The Evolution of Community Pharmacy in Portugal

The Case of Grupo Holon

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Dissertation submitted in partial fulfilment of requirements for the Degree of MSc in Business Administration, at Católica-Lisbon School of Business and Economics

March 2016

Abstract

Thesis Title: The Evolution of the Community Pharmacy in Portugal

Thesis Sub-Title: The Case of Grupo Holon

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The present dissertation has the goal of providing an overview of the community pharmacy sector in Portugal, its evolution and future tendencies and strategies to adopt.

Being a segment extremely regulated by the State, during the past years, the community pharmacy sector faced major changes that forced an alteration in the vision and strategy of these organizations.

In order to understand this progress, a literature review addressing the outline of the healthcare sector in Portugal is presented; main alterations in the community pharmacy sector and its current situation and the strategies to take into consideration in the shape of this segment´s future are also considered. To sustain this research, the case of Grupo Holon, a network of independent pharmacies that operate under the same image and brand and that introduced in the market an innovative approach to counter the negative path of this sector, is shown.

Finally, teaching notes are provided with explanatory learning objectives and proposed questions to address the case as a study material, as well as final conclusions and future research.

Resumo

Título da Tese: A Evolução da Farmácia Comunitária em Portugal

Subtítulo da Tese: O Caso do Grupo Holon

Autora: Bárbara Ramos Ferreira

A presente dissertação tem como objetivo fornecer uma visão geral sobre o sector da farmácia comunitária em Portugal, a sua evolução e tendências futuras.

Sendo um segmento extremamente regulado pelo Estado, ao longo dos anos a farmácia comunitária presenciou diversas mudanças que forçaram a alteração da visão e estratégia destas organizações.

Com o intuito de compreender este processo, é apresentada uma revisão de literatura que aborda os contornos do sector da saúde em Portugal, as principais alterações na farmácia comunitária e a sua atual situação, bem como as estratégias a ter em consideração no molde futuro deste mercado. Para sustentar esta pesquisa, é apresentado o caso do Grupo Holon, uma rede nacional de farmácias independentes que operam segundo a mesma imagem e marca, e que veio introduzir no mercado uma inovadora abordagem que visa contrariar os contornos negativos que têm vindo a delinear este sector.

Finalmente, são fornecidas notas para discussão do caso com explicação dos respetivos objetivos de aprendizagem e propostas de questões para aborda-lo como material de estudo, bem como conclusões finais e pesquisa futura.

Acknowledgments

This was a process that would not be possible to accomplish alone and, therefore, I would like to thank everyone that made it conceivable.

Firstly, I would like to thank Grupo Holon that since the beginning showed interest and availability to collaborate in this project. I would like to express my gratitude to everyone that was willing to share with me their experience and their knowledge about the group. I would like to dedicate a special thanks to the father of this project, Pedro Pinto that introduced me to all the people in the company that helped me during this path and enabled me to attend Holon meetings and conferences so I could develop my knowledge.

I also would like to thank my advisory, Susana Frazão Pinheiro for the opportunity to enrol in this seminar and for the guidance during the semester.

Finally, I would like to thank my family, friends and boyfriend for the patience and support showed during the past months.

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List of Acronyms

ANF – Associação Nacional de Farmácias

APIFARMA - Associação Portuguesa da Indústria Farmacêutica

DL – Decree-Law

GM – Generic Medicines

INE – Instituto Nacional de Estatística

INFARMED – Autoridade Nacional do Medicamento e Produtos de Saúde

NHS – National Health System

NPM – Non-Prescription Medicines

OECD – Organization for Economic Co-Operation and Development

OF – Ordem dos Farmacêuticos

PORDATA – Base de Dados Portugal Contemporâneo

PM – Prescription Medicines

R&D – Research and Development

RP – Retail Price

WHO – World Health Organization

Chapter 1 - Introduction

The present dissertation aims to analyse the community pharmacy sector in Portugal and its future path, using the case of Grupo Holon as a basis to support this analysis and as teaching material.

In order to achieve that purpose, this dissertation addresses the following research questions:

- (RQ1) – Which factors contributed to the current situation of community pharmacies in Portugal?
- (RQ2) - What is the future path/strategy of the sector?

This study is structured in four different parts: Literature Review (Chapter 2), Case Study (Chapter 3), Teaching Notes (Chapter 4) and Conclusions, Limitations and Future Research (Chapter 5).

In the Literature Review section, the reader can access an overview about the evolution of the healthcare sector in Portugal and more precisely about the community pharmacy and importance of the pharmacist nowadays. The reader can also access information about the tendencies and strategies for the future.

Through the Case Study the reader gains knowledge about Grupo Holon and its activities, value proposition and future objectives.

In the Teaching Notes section, the reader is presented with the learning objectives of this research as well as questions that have the goal of deepen the knowledge about the subject.

Finally, in the last section is presented the conclusion of the entire research as well as limitations found during the process and a possible future research.

