level</u>
Pharmacy contractor				
Pfizer only	2,594	1%	19%	80%
Principal full-line	1,345	1%	23%	76%
Secondary full-line	237	..	..	..
All pharmacy contractors	4,176	1%	20%	79%
Dispensing doctor				
Pfizer only	1,209	8%	14%	78%
Principal full-line	19	..	..	..
Secondary full-line	92	..	..	..
All dispensing doctors	1,322	7%	14%	79%
All				
Pfizer only	3,805	3%	18%	79%
Principal full-line	1,364	2%	23%	76%
Secondary full-line	329	1%	9%	91%
All	5,498	2%	18%	79%

Notes:

1. Coverage: all head offices.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.35 for confidence intervals.

Key findings on customer buying method

- 2 per cent of head offices purchase their pharmaceuticals centrally for all their branches; these include the majority of the largest pharmacy chains which responded to our survey.
- 18 per cent of respondents reported buying through a buyer group.
- 79 per cent of respondents reported buying individually at branch level.

Effect of implementation of the Pfizer DTP agreement on discounts received by pharmacies and dispensing doctors

- 3.15. The survey sought to assess the impact of the Pfizer DTP agreement on the discount pharmacies receive on their medicines purchases. There were two elements to stakeholders concerns on account of:
- under the Pfizer DTP scheme, the discount scale for Pfizer medicines was reduced; and
 - The Pfizer DTP scheme's removal of Pfizer medicines from full-line wholesalers' offerings would have a major impact on the volume discounts pharmacies received for the remainder of their purchases. Further, if the wholesaler was no longer able to offer the medicines of certain manufacturers, the wholesaler would need to adjust its discount structure accordingly.
- 3.16. Initially, stakeholders had expressed difficulty in being able to quantify precisely the anticipated impact on discounts. Discounts were also believed to vary as between dispensing doctors and pharmacies. However, many stakeholders believed the decrease in discount on Pfizer medicines ranged between 1 – 2 per cent. In view of these difficulties, our survey asked respondents to tick one of seven boxes ranging between an increase or decrease in discounts of up to more than 2 percentage points.
- 3.17. The question relating to effect on discount received on Pfizer medicines was put to two customer types – multiple-outlet head offices that purchase centrally for all branches (thus potentially benefiting from volume discounts) and those who buy at individual branch level (including single outlet head offices and multiple-outlet head offices which purchase as part of a buying group which are not able to do so under the Pfizer scheme). The key findings in relation to both customer types are given after reporting the survey results on responses received for both sets of questions.

Effect on customers buying centrally for all branches

3.18. Tables F.10 below discusses the results in relation to multiple-outlet head offices that purchase centrally for all branches.

Table F.10 - responses to Q9 (Form B): changes in discount levels on Pfizer branded ethicals (head offices purchasing branded pharmaceuticals centrally for all branches)

		Change in discount: Pfizer branded ethicals						
		(% of head offices)						
		Discount increased by...				Discount decreased by...		
Type of UniChem account	Total (head offices)	...more than 2 percentage points	...more than 1 and up to 2 percentage points	...up to 1 percentage point	No change	...up to 1 percentage point	...more than 1 and up to 2 percentage points	...more than 2 percentage points
All								
Pfizer only	83	7%	0%	5%	31%	19%	13%	24%
Principal full-line	22	..	..	..	..	..	..	..
Secondary full-line	2	..	..	..	..	..	..	..
All	107	6%	1%	4%	24%	15%	12%	38%

Notes:

1. Coverage: head offices purchasing branded pharmaceuticals centrally for all branches.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.38 for confidence intervals.

3.19. The survey results show that for those head offices purchasing Pfizer medicines centrally for all branches, 65 per cent reported a decrease in discount received. It should be noted that this estimate relates to a small subset of data and is subject to high sampling error (see Table F.38).

3.20. The total number of 107 respondent head offices that characterised themselves as 'purchasing centrally for all branches' consisted of two types of customer: first, very large multiple chains which purchase centrally and account for the largest volume purchased and number of branch outlets covered; and second, a number of dispensing doctors who identified themselves as 'purchasing centrally' as they purchase medicines in the name of their main surgery, but also dispense these medicines in two or three of their other dispensing premises.

3.21. When we analysed the data of the 107 head offices in terms of the outlets they own,⁷ we found that 77 per cent reported a decrease in discount; 22 per cent reported an increase in discount and 1 per cent reported no change.

3.22. We wished to isolate from these 107 head office respondents the largest multiple chains to see whether the branch level percentage reported differed

⁷ To analyse this 'head office' question at the outlet level, we have made the assumption that the replies to this question given by each of the 107 head offices apply to all their branches.

also. We found that on this basis, the percentage of their outlets that reported a decrease in discount was 76 per cent. In fact, the actual percentage might, in real terms, be even higher. This is because under the traditional wholesale model, some vertically integrated pharmacies would receive a lesser discount from their upstream wholesaler. Under the Pfizer scheme, Pfizer applies the discount direct to pharmacies, so an increase in discount received could be reported by such pharmacies due to the change from an internal transfer price to a direct price from the manufacturer, whereas it is the overall effect on the discount received from Pfizer by the group that is the issue.

Effect on customers purchasing at individual branch level

3.23. Table F.11 below shows the results in relation to outlets owned by head offices that purchase at individual branch level (including single outlet head offices and multiple-outlet head offices which purchase as part of a buying group which are not able to do so under the Pfizer scheme).

Table F.11 - responses to Q9 (Form A) and Q10 (Form B): changes in discount levels on Pfizer branded ethicals (outlets owned by businesses that purchase branded pharmaceuticals at individual branch level or as part of a buying group)

Type of business and UniChem account	Total (outlets)	Change in discount: Pfizer branded ethicals (% of outlets)						
		Discount increased by...				Discount decreased by...		
		...more than 2 percentage points	...more than 1 and up to 2 percentage points	...up to 1 percentage point	No change	...up to 1 percentage point	...more than 1 and up to 2 percentage points	...more than 2 percentage points
Pharmacy contractor								
Pfizer only	3,800	1%	1%	0%	2%	7%	17%	72%
Principal full-line	1,722	1%	1%	1%	9%	8%	18%	63%
Secondary full-line	438	0%	0%	0%	3%	21%	31%	46%
All pharmacy contractors	5,958	1%	1%	0%	4%	9%	18%	68%
Dispensing doctor								
Pfizer only	938	4%	3%	0%	29%	11%	18%	34%
Principal full-line	11	..	..	..	..	..	..	..
Secondary full-line	77	..	..	..	..	..	..	..
All dispensing doctors	1,028	4%	3%	0%	30%	12%	17%	35%
All								
Pfizer only	4,738	2%	1%	0%	7%	8%	17%	65%
Principal full-line	1,733	1%	1%	1%	8%	8%	18%	63%
Secondary full-line	515	0%	0%	0%	8%	20%	26%	46%
All	6,984	1%	1%	0%	8%	9%	18%	63%

Notes:

1. Coverage: outlets owned by businesses that purchase branded pharmaceuticals at individual branch level or as part of a buying group.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.

4. See Table F.39 for confidence intervals.

3.24. The results relating to those outlets owned by head offices (multiple and single) which purchase at individual branch level showed a higher percentage reporting a decrease in discount. In total, 90 per cent of this group reported a decrease in discount. The group with the highest proportion of respondents reporting a decrease in discount was pharmacy contractors with a Pfizer-only account.

Key finding on effect on discounts received on Pfizer branded medicines

- 65 per cent of head offices purchasing Pfizer medicines centrally for all their branches reported a decrease in discount; by branch level, 77 per cent of outlets reported a decrease in discount.
- 90 per cent of all customers purchasing at individual branch level reported a decrease in discount.

Effect on discounts received on non-Pfizer branded medicines

3.25. Our survey sought to assess the impact of the Pfizer scheme on the discount (as a percentage of the list price charged) respondents receive on non-Pfizer branded medicines. Tables F.12 and F.13 below set out the results in respect of non-Pfizer branded ethical and generics. The key findings in respect of both medicine types are reported after the survey results on responses received for both sets of questions.

Table F.12 - responses to Q10 (Form A) and Q11 (Form B): changes in discount levels on non-Pfizer branded ethical

Type of business and UniChem account		Change in discount: Non-Pfizer branded ethicals (% of outlets)						
		Discount increased by...				Discount decreased by...		
		...more than 2 percentage points	...more than 1 and up to 2 percentage points	...up to 1 percentage point	No change	...up to 1 percentage point	...more than 1 and up to 2 percentage points	...more than 2 percentage points
Total (outlets)								
Pharmacy contractor								
Pfizer only	6,858	0%	0%	1%	76%	12%	7%	4%
Principal full-line	2,831	1%	0%	0%	82%	5%	5%	8%
Secondary full-line	2,538	0%	0%	0%	97%	1%	1%	1%
All pharmacy contractors	12,228	0%	0%	0%	82%	8%	5%	5%
Dispensing doctor								
Pfizer only	1,120	0%	0%	0%	83%	7%	2%	8%
Principal full-line	29	..	..	..	..	..	..	..
Secondary full-line	84	8%	0%	0%	70%	8%	0%	13%
All dispensing doctors	1,234	1%	0%	0%	83%	7%	2%	8%
All								
Pfizer only	7,980	0%	0%	0%	77%	11%	6%	5%
Principal full-line	2,861	1%	0%	0%	82%	5%	5%	7%
Secondary full-line	2,625	0%	0%	0%	96%	1%	1%	2%
All	13,463	0%	0%	0%	82%	8%	5%	5%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Table F.13 - responses to Q11 (Form A) and Q12 (Form B): changes in discount levels on generics

		Change in discount: Generics						
		Discount increased by...					Discount decreased by...	
		(% of outlets)						
Type of business and UniChem account	Total (outlets)	...more than 2 percentage points	...more than 1 and up to 2 percentage points	...up to 1 percentage point	No change	...up to 1 percentage point	...more than 1 and up to 2 percentage points	...more than 2 percentage points
Pharmacy contractor								
Pfizer only	6,522	0%	0%	0%	89%	3%	3%	4%
Principal full-line	2,646	2%	0%	0%	85%	2%	3%	7%
Secondary full-line	2,494	0%	0%	0%	98%	0%	0%	1%
All pharmacy contractors	11,665	1%	0%	0%	90%	3%	3%	4%
Dispensing doctor								
Pfizer only	1,086	0%	1%	0%	93%	3%	1%	2%
Principal full-line	29	..	..	..	..	..	..	..
Secondary full-line	89	0%	0%	0%	92%	8%	0%	0%
All dispensing doctors	1,204	0%	1%	0%	93%	4%	1%	2%
All								
Pfizer only	7,610	0%	0%	0%	89%	3%	3%	4%
Principal full-line	2,675	2%	0%	0%	85%	2%	3%	7%
Secondary full-line	2,583	0%	0%	0%	98%	1%	0%	1%
All	12,870	1%	0%	0%	90%	3%	3%	4%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on effect on discounts received on non-Pfizer branded medicines and on generic medicines

- The majority of respondents in both categories reported no change in discount – 82 per cent and 90 per cent respectively.

3.26. Respondents' freetext comments expressed concern that the discount levels on non-Pfizer medicines would not be capable of being sustained in the future:

'Pfizer discount via UniChem = 8%. Previously all Pfizer discount via [] was 11% as always spend above a threshold i.e. decrease in discount = 3% !!!'

'At present our discounts for non-Pfizer branded and generics, supplied by our present wholesaler, have remained unchanged. However there has been concern from them that if their business is greatly reduced because of this scheme that discounts may have to be renegotiated along with frequency of service'.

'The reduction in discount on non-Pfizer branded goods is due to a reduction in spend at [] reducing our discounts above certain thresholds'.

'Although discount levels on non-Pfizer products and generics have not been affected, we no longer have the volume necessary to negotiate increased discounts.'

IMPACT ON SERVICE LEVELS

3.27. The following section discusses survey results in relation to the service level issues that stakeholders raised as concerns at the launch of our market study.

Cut-off times

3.28. Stakeholders had complained that the UniChem ordering cut-off times for supply of Pfizer medicines were too early stating that a later cut-off time will allow for more timely delivery. The survey sought to establish what the affect of Pfizer's DTP scheme had had on cut-off times. Table F.14 below sets out the results.

Table F.14 - responses to Q13 (Form A) and Q14 (Form B): impact of Pfizer-DTP scheme on cut-off times

<u>Type of business and UniChem account</u>	<u>Total (outlets)</u>	Impact on cut-off times (% of outlets)				
		Improvement		No change	Deterioration	
		Major	Minor		Minor	Major
Pharmacy contractor						
Pfizer only	7,308	0%	2%	11%	20%	67%
Principal full-line	3,370	0%	1%	91%	4%	4%
Secondary full-line	2,538	0%	1%	89%	8%	2%
All pharmacy contractors	13,218	0%	1%	47%	14%	38%
Dispensing doctor						
Pfizer only	1,560	1%	4%	59%	24%	12%
Principal full-line	33	..	..	..	..	..
Secondary full-line	122	0%	6%	55%	18%	21%
All dispensing doctors	1,717	1%	4%	59%	23%	12%
All						
Pfizer only	8,868	0%	2%	20%	21%	57%
Principal full-line	3,404	0%	1%	91%	4%	4%
Secondary full-line	2,663	0%	1%	87%	8%	3%
All	14,934	0%	2%	48%	15%	35%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on effect on cut-off times

- Most of UniChem's principal and secondary full line customers generally reported no change in their cut-off times.
- 78 per cent of Pfizer-only customers reported either a minor or major deterioration in cut-off times. A larger proportion of pharmacy contractors than dispensing doctors was adversely affected.

Delivery times

3.29. Stakeholders had complained of worse delivery times for Pfizer orders. The survey sought to establish what the effect of Pfizer's DTP scheme had had on order delivery times. The results are set out in Table F.15 below.

Table F.15 - responses to Q14 (Form A) and Q15 (Form B): impact of Pfizer-DTP scheme on delivery times

Type of business and UniChem account	Total (outlets)	Impact on delivery times				
		Improvement			Deterioration	
		Major	Minor	No change	Minor	Major
Pharmacy contractor						
Pfizer only	7,249	0%	5%	17%	27%	51%
Principal full-line	3,383	0%	2%	83%	11%	3%
Secondary full-line	1,833	0%	2%	84%	10%	4%
All pharmacy contractors	12,466	0%	3%	45%	20%	31%
Dispensing doctor						
Pfizer only	1,581	2%	7%	52%	26%	14%
Principal full-line	33	..	..	..	..	..
Secondary full-line	123	3%	0%	58%	15%	24%
All dispensing doctors	1,738	2%	6%	52%	25%	15%
All						
Pfizer only	8,832	0%	5%	23%	27%	44%
Principal full-line	3,416	0%	2%	83%	11%	3%
Secondary full-line	1,957	0%	1%	83%	10%	5%
All	14,203	0%	4%	46%	21%	29%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on effect on delivery times

- 50 per cent of all customers reported a minor or major deterioration in delivery times.
- 71 per cent of all Pfizer-only customers (78 per cent of Pfizer-only pharmacy contractors) fell into this category, many complaining about the unpredictability of the delivery service.
- 14 per cent and 15 per cent of UniChem's principal and secondary full-line customers respectively reported a minor or major deterioration in delivery times.

3.30. The freetext comments provided by respondents provide some insights into effect on delivery times.

'Delivery times are completely unpredictable, making it very hard to know when stock will be delivered (hence it is very difficult to tell customers an accurate time at which to return to collect their 'owed' medication). This only affects their 'Pfizer-only' customers as mainline customers have a set delivery time, coming from a different van route'.

'Many patients received from local surgery miss the cut-off time for Pfizer order. Therefore patients often have to call back, as their prescription is not ready as quickly as it used to be'

'The number of owings has increased significantly – if we don't have the Pfizer product in stock we're having to order it in specifically. It can take up to a day to come in'.

'UniChem only deliver once daily. Our previous supplier delivered twice daily'

Impact on medicines availability

3.31. A number of stakeholders expressed the concern that DTP would lead to a deterioration or delays in availability of medicines. The main basis for this concern was that under the traditional wholesaler model, if the main wholesaler does not have the medicine in question in stock, it is possible to obtain it from another wholesaler whereas under the Pfizer scheme, only UniChem supplies Pfizer medicines. The survey sought to quantify whether this concern was realised in practice. The results are set out in Table F.16 below.

Table F.16 - responses to Q15 (Form A) and Q16 (Form B): impact of Pfizer-DTP scheme on drug availability

Type of business and UniChem account	Total (outlets)	Impact on drug availability (% of outlets)				
		Improvement		No change	Deterioration	
		Major	Minor		Minor	Major
Pharmacy contractor						
Pfizer only	7,268	0%	1%	48%	34%	17%
Principal full-line	3,268	30%	1%	41%	24%	5%
Secondary full-line	1,834	0%	72%	10%	9%	9%
All pharmacy contractors	12,371	8%	12%	40%	27%	13%
Dispensing doctor						
Pfizer only	1,578	1%	4%	66%	25%	5%
Principal full-line	33	..	..	..	..	..
Secondary full-line	122	3%	9%	61%	18%	9%
All dispensing doctors	1,732	1%	4%	66%	24%	5%
All						
Pfizer only	8,846	0%	2%	51%	32%	15%
Principal full-line	3,302	29%	1%	41%	24%	5%
Secondary full-line	1,956	0%	68%	13%	10%	9%
All	14,104	7%	11%	44%	27%	12%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '.' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on effect on medicines availability

- 39 per cent of all customers reported a minor to major deterioration in medicines availability; the corresponding figure for Pfizer-only customers was 47 per cent.
- 18 per cent of all customers reported a minor to major improvement in medicines availability; the corresponding figure for UniChem's principal full-line customers was 30 per cent.

Accuracy of delivery against order

3.32. Stakeholders had complained about a high level of inaccuracies in the fulfilment of their orders for Pfizer medicines. The survey sought to assess stakeholders complaints about inaccuracies. Table F.17 below sets out the results.

