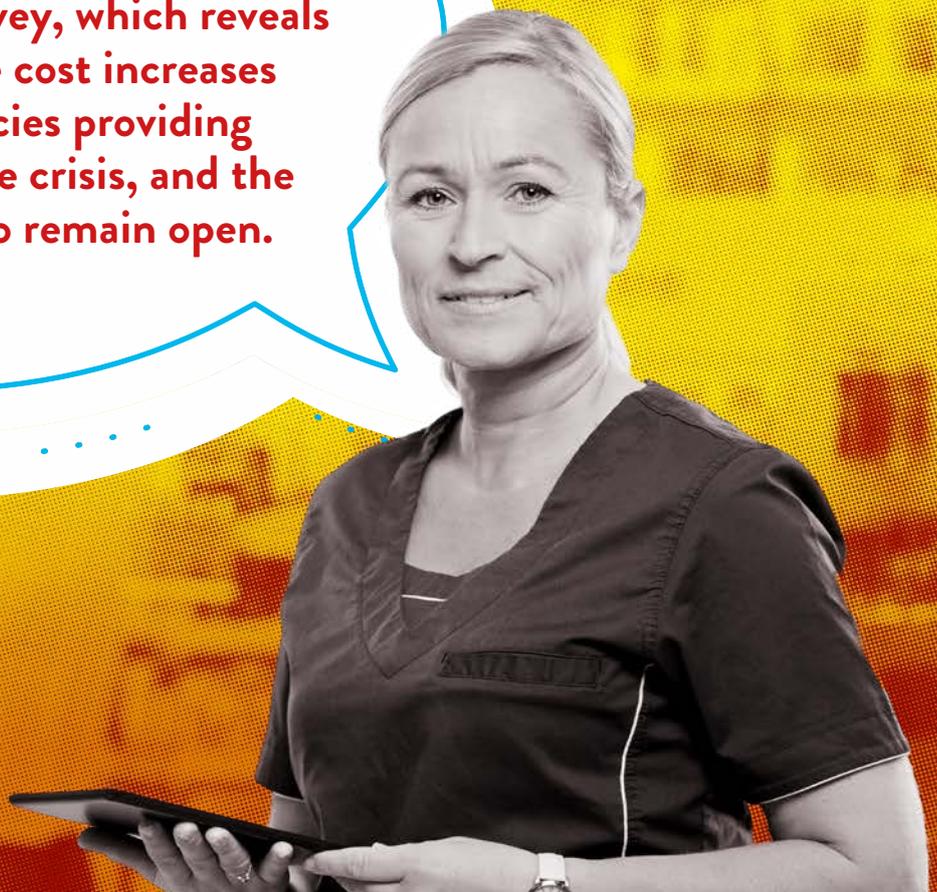


# IPU COVID-19 Pharmacy Business Survey

In this article, IPU Director of Communications and Strategy Jim Curran provides an overview of the results of the recent IPU COVID-19 Pharmacy Business survey, which reveals the extent of the severe cost increases being borne by pharmacies providing frontline care during the crisis, and the steps they have taken to remain open.



The IPU COVID-19 Pharmacy Business Survey was undertaken in the week beginning 20 April 2020 to establish the impact of COVID-19 on pharmacy businesses and to get an estimate of the costs already incurred, and the potential future costs when the public emergency measures are eased. There were 190 responses to the survey, representing 430 pharmacies.