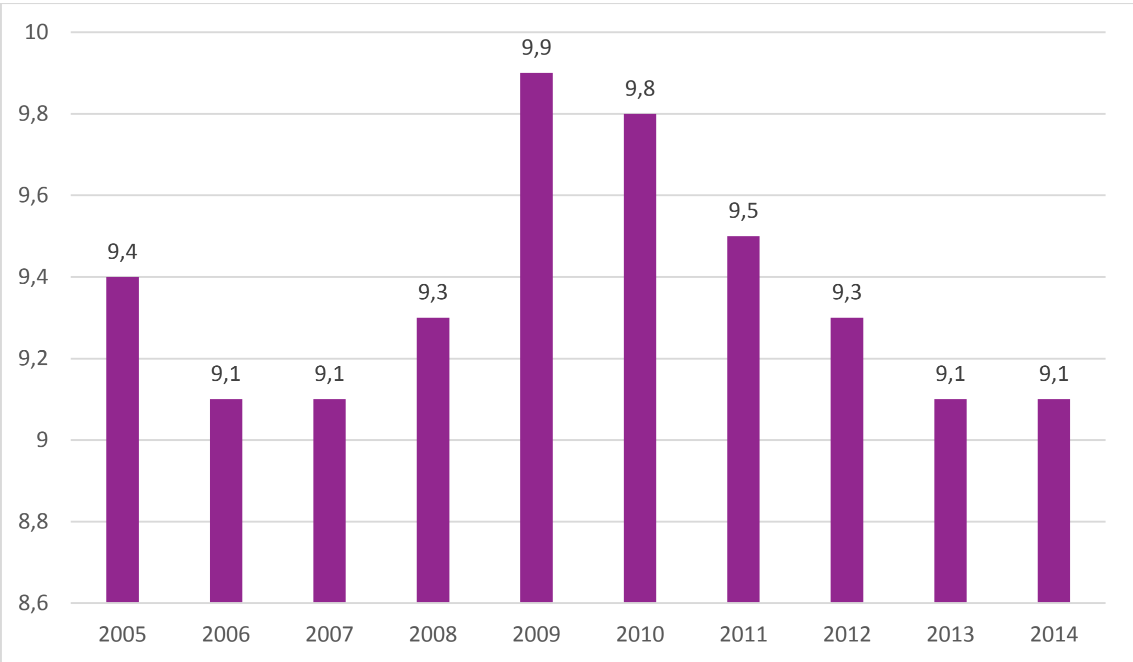
Chapter 2 - Literature Review

2.1 - The Healthcare Sector

In order to understand the community pharmacy sector it is crucial to understand the healthcare and pharmaceutical sector since they are intrinsically linked. The community pharmacy is a part of the healthcare system and, therefore, represents a part of the expenditures on health in the country.

The expenditures on health in Portugal have been representing, on average, 9.3% of the country´s GDP. Since 2009, this value has been decreasing, showing a reverse in the tendency verified in the previous years (OECD Health Statistics, 2015) (Figure 1).

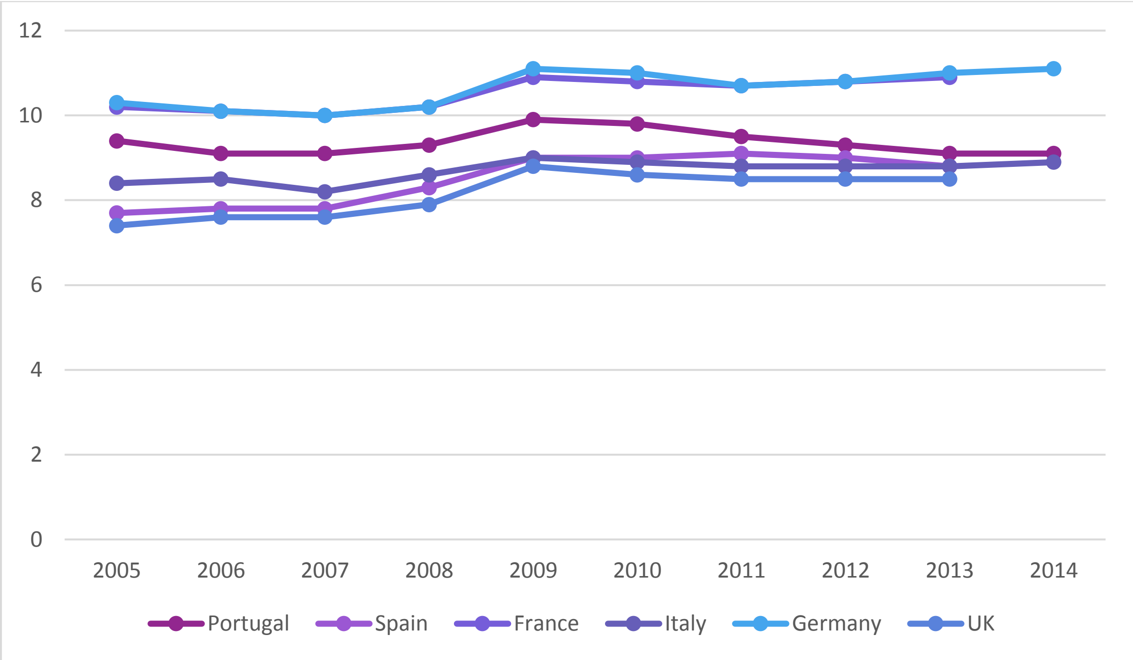
Figure 1: Current expenditure on health in Portugal, % of gross domestic product