Table F.17 - responses to Q16 (Form A) and Q17 (Form B): impact of Pfizer-DTP scheme on accuracy of delivery against order

<u>Type of business and UniChem account</u>	<u>Total (outlets)</u>	Impact on accuracy of delivery against order				
		(% of outlets)				
		Improvement		No change	Deterioration	
		Major	Minor		Minor	Major
Pharmacy contractor						
Pfizer only	7,198	0%	1%	80%	16%	2%
Principal full-line	3,383	0%	0%	89%	9%	2%
Secondary full-line	1,766	0%	0%	96%	3%	1%
All pharmacy contractors	12,346	0%	0%	85%	13%	2%
Dispensing doctor						
Pfizer only	1,582	1%	3%	83%	11%	3%
Principal full-line	33	..	..	..	..	..
Secondary full-line	122	0%	0%	80%	15%	6%
All dispensing doctors	1,737	1%	3%	83%	11%	3%
All						
Pfizer only	8,780	0%	1%	81%	15%	2%
Principal full-line	3,416	0%	0%	89%	9%	2%
Secondary full-line	1,888	0%	0%	94%	4%	2%
All	14,082	0%	1%	85%	12%	2%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on accuracy of delivery against order

- 85 per cent of all customers reported no change in accuracy of delivery against order; the corresponding figure for Pfizer-only customers was 81 per cent.
- 17 per cent of Pfizer-only customers reported a minor or major deterioration in accuracy of delivery against order.
- 1 per cent of all customers reported a minor improvement.

3.33. One issue raised by a number of respondents was lack of awareness, when placing orders through a wholesaler other than UniChem, that Pharmacia branded medicines belonged to Pfizer, which generated 'out of stock' responses.

Raising service levels issues with Pfizer or UniChem and outcome

3.34. The survey sought to establish whether pharmacies and dispensing doctors who were dissatisfied with standards of service relating to cut-off times, delivery times, medicines availability or accuracy against order had raised the issue with either Pfizer or UniChem and if so, what had been the outcome. The results are set out in Tables F.18 and F.19 below.

Table F.18 - responses to Q17 (Form A) and Q18 (Form B): raising service issues with Pfizer or UniChem

<u>Type of business and UniChem account</u>	<u>Total</u>	<u>(% of head offices)</u>	
		<u>Yes</u>	<u>No</u>
If you answered 'A major/minor deterioration in service...' in any of the questions on the impact of the Pfizer-DTP scheme on service levels, have you taken the issue up with Pfizer or UniChem?			
Pharmacy contractor			
Pfizer only	2,103	47%	53%
Principal full-line	630	50%	50%
Secondary full-line	180	..	..
All pharmacy contractors	2,913	48%	52%
Dispensing doctor			
Pfizer only	577	43%	57%
Principal full-line	6	..	..
Secondary full-line	52	..	..
All dispensing doctors	635	43%	57%
All			
Pfizer only	2,680	46%	54%
Principal full-line	636	49%	51%
Secondary full-line	232	..	..
All	3,548	47%	53%

Notes:

1. Coverage: all head offices answering 'a major or minor deterioration in service' in any of the questions on the impact of the Pfizer DTP scheme on service levels.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.40 for confidence intervals.

Table F.19 - responses to Q18 (Form A) and Q19 (Form B): what has happened to the service level as a result of raising a service issue with Pfizer or UniChem?

Type of service	Total (head offices)	Outcome of complaint (% of head offices)				
		Service improved...		No change	Service deteriorated...	
		Significantly	Slightly		Significa ntly	Slightly
Pharmacy contractor						
Cut-off times	1,164	1%	7%	77%	9%	6%
Delivery times	1,088	0%	9%	74%	9%	8%
Drug availability	1,093	0%	8%	62%	13%	16%
Accuracy of delivery	955	1%	6%	79%	6%	8%
Dispensing doctor						
Cut-off times	206	5%	13%	71%	5%	5%
Delivery times	221	4%	15%	65%	6%	10%
Drug availability	213	0%	9%	79%	7%	5%
Accuracy of delivery	212	6%	12%	74%	5%	3%
All						
Cut-off times	1,370	2%	8%	76%	9%	6%
Delivery times	1,309	1%	10%	72%	8%	8%
Drug availability	1,306	0%	8%	65%	12%	14%
Accuracy of delivery	1,167	2%	7%	78%	6%	7%

Notes:

1. Coverage: all head offices answering 'Yes' to the question of whether they have taken any service issues up with Pfizer or UniChem.
2. Analysis excludes missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.41 for confidence intervals.

Key findings on raising service levels issues with Pfizer or UniChem and outcome

- 47 per cent of respondents reported that they had raised service level issues with Pfizer or UniChem.
- Of those who raised a service issue with Pfizer or UniChem, 78 per cent reported no resultant change in service.
- 9 per cent of those who raised a service issue with Pfizer or UniChem reported that services improved slightly or significantly.

Impact on ancillary services (e.g. loan guarantee schemes, supply of IT, training etc.)

3.35. A number of stakeholders had raised the concern that ancillary services (loan guarantees, supply of IT, training etc) from wholesalers would be reduced as a consequence of the Pfizer scheme. The survey sought to assess whether respondents had experienced any evidence of this. The results are reported in Table F.20 below.

Table F.20 - responses to Q19 (Form A) and Q20 (Form B): impact of Pfizer-DTP scheme on ancillary services (e.g. loan guarantee schemes, supply of IT, training etc.)

Type of business and UniChem account	Total (outlets)	Impact on ancillary services				
		Improvement		No change	Deterioration	
		Major	Minor		Minor	Major
Pharmacy contractor						
Pfizer only	3,347	0%	0%	86%	9%	5%
Principal full-line	1,812	0%	1%	92%	4%	3%
Secondary full-line	284	0%	0%	80%	8%	12%
All pharmacy contractors	5,441	0%	0%	88%	7%	4%
Dispensing doctor						
Pfizer only	785	1%	1%	92%	2%	4%
Principal full-line	26	..	..	..	..	..
Secondary full-line	56	0%	0%	93%	0%	7%
All dispensing doctors	867	1%	1%	93%	2%	4%
All						
Pfizer only	4,133	0%	0%	88%	8%	5%
Principal full-line	1,838	0%	1%	92%	4%	3%
Secondary full-line	340	0%	0%	82%	6%	11%
All	6,309	0%	0%	89%	6%	4%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know', 'not applicable' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on impact on ancillary services

- The majority of all respondents reported no change in ancillary services.
- 10 per cent reported a major or minor deterioration.

AVAILABILITY OF PFIZER MEDICINES

Ability to obtain Pfizer products from sources other than UniChem

3.36. A number of stakeholders had raised the concern that the Pfizer agreement was expected to eliminate other sources of supply of Pfizer medicines, in part because of its exclusive agreement with UniChem and in part because it would have a negative effect on the availability of parallel imports. The survey sought to establish whether, despite UniChem's sole supplier appointment by Pfizer, respondents were still able to obtain Pfizer medicines, including parallel imports, from other sources. Table F.21 reports the responses and Table F.22 below reports the percentage of partial availability reported.

Table F.21 - responses to Q20 (Form A) and Q21 (Form B): ability to obtain Pfizer products, including parallel imports, from sources other than UniChem

<u>Type of business and UniChem account</u>	<u>Total (head offices)</u>	Are you still able to obtain Pfizer products, including parallel imports, from sources other than UniChem?		
		(% of head offices)		
		Yes	No	Only partially
Pharmacy contractor				
Pfizer only	2,454	14%	21%	66%
Principal full-line	1,107	26%	30%	44%
Secondary full-line	227	..	..	..
All pharmacy contractors	3,786	17%	24%	59%
Dispensing doctor				
Pfizer only	986	21%	55%	24%
Principal full-line	21	..	..	..
Secondary full-line	81	..	..	..
All dispensing doctors	1,088	22%	54%	24%
All				
Pfizer only	3,440	16%	30%	54%
Principal full-line	1,130	26%	30%	44%
Secondary full-line	306	13%	32%	55%
All	4,875	18%	30%	51%

Notes:

1. Coverage: all head offices.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.35 for confidence intervals.

Table F.22 - responses to Q20 'Estimate proportion' (Form A) – and Q21 'Estimate proportion' (Form B): proportion of products still obtainable from sources other than UniChem

Type of business and UniChem account	Total (head offices)	Proportion of products still obtainable from sources other than UniChem (% of head offices)					
		> %0 ≤ %10	> %10 ≤ %20	> %20 ≤ %30	> %30 ≤ %40	> %40 ≤ %50	> %50
Pharmacy contractor							
Pfizer only	1,503	52%	22%	14%	1%	5%	7%
Principal full-line	415	67%	17%	3%	5%	8%	0%
Secondary full-line	144	..	..	..	..	..	..
All pharmacy contractors	2,062	57%	19%	12%	2%	5%	5%
Dispensing doctor							
Pfizer only	187	56%	10%	8%	4%	19%	4%
Principal full-line	0	..	..	..	..	..	..
Secondary full-line	19	..	..	..	..	..	..
All dispensing doctors	205	54%	9%	11%	4%	18%	5%
All							
Pfizer only	1,689	52%	21%	14%	1%	6%	6%
Principal full-line	415	67%	17%	3%	5%	8%	0%
Secondary full-line	162	..	..	..	..	..	..
All	2,267	57%	19%	11%	2%	6%	5%

Notes:

1. Coverage: all head offices answering 'Only partially' to the question of whether they are still able to obtain Pfizer products, including parallel imports, from sources other than UniChem.
2. Analysis excludes missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.42 for confidence intervals.

Key findings on ability to obtain Pfizer products from sources other than UniChem

- 18 per cent of respondents reported they were able to obtain alternative supply of Pfizer medicines, including parallel imports.
- 51 per cent reported that they were able to do so only partially.
- Of those reporting obtaining Pfizer medicines from other sources only partially, the percentages ranged from 57 per cent of respondents being able to obtain up to 10 per cent of their demand to 5 per cent being able to obtain more than 50 per cent of their demand.

Constraints on volumes of Pfizer medicines ordered

3.37. A number of stakeholders had drawn to our attention the concern that Pfizer was implementing a quota system restricting the amount of medicines they could purchase, resulting in delays in dispensing patients' prescriptions. The survey sought to identify what proportion of Pfizer customers had been subject to quota monitoring and enforcement letters. Table F.23 sets out the results.

Table F.23 - responses to Q21 (Form A) and Q22 (Form B): constraints on volumes of products ordered through quota monitoring and enforcement letters

<u>Type of business and UniChem account</u>	<u>Total (head offices)</u>	Since the introduction of the Pfizer-DTP scheme, has Pfizer sought to constrain the volumes of the products you have ordered through quota and enforcement letters?	
		(% of head offices)	
		Yes	No
Pharmacy contractor			
Pfizer only	2,095	16%	84%
Principal full-line	1,033	11%	89%
Secondary full-line	191	..	..
All pharmacy contractors	3,319	15%	85%
Dispensing doctor			
Pfizer only	1,118	9%	91%
Principal full-line	21	..	..
Secondary full-line	86	..	..
All dispensing doctors	1,222	9%	91%
All			
Pfizer only	3,213	14%	86%
Principal full-line	1,054	11%	89%
Secondary full-line	277	20%	80%
All	4,543	13%	87%

Notes:

1. Coverage: all head offices.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.35 for confidence intervals.

Key findings on constraints on volumes of Pfizer medicines ordered

- 13 per cent of respondents reported having received quota monitoring and enforcement letters from Pfizer.

Whether volume constraints eased after taking up the issue with Pfizer or UniChem

3.38. The survey sought to establish whether pharmacies and dispensing doctors reporting that Pfizer had sought to constrain the volumes of medicines they ordered had taken up the issue with Pfizer or UniChem and if so, what had been the outcome. Table F.24 below is limited to reporting the results for 'all respondents'.

Table F.24 - Responses to Q23 (Form A) and Q24 (Form B): constraints on volumes of products ordered through quota and enforcement letters - outcome after raising the issue with Pfizer or UniChem

Type of UniChem account	Total (head offices)	Outcome (% of head offices)			
		Situation improved	Situation deteriorated	No change	Have not taken issue up with Pfizer/UniChem
All					
Pfizer only	396	..	..	..	..
Principal full-line	105	..	..	..	..
Secondary full-line	56	..	..	..	..
All	557	18%	3%	52%	27%

Notes:

1. Coverage: all head offices reporting attempts by Pfizer to constrain the volumes of the products they have ordered through quota and enforcement letters.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.43 for confidence intervals.

Key findings on the outcome of volume constraints eased after taking up the issue with Pfizer or UniChem

- 13 per cent of respondents reported having received quota monitoring and enforcement letters from Pfizer.
- 18 per cent of respondents who raised the issue of quota monitoring or enforcement letters with Pfizer or UniChem reported that this led to an improvement in the situation.

3.39. The questionnaire provided a freetext box in which respondents answering 'yes' to the above question were invited to provide details on their quota enforcement experience. The following are typical examples:

'Pfizer have implemented quotas without any evidence of past usage by us.'

'We stopped buying Lipitor from PI sources, and started to buy from Pfizer. We received a letter from Pfizer telling us we were overbuying Lipitor and they wanted to know the reason why. Pfizer were spoken to, to say we were only buying what we needed. Pfizer's attitude was arrogant, that we were buying too much'.

'Lipitor 80mg blocked on a few occasions leading patients having to call back for supplies and a number of phone calls to Pfizer to correct the situation'.

'Inappropriate letter received stating that we were over-ordering under the scheme. Long correspondence and visit by Pfizer representatives to the practice proved that this was not the case. Apology demanded and received'.

ADMINISTRATION

3.40. The survey sought to assess stakeholders' concerns about an increased administrative burden arising from the Pfizer DTP scheme, as a result of having to deal with an additional ordering system and associated administration. The survey sought to quantify the cost and extent of additional staff time required to process Pfizer orders.

Impact of the Pfizer-DTP scheme on frequency of deliveries

3.41. Respondents were asked to state how the number of deliveries to their dispensing premises had been affected since the implementation of the Pfizer DTP scheme. Table F.25 below sets out the results.

Table F.25 - responses to Q24 (Form A) and Q25 (Form B): impact of the Pfizer-DTP scheme on frequency of deliveries

Type of business and UniChem account	Total (outlets)	Impact on frequency of deliveries						
		Deliveries per day increased...			Ad hoc additional deliveries only	Deliveries per day decreased...		
		...by 2	...by 1	No change		...by 2	...by 1	
Pharmacy contractor								
Pfizer only	7,276	36%	12%	7%	21%	18%	6%	
Principal full-line	3,383	1%	1%	0%	98%	0%	0%	
Secondary full-line	2,540	3%	7%	1%	89%	0%	0%	
All pharmacy contractors	13,197	21%	8%	4%	54%	10%	3%	
Dispensing doctor								
Pfizer only	1,607	13%	23%	18%	42%	1%	4%	
Principal full-line	33	..	..	..	..	..	..
Secondary full-line	122	21%	25%	15%	36%	0%	3%	
All dispensing doctors	1,765	13%	23%	17%	42%	1%	4%	
All								
Pfizer only	8,882	32%	14%	9%	25%	15%	6%	
Principal full-line	3,416	1%	1%	0%	98%	0%	0%	
Secondary full-line	2,663	4%	7%	2%	87%	0%	0%	
All	14,961	20%	10%	5%	53%	9%	3%	

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on impact of the Pfizer-DTP scheme on frequency of deliveries:

UniChem principal full-line customers

- 98 per cent of UniChem principal full-line customers reported no change in the number of daily deliveries

Pfizer-only customers

- 32 per cent of reported an increase of 2 deliveries per day.
- 14 per reported an increase cent of one delivery a day.
- 9 per cent reported additional ad hoc deliveries only.
- 25 per cent reported no change.
- 21 per cent reported a decrease in deliveries.

UniChem's secondary full-line customers

- 87 per cent reported no change in number of deliveries a day.
- 4 per cent reported an increase of 2 deliveries per day.
- 7 per cent reported an increase of one delivery a day.

3.42. A number of respondents commented that they placed larger orders for Pfizer medicines less frequently in order to cut down on the administrative burden:

'We have ordered Pfizer in bulk to minimise disruption to our business'.
'Increased stock holding in an attempt to cut down number of deliveries'.
'Slightly increased stock levels to avoid administrative duties'.
'The whole process of ordering Pfizer products is now very awkward and inconvenient. My stock-holding has had to be increased due to the cut off/delivery times in order to fulfill prescriptions'.

Additional account with UniChem

3.43. To help assess the administrative impact of the Pfizer DTP scheme, the survey sought to quantify how many branch accounts had been opened with UniChem in order to obtain Pfizer medicines under the Pfizer scheme. Single outlet head offices were asked to answer 'yes' or 'no' to the question 'Have you opened an additional account with UniChem to order Pfizer products?' and multiple branch head offices were asked to state the number of additional accounts they have opened for their business as a whole. The aggregated results are set out in Table F.26 below.

Table F.26 - responses to Q25 (Form A) and Q26 (Form B): number of additional branch accounts opened with UniChem to order Pfizer products

<u>Type of pharmacy</u>	Number of additional branch accounts opened with UniChem to order Pfizer products
Pharmacy contractor	7,342
Dispensing doctor	1,360
All	8,702

Note: coverage: all head offices that have opened at least one additional branch account with UniChem to order Pfizer products.

Key finding: additional account with UniChem

- Approximately 8,700 branch accounts were opened with UniChem in order to obtain Pfizer medicines under the Pfizer scheme (projected for the whole population on the basis of those who responded to this question).

Extra cost of setting up the additional account with UniChem

3.44. Stakeholders had raised concerns about the cost of setting up an additional account with UniChem. The questionnaire asked respondents who had replied that they had opened an additional account with UniChem to order Pfizer medicines to estimate the cost of setting up the additional account (e.g. spend on IT equipment and software). Table F.27 below sets out the mean, median, maximum and minimum amounts by business size.