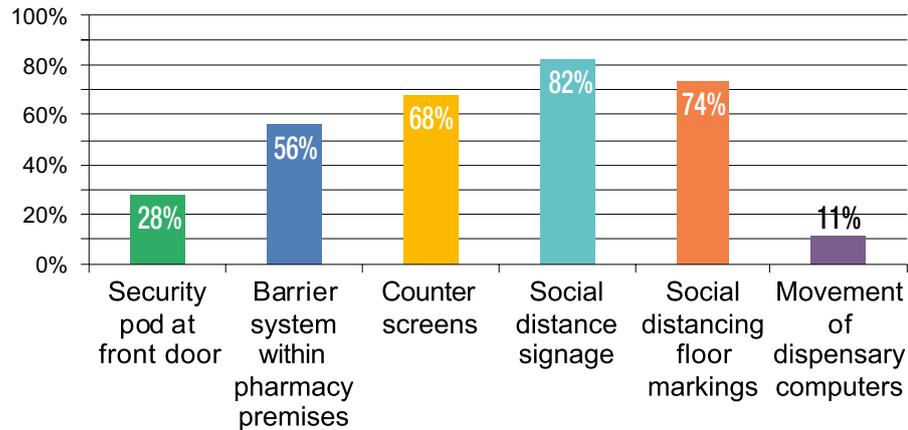
### Physical distancing/PPE

The IPU COVID-19 Business Survey revealed that most pharmacies had been hit by significant extra costs to enable them to remain open and to provide safe care. The costs associated with physical distancing and PPE are among the most significant, with over two thirds (68%) installing new counter screens to protect patients and staff, and significant costs highlighted for the implementation of other measures, including signage introduced by 82% of pharmacies, floor markings (74%) and security pods (28%). Over half of pharmacies (56%) had introduced a barrier system within the pharmacy premises. The average cost of implementing these measures was €1,500 per pharmacy.

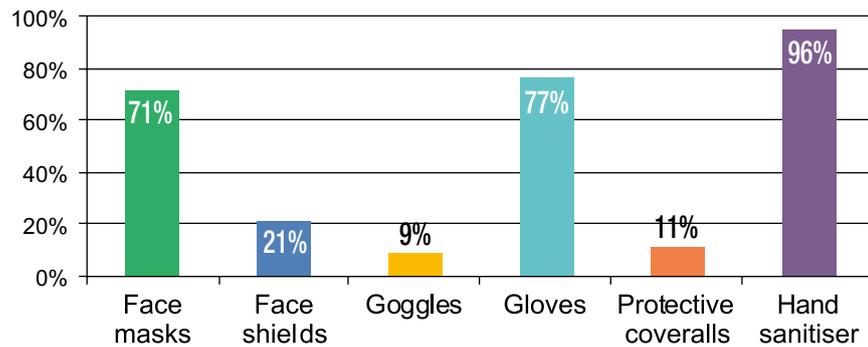
At the time of the survey, nearly all respondents (95%) reported using hand sanitisers within the pharmacy, with over two-thirds using gloves (77%) and face masks (71%). The average cost of implementing these measures per pharmacy was approx. €1,300.

When the cost of physical distancing measures are included, the average cost per pharmacy is €2,800 with some pharmacies reporting having spent up to €10,000.

## If you implemented physical distancing, what type of physical distancing equipment did you choose?



## What personal protection equipment are you currently using within the pharmacy environment?



**“The costs associated with physical distancing and PPE are among the most significant, with over two thirds (68%) installing new counter screens to protect patients and staff, and significant costs highlighted for the implementation of other measures.”**

## Pharmacy staff

Day-to-day operating costs have also dramatically increased for pharmacies. There was a significant cost increase in pharmacy staff costs primarily due to the introduction of split shifts, longer working hours and the necessity for increased cover in the dispensary. The additional costs are averaging a not insignificant €2,300 per pharmacy per month and are much higher in some cases.

Due to business pressures one in five (19%) pharmacies reported having to let staff go with a further 38% confirming that they may have no option but to do so over the following three months. The indications are that it is mainly front of pharmacy staff who have been temporarily laid-off.

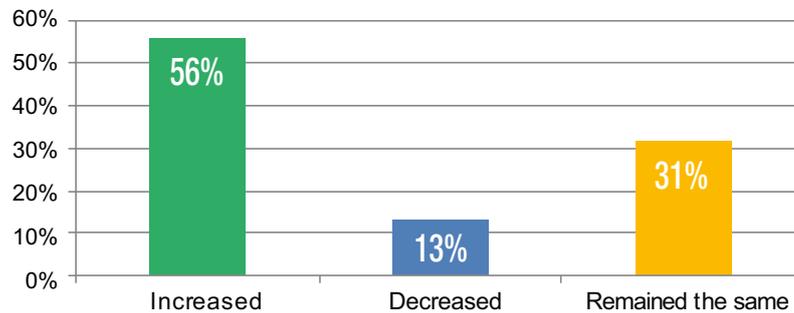
## Additional day-to-day costs

74% of pharmacies experienced additional cleaning costs and 15% saw an increase in security costs. 94% of pharmacies reported that they were offering a delivery service. Of these, 59% have their own staff delivering medicines, 12% are employing additional staff and 29% are using voluntary organisations/volunteers. These additional costs are costing pharmacies on average €2,800 per month. Taken together with the increase in staff costs, the survey reveals that pharmacies are shouldering additional monthly costs of €5,000, equating to almost €10 million per month across the sector. 75% of respondents envisage an increase in costs in preparing their pharmacy for when the public health emergency is over, with an average cost of €4,100 per pharmacy anticipated.