Source: OECD Health Statistics 2015

When compared with other European realities, Portugal presents values of expenditure similar to the ones practiced in other countries (OECD Health Statistics, 2015) (Figure 2).

Figure 2: Current expenditure on health, % of gross domestic product



Source: OECD Health Statistics 2015

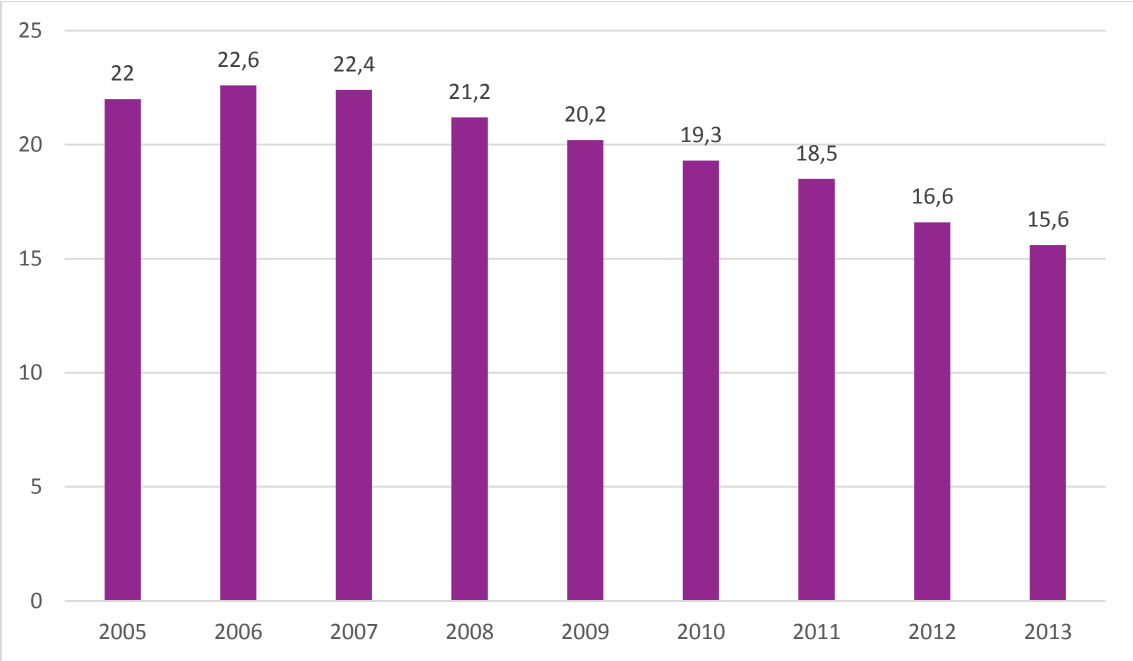
Analysing the expenditure on health per capita, it is observable an increase when compared to the year 2005. However, as the percentage of GDP, since 2010 this value has been decreasing, being 2.363 euros per capita in 2014 (OECD Health Statistics, 2015) (Figure 3).

Figure 3: Current expenditure on health in Portugal, per capita in Euros

Source: OECD Health Statistics 2015

Looking closer to the pharmaceutical market, since 2006 the expenditures in pharmaceutical and other non-durables in Portugal have been decreasing. In 2006 the expenses on these goods represented 22.6% of the total expenditure on health, however, in 2013 this value dropped to 15.6% (OECD Health Statistics, 2015) (Figure 4).