Table F.27 - responses to Q26 (Form A) and Q27 (Form B): extra cost (£) of setting up additional branch account(s) with UniChem

<u>Size of business; Head offices operating:</u>	<u>Total (head offices)</u>	Extra cost of setting up additional account(s) with UniChem				SE of Mean
		£				
		Mean	Median	Max	Min	
A single outlet	2,118	77	0	4,498	0	7.5
2-6 outlets inclusive	626	1,097	0	150,000	0	461.1
7-25 outlets inclusive	55	1,083	300	5,000	0	223.9
26-99 outlets inclusive	10	1,495	1,000	5,300	0	618.2
100 or more outlets	7	65,357	5,000	300,000	0	43,610.9

Notes:

1. Coverage: all head offices that have opened at least one additional branch account with UniChem to order Pfizer products.
2. Analysis excludes missing answers.

Key findings: extra cost of setting up the additional account with UniChem

- Respondents across all outlet number size groupings (from single outlets to multiple chains) reported costs which ranged between £0 and £300,000.

Staffing resources and cost:

Staffing time spend on administration

3.45. Stakeholders had raised concerns about the increased staff time and cost which they would have to bear for additional administration associated with the Pfizer DTP scheme. The survey asked respondents what the impact of the implementation of the Pfizer agreement had had on staffing resources in relation to administrative duties. Table F.28 below sets out the results.

Table F.28 - responses to Q27 (Form A) and Q28 (Form B): impact of the Pfizer-DTP scheme on staffing resources for administrative duties

Type of business and UniChem account	Total (head offices)	Impact on staffing resources for administrative needs (% of head offices)			
		Extra staff time needed	No extra staff time needed	Staff were freed up for other duties	Other
Pharmacy contractor					
Pfizer only	2,584	63%	34%	1%	3%
Principal full-line	1,240	33%	66%	1%	1%
Secondary full-line	238	..	..	..	..
All pharmacy contractors	4,058	53%	44%	1%	3%
Dispensing doctors					
Pfizer only	1,196	51%	43%	1%	6%
Principal full-line	21	..	..	..	..
Secondary full-line	98	..	..	..	..
All dispensing doctor	1,315	49%	45%	1%	6%
All					
Pfizer only	3,782	59%	37%	1%	4%
Principal full-line	1,260	32%	66%	1%	1%
Secondary full-line	334	46%	44%	1%	8%
All	5,372	52%	44%	1%	3%

Notes:

1. Coverage: all head offices.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.35 for confidence intervals.

Key findings on staffing resources

- 52 per cent of all head office respondents reported that extra staff time was needed for additional administrative duties; 44 per cent reported no extra time needed.
- 59 per cent of all Pfizer-only head offices reported extra staff time needed; 37 per cent reported no extra time needed.
- 63 per cent of Pfizer-only pharmacy contractor head offices reported extra staff time needed; 34 per cent reported no extra time needed.

Amount of additional staff time employed to deal with additional administrative duties as a result of the implementation of the Pfizer-DTP scheme

3.46. The questionnaire asked respondents who had replied that 'extra staff time was needed' to state how many hours per week were deployed. Head offices with more than one outlet were asked to provide information for their business as a whole. Table F.29 below sets out the results by mean, median, minimum and maximum amounts of time by size of business.

Table F.29 - Responses to Q28 (Form A) and Q29 (Form B): amount of additional staff time employed to deal with additional administrative duties as a result of the implementation of the Pfizer-DTP scheme

Size of business; Head offices operating:	Total (head offices)	Additional staff time employed				SE of Mean
		Mean	Median	Max	Min	
A single outlet	1,946	3.3	2.0	36.0	0.1	0.09
2-6 outlets inclusive	682	6.3	3.0	100.0	0.0	0.49
7-25 outlets inclusive	62	22.8	12.0	200.0	2.0	4.38
26-99 outlets inclusive	12	64.0	56.0	150.0	5.0	13.78
100 or more outlets	4	776.0	37.0	3015.0	15.0	746.35

Notes:

1. Coverage: all head offices that have had to employ 'extra staff time...to meet increased administrative needs' as a result of the implementation of the Pfizer-DTP scheme.
2. Analysis excludes missing answers.

Findings on additional staff time

- Respondents across all head office size (number of branches) reported additional staff time required to meet increased administrative needs as between 0 extra hours per week to over 3,000 hours per week.

Estimate of the cost (£ per hour) of extra working hours spent on administrative duties

3.47. The survey sought to quantify from those respondents who had replied that extra time was needed on administration, the cost per hour of the additional time spent. Table F.30 below sets out the answers by mean, median, minimum and maximum amounts of time by business size.

Table F.30 - responses to Q29 (Form A) and Q30 (Form B): estimate of the cost (£ per hour) of extra working hours spent on administrative duties as a result of the implementation of the Pfizer-DTP scheme

Size of business; Head offices operating:	Total (head offices)	Cost of extra working hours spent on administration					SE of Mean
		Mean	Median	Max	Min	£ per hour	
A single outlet	1,768	11.0	8.5	60.0	1.0	0.20	
2-6 outlets inclusive	667	11.4	9.0	50.0	1.0	0.28	
7-25 outlets inclusive	60	8.9	8.0	27.0	6.0	0.49	
26-99 outlets inclusive	12	7.8	7.0	10.0	6.1	0.44	
100 or more outlets	4	10.4	10.0	14.0	7.4	1.44	

Notes:

1. Coverage: all head offices that have had to employ 'extra staff time...to meet increased administrative needs' as a result of the implementation of the Pfizer-DTP scheme.
2. Analysis excludes missing answers.

Findings on cost (£ per hour)

- the cost per hour varies from a minimum of £1 to a maximum of £60. This reflects the professional level at which the additional administration is carried out – ranging from shop floor staff (when these are available to the dispensing premises) to the pharmacist or dispensing doctor (or in the case of some multiples) or the rank of the head office staff who carry out the administrative work.

3.48. The are following examples of respondents' freetext comments on administration:

'Administration duties done by myself out of work hours and the amount of time required has increased'.

'Staff spending more time checking invoices and sorting orders'.

'Extra staff time needed to check additional deliveries and extra staff time required at head office to process increased number of invoices'.

Key findings on additional administration staffing resources and cost

- Over half of respondents reported that extra staff time was needed for additional administrative duties.
- The amount of time reported varied between 0 extra hours per week to over 3,000 hours per week, depending on the size of the business.
- Cost per hour varied from a minimum of £1 to a maximum of £60.

Stock adjustment

3.49. Stakeholders had raised concerns that they were limited in their ability to counter the expected shortages of supply of Pfizer medicines, primarily because they could no longer rely on other wholesalers to provide a back-up supply service. Many told us that buying greater quantities of medicines was not practical as most dispensaries had capacity limitations; it would also affect their cash flow.

3.50. The survey sought to quantify whether respondents had made any adjustments to stock levels, stock turn or stock holding as a result of the implementation of the Pfizer scheme. Since we did not have any insights as to how respondents might answer the question, the questionnaire did not provide options for answers, merely inviting freetext comments. In fact, the responses generally fell into the categories of 'increased', 'decreased', 'no change' and even 'avoid purchasing Pfizer medicines'. We have aggregated the results accordingly in table F.31 below.

Table F.31 - responses to Q30 Form A (quantified) and Q31 Form B (quantified): impact of the Pfizer-DTP scheme on stock levels

Type of business and UniChem account	Total (head offices)	Impact on stock level			
		(% of head offices)			
		Increased	Decreased	No change	Avoid Pfizer
Pharmacy contractor					
Pfizer only	2,225	72%	1%	22%	5%
Principal full-line	1,000	26%	8%	64%	2%
Secondary full-line	215	..	..	..	..
All pharmacy contractors	3,438	58%	3%	35%	4%
Dispensing doctor					
Pfizer only	957	37%	2%	57%	5%
Principal full-line	14	..	..	..	..
Secondary full-line	70	..	..	..	..
All dispensing doctors	1,041	38%	2%	55%	5%
All					
Pfizer only	3,181	61%	2%	32%	5%
Principal full-line	1,014	26%	8%	64%	2%
Secondary full-line	284	63%	2%	35%	0%
All	4,478	53%	3%	40%	4%

Notes:

1. Coverage: all head offices.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.35 for confidence intervals.

Key findings on stock adjustment

- 53 per cent of all respondents reported increasing their stock levels.
- The group with the highest proportion (72 per cent) of respondents who reported increased stock levels was Pfizer-only pharmacy contractors.
- 37 per cent of Pfizer-only dispensing doctors reported increasing stock levels.
- 4 per cent of all respondents reported avoiding Pfizer medicines.

3.51. The freetext comments provided by respondents give some insight into the above statistics, in particular:

- increasing stock levels to minimise additional administrative burden;
- increasing stock levels to safeguard timeliness of dispensing patients' prescriptions in view of unfavourable cut-off and delivery times; and
- avoiding Pfizer medicines, for example by seeking out parallel imports.

'We have ordered Pfizer in bulk to minimise disruption to our business'.

'Increased stock holding in an attempt to cut down number of deliveries'.

'Increased stock to make up for poor cut-off times'.

'We have increased all stock levels on all Pfizer products, to cut down on time spent ordering stock and adding stock levels to computer which now has to be done manually instead of automatic'.

'The whole process of ordering Pfizer products is now very awkward and inconvenient. My stock-holding has had to be increased due to the cut off/delivery times in order to fulfill prescriptions'.

'Most definitely had to increase stock levels as there is increased administration (i.e. separate orders, checking products etc)'.

'I now buy parallel imports whenever possible'.

'Reduced stockholding due to lower discounts'.

'Would like to increase stock levels..unfortunately no space'.

IMPACT ON PATIENTS

Issues

3.52. Stakeholders had raised a number of concerns relating to deterioration in patient services as a result of having to spend more time on administration or as a consequence of loss of profit resulting from the cut in discounts on Pfizer medicines. The survey asked respondents to quantify the impact of the Pfizer scheme on aspects of patient service – advice to patients, turnaround time of dispensing prescriptions, and impact on other patient services.

Impact on time available for advice to patients

3.53. Stakeholders, in particular pharmacists, had raised the concern that as a result of the additional administrative burden associated with the Pfizer scheme, they would have less time available to spend advising patients. The survey asked respondents what the impact had been on time available to provide advice to patients. Table F.32 below reports the results.

Table F.32 - responses to Q31 Form A and Q32 Form B: impact of the Pfizer DTP scheme on the time available to provide advice to patients

Type of business and UniChem account	Total (outlets)	Impact on time available to provide advice to patients				
		Increase		No change	Decrease	
		Major	Minor		Minor	Major
Pharmacy contractor						
Pfizer only	7,156	1%	0%	35%	55%	9%
Principal full-line	3,318	0%	2%	87%	10%	1%
Secondary full-line	2,461	0%	0%	90%	9%	1%
All pharmacy contractors	12,933	0%	1%	59%	35%	6%
Dispensing doctor						
Pfizer only	1,608	1%	5%	70%	22%	2%
Principal full-line	33	..	..	..	..	..
Secondary full-line	114	0%	0%	84%	10%	6%
All dispensing doctors	1,756	1%	5%	71%	21%	2%
All						
Pfizer only	8,763	1%	1%	41%	49%	8%
Principal full-line	3,351	0%	2%	87%	10%	1%
Secondary full-line	2,577	0%	0%	89%	9%	1%
All	14,688	1%	1%	60%	33%	5%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on impact on time available for advice to patients

- 60 per cent of all respondents reported no change.
- Pfizer-only customers were particularly affected with 57 per cent reporting a minor or major decrease in time available for advising patients.
- Even UniChem principal full-line customers were affected, with 11 per cent reporting a minor or major decrease in time available for advice to patients.
- 2 per cent of all respondents reported a minor or major increase in time available for advice to patients.

3.54. The following examples of freetext comments supplied by respondents give insights into the statistical results on resource implications for pharmacies:

'In small community pharmacies with no technician support for the pharmacist, the additional administrative burden has a direct major impact on the time available to provide patient advice or enhanced and additional pharmacy services'.

'We have been able to absorb the additional cost / time incurred since the implementation of the Pfizer DTP scheme. However, this would not be possible if major suppliers switched to DTP schemes. This would result in a deterioration of service to patients, directly or indirectly'.

'As an independent, I do all my own paperwork. The increased admin burden means I have less time to spend with patients. Similarly for my dispensary team who have to check in additional items'.

Impact on service to patients in terms of turnaround times of dispensing prescriptions

3.55. Stakeholders had raised concerns that the Pfizer scheme would result in delays in orders being processed and in non-availability of Pfizer medicines from other wholesalers or parallel imports. This would result in delays for patients in having their prescriptions dispensed if the medicine concerned was not held in the pharmacy stockroom, or alternatively, patients may be obliged to seek the medicine from another pharmacy. The survey asked respondents what the impact had been on turnaround time of dispensing prescriptions.

Table F.33 - responses to Q32 Form A and Q33 Form B: impact of the Pfizer DTP scheme on the service to the patient in terms of turnaround time of dispensing prescriptions

Type of business and UniChem account	Total (outlets)	Impact on turnaround time of dispensing prescriptions (% of outlets)				
		Improvement		No change	Deterioration	
		Major	Minor		Minor	Major
Pharmacy contractor						
Pfizer only	7,237	0%	0%	19%	68%	13%
Principal full-line	3,307	0%	0%	82%	17%	1%
Secondary full-line	1,755	0%	0%	79%	18%	3%
All pharmacy contractors	12,299	0%	0%	45%	47%	8%
Dispensing doctor						
Pfizer only	1,591	0%	1%	63%	28%	8%
Principal full-line	33	..	..	..	..	..
Secondary full-line	123	3%	0%	46%	46%	6%
All dispensing doctors	1,747	0%	1%	62%	29%	8%
All						
Pfizer only	8,828	0%	0%	27%	61%	12%
Principal full-line	3,340	0%	0%	82%	17%	1%
Secondary full-line	1,879	0%	0%	77%	20%	4%
All	14,046	0%	0%	47%	45%	8%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know' and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Key findings on turnaround time for dispensing prescriptions

- 47 per cent of all respondents reported no change in turnaround time.
- 45 per cent reported a minor and 8 per cent a major deterioration.
- Pfizer-only UniChem customers were particularly affected - 73 per cent reporting a minor or major deterioration in medicine dispensing turnaround times; the percentage was slightly higher for pharmacy contractors.

3.56. The following examples of freetext comments made by respondents illustrate reasons given for the delays in dispensing patient prescriptions:

'Many scripts received from local surgery miss the cut-off time for Pfizer order. Therefore patients often have to call back, as their prescription is not ready as quickly as it used to be'.

'The number of 'owings' has increased significantly – if we don't have the Pfizer product in stock we're having to order it in specifically. It can take up to a day to come in'.

'UniChem last month had run out of Lipitor 80mg and I could not obtain from any other wholesaler. Consequently patients had to wait 48 hours before stock arrived... therefore patients go without their medicines because I could not obtain the drug from an alternative wholesaler.'

'Cannot supply patients with Pfizer products same day if out of stock. Have had occasions where patients have been to 4 or 5 pharmacies looking for Pfizer stock'.

'Our biggest concern is the disruption of the continuing care of our patients when there is a problem with drug availability...Many of our patients are elderly and cannot get into town to obtain a prescription drug if we have been unable to source it. Patients' medication has to be changed in order to provide treatment. One example today is a 73 year old gentleman on treatment for hypertension and stable on the Pfizer product for 7 years. The product is unavailable and we have no other avenues to source the drug. The patient's treatment has had to be changed, which also includes additional doctor's appointments to monitor the change. Not to mention the concerns that this elderly gentleman may have when his regular medication is changed, because of distribution problems rather than efficiency'.

Impact on 'other' patient services

3.57. Stakeholders had expressed concerns that they would be unable to offer 'other' patient services, such as personalised deliveries of medicines to patients, running a needle exchange or even take-up of enhanced services envisaged in pharmacy contracts. The survey asked respondents what the impact of the Pfizer scheme had been on other patient services. Table F.34 below reports the results.

Table F.34 - Responses to Q33 Form A and Q34 Form B: impact of the implementation of the Pfizer DTP scheme on 'other' patient services

		Impact on 'other' patient services				
		Improvement		No change	Deterioration	
Type of business and UniChem account	Total (outlets)	Major	Minor		Minor	Major
Pharmacy contractor						
Pfizer only	6,799	0%	0%	54%	37%	9%
Principal full-line	3,215	0%	0%	91%	8%	1%
Secondary full-line	1,755	0%	0%	92%	8%	0%
All pharmacy contractors	11,768	0%	0%	70%	25%	5%
Dispensing doctor						
Pfizer only	1,223	0%	0%	93%	5%	2%
Principal full-line	22	..	..	..	..	..
Secondary full-line	75	0%	0%	89%	5%	5%
All dispensing doctors	1,319	0%	0%	93%	5%	2%
All						
Pfizer only	8,021	0%	0%	60%	32%	8%
Principal full-line	3,236	0%	0%	91%	8%	1%
Secondary full-line	1,830	0%	0%	92%	8%	0%
All	13,087	0%	0%	72%	23%	5%

Notes:

1. Coverage: all outlets.
2. Analysis excludes 'don't know', not applicable and missing answers.
3. '..' denotes error margin too wide for estimate to be reliable.
4. See Table F.36 for confidence intervals.

Impact on 'other' patient services

- 91 per cent of all UniChem principal full-line customers and 92 per cent of all secondary full line customers reported no change in their offer of 'other patient services'.
- 60 per cent of all Pfizer-only customers reported no change in their offer of 'other patient services'.
- 40 per cent of all Pfizer-only customers reported a minor or major deterioration in their offer of 'other patient services'.
- A high proportion of dispensing doctors reported no change (dispensing doctors tend not to provide many of such services).

3.58. The following examples of freetext comments supplied by respondents give insights into the statistical results on impact on patient services:

'All stores have complained about increasing pressure in store making it difficult to carry out services such as MURs'.

'There is a reduction in service to patients, more work for pharmacy staff'.

'Any time spent with Pfizer / UniChem lines / orders reduces time for other services'.

'Where we need to deliver to our patients on the same day as we promise, we can't do this any more, hence the delivery patients have to wait longer for their medicines'.

'Due to extra administration time, we have less time to develop and promote quality patient services. With less discounts available we will be unable to invest in quality patient services in the future, never mind retaining existing services'.