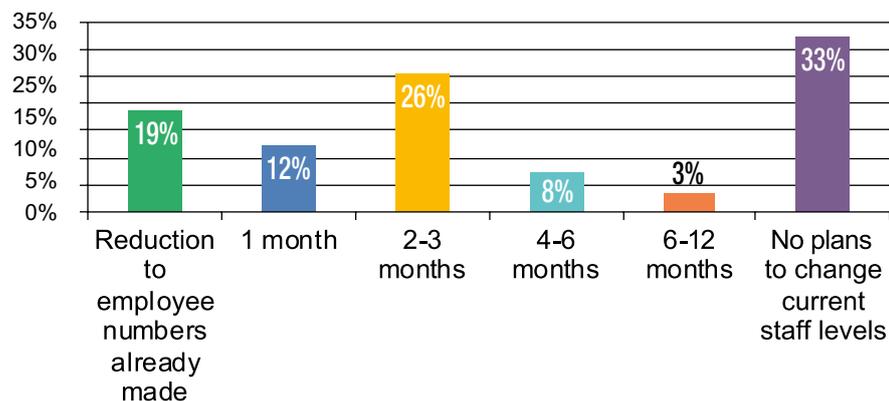
## Turnover/sales

The increase in costs comes at a time when retail sales in pharmacies have dropped dramatically due to the movement restrictions imposed by the COVID-19 response. Almost 9 out of 10 pharmacies (86%) reported that their front of shop

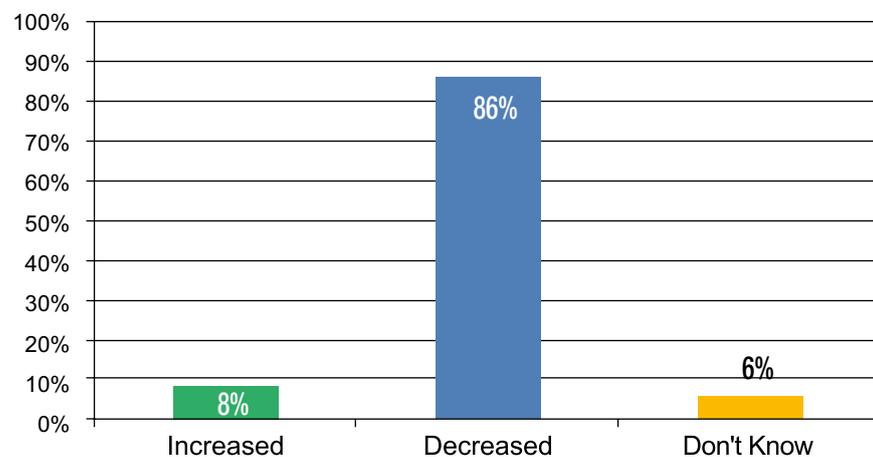
## What has been the impact of the current public health emergency on your pharmacy staff costs (excluding delivery staff costs)?



## If the current public health emergency measures stay in place, how long do you think you can support your current employee numbers?



## Has your front of shop retail pharmacy business been impacted by the current public health emergency?



retail business has reduced because of the restrictions introduced during the current public health emergency, with respondents confirming an average reduction of 36% in sales.

On the dispensary side of the business, not surprisingly, over half of respondents (56%) reported that their dispensary pharmacy business increased significantly at the start of the pandemic, but a decrease was noticed subsequently reflecting a dramatic fall-off in GP visits. One in ten (12%) reported an increase in dispensary sales, with 14% reporting a decrease. It should be noted that the survey was undertaken in the last week of April, and consequently there is anecdotal evidence to suggest that, at the time of writing, the dispensary business is more reflective of normal trade (if we can use such a term in the current circumstances), in comparison to the first few weeks of the public health emergency.

### Cashflow/credit limits

A quarter of pharmacies (26%) reported having had to restructure their loans to ensure adequate cashflow within their business, with a further 19% increasing their overdraft facility. 42% have had to defer payment to their creditors.