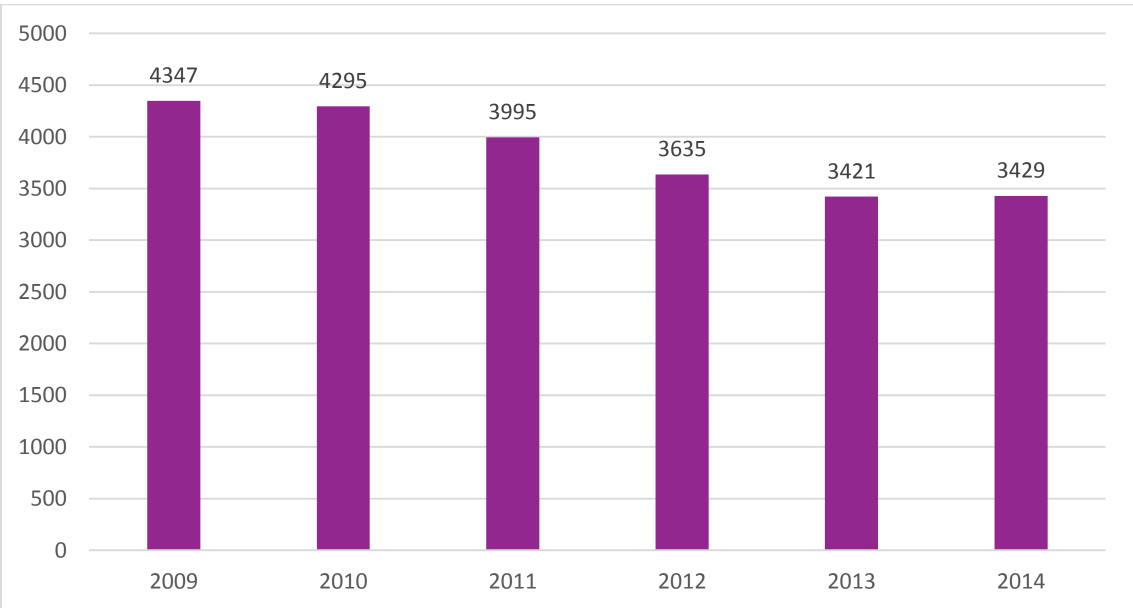
Figure 4: Current expenditure on pharmaceuticals and other medical non-durables in Portugal, % of current expenditure on health



Source: OECD Health Statistics 2015

In 2014 the value of the total pharmaceutical market in the country was 3429M euros which presents a decrease of 918M euros, expressing a shrinkage of 21.1% (INFARMED, 2014) (Figure 5).

Figure 5: Evolution of Pharmaceutical Market in value (RP), millions of Euros

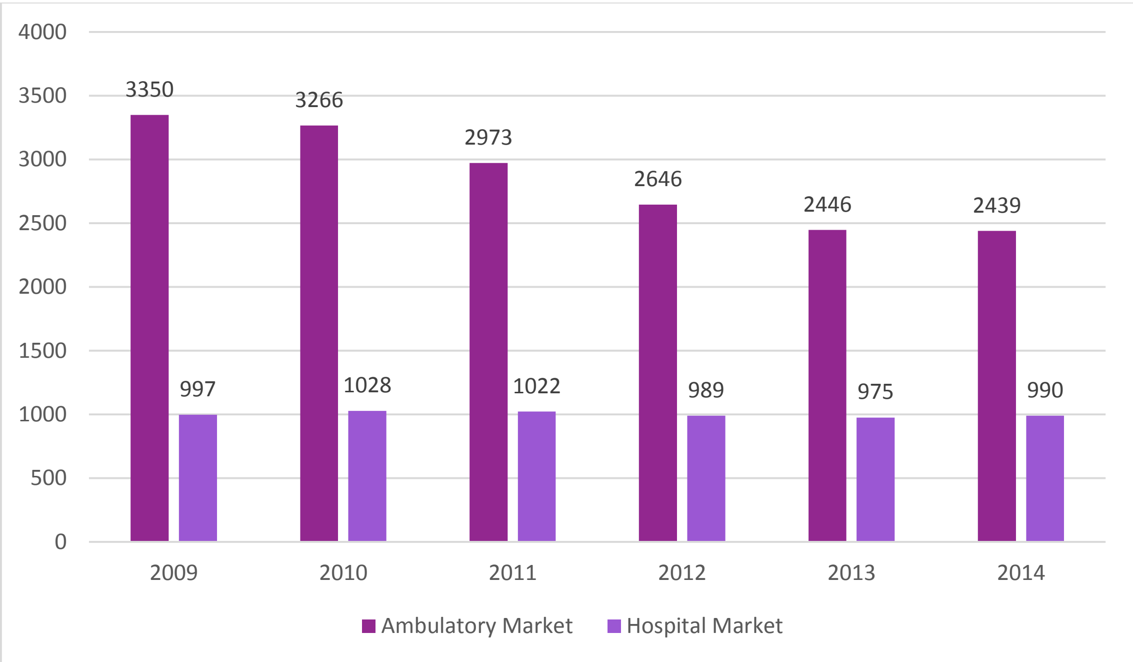


Source: INFARMED 2014

This market is divided in ambulatory market, which stands for the market of all medicines (PM and NPM) sold in the community pharmacy and in authorized selling points, and hospital market (Tribunal de Contas, 2011).

Both components of the total value show different behaviours. While the hospital market shows a quite steady position, presenting an increase during the years 2011 and 2012, and after a small decrease, the ambulatory market presents a reduction of 27.2%, which is mainly a consequence of the decrease in the PM market (INFARMED, 2014) (Figure 6).