Other issues raised by respondents

- 3.59. The questionnaire included freetext boxes which respondents could use to elaborate on or clarify their 'tick-box' answers. It also included at the end a freetext box which respondents could use for making any additional comments.
- 3.60. We report below representative examples of comments made by respondents who reported on a positive experience of the Pfizer scheme.

'Minimal extra time needed'.

'We continue to place our orders as before through our only wholesaler who then orders the product from UniChem and delivers to us - we have seen no change other than we get an extra invoice and the hassle of setting up the UniChem account to begin with.'

'No visible change in other patient services since introduction of Pfizer DTP.'

'Ordering Pfizer products through the UniChem website is easy and quick.'

'Delivery time much better.'

'This scheme has not had much, if any, impact on this business because we already used UniChem as a main wholesaler and did not use many PI Pfizer products.'

- 3.61. The survey did not include questions relating to other manufacturers' announced plans to change their distribution arrangements since there were no effects as yet which could be surveyed or quantified. Nevertheless, many respondents used the freetext box option to highlight their concerns that further changes in distribution would result in greater negative impact on them.

'We have been able to absorb the additional cost/time incurred since the implementation of the Pfizer DTP scheme. However, this would not be possible if major suppliers switched to DTP schemes. This would result in a deterioration of service to patients, directly or indirectly.'

'With the introduction of similar schemes by Sanofi Aventis and Napp later in the year, ordering stock will require checking constantly which wholesaler to use, increasing the complexity of ordering, leading to delays initially, reducing freedom of choice and reducing percentage of discount'.

'If more companies implement similar schemes, I fear that with the lack of choice, lack of discount and deterioration of service many pharmacies will struggle to survive or at least have to cut the patient-focused services they provide'.

'Overall, the new system has been very good. Our only concern is with other companies going this way it will have implications on admin time (payments) order sites and confusion to staff as more order sites become the norm. If ordering takes place via a wholesaler, the reduction in discount could be as much as 3%.'

4. CONCLUSIONS

- 4.1. The survey results need to be treated as providing a snapshot at a particular moment in time – August 2007, five months after the implementation of the Pfizer scheme, whereby UniChem is sole distributor for Pfizer's branded medicines.
- 4.2. A large majority of pharmacies and dispensing doctors reported a decrease in the discount they receive on Pfizer medicines. We estimate that at least 77 per cent of branches which benefit from central purchasing and 90 per cent of customers who purchase at individual branch level have reported a decrease in discount. For non-Pfizer branded and generic medicines, the vast majority of respondents reported no change, though many expressed the view that they expected future volume discounts from their main wholesaler to fall, or that the wholesalers will cut discounts anyway since their own profitability would decline as a result of no longer supplying Pfizer medicines.
- 4.3. Pfizer-only UniChem customers reported being particularly affected by the implementation of the Pfizer scheme in terms of deterioration in service levels. 78 per cent reported a minor or major deterioration in cut-off times and 71 per cent reported a minor or major deterioration in delivery times. Nearly 40 per cent of all customers reported a deterioration in medicines availability though 18 per cent reported an improvement. The majority of respondents saw no change in accuracy of delivery against order though 14 per cent reported a deterioration.
- 4.4. Of those respondents who reported a deterioration in service levels, nearly half have reported that they had taken the issue up with Pfizer or UniChem. Overall, only about 10 per cent reported a resultant improvement in the various service levels.
- 4.5. Anecdotal comments provided by respondents indicate that many were purchasing Pfizer medicines less frequently but in larger quantities. Reasons given for this were to ensure timely dispensing of patients' prescriptions and to avoid the additional administrative burden and inconvenience in operating the account.
- 4.6. 18 per cent of respondents reported still being able to source Pfizer medicines from other sources, in particular from parallel imports. Of those respondents who reported that they were able to source Pfizer medicines, including parallel imports, only partially, 57 per cent reported being able to obtain up to 10 per cent of their demand.
- 4.7. 13 per cent of respondents reported that Pfizer had sought to restrict the amount of medicines they could purchase with anecdotal evidence that some

patients had suffered delays in obtaining their medicines as a result. There were also indications in the results that Pfizer had responded positively when respondents complained about the restriction.

- 4.8. Over half of all respondents reported needing to allocate extra staff time for the additional administration associated with Pfizer orders. The group with the highest proportion of respondents reporting increased administration as a result of the implementation of the Pfizer scheme was Pfizer-only customers. The reported cost of setting up and operating an additional account with UniChem varied across respondents' types and sizes of business.
- 4.9. Over half of all respondents reported increasing their stock levels, with Pfizer-only customers, in particular, pharmacy contractors, being the group with the highest proportion of respondents reporting an increase. A small number of all respondents, 4 per cent, reported avoiding Pfizer medicines altogether.
- 4.10. Regarding patient services, 57 per cent of Pfizer-only customers reported a minor or major deterioration in time available to advise patients; pharmacy contractors were more likely to report a deterioration than dispensing doctors. Even UniChem principal full-line customers were affected, with 11 per cent reporting a deterioration. 45 per cent of all respondents reported a minor and 8 per cent reported a major deterioration in turnaround time for dispensing prescriptions. 73 per cent of Pfizer-only customers reported being affected in this way. 40 per cent of Pfizer-only customers reported a minor or major deterioration in ability to offer 'other patient services' compared to 28 per cent for all respondents.
- 4.11. Although we did not ask respondents their views on possible changes in distribution by other manufacturers since our survey was concerned with gathering facts-based research, it is notable that many respondents, including those who reported not being particularly affected by the Pfizer scheme, expressed their concerns about the financial impact on their practices and on the services offered to patients of other anticipated manufacturer changes in distribution.

5. ATTACHMENT: FORMS A and B QUESTIONNAIRES

- 5.1. This section presents the two pharmacy survey forms, form A for independent pharmacies and form B for pharmacy chains, as well as the covering letter sent with the survey forms:

FORM A:

DISTRIBUTION OF MEDICINES SURVEY

Please indicate your answers with a tick or write in the information requested.

ABOUT YOU

1. Do you operate a single dispensing premises? (Please tick one box)

Yes (Please continue to complete this form)

No (Please go to page 9 and complete FORM B)

2. Are you a...? (Please tick one box)

Pharmacy contractor

Dispensing doctor

3. Where in the country is your dispensing premises located? (Please write in the first part of the postcode e.g. BR56)

4. To give an idea of the volume of your dispensing, approximately how many items on FP10 did you dispense in 2006? (Please write in number)

ABOUT YOUR WHOLESALERS

5. How many wholesalers do you typically receive deliveries from at least once a week? (Please write in number)

6. What type of account do you have with Unichem? (Please tick one box)

Principal full-line

Secondary full-line

Pfizer only

7. As a result of the implementation of the Pfizer DTP (Direct-to-Pharmacy) scheme, have you switched all your branded purchases to Unichem? (Please tick one box)

Yes

No

DISCOUNTS

8. Do you purchase branded pharmaceuticals as part of a buying group? (Please tick one box)

Yes

No

9. As a result of the implementation of the Pfizer DTP scheme, what has happened to the discount (as a percentage of the list price charged) you receive on Pfizer branded ethicals? (Please tick one box)

Discount increased by more than 2 percentage points

Don't know

Discount increased by more than 1 and up to 2 percentage points

Discount increased by up to 1 percentage point

No change in the discount

Discount decreased by up to 1 percentage point

Discount decreased by more than 1 and up to 2 percentage points

Discount decreased by more than 2 percentage points

10. Since the implementation of the Pfizer DTP scheme, what has happened to the discount (as a percentage of the list price charged) you receive on non-Pfizer branded ethicals? (Please tick one box)

Discount increased by more than 2 percentage points

Don't know

Discount increased by more than 1 and up to 2 percentage points

Discount increased by up to 1 percentage point

No change in the discount

Discount decreased by up to 1 percentage point

Discount decreased by more than 1 and up to 2 percentage points

Discount decreased by more than 2 percentage points

11. Since the implementation of the Pfizer DTP scheme, what has happened to the discount (as a percentage of the list price charged) you receive on generics? (Please tick one box)

Discount increased by more than 2 percentage points

Don't know

Discount increased by more than 1 and up to 2 percentage points

Discount increased by up to 1 percentage point

No change in the discount

- Discount decreased by up to 1 percentage point
- Discount decreased by more than 1 and up to 2 percentage points
- Discount decreased by more than 2 percentage points

12. Please use the space below if you wish to make any factual observations on any aspect of discounts not covered in the questions above (continue on a separate sheet if necessary).

IMPACT ON SERVICE LEVELS

13. Cut-off times; Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

- A major improvement in service in terms of cut-off times
- A minor improvement in service in terms of cut-off times
- No change in service in terms of cut-off times
- A minor deterioration in service in terms of cut-off times
- A major deterioration in service in terms of cut-off times
- Don't know

14. Delivery times; Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

- A major improvement in service in terms of delivery times
- A minor improvement in service in terms of delivery times
- No change in service in terms of delivery times
- A minor deterioration in service in terms of delivery times
- A major deterioration in service in terms of delivery times
- Don't know

15. Drug availability; Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

- A major improvement in service in terms of drug availability Don't know
- A minor improvement in service in terms of drug availability
- No change in service in terms of drug availability
- A minor deterioration in service in terms of drug availability
- A major deterioration in service in terms of drug availability

16. Accuracy of delivery against order; Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

- A major improvement in service in terms of accuracy of delivery against order
- Don't know
- A minor improvement in service in terms of accuracy of delivery against order
- No change in service in terms of accuracy of delivery against order
- A minor deterioration in service in terms of accuracy of delivery against order
- A major deterioration in service in terms of accuracy of delivery against order

17. If you answered 'A major/minor deterioration in service...' in any of questions 13, 14, 15 or 16, have you taken the issue up with Pfizer or Unichem? (Please tick one box)

- Yes (Go to Q18) No (Go to Q19) Don't Know (Go to Q19)

18. If you answered 'Yes' to Q17, please specify for each case (e.g. cut-off times, delivery times, drug availability and accuracy of delivery against order) what has happened to the service levels as a result of raising the issue with Pfizer or Unichem. (Please tick one box in each column)

	Cut-off times	Delivery times	Drug availability	Accuracy of delivery against order
Service improved significantly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service improved slightly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No change in service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service deteriorated slightly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service deteriorated significantly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Don't Know

19. Ancillary services (e.g. loan guarantee schemes, supply of IT, training etc.); Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

- A major improvement in ancillary services Don't know
- A minor improvement in ancillary services

- Not Applicable
- No change in ancillary services
- A minor deterioration in ancillary services
- A major deterioration in ancillary services

AVAILABILITY OF PFIZER PRODUCTS

20. Are you still able to obtain Pfizer products, including parallel imports, from sources other than Unichem? (Please tick one box and estimate proportion of Pfizer products that you are still able to obtain from other sources if the answer is 'Only partially')

- Yes No Only partially - Estimate proportion (%):

- Don't Know

21. Since the introduction of the Pfizer DTP scheme, has Pfizer sought to constrain the volumes of the products you have ordered through quota and enforcement letters? (Please tick one box)

- Yes (Go to Q22) No (Go to Q24) Don't Know (Go to Q24)

22. If you answered 'Yes' to Q21, please give details. (Please use space below and continue on a separate sheet if necessary)

23. If you answered 'Yes' to Q21 and you have taken the issue up with Pfizer or Unichem, what was the outcome generally? (Please tick one box)

- Situation improved Situation deteriorated No change
 I have not taken this up with Pfizer or Unichem Don't Know

ADMINISTRATION

24. Since the introduction of the Pfizer DTP scheme, how has the number of deliveries to your dispensing premises been affected? (Please tick one box)

- Deliveries per day increased by 2
 Deliveries per day decreased by 2
 Deliveries per day increased by 1 Deliveries per day decreased by 1
 Ad hoc additional deliveries only

 No change in number of deliveries per day
 Don't Know

25. Have you opened an additional account with Unichem to order Pfizer products? (Please tick one box)

- Yes (Go to Q26) No (Go to Q27)

26. If you answered 'Yes' to Q25, please give an estimate of the extra cost of setting up the additional account with Unichem (e.g. spend on IT equipment and software). (Please write in pounds)

£

27. What has been the impact of the implementation of the Pfizer DTP scheme on staffing resources for administrative duties (ordering and receiving deliveries, returning products, reconciling invoices etc.)? (Please tick boxes that apply)

- Extra staff time needed to be employed to meet increased administrative needs (Go to Q28)
 No extra staff time needed to be employed to meet increased administrative needs (Go to Q3)
 Staff were freed up for other duties (Go to Q30)

Other (Please specify and Go to Q30):

28. If you answered 'Extra staff time needed to be employed to meet increased administrative needs' in Q27, please state the amount of additional staff time you employed to deal with additional administrative duties as a result of the implementation of the Pfizer DTP scheme. (Please write in hours per week)

per week

29. If you need to allocate additional time on administration (ordering, deliveries, returning products etc.) as a result of the implementation of the Pfizer DTP scheme, please give an estimate of the cost of these extra working hours. (Please write in pounds per hour)

£ per hour

30. Please state whether you have made any adjustments to your stock levels, stock turn and stock holding capacity, as a result of the implementation of the Pfizer DTP scheme. (Please use space below and continue on a separate sheet if necessary)

IMPACT ON PATIENTS

31. We are interested to know about the impact of the implementation of the Pfizer DTP scheme on the time available to your dispensing premises to provide advice to patients. Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

- A major increase in time available to provide advice to patients
- Don't know
- A minor increase in time available to provide advice to patients
- No change in time available to provide advice to patients
- A minor decrease in time available to provide advice to patients

A major decrease in time available to provide advice to patients

32. We are interested to know about the impact of the implementation of the Pfizer DTP scheme on the service to the patient in terms of turnaround time of dispensing prescriptions. Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

A major improvement in turnaround times of dispensing prescriptions

Don't know

A minor improvement in turnaround times of dispensing prescriptions

No change in turnaround times of dispensing prescriptions

A minor deterioration in turnaround times of dispensing prescriptions

A major deterioration in turnaround times of dispensing prescriptions

Please give details:

33. We are interested to know about the impact of the implementation of the Pfizer DTP scheme on other patient services, such as community services. Since the introduction of the Pfizer DTP scheme, have you experienced...? (Please tick one box)

A major improvement in 'other' patient services

Don't know

A minor improvement in 'other' patient services

Not Applicable

No change in 'other' patient services

A minor deterioration in 'other' patient services

A major deterioration in 'other' patient services

Please give details:

34. Thank you very much for your help. If you have any additional comments, please use the space below (continue on a separate sheet if necessary).

FORM B:

DISTRIBUTION OF MEDICINES SURVEY

Please complete this form if you operate two or more dispensing premises (if you operate a single dispensing premises, please go to page 1 and complete Form A). Please indicate your answers with a tick or write in the information requested.

ABOUT YOU

1. How many dispensing premises do you operate? (Please write in number)

2. Are you a...? (Please tick one box)

Pharmacy contractor

Dispensing doctor

3. Where in the country are all your dispensing premises located? (Please write in the first part of each of the postcode(s) e.g. BR56, DT32 etc.)

4. To give an idea of the volume of your dispensing *business as a whole* (i.e. all dispensing premises), approximately how many items on FP10 did you dispense in 2006? (Please write in number)

ABOUT YOUR WHOLESALERS

5. Of the dispensing premises you operate and have indicated in Q1, how many receive on average deliveries at least once a week from...? (Please write in number)

	Number of premises
One wholesaler	<input type="text"/>
Two wholesalers	<input type="text"/>
Three wholesalers	<input type="text"/>
More than three wholesalers	<input type="text"/>

6. What type of account do you have with Unichem? (Please tick one box)

- Principal full-line Secondary full-line Pfizer only

7. As a result of the implementation of the Pfizer DTP (Direct-to-Pharmacy) scheme, have you switched all your branded purchases to Unichem? (Please tick one box)

- Yes No

DISCOUNTS

8. Does your business purchase branded pharmaceuticals...? (Please tick one box)

- Centrally for all branches (Go to Q9) As part of a buying group (Go to Q10)
 At individual branch level (Go to Q10) Don't Know

9. If you answered 'Centrally for all branches' in Q8, please indicate what has happened to the discount (as a percentage of the list price charged) your *business as a whole* (i.e. all your dispensing premises) receives on Pfizer branded ethicals as a result of the implementation of the Pfizer DTP scheme (Please tick one box)

- Discount increased by more than 2 percentage points Don't know
 Discount increased by more than 1 and up to 2 percentage points
 Discount increased by up to 1 percentage point
 No change in the discount
 Discount decreased by up to 1 percentage point
 Discount decreased by more than 1 and up to 2 percentage points
 Discount decreased by more than 2 percentage points

10. If you answered 'As part of a buying group' or 'At individual branch level' in Q8, please indicate what has happened to the discount (as a percentage of the list price charged) your dispensing premises receive on Pfizer branded ethicals as a result of the implementation of the Pfizer DTP scheme. Of the dispensing premises you operate, how many have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
An increase in the discount by more than 2 percentage points	<input type="text"/>	<input type="checkbox"/>
An increase in the discount by more than 1 and up to 2 percentage points	<input type="text"/>	
An increase in the discount by up to 1 percentage point	<input type="text"/>	
No change in the discount	<input type="text"/>	
A decrease in the discount by up to 1 percentage point	<input type="text"/>	

A decrease in the discount by more than 1 and up to 2 percentage points

A decrease in the discount by more than 2 percentage points

11. We are interested to know what has happened to the discount (as a percentage of the list price charged) your dispensing premises receive on non-Pfizer branded ethicals since the implementation of the Pfizer DTP scheme. Of the dispensing premises you operate, how many have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
An increase in the discount by more than 2 percentage points	<input type="text"/>	<input type="checkbox"/>
An increase in the discount by more than 1 and up to 2 percentage points	<input type="text"/>	
An increase in the discount by up to 1 percentage point	<input type="text"/>	
No change in the discount	<input type="text"/>	
A decrease in the discount by up to 1 percentage point	<input type="text"/>	
A decrease in the discount by more than 1 and up to 2 percentage points	<input type="text"/>	
A decrease in the discount by more than 2 percentage points	<input type="text"/>	

12. We are interested to know what has happened to the discount (as a percentage of the list price charged) your dispensing premises receive on generics since the implementation of the Pfizer DTP scheme. Of the dispensing premises you operate, how many have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
An increase in the discount by more than 2 percentage points	<input type="text"/>	<input type="checkbox"/>
An increase in the discount by more than 1 and up to 2 percentage points	<input type="text"/>	
An increase in the discount by up to 1 percentage point	<input type="text"/>	
No change in the discount	<input type="text"/>	
A decrease in the discount by up to 1 percentage point	<input type="text"/>	
A decrease in the discount by more than 1 and up to 2 percentage points	<input type="text"/>	
A decrease in the discount by more than 2 percentage points	<input type="text"/>	

13. Please use the space below if you wish to make any factual observations on any aspect of discounts not covered in the questions above (continue on a separate sheet if necessary).