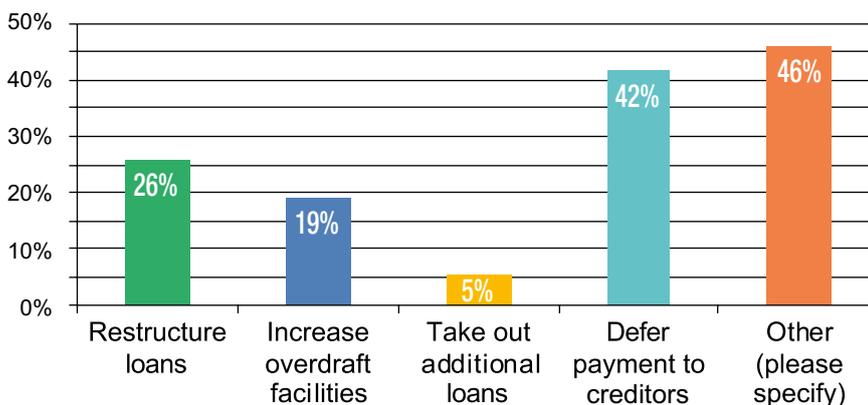
Similarly, a quarter of pharmacies have reached their credit limit with medicine wholesalers, impacting their ability to purchase further supplies. Worryingly, 30% of respondents indicated that they had difficulty in ordering key medicines for patients due to reaching their credit limit.

### Conclusion

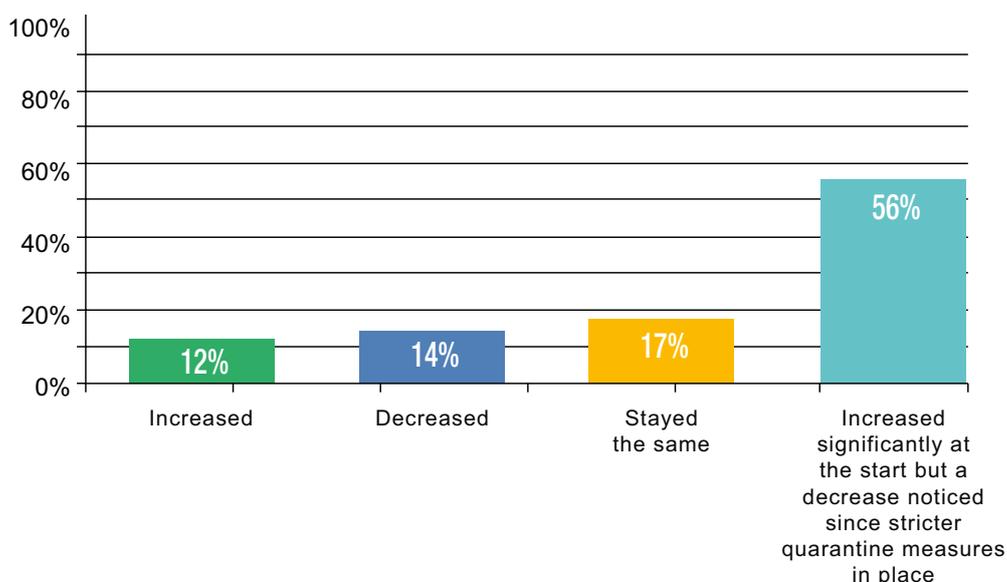
The results of the survey are a snapshot of the situation in pharmacies at the end of April. In the interim period, evidence suggests that dispensary activity has, to an extent, normalised, but that the front-of-pharmacy business continues to take a hammering.

Nearly all pharmacies have introduced some

## Have you had to undertake any of the following measures to ensure adequate cash flow within your business?



## Please indicate how your dispensary pharmacy business has been impacted by the current public health emergency



form of social distancing measures and introduced PPE equipment for the safety of staff and members of the public, at a considerable cost. When these are added to cost increases in other areas including staff, security, delivery and cleaning costs, the sector is looking at not insignificant additional cost of over €5,000 per month, with many envisaging further costs in preparing the pharmacy for the easing of lockdown restrictions. Also, many pharmacies have fixed overhead costs including rents and rates, which have not reduced.

With costs increasing and income reducing it is no surprise that a substantial number of pharmacies have had to resort to alternative funding to maintain cashflow, including increased lending and overdraft facilities, with many reaching credit limits with their wholesalers.

Pharmacists are at the frontline of our healthcare system. As the various COVID-19 restrictions have been implemented, pharmacies have remained open to provide their communities with an uninterrupted supply of medicines, service, and advice, but this has come at an

unsustainable cost to many.

The easing of lockdown restrictions should continue over the next number of weeks. While this may require some further modifications in the premises, it is also an opportunity to look at ways of driving footfall back into the pharmacy. I would recommend, therefore, that you read the article by IPU Business Development Manager Darren Kelly on pages 17-20 providing advice on how pharmacies should prepare for the staggered lifting of the lockdown restrictions, to re-establish the retail business.