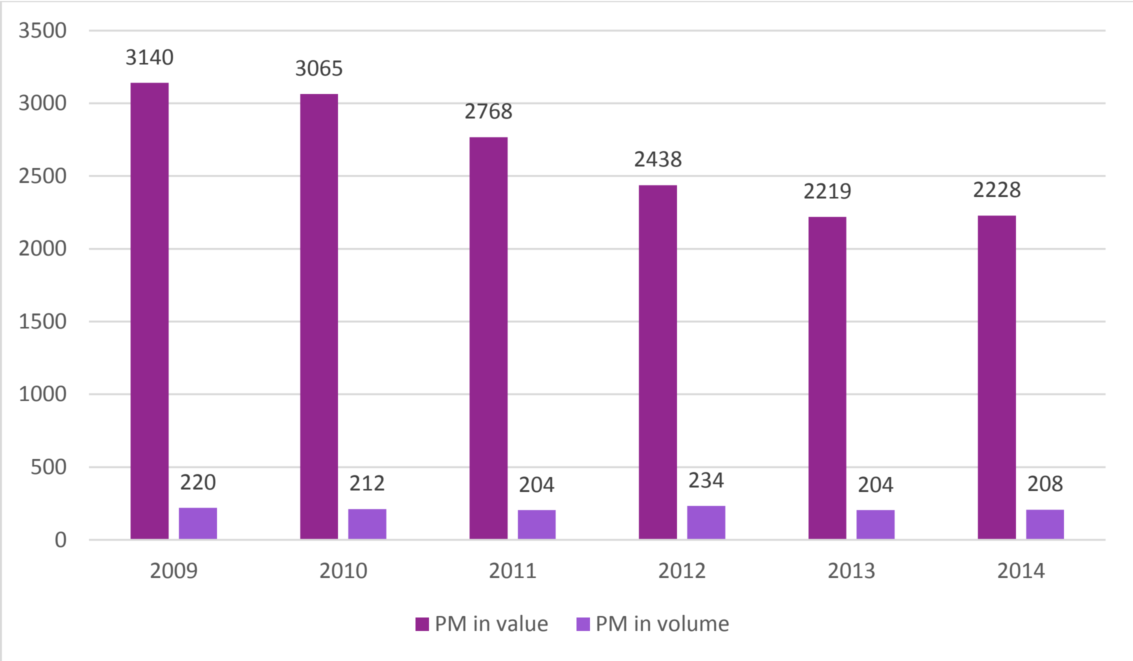
Figure 6: Evolution of Market Value (RP), millions of Euros



Source: INFARMED, 2014

Since 2009 the PM market dropped 29% in value based on the PR. Nevertheless, the market in volume just decreased 5,5%, showing a big disparity between both levels. (INFARMED, 2014) (Figure 7). This gap between the values is the reflection of the price reduction policy in the medicines that has been ocurring during the past years, leading to a large decreases in market values.

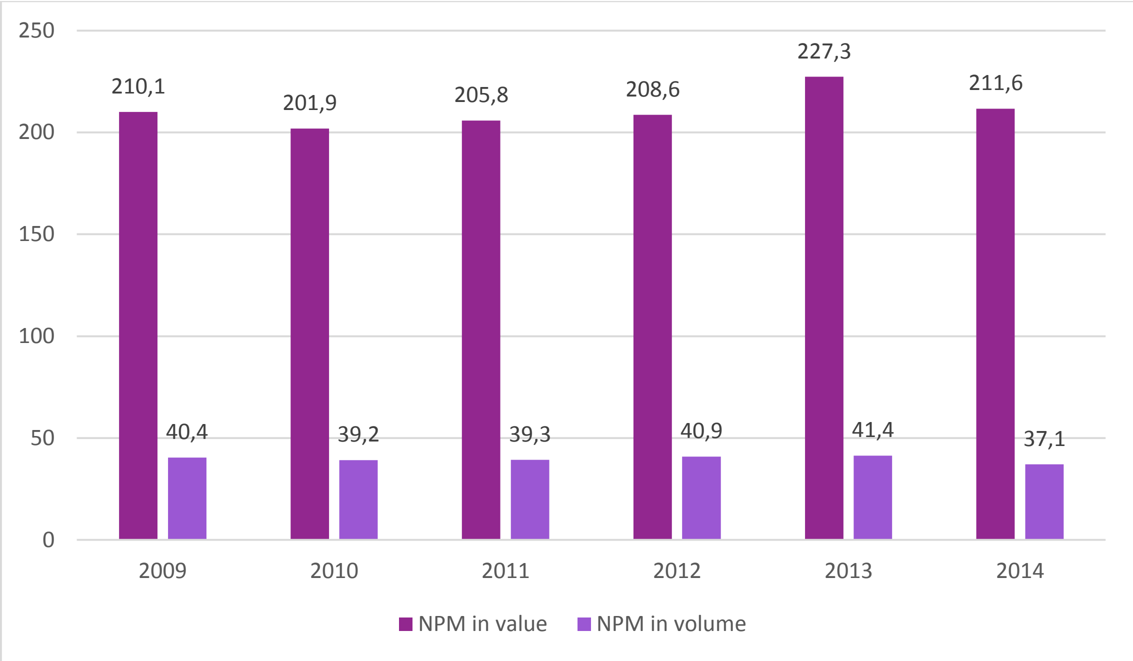
Figure 7: Evolution of Prescription Medicines sales in value and volume, millions of Euros