IMPACT ON SERVICE LEVELS

14. Cut-off times; Since the introduction of the Pfizer DTP scheme, how many of the dispensing premises you operate have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
A major improvement in service in terms of cut-off times	<input type="text"/>	<input type="checkbox"/>
A minor improvement in service in terms of cut-off times	<input type="text"/>	
No change in service in terms of cut-off times	<input type="text"/>	
A minor deterioration in service in terms of cut-off times	<input type="text"/>	
A major deterioration in service in terms of cut-off times	<input type="text"/>	

15. Delivery times; Since the introduction of the Pfizer DTP scheme, how many of the dispensing premises you operate have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
A major improvement in service in terms of delivery times	<input type="text"/>	<input type="checkbox"/>
A minor improvement in service in terms of delivery times	<input type="text"/>	
No change in service in terms of delivery times	<input type="text"/>	
A minor deterioration in service in terms of delivery times	<input type="text"/>	
A major deterioration in service in terms of delivery times	<input type="text"/>	

16. Drug availability; Since the introduction of the Pfizer DTP scheme, how many of the dispensing premises you operate have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
A major improvement in service in terms of drug availability	<input type="text"/>	<input type="checkbox"/>

A minor improvement in service in terms of drug availability	<input type="text"/>
No change in service in terms of drug availability	<input type="text"/>
A minor deterioration in service in terms of drug availability	<input type="text"/>
A major deterioration in service in terms of drug availability	<input type="text"/>

17. Accuracy of delivery against order; Since the introduction of the Pfizer DTP scheme, how many of the dispensing premises you operate have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
A major improvement in service in terms of accuracy of delivery against order	<input type="text"/>	<input type="checkbox"/>
A minor improvement in service in terms of accuracy of delivery against order	<input type="text"/>	<input type="checkbox"/>
No change in service in terms of accuracy of delivery against order	<input type="text"/>	<input type="checkbox"/>
A minor deterioration in service in terms of accuracy of delivery against order	<input type="text"/>	<input type="checkbox"/>
A major deterioration in service in terms of accuracy of delivery against order	<input type="text"/>	<input type="checkbox"/>

18. If you answered 'A major/minor deterioration in service...' in any of questions 14, 15, 16 or 17, have any of the dispensing premises you operate or your business as a whole taken the issue up with Pfizer or Unichem? (Please tick one box)

Yes (Go to Q19) No (Go to Q20) Don't Know (Go to Q20)

19. If you answered 'Yes' to Q18, please specify for each case (e.g. cut-off times, delivery times, drug availability and accuracy of delivery against order) what has happened to the service levels as a result of raising the issue with Pfizer or Unichem. (Please tick one box in each column)

	Cut-off times	Delivery times	Drug availability	Accuracy of delivery against order
Service improved significantly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service improved slightly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No change in service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service deteriorated slightly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Service deteriorated significantly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Ancillary services (e.g. loan guarantee schemes, supply of IT, training etc.); Since the introduction of the Pfizer DTP scheme, how many of the dispensing premises you operate have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know' or 'Not Applicable')

	Number of premises	Don't Know	Not Applicable
A major improvement in ancillary services	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
A minor improvement in ancillary services	<input type="text"/>		
No change in ancillary services	<input type="text"/>		
A minor deterioration in ancillary services	<input type="text"/>		
A major deterioration in ancillary services	<input type="text"/>		

AVAILABILITY OF PFIZER PRODUCTS

21. Thinking about your *business as a whole* (i.e. all your dispensing premises), are you still able to obtain Pfizer products, including parallel imports, from sources other than Unichem? (Please tick one box and estimate proportion of Pfizer products that you are still able to obtain from other sources if the answer is 'Only partially')

Yes No Only partially - Estimate proportion (%):

Don't Know

22. Thinking about your *business as a whole* (i.e. all your dispensing premises), has Pfizer sought to constrain the volumes of the products you have ordered since the introduction of the Pfizer DTP scheme through quota and enforcement letters? (Please tick one box)

Yes (Go to Q23) No (Go to Q25) Don't Know (Go to Q25)

23. If you answered 'Yes' to Q22, please give details (continue on a separate sheet if necessary).

24. If you answered 'Yes' to Q22 and you have taken the issue up with Pfizer or Unichem, what was the outcome generally? (Please tick one box)

Situation improved Situation deteriorated No change

I have not taken this up with Pfizer or Unichem

Don't Know

ADMINISTRATION

25. We are interested to know about the impact of the implementation of the Pfizer DTP scheme on the frequency of deliveries to your dispensing premises. Of the dispensing premises you operate, how many have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
An increase in deliveries per day by 2	<input type="text"/>	<input type="checkbox"/>
An increase in deliveries per day by 1	<input type="text"/>	
No change in number of deliveries per day	<input type="text"/>	
Ad hoc additional deliveries only	<input type="text"/>	
A decrease in deliveries per day by 1	<input type="text"/>	
A decrease in deliveries per day by 2	<input type="text"/>	

26. Thinking about your *business as a whole* (i.e. all your dispensing premises), please state the number of additional branch account(s) you have opened with Unichem to order Pfizer products (Please write in number of additional branch account(s) or tick box if you have not opened any additional branch accounts(s) with Unichem to order Pfizer products)

I have opened additional branch account(s) with Unichem to order Pfizer products (Go to Q27)

I have not opened any additional branch account(s) with Unichem to order Pfizer products (Go to Q28)

27. If you have opened any additional branch account(s) with Unichem to order Pfizer products, please give an estimate of the extra cost (to your *business as a whole*) of setting up the additional branch account(s) with Unichem (e.g. spend on IT equipment and software). (Please write in pounds)

£

28. Thinking about your *business as a whole* (i.e. all your dispensing premises), what has been the impact of the implementation of the Pfizer DTP scheme on staffing resources for administrative duties (ordering and receiving deliveries, returning products, reconciling invoices etc.)? (Please tick boxes that apply)

- Extra staff time needed to be employed to meet increased administrative needs (Go to Q29)
- No extra staff time needed to be employed to meet increased administrative needs (Go to Q31)
- Staff were freed up for other duties (Go to Q31)
- Other (Please specify and Go to Q31):

29. If you answered 'Extra staff time needed to be employed to meet increased administrative needs' in Q28, and thinking about your *business as a whole* (i.e. all your dispensing premises), please state the amount of additional staff time you employed to deal with additional administrative duties as a result of the implementation of the Pfizer DTP scheme. (Please write in hours per week)

per week

30. Thinking about your *business as a whole* (i.e. all your dispensing premises), if you need to allocate additional time on administration (ordering, deliveries, returning products etc.) as a result of the implementation of the Pfizer DTP scheme, please give an estimate of the cost of these extra working hours. (Please write in pounds per hour)

£ per hour

31. Thinking about your *business as a whole* (i.e. all dispensing premises), please state whether you have made any adjustments to your stock levels, stock turn and stock holding capacity, as a result of the implementation of the Pfizer DTP scheme. (Please use space below and continue on a separate sheet if necessary)

IMPACT ON PATIENTS

32. We are interested to know about the impact of the implementation of the Pfizer DTP scheme on the time available to your dispensing premises to provide advice to patients. Of the dispensing premises you operate, how many have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

Number of premises Don't Know

A major increase in time available to provide advice to patients

A minor increase in time available to provide advice to patients

No change in time available to provide advice to patients	<input type="text"/>
A minor decrease in time available to provide advice to patients	<input type="text"/>
A major decrease in time available to provide advice to patients	<input type="text"/>

33. We are interested to know about the impact of the implementation of the Pfizer DTP scheme on the service to the patient in terms of turnaround time of dispensing prescriptions. Of the dispensing premises you operate, how many have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know')

	Number of premises	Don't Know
A major improvement in turnaround times of dispensing prescriptions	<input type="text"/>	<input type="checkbox"/>
A minor improvement in turnaround times of dispensing prescriptions	<input type="text"/>	
No change in turnaround times of dispensing prescriptions	<input type="text"/>	
A minor deterioration in turnaround times of dispensing prescriptions	<input type="text"/>	
A major deterioration in turnaround times of dispensing prescriptions	<input type="text"/>	

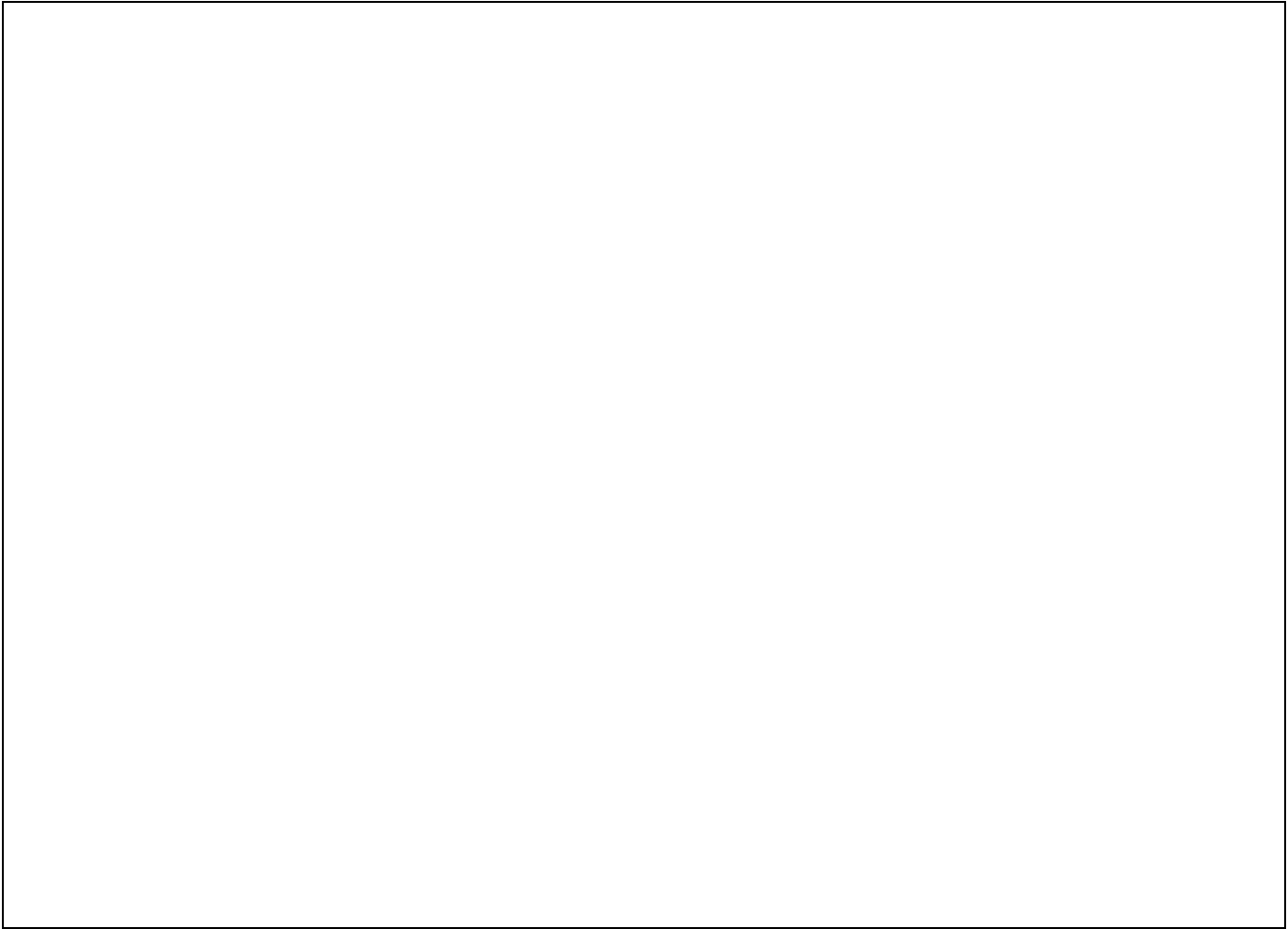
Please give details:

34. We are interested to know about the impact of the implementation of the Pfizer DTP scheme on other patient services, such as community services. Of the dispensing premises you operate, how many have experienced...? (Please write in number of premises or tick box if the answer is 'Don't Know' or 'Not Applicable')

	Number of premises	Don't Know	Not Applicable
A major improvement in 'other' patient services	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
A minor improvement in 'other' patient services	<input type="text"/>		
No change in 'other' patient services	<input type="text"/>		
A minor deterioration in 'other' patient services	<input type="text"/>		
A major deterioration in 'other' patient services	<input type="text"/>		

Please give details:

35. Thank you very much for your help. If you have any additional comments, please use the space below (continue on a separate sheet if necessary).



2 August 2007

Dear Sir/Madam

OFT MARKET STUDY INTO THE DISTRIBUTION OF MEDICINES
Questionnaire for OFT survey of pharmacies and dispensing doctors

As part of the Office of Fair Trading (OFT) market study into the distribution of medicines, you have been selected to take part in an OFT survey of pharmacists and dispensing doctors. We would be very grateful if you could complete and return the attached questionnaire in the FREEPOST envelope supplied **within the deadline of 22 August 2007**.

The survey is an important part in the OFT's process in quantifying and evaluating the effects of recent manufacturer changes in the distribution of medicines. It will help to inform any conclusions and recommendations the OFT may make in the report we are to publish at the end of the year. Your response will therefore be valuable to this process. Please fill in the questionnaire as completely as possible based on your own experience of any changes at the dispensing level. If you have any queries regarding any of the questions or the questionnaire itself, please do not hesitate to contact me. If the deadline causes you problems I would appreciate if you could contact me at the earliest opportunity.

If you are responsible for a single-owned dispensing premises, please fill in only Form A. If you are responsible for two or more dispensing premises, please fill in Form B. Please do not separate Forms A and B and return both to the OFT in the FREEPOST envelope. (If you operate your dispensing premises only at branch level as part a larger group with two or more premises, please do not complete the questionnaire but telephone me on 0207 211 8910).

The questionnaire we ask you to complete has a unique reference number relating to your business known only to the OFT. The OFT intends to publish some aggregated figures from the survey in its report at the end of this year. In the event that the OFT decides that it is necessary to publish or refer to specific comments or information submitted in response to this questionnaire and provided that the other requirements of section 244 of the Enterprise Act 2002 are met, we will contact you in advance of publication, as a matter of courtesy. The OFT is also bound by the Freedom of Information Act 2000 and the Data Protection Act 1998.

Thank you for your cooperation, I look forward to receiving your completed questionnaire.

Yours faithfully

A handwritten signature in black ink, appearing to read "Teresa Krajewska". The signature is fluid and cursive, with the first name "Teresa" written in a larger, more prominent script than the last name "Krajewska".

Teresa Krajewska
Markets & Projects

6. ATTACHMENT: STATISTICAL NOTES

- 6.1. As far as possible, the results presented in tables are in a consistent format. Typically row headings are used to describe important categorical differences between business and account types. Summary headings over columns describe specific questions in the survey, with individual column headings describing the various different answers available. Results presented in the body of the table normally consist of an initial column showing the response base, followed by percentages of different responses. Note also that, due to the nature of the subject matter, some tables relate to head offices and some to retail outlets.
- 6.2. In many cases, the population sizes are known exactly from the original database used as a sampling frame. In these cases the population figures are not subject to any form of sampling error. However, the percentages provided in the body of the tables are all based on the survey results and subject to sampling errors.
- 6.3. In accordance with basic statistical principles, where the estimated percentages are based on larger samples they will be more reliable and where based on smaller samples correspondingly less reliable. However, the sampling errors for proportions in these results cannot be obtained by the simple conventional formulae that usually apply. By sampling more heavily among the larger businesses, and obtaining almost complete information from the largest businesses, the effective sample size is bigger than would be obtained from entirely simple random sampling. Post stratification of the results on the basis of business size (that is the number of pharmacy outlets) shows that for larger businesses the proportion of forms returned was very high. For example, returns were provided by almost all of the largest pharmacy businesses. Of the pharmacy businesses running more than 25 premises, but excluding the above mentioned 10, approximately 70 per cent returned forms. Of the pharmacy businesses running between 6 and 25 outlets, more than half returned forms.
- 6.4. The number of forms returned as a percentage of the total population is known as the sampling fraction and it influences the standard errors of the estimates. In many surveys, the population being studied is very numerous and the sampling fraction is correspondingly small. As a result, the influence on the standard errors is negligible. In this survey, the sampling fractions are sufficiently large to have a substantial influence, considerably reducing the standard errors in the larger business strata.
- 6.5. The effect of this is quite different in the case of standard errors about overall results that relate to businesses compared to overall results that relate to retail outlets. Although the circumstances explained in the previous paragraph apply in both cases, numerically large businesses are few compared to the number of small and single outlet businesses, but numerically large businesses account for

very many retail pharmacies compared to the number of pharmacies accounted for by small or single outlet businesses.

6.6. Tables F.35 and F.36 below show the results of analyses designed to take into account the effect of sampling fractions in the two cases by showing 95 per cent confidence intervals about estimated proportions.

Table F.35 – confidence intervals about estimated percentages relating to tables showing results for all UK pharmacy and dispensing doctor head offices⁸

Type of business and UniChem account	95% confidence interval (Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
Pharmacy contractor			
Pfizer only	± 3.4%	± 5.3%	± 5.7%
Principal full-line	± 5.0%	± 7.7%	± 8.4%
Secondary full-line	± 10.9%	> ± 15.0%	> ± 15.0%
All pharmacy contractors	± 2.8%	± 4.2%	± 4.6%
Dispensing doctor			
Pfizer only	± 2.7%	± 4.2%	± 4.6%
Principal full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
Secondary full-line	± 9.8%	> ± 15.0%	> ± 15.0%
All dispensing doctors	± 2.6%	± 3.9%	± 4.3%
All			
Pfizer only	± 2.5%	± 3.8%	± 4.2%
Principal full-line	± 5.0%	± 7.6%	± 8.3%
Secondary full-line	± 8.4%	± 12.8%	± 14.0%
All	± 2.2%	± 3.3%	± 3.6%

⁸ Tables F.8, F.9, F.21, F.23, F.28, F.31.

Table F.36 – confidence intervals about estimated percentages relating to tables showing results for all UK pharmacy and dispensing doctor outlets⁹

Type of business and UniChem account	95% confidence interval (Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
Pharmacy contractor			
Pfizer only	± 1.2%	± 1.9%	± 2.0%
Principal full-line	± 1.7%	± 2.7%	± 2.9%
Secondary full-line	± 4.1%	± 6.3%	± 6.9%
All pharmacy contractors	± 1.0%	± 1.5%	± 1.6%
Dispensing doctor			
Pfizer only	± 2.3%	± 3.6%	± 3.9%
Principal full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
Secondary full-line	± 8.7%	± 13.2%	± 14.4%
All dispensing doctors	± 2.2%	± 3.4%	± 3.7%
All			
Pfizer only	± 1.1%	± 1.7%	± 1.9%
Principal full-line	± 2.7%	± 4.1%	± 4.4%
Secondary full-line	± 3.8%	± 5.8%	± 6.3%
All	± 0.9%	± 1.4%	± 1.5%

- 6.7. In order to interpret these figures, consider as an example the case where, say, 50 per cent of all head offices answer 'Yes' to a head office question, such as question 7 in Forms A and B. Table F.35 above shows that the margin of error for this case is plus or minus 3.6 per cent at a 95 per cent confidence level. This information means that if the same survey was carried out 100 times, the percentage of head offices answering 'Yes' would range between 46.4 per cent and 53.6 per cent in 95 of the 100 times. The narrower the confidence interval, the more confident we are that our sample estimate is close to the true population value. Wide confidence intervals on the other hand indicate a lower degree of reliability and accuracy of our sample estimates.
- 6.8. It is apparent from Tables F.35 and F.36 that overall results are robust and have either small or moderate estimated 95 per cent confidence intervals. While the confidence intervals for dispensing doctors overall and pharmacy contractors overall are a little larger, it is also clear that estimates are similarly robust. Smaller sub-divisions of the data are generally less reliable.
- 6.9. 95 per cent confidence intervals less than or equal to ± 5 per cent can be considered to be robust; intervals greater than this but less than or equal to ± 10 per cent can be considered to be useful indicators; and intervals greater than this but less than or equal to 15 per cent can be considered to be of limited

⁹ Tables F.6, F.12, F.13, F.14, F.15, F.16, F.17, F.20, F.25, F.32, F.33, F.34.

usefulness, and only able to provide broad indications. In cases where the confidence intervals exceed ± 15 per cent we consider the error margins too wide to provide meaningful results. In tables we have omitted such lines of results accordingly.

6.10. Results are also omitted in lines of results where cell sizes are small. For some categories of information shown in the row headings we received complete information so that the estimates are not subject to sampling error. However, small cell sizes could potentially give indications of results that might relate to individual businesses. Omissions of this type are labelled 'n.a'. to indicate results are not available for publication.

6.11. Tables F.5 - F.34 show percentages of responses and totals for some of the key questions in the survey. In cases where the confidence intervals given in tables F.35 and F.36 above do not apply, supplementary tables with confidence intervals estimated for these specific cases are given.

Table F.37 – Supplement to Table F.7 (type of account with UniChem): estimated confidence intervals for table F.7

Type of business	95% confidence interval (Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
Businesses operating a single dispensing premises			
Pharmacy contractor	$\pm 3.2\%$	$\pm 4.9\%$	$\pm 5.3\%$
Dispensing Doctor	$\pm 3.1\%$	$\pm 4.7\%$	$\pm 5.2\%$
All	$\pm 2.6\%$	$\pm 3.9\%$	$\pm 4.3\%$
Businesses operating two or more dispensing premises			
Pharmacy contractor	$\pm 5.2\%$	$\pm 8.0\%$	$\pm 8.7\%$
Dispensing Doctor	$\pm 4.8\%$	$\pm 7.4\%$	$\pm 8.0\%$
All	$\pm 3.9\%$	$\pm 6.0\%$	$\pm 6.6\%$
All businesses			
Pharmacy contractor	$\pm 2.8\%$	$\pm 4.2\%$	$\pm 4.6\%$
Dispensing Doctor	$\pm 2.6\%$	$\pm 4.0\%$	$\pm 4.3\%$
All	$\pm 2.2\%$	$\pm 3.3\%$	$\pm 3.6\%$

Table F.38 – supplement to Table F.10 (Changes in discount levels on Pfizer branded ethicals (head offices purchasing branded pharmaceuticals central for all branches): estimated confidence intervals for table F.10

Type of UniChem account	95% confidence interval (Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
All			
Pfizer only	± 8.3%	± 12.7%	± 13.9%
Principal full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
Secondary full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
All contractors	± 8.0%	± 12.3%	± 13.4%

Table F.39 – supplement to Table F.11 (Changes in discount levels on Pfizer branded ethicals (Outlets owned by businesses that purchase branded pharmaceuticals at individual branch level or as part of a buying group): estimated confidence intervals for table F.11

Type of business and UniChem account	95% confidence interval (Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
Pharmacy contractor			
Pfizer only	± 2.5%	± 3.8%	± 4.1%
Principal full-line	± 3.6%	± 5.5%	± 6.0%
Secondary full-line	± 7.0%	± 10.7%	± 11.6%
All pharmacy contractors	± 2.0%	± 3.0%	± 3.3%
Dispensing doctor			
Pfizer only	± 3.1%	± 4.7%	± 5.2%
Principal full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
Secondary full-line	> ± 10.9%	> ± 15.0%	> ± 15.0%
All dispensing doctors	± 3.0%	± 4.5%	± 4.9%
All			
Pfizer only	± 2.1%	± 3.2%	± 3.5%
Principal full-line	± 3.6%	± 5.5%	± 6.0%
Secondary full-line	± 6.1%	± 9.4%	± 10.2%
All	± 1.7%	± 2.6%	± 2.9%

**Table F.40 – supplement to Table F.18 (raising service issues with Pfizer or UniChem):
Estimated confidence intervals for table F.18**

Type of business and UniChem account	95% confidence interval (Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
Pharmacy contractor			
Pfizer only	± 3.9%	± 5.9%	± 6.4%
Principal full-line	± 7.2%	± 10.9%	± 11.9%
Secondary full-line	± 13.2%	> ± 15.0%	> ± 15.0%
All pharmacy contractors	± 3.3%	± 5.0%	± 5.5%
Dispensing doctor			
Pfizer only	± 4.0%	± 6.1%	± 6.6%
Principal full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
Secondary full-line	± 13.7%	> ± 15.0%	> ± 15.0%
All dispensing doctors	± 3.8%	± 5.8%	± 6.3%
All			
Pfizer only	± 3.2%	± 4.8%	± 5.3%
Principal full-line	± 7.1%	± 10.8%	± 11.8%
Secondary full-line	± 10.7%	> ± 15.0%	> ± 15.0%
All	± 2.8%	± 4.3%	± 4.6%

**Table F.41 – supplement to Table F.19 (what has happened to the service levels as a
result of raising a service issue with Pfizer or UniChem): estimated confidence intervals
for table F.19**

Type of business and service	95% confidence interval (Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
Pharmacy contractor			
Cut-off times	± 4.3%	± 6.6%	± 7.2%
Delivery times	± 4.6%	± 7.0%	± 7.7%
Drug availability	± 4.6%	± 7.0%	± 7.7%
Accuracy of delivery	± 5.1%	± 7.7%	± 8.5%
Dispensing doctor			
Cut-off times	± 7.2%	± 11.0%	± 12.0%
Delivery times	± 7.0%	> ± 10.7%	> ± 11.6%
Drug availability	± 7.0%	> ± 10.7%	> ± 11.7%
Accuracy of delivery	± 7.1%	± 10.9%	± 11.9%
All			
Cut-off times	± 4.0%	± 6.2%	± 6.7%
Delivery times	± 4.0%	± 6.2%	± 6.7%
Drug availability	± 4.0%	± 6.2%	± 6.7%
Accuracy of delivery	± 4.2%	± 6.5%	± 7.1%

Table F.42 – Supplement to Table F.22 (ability to obtain Pfizer products from sources other than UniChem): estimated confidence intervals for table F.22

Type of business and UniChem account	95% confidence interval		
	(Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
Pharmacy contractor			
Pfizer only	± 4.6%	± 7.0%	± 7.6%
Principal full-line	± 8.8%	± 13.4%	± 14.7%
Secondary full-line	± 14.7%	> ± 15.0%	> ± 15.0%
All pharmacy contractors	± 3.9%	± 6.0%	± 6.5%
Dispensing doctors			
Pfizer only	± 7.0%	± 10.7%	± 11.7%
Principal full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
Secondary full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
All dispensing doctors	± 6.7%	± 10.2%	± 11.1%
All			
Pfizer only	± 4.1%	± 6.3%	± 6.9%
Principal full-line	± 8.7%	± 13.3%	± 14.5%
Secondary full-line	± 13.4%	> ± 15.0%	> ± 15.0%
All	± 3.6%	± 5.5%	± 6.0%

Table F.43 – Supplement to Table F.24 (constraints on volumes of products ordered through quota monitoring and enforcement letters – outcome after raising the issue with Pfizer or UniChem): estimated confidence intervals for table F.24

Type of UniChem account	95% confidence interval		
	(Estimated percentage – approx.)		
	10% (90%)	30% (70%)	50% (50%)
All			
Pfizer only	± 9.5%	± 14.5%	> ± 15.0%
Principal full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
Secondary full-line	> ± 15.0%	> ± 15.0%	> ± 15.0%
All contractors	± 8.0%	± 12.2%	± 13.3%

SECTION B

7. THE STAKEHOLDER SURVEYS

7.1. Several stakeholder commissioned surveys of their customers or members, mainly at the beginning of the implementation of the Pfizer scheme, in order to inform their representations to the OFT. The surveys sought to quantify the effects of the Pfizer scheme on discounts, administration and service levels. AAH also provided us with results from its regular customer service surveys.

7.2. We have not attempted to compare the results of each of the surveys including those of our own survey. Results may not be comparable from survey to survey for a variety of reasons including differences in the target population, timing (reference period) of surveys, geographic coverage and the phrasing of the questions. We summarise below the following stakeholder surveys:

- UniChem customer survey
- AAH contractor opinion
- The PSNC survey
- Munro's customer survey
- The IPF survey
- The AIPG survey.

UniChem customer survey

7.3. UniChem conducted a customer survey in April 2007. This entailed making courtesy calls to over 7,000 customers who received Pfizer deliveries (this included over 5,000 Pfizer-only customers). UniChem reported that 98 per cent of all respondents were classified as totally satisfied on the basis of their responses; around 1 per cent were classified as partially satisfied; and the remainder were classified as not satisfied. UniChem told us that the majority of not satisfied responses were due to dislike of the DTP principle or dislike of Pfizer.

AAH Contractor Opinion

- 7.4. AAH commissioned research from Holden Pearmain. 353 CATI (consumer-assisted telephone interviews) conducted between 26 March and 4 April 2007 of independent contractors only, randomly selected from the GB independent pharmacy population. The sample consisted of 153 AAH customers; 100 UniChem customers; 50 Phoenix customers; and 50 regional full-line wholesaler customers. The survey was done on an anonymous basis, with AAH as the sponsor's identity revealed only at the end of the interview if specifically requested by the interviewee.
- 7.5. Among its findings were that 62 per cent of Pfizer-only UniChem customers and 40 per cent of UniChem customers were not satisfied with the new distribution system. The overall quality of service had declined for 52 per cent of non-UniChem customers and 19 per cent of UniChem customers. Daily cut-off times had declined for 60 per cent of Pfizer-only UniChem customers. A number of other service elements were reported by the survey to have declined as a result of the Pfizer scheme.

The Pharmaceutical Services Negotiating Committee survey

- 7.6. The Pharmaceutical Services Negotiating Committee (PSNC) carried out an online survey at the end of May 2007. 190 responses were received of which 59 per cent were from pharmacy contractors and 41 per cent from dispensing doctors. 62 per cent of respondents were owners of just one premises; 32 per cent owned between 2-5 premises and 6 per cent owned more than 5 premises. 41 per cent used Phoenix for their principal full line wholesaler; 26 per cent used UniChem; 7 per cent used Mawdsley Brooks; and 4 per cent used smaller regional wholesalers. 64 per cent of respondents reported that both cut-off times and delivery times had got worse since the introduction of the Pfizer scheme. 69 per cent reported increased procurement costs and increased time dealing with administration. Similar percentages were reported in connection with deteriorated service to patients.

Munro customer survey

- 7.7. Munro's survey covered 22 pharmacy contractors owning on average 5.27 dispensing premises. 63.6 per cent of respondents used Munro as their principal full line wholesaler. Since the introduction of the Pfizer scheme, 77 per cent of respondents reported worse cut-off times and 72.7 per cent reported worse predictability of delivery times. The survey reported worsening service levels generally; increased procurement costs; restrictions imposed on quantities of Pfizer medicines ordered; and adverse knock-on effects on patient services.

The Independent Pharmacy Federation

7.8. The Independent Pharmacy Federation (IPF) was formed in 2005 to recognise and represent the interests of the independent pharmacy sector. It includes individual pharmacy contractors, small privately owned groups involved in dispensing and also wholesalers and suppliers serving them. The IPF conducted a survey of contractors at the end of May 2007. The IPF survey was distributed to 764 independents who are IPF members via wholesalers and the findings were collated by Webstar Health. Out of 330 respondents, 277 (84 per cent) represented new UniChem Pfizer accounts. 67 per cent complained of a reduction in service levels; 16 per cent were already UniChem customers. 17 per cent registered satisfaction with the Pfizer distribution arrangements. 87 per cent complained of a reduction in discounts. 75 per cent said there had been an impact on their service to patients. 15 per cent highlighted that there has been restrictions placed on the size of their Pfizer medicines order. 14 per cent considered changing wholesalers following the launch of the Pfizer distribution scheme.

The Association of Independent Pharmacy Group survey

7.9. The Association of Independent Pharmacy Group (AIPG) represents independent pharmacy contractors. The AIPG survey consisted of a one-page questionnaire sent to 2,700 member pharmacies in September 2007. The response rate was around 20%. The survey found that 62 per cent of respondents had experienced a restriction of supplies of Pfizer medicines; 37 per cent reported receiving short dated stock; 81 per cent reported experiencing an increase in administration costs; 96 per cent reported that their profitability had decreased as a result of Pfizer's discount scale; and 70 per cent reported that their patients had suffered as a result of the Pfizer scheme.

SECTION C

8. OFT SURVEY OF PHARMACEUTICAL WHOLESALERS

Introduction

8.1. As part of this study, we consulted a number of wholesalers of medicines, conducting a series of meetings and receiving direct written submissions from a number of individual organisations and trade bodies. In order to try and quantify the significance of the views provided, we decided to survey the full-line wholesalers. Of the 11 full-line wholesalers surveyed, responses were received from the following ten:

- UniChem Ltd
- AAH Pharmaceuticals Ltd
- Phoenix Healthcare Distribution Ltd
- Mawdsley Brooks & Co Ltd
- Sants Pharmaceutical Distributors Ltd
- Sangers (Northern Ireland) Ltd
- Munro Wholesale Medical Supplies Ltd
- Sangers (Maidstone) Ltd
- F Maltby & Sons Ltd
- Norchem Ltd

8.2. This section of Annexe F examines the subjects about which we questioned the wholesalers and summarises the information supplied to us. In order to protect the commercially sensitive information provided by the companies, this Annexe provides only aggregated information on the responses received. The key findings from the survey and analysis of the specific subject areas are presented.

Subjects covered in the survey

8.3. The survey sought to quantify the possible financial and service level impacts that the changes in the distribution of medicines could cause. In detail, the survey involved questions on the following subjects:

- general market trends, costs and revenues:
 - revenue from sales of Pfizer medicines, other branded medicines and generic medicines supplied

- the quantity of Pfizer medicines, other branded medicines and generic medicines supplied
- the amounts paid for Pfizer medicines, other branded medicines and generic medicines
- the significance of parallel imports and exports by cost and revenue respectively
- the volumes and costs associated with the twice-daily deliveries
- services offered to customers
 - the discount structures offered to customers
 - the changes in the number of customer accounts
 - expenditure on ancillary services for pharmacies.
 - changes in cut-off times
 - changes in delivery times and frequency
 - the extent and significance of small or emergency orders.

Key findings from the wholesaler survey

- the level of service provided to the majority of customers has not deteriorated following the introduction of the Pfizer's DTP scheme
- the average level of discount provided by wholesalers to customers has improved slightly
- the average level of discount provided on Pfizer medicines appears to have reduced slightly, compared to the average level provided on Pfizer medicines by full-line wholesalers
- the number of first and second line customer accounts has increased in 2007 relative to 2006.

The results of this survey indicate that overall, the effects of Pfizer's DTP scheme on the service provided by the full-line wholesalers are not significant.

Detailed findings: general market trends, costs and revenues

Market shares of wholesalers

- 8.4. Table F.44 below gives the approximate market shares of the top 10 full-line wholesalers in the UK by volume (i.e. number of medicines distributed). This is based on the OFT's survey of full-liner wholesalers and therefore does not indicate their market shares within the wider wholesale market as no account has

been taken of short-line wholesalers or parallel importers. The May 2006 and May 2007 figures represent the shares of full-liners before and after the Pfizer agreement was implemented.

- 8.5. Typically, value-based shares could also be calculated from the revenues gained by wholesalers from the sales of medicines, or from the costs of purchasing such medicines. In this case, Pfizer's DTP scheme makes it difficult to calculate value-based market shares on an accurate basis, as Pfizer keeps ownership of its medicines until they reach pharmacies, thus no cost and revenue figures at the wholesale level are available for Pfizer medicines under DTP.