Source: INFARMED 2014

The situation in the NPM market is different, since this segment increased 8.2% until 2013, presenting a slightly decrease in the year of 2014 in terms of value based in the RP. In terms of volume the values present a steady rate, with just slighty changes, being the volume in 2014 37.1M and in value 211.6M (INFARMED, 2014) (Figure 8).

Figure 8: Evolution of Non Prescription Medicines sales in value and volume, millions of Euros



Source: INFARMED 2014

2.2 - Community Pharmacy

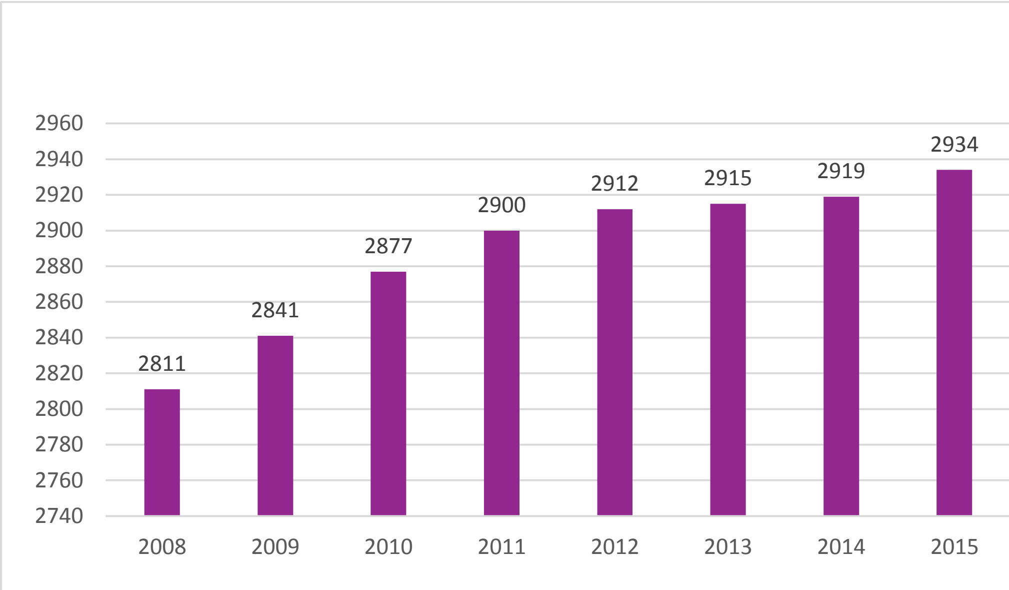
Community pharmacy is an establishment open to the public with the goal of providing health care activities to the community related with medicines and the patient (OF, 2009). Considering the proximity to the general public, the community pharmacy is often the first place visited by the patient when needing some health advice, being this way an entry door to the NHS (OF, 2009). It is also the most visited place in the context of health units, receiving a normal citizen, on average, two to three times a month (Aguiar, 2007).

The community pharmacy, although being a private institution, is heavily regulated by specific legislation, being INFARMED the entity responsible for supervision in order to ensure free access to medicines with equality and safety.

Nowadays, the community pharmacy in Portugal is one of the pillars of NHS and contributes for maximization in health gains, as well as an improvement in patients' quality of life and social cohesion (Cordeiro, 2012).

Regarding the evolution of these establishments, the number of pharmacies in Portugal has been increasing during the past years. In 2008 the number of community pharmacies in the country was 2811, increasing to 2934 in 2015. This evolution represents the creation of 123 new pharmacies, denoting a 4.4% growth in the business (ANF, 2015).

Figure 9: Evolution of the number of pharmacies in Portugal



Source: ANF 2015

Besides adding economic value to the country, community pharmacies promote de development, especially in rural areas and in the interior of the country, where in the majority of the times they are the only health service available to the population (Cordeiro, 2012). This way, they represent an important pillar to the economy of the country and a relevant source of development.

2.2.1 - The Pharmacist:

The pharmacist is the medicine specialist (Cordeiro, 2012) and it is considered to be the most accessible health professional to the public (WHO, 1994).

The functions assumed by these professionals in the Portuguese society go far beyond the simply supply of medicines. Due to their background, they are able to provide professional advice to their clients about the usage of medicines and medical supplies, drug interactions, contraindications and adverse reactions and participate in health promotion programmes (WHO, 1994).