Table F.44 Volume based shares of full-line wholesalers for prescription medicines

Wholesaler	May 2006 (%)	May 2007 (%)
UniChem	35 ⁽¹⁾	38 ⁽¹⁾
AAH	39	38
Phoenix	15	14
Mawdsley Brooks	3	3
Sants	2.7	2.6
Sangers NI	2.5	2.2
F Maltby	0.9	0.9
Sangers Maidstone	0.7	0.7
Norchem	0.5	0.6
Munro	0.2	0.3

Source: OFT Calculations based on responses to the OFT wholesaler survey. Figures are for the months of May 2006 and May 2007. Figures do not sum to 100 due to rounding. Figures do not include PIF Medical as it provided no response to the OFT survey.

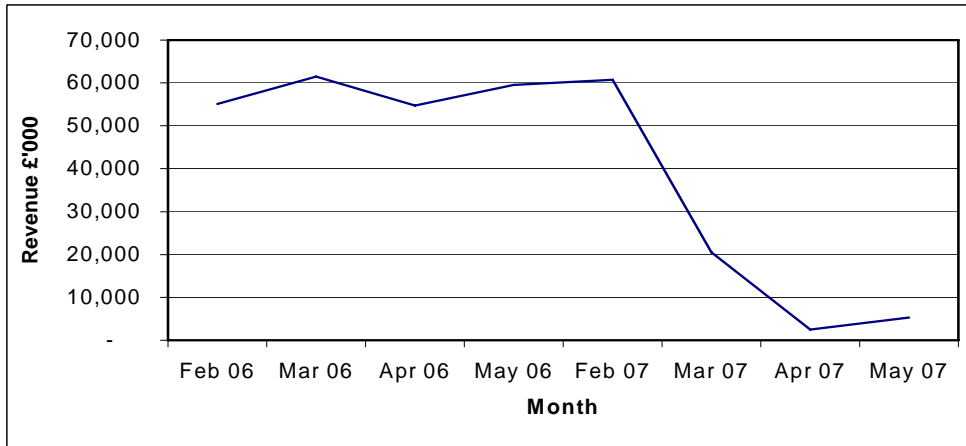
Notes:

- (1) Unichem has informed the OFT that, based on market data it receives from data provider IMS Health, it considers this estimate to materially overstate its share.
- (2) These figures include branded and generic prescription medicines in the UK, and therefore exclude surgical products, OTC medicines and any other products supplied by full-line wholesalers to pharmacies.
- (3) These figures include self-supply among vertically integrated wholesalers and pharmacies
- (4) These figures include volumes of GSK and Pfizer medicines.
- (5) Figures for May 2006 are before Pfizer's DTP scheme came into operation, while figures for May 2007 are after Pfizer's DTP scheme came into operation.

Revenues from the sale of medicines

- 8.6. The aggregated figures for the revenue received in relation to Pfizer medicines, other branded medicines and generic medicines are shown in figures F.1 to F.3 below.

Figure F.1 Total revenue from sales of Pfizer medicines



Note:

Figures for sales of Pfizer medicines do not include those supplied under its DTP scheme.

Figure F.2 Total revenue from sales of other branded medicines

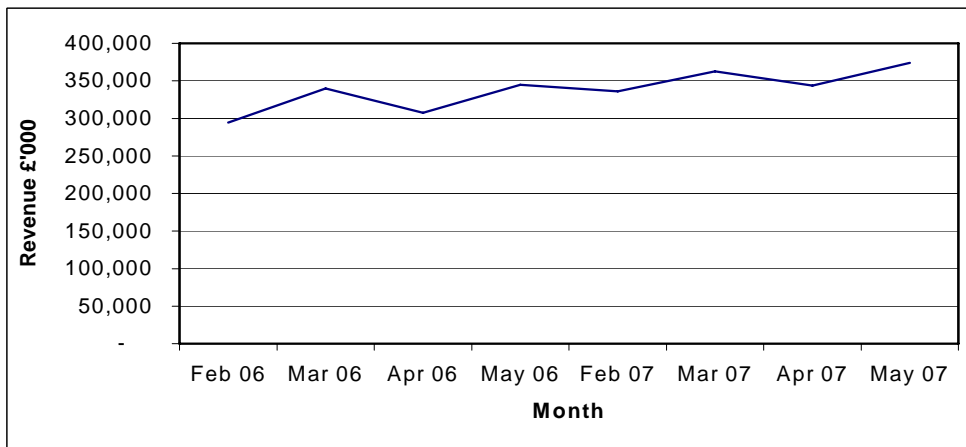
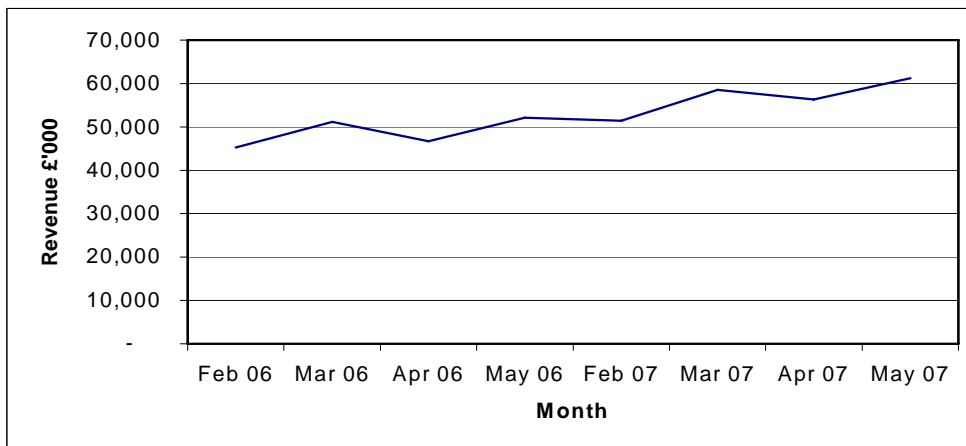


Figure F.3 Total revenue from sales of generic medicines

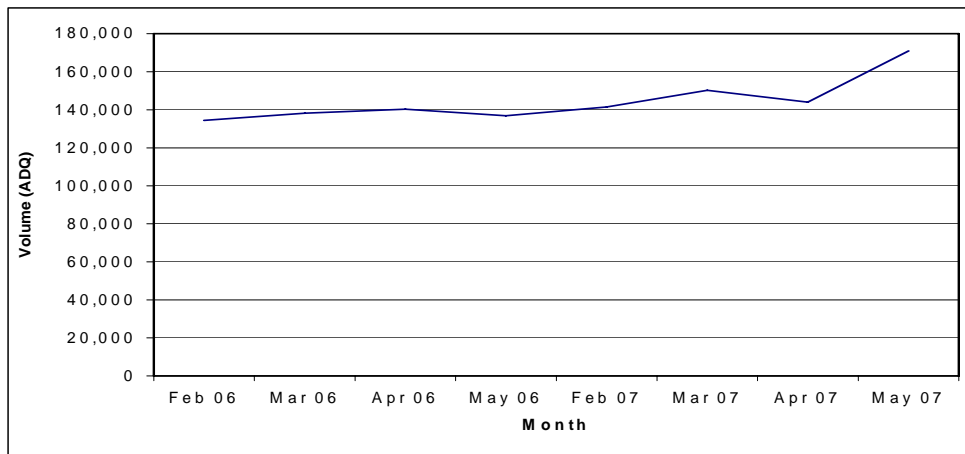


- 8.7. Figure F.1 shows the impact of the DTP scheme implemented by Pfizer on the sales of Pfizer medicines. In advance of Pfizer's DTP scheme, some wholesalers increased the stocks of Pfizer medicines to allow them to continue to sell these after Pfizer's DTP scheme was introduced, while the remainder of the continuing sales would represent parallel imports of Pfizer medicines that are still sold by wholesalers.
- 8.8. Figures F.2 and F.3 show similar trends of a slight increase in the revenue wholesalers receive for the medicines they supply to customers. This trend is part of a general increase in both the cost of medicines to the NHS, typically from relatively expensive new treatments as well as from the increasing demand for prescribed medicines.

Quantities of medicines supplied

- 8.9. The aggregated figures for the quantity of medicines supplied by wholesalers, in relation to Pfizer medicines, other branded medicines and generic medicines, are shown in figures F1.4 to F1.6 below.

Figure F.4 Total quantity of Pfizer medicines supplied¹⁰



¹⁰ Some information was supplied using Average Daily Quantities (ADQs) as units. This is a standard term used to describe a particular volume of medicine required by patients on a daily basis. Other wholesalers supplied information on a different basis, therefore, an approximate conversion was applied based on the ratio of value to volume for different types of medicines supplied. This footnote applies to information presented in figures F.4, F.5 and F.6.

Figure F.5 Total quantity of non-Pfizer branded medicines supplied

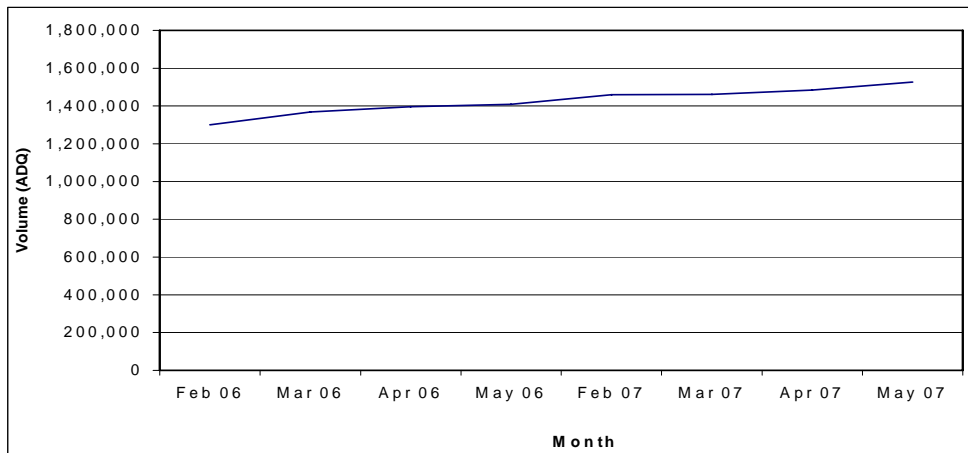
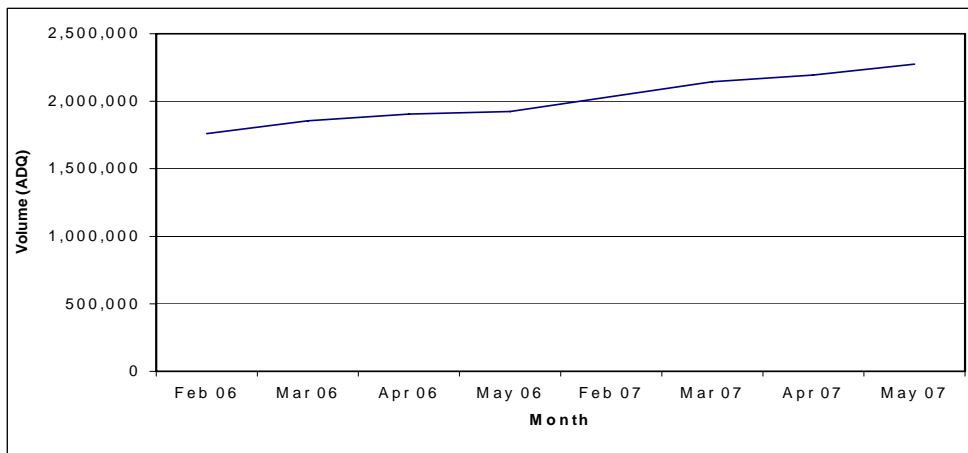


Figure F.6 Total quantity of generic medicines supplied



8.10. As indicated in figures F.2 and F.3, these figures also show the gradual increase in the use of medicines by the NHS. Both Pfizer and generic medicines are increasing at a similar percentage rate, which is slightly ahead of the increase in the use of other branded medicines.

Cost to wholesalers from purchasing medicines

8.11. Figures F.7 to F.9 show the aggregated figures for the cost of medicines purchased by wholesalers, specifically, Pfizer medicines, other branded medicines and generic medicines.

Figure F.7 Total cost of purchasing Pfizer medicines

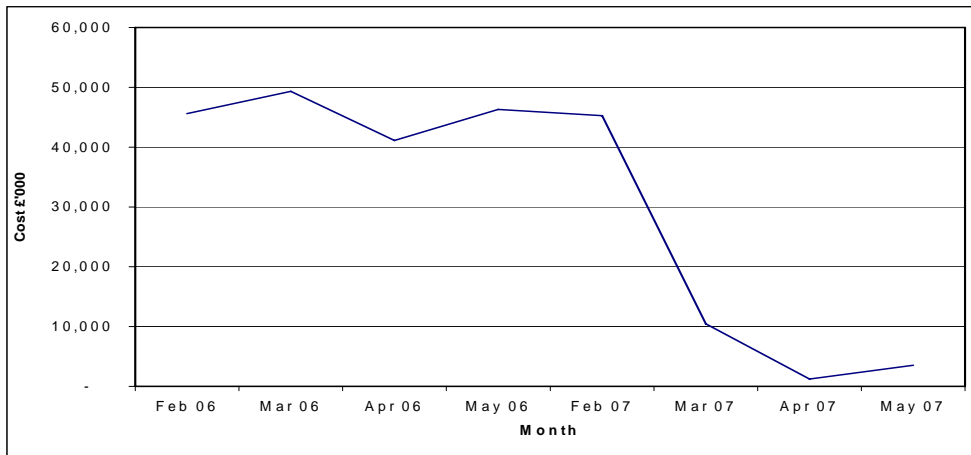


Figure F.8 Total cost of purchasing other branded medicines

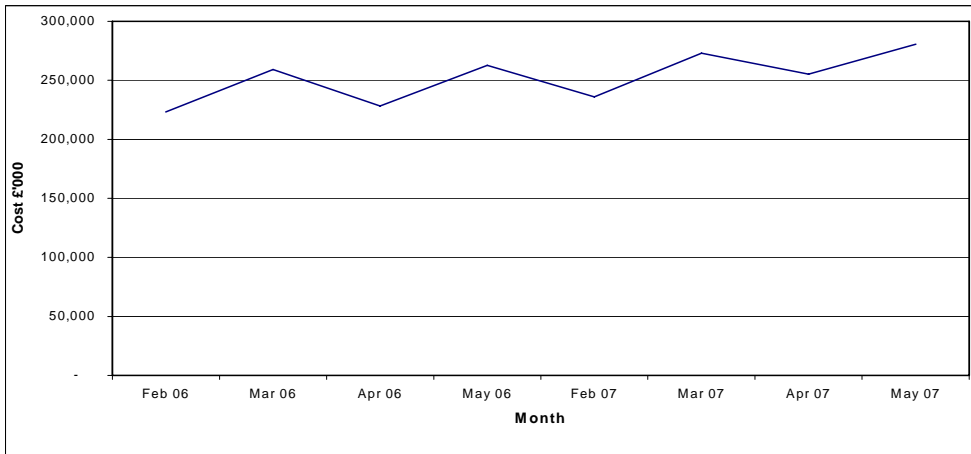
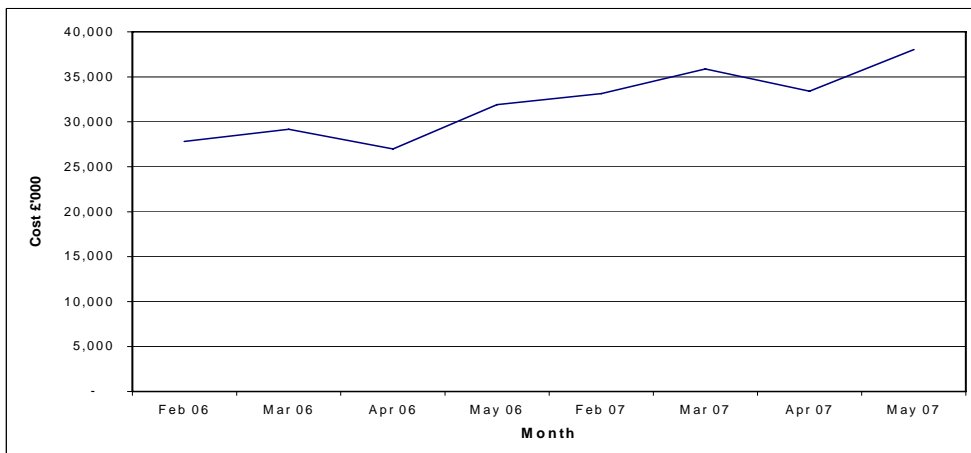


Figure F.9 Total cost of purchasing generic medicines



- 8.12. Figure F.7 corresponds with F.1 by showing the declining cost of purchasing Pfizer medicines over the period when the DTP scheme was introduced. F.8 shows that the level of increase in the cost of other branded medicines was fairly similar to the growth in revenue from other branded medicines over the same period. F.9 shows that the growth in cost of generic medicines was slightly larger than the growth in the revenue from generic medicines over the months considered.
- 8.13. This trend for generic medicines may indicate the level of competition in the wholesale sector for generic medicines, although it is difficult to isolate reliable conclusions on the basis purely of the evidence from this survey. It may be the case that where a cost increase occurs at the manufacturing level and is passed on to wholesalers they in turn may be unable to pass on all of this increase in cost to customers, due to the presence of effective competition in generic medicines, both from full-line wholesalers as well as from short-line wholesalers.

Significance of parallel trade

- 8.14. Figures F.10 and F.11 below show the cost of purchasing parallel imported medicines and the revenue from the sale of parallel exported medicines respectively.

Figure F.10 Total cost of parallel imported medicines

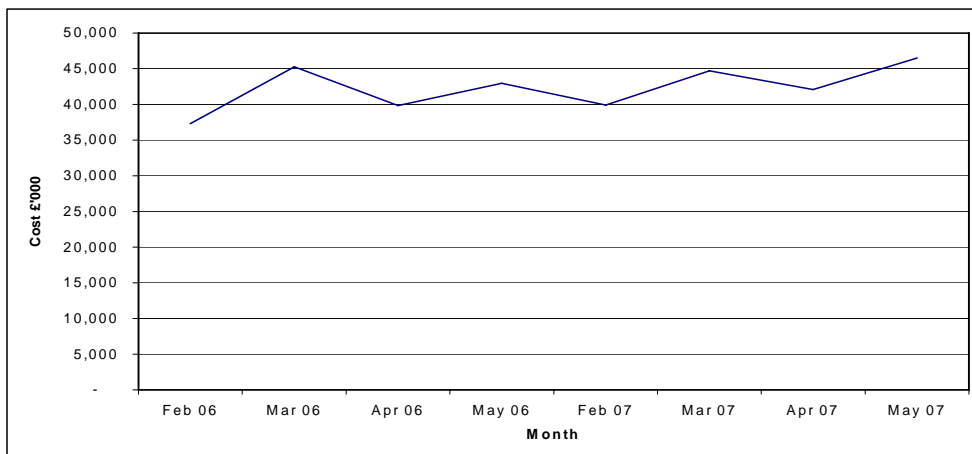
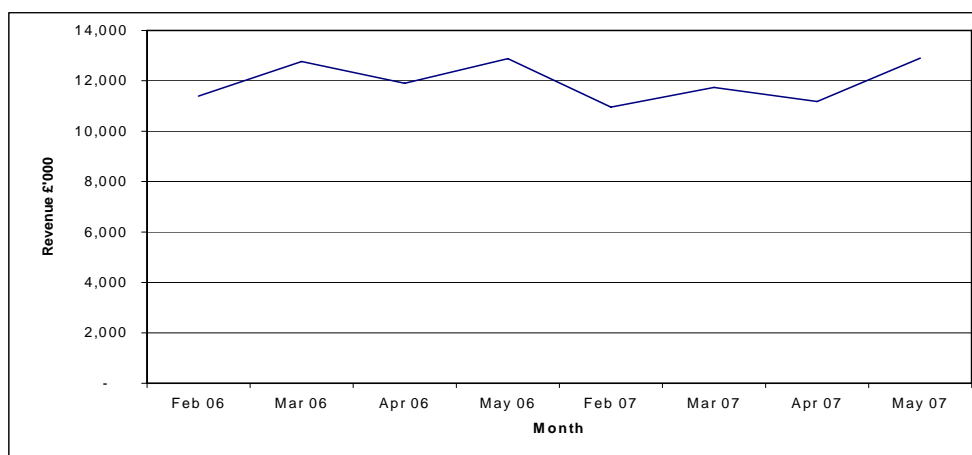


Figure F.11 Total revenue from parallel exported medicines



- 8.15. As figure F.10 shows, the level of parallel imports into the UK appears fairly stable, with a slight upward trend, although less than the rate of growth in the cost of purchasing UK medicines (both branded and generic). The similarity of this trend with that of the growth of other medicines, particularly the cost and revenue from branded medicines, indicates that parallel imports may represent a fairly static proportion of trade for full-line wholesalers. Consequently, there do not appear to be large fluctuations in the figures which could indicate problems in sourcing these products on a regular basis, or variations in other factors that affect parallel trade.
- 8.16. Figure F.11 shows parallel export revenue fluctuates significantly more than imports, possibly due to the unpredictability of supplies available for export. One wholesale company noted lower revenues in 2007 were due mostly to the lack of availability of Pfizer medicines to export. Overall, however, there does not appear to be a significant trend in this data over the full period, as the decline early in 2007 was followed by an increase in revenue during April and May.
- 8.17. The level of exports also indicates that this is not such a significant activity for wholesalers that responded to the survey. This corresponds with anecdotal evidence suggesting that the more significant parallel exporters are typically short-line wholesalers and vertically-integrated wholesale and retail pharmacy chains, rather than the full-line wholesalers.

Wholesale volume and cost information

- 8.18. We questioned wholesalers about the average costs of deliveries. Most respondents indicated that the costs of the morning and afternoon deliveries were similar if not identical. This was due to the patterns of ordering from pharmacies frequently being on a replacement order basis, so orders were transmitted through the day, as and when stock was sold. Of those wholesalers

that submitted estimates for the average cost of morning and afternoon deliveries, **the average of the responses was £7.03 per drop per day for the morning delivery and £7.00 per drop per day for the afternoon delivery.**

- 8.19. In addition to average cost information, we also questioned wholesalers on the minimum volumes necessary to ensure the viability of the morning and afternoon deliveries. Most respondents indicated that the volumes would be one of several factors indicating whether a particular delivery was viable. Other factors included the distance of the delivery run, the density of the delivery drops, the lead times and the structure of other routes in the area all needed to be considered. Of those that provided a specific answer, **estimates of minimum value varied between £3,000 and £4,000 per delivery drop per month for a viable twice-daily delivery service.**

Detailed findings: services offered to customers

Discounts offered to customers

- 8.20. We received information relating to the discounts that customers of wholesalers receive in relation to the PPRS list price. This information was separated between Pfizer medicines and other branded medicines and is presented in the table below:

Table F.45 Average discounts offered by wholesalers surveyed

Coverage of discount	Discount 06/07	Discount 07/08
Pfizer medicines	10.48% ⁽¹⁾	10.04% ⁽¹⁾
Other branded medicines	10.53%	10.56%

Source: OFT calculations using a simple unweighted arithmetic mean based on wholesale survey responses and information from Pfizer.

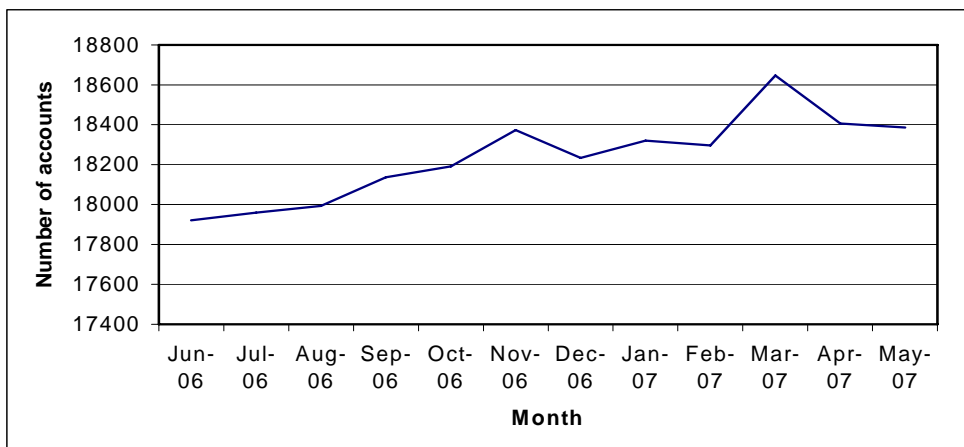
Notes:

- (1) Wholesalers typically provide a discount on a range of medicines (and other products) they supply to pharmacists, rather than on a manufacturer by manufacturer basis. Therefore, caution must be advised in the comparison of the 06/07 figures for Pfizer medicine discounts from wholesalers with the 07/08 figures for direct discounts offered by Pfizer to pharmacists.
- (2) Generic medicines are not typically offered at a discount from the Drug Tariff List Price but sold at a net price; hence analysis of the level of discounts applicable to generic medicines has not been undertaken following this survey.
- (3) Information on Pfizer medicines for 2007/2008 was obtained from Pfizer given the operation of its DTP scheme during this financial year.
- (4) The 06/07 figures are before Pfizer's DTP scheme was implemented, while the 07/08 figures are after Pfizer's DTP scheme was implemented.

8.21. As the above table shows, the simple mean level of discounts offered by wholesalers to pharmacy customers has not changed significantly over the period considered. The individual responses from wholesalers have been mixed, although most showed little change in 2007/08 compared to 2006/07. The simple mean of the discount offered by Pfizer's DTP scheme in 2007/08 is slightly lower than that offered on Pfizer medicines by wholesalers during 2006/07.

The number of customer accounts

Figure F.12 The total number of first and second line customer accounts



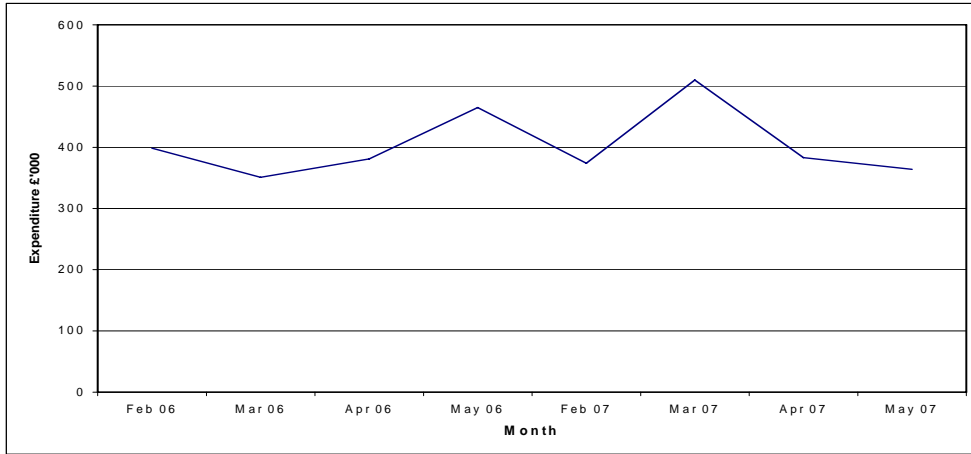
- 8.22. The figure above shows the trend in the overall number of first and second line customer accounts of wholesalers. This only shows information in relation to full-line customers of wholesalers, and therefore excludes new Pfizer-only accounts that were opened with UniChem following Pfizer's DTP scheme.
- 8.23. As can be see, over the 12 months to May 2007, there is a gradual rising trend in the total number of first and second line accounts. There were a small number of wholesalers that experienced a drop in the number of customer accounts around the time Pfizer's DTP scheme was introduced, while others experienced increases in the number of customer accounts. The general trend of increasing number of accounts in the presence of relative stability in the number of customers could indicate that a growing number of customers value a choice of wholesale supplier of medicines.

Expenditure on ancillary services offered to customers

- 8.24. The responses in relation to the cost of ancillary services varied substantially, not only between wholesalers but also on a month to month basis. Even the aggregated figures presented in Figure F.13 (below) show significant variability over the period examined. Some of the respondents provided reasoning for the varying figures which included that payments for such services were difficult to predict, lumpy in nature and therefore variable and difficult to forecast. In addition, others noted that it was not possible to cost all the services provided to pharmacies, so the picture presented in the diagram below is necessarily incomplete as other services, such as guarantees for pharmacies would not appear directly as a cost in all cases.
- 8.25. The figure below does not give any indication of a particular trend in the level of expenditure on ancillary services, and coupled with anecdotal comments from

wholesalers, there does not appear to be evidence to suggest that Pfizer's DTP scheme has altered the level of ancillary services that wholesalers offer.

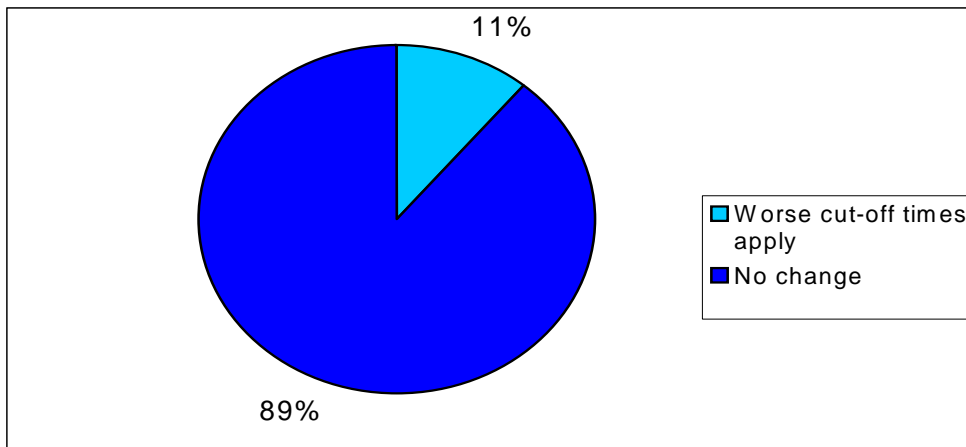
Figure F.13 Expenditure on ancillary services



Changes in cut-off times

- 8.26. It is possible that the reduced revenues for full-liners following Pfizer's DTP scheme with UniChem, may affect their ability to offer appropriate cut-off times, where changing cut-off times may result in a cost saving.
- 8.27. Figure F.14 shows the changes in cut-off times that apply following Pfizer's DTP scheme. As can be seen, in the vast majority of cases, there has been no deterioration, while one respondent indicated that its customers had a worse cut-off time following Pfizer's DTP scheme, with the extent of the worse time being dependent on the location of the pharmacy customer.

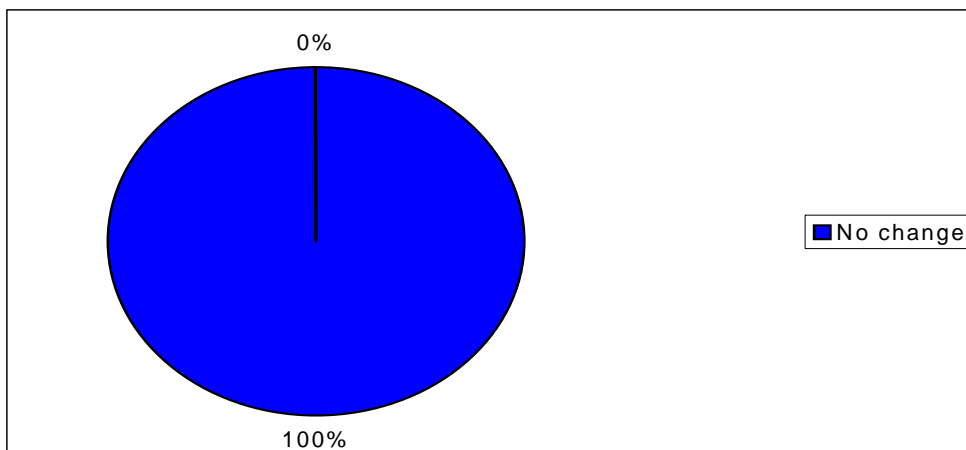
Figure F.14 Changes in cut-off times



Changes in delivery times

8.28. Figure F.15 below shows that all the wholesalers that responded to the survey indicated that the delivery times provided to customers had not changed as a result of Pfizer's DTP scheme.

Figure F.15 Changes in delivery times



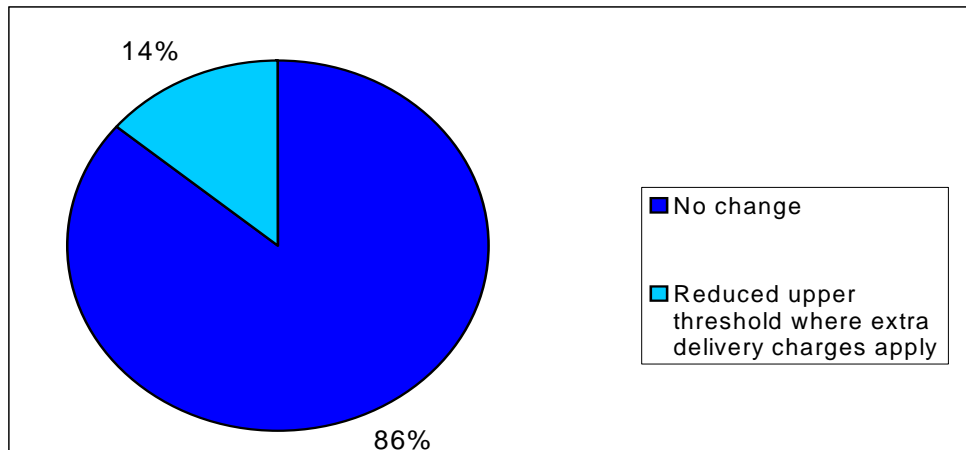
Extent of small and emergency orders

8.29. Another possible way in which full-liners could seek to address the lower revenues from no longer being able to sell UK Pfizer products could be through imposing more widespread charges for deliveries.

8.30. Figure F.16 shows the changes to the thresholds for the size of delivery where extra charges apply. As can be seen from the figure below, the majority of wholesalers have not altered this threshold, while a small minority reduced the

upper threshold, such that now fewer orders would be subjected to the increased costs of distribution.

Figure F.16 Changes in threshold where extra delivery charges apply



8.31. Overall, combining the information from the three charts, F.14, F.15 and F.16, the service to customers does not appear to have deteriorated substantially, with most customers experiencing a similar service, while a minority have a worse cut-off time, all customers have similar delivery times and some customers will benefit from reduced charges for small orders.

Conclusion

8.32. The results of this survey indicate that overall, we have not found a significant impact from Pfizer's DTP scheme on the full-line wholesalers. There are some noticeable effects, with some wholesalers losing customers, while others were able to gain customers. In addition, some wholesalers also experienced reduced revenue from parallel exports. In terms of customer service, the majority of customers experienced a similar service to before the DTP scheme, while some will have benefited from reduced additional charges to deliveries and a minority of customers experienced worse cut-off times for their orders.

8.33. Such a lack of a significant impact may indicate that there is a high level of competitive constraint in the wholesale sector. Consequently a wholesale company would be aware that if it were to decrease the level of service or increase the cost to its customers, those customers would have a number of other full-line wholesalers to which they could switch their business. The presence of such a constraint may have ensured that the level of service to customers is substantially unchanged from that before Pfizer's DTP scheme.

8.34. Equally, the lack of impact may be a result of the timing of our survey of wholesalers. At this stage, with only a few months of operation, it may be the

case that the full impact of Pfizer's DTP scheme may yet to filter through into the main areas of wholesale business.

- 8.35. There is also the consideration, as noted in Chapter 1, that other medicines manufacturers are considering switching to DTP or restricting the number of wholesalers they supply, so the impact on the wholesale sector may be small while such schemes are limited to one or a few manufacturers, but may be more significant where more manufacturers alter their distribution arrangements.