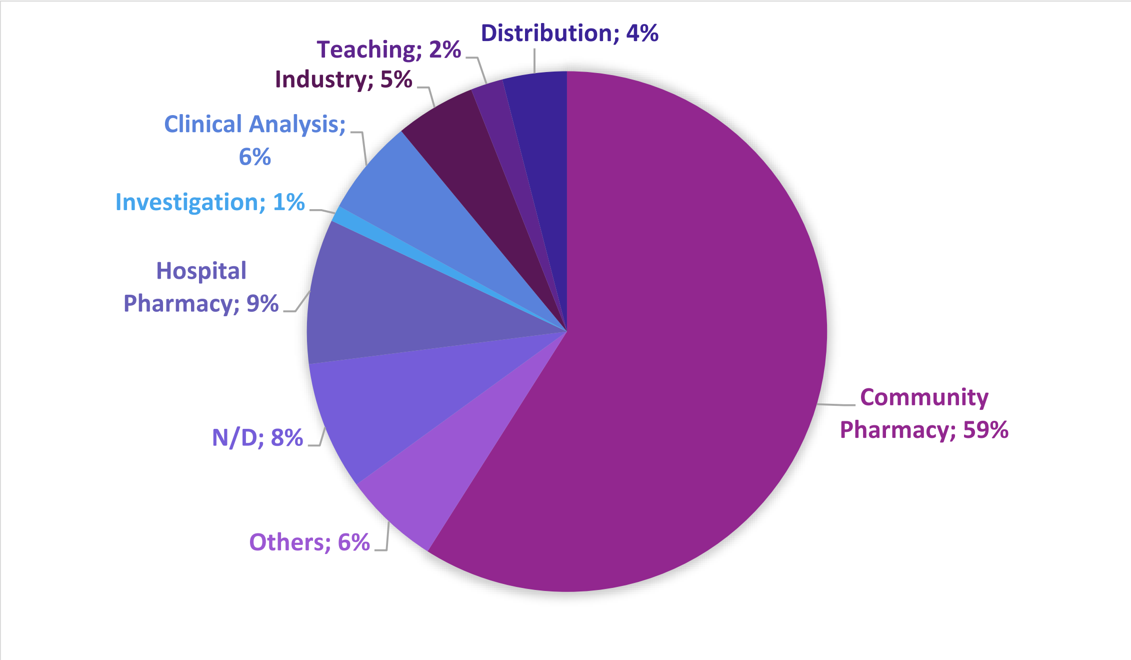
They also play a crucial role in the adoption of a healthy lifestyle, rational usage of drugs and early identification of warning signs which can result in an early detection of some health conditions (Mota Faria, n.d.).

Figure 10: The importance of the Pharmacist

Source: ATKearney 2012

In the Portuguese market, 59% of the pharmacists develop their work in community pharmacies (Figure 11). Among these ones, 68% present an age that is less than 45 years old and 79% are women (OF, 2015). The community pharmacy was and still is the segment that absorbs more pharmacists in the market (OF, 2015).

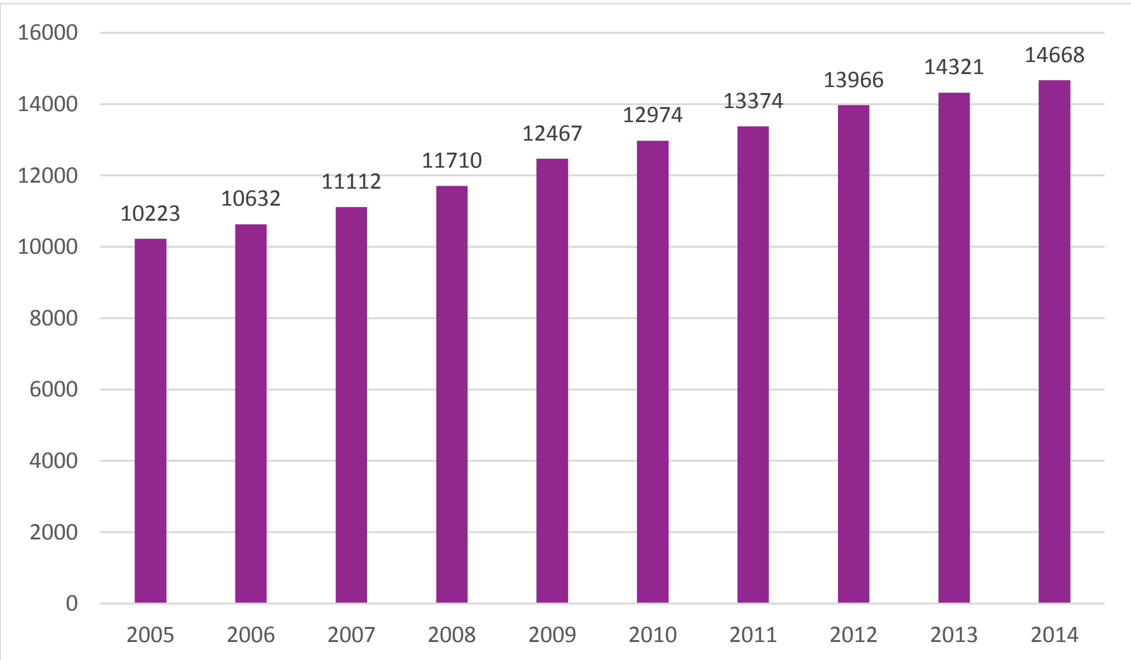
Figure 11: Distribution of pharmacists in Portugal by professional area



Source: OF 2015

Considering the evolution of the number of pharmacists, this has been increasing over the past years. In 2005 the Portuguese market counted with 10.223 pharmacists and in 2014 the number reached 14.668, which represents an increase of 43.4% (OF, 2015).

Figure 12: Evolution of the number of pharmacists in Portugal



Source: OF 2015

2.2.2 - The Customer

The changes that occur in the population reflect the changes in the community pharmacy´s customer. Therefore, these ones are relevant to understand the business counters.

In 2014 Portugal had a population of 10.401 million and an aging index (number of elderly people for each 100 young people) of 138.6. In 2005 this index presented a value of 108.5, demonstrating the increase in aging population that took place during the former years in the country (INE, PORDATA, 2015). According to INE statistics, during the following years the tendency will be to develop a more aged population (Annex 1).

In 2014 the number of residents who were more than 65 years old was 2.087.505, representing 20% of the total population (INE, PORDATA, 2015). On average, each person who is more than 65 years old takes 7.3 medicines per day and 22% of them present problems with their usage (ANF, 2009)

Besides the aging population, also the average household disposable income of a Portuguese family has been presenting a decrease since 2009, leading to a deterioration of purchasing power (INE, PORDATA, 2016) (Figure 13).

Figure 13: Average household disposable income

2010	32.187,0
2011	30.424,6
2012	29.286,9
2013	29.249,0

Source: INE, PORDATA 2016

2.2.3 - Changes in the Sector

2.2.3.1 - Sale of NPM outside of pharmacies

During the past ten years, there were several changes in the community pharmacy sector in Portugal that modified the outlines of this activity in the country.

On the 16 of August of 2005, it was approved the commercialization of non-reimbursed NPM outside of pharmacies, in places authorized by INFARMED. The government claimed that the consumers would benefit from this measure in terms of increase of selling points, which would represent easiness in accessibility, as well as benefits regarding price (Health Ministry, DL 134/2005, 16 de Agosto 2005).

Before this date, the price fixation system to the wholesaler was free with only maximum commercialization margins stipulated. Therefore, this measure had the purpose of inducing a price reduction of NPM, liberalizing its fixation and promoting the competition among different channels of distribution and commercialization (Health Ministry, DL 134/2005, 16 de Agosto 2005).

In 2007, a new law is published with the goal of amplify the measures stipulated by the DL 134/2005. After the publication of the first DL, around four hundred new selling points of NPM were created in the country, allowing an increase in employment. According to INFARMED, this measure allowed, as well, a decrease in the price of the medicines as intended (Health Ministry, DL 238/2007, 19 de Junho 2007).

In the eyes of the Government, all the objectives were achieved which led to a decision of amplify the number of medicines that have the classification of NPM, following the steps of other European countries.

Therefore, reimbursed NPM are allowed to be commercialized outside of pharmacies without the NHS reimbursement (Health Ministry, DL 238/2007, 19 de Junho 2007).

This created a new competitive environment to the Portuguese pharmacy scenario since the number of drug stores selling NPM increased from 598 sites in 2007 to 1010 sites in 2014, representing an increase of 68.9% (INFARMED, 2014) (Figure 14).

Figure 14: Evolution of the number of NPM selling points in Portugal

Source: INFARMED 2014

These new measures also allow the direct competition of large commercial surfaces that, due to their size, are able to achieve economies of scale in the commercialization of health and wellness products.

2.2.3.2 - Property Liberalization

In 2007 occurs more modifications in the sector that result in a new legal regime for the community pharmacy. One of the main alterations that this regime brought, was the end of exclusive pharmacy ownership by pharmacists, also known as property liberalization. With this regulation, any singular person or commercial society, with the exceptions stipulated by law, are free to acquire, explore or manage a maximum of four pharmacies. However, the technical direction of a pharmacy must be done by a technical pharmacist director in permanence and exclusiveness, and it is also required the presence of one more pharmacist (OF, 2007).

This measure permits to balance the free access to property and avoid concentration through a limitation of four pharmacies (Health Ministry, DL 307/2007, 31 de Agosto 2007).

It should be also known that the autonomous role of the technical pharmacist director earns more relevance due to the dissociation between pharmacy property and ownership by pharmacist (Alves, 2010).

This new measure was highly contested by OF and ANF that claimed that there was no technical or scientific evidence and was also a contradiction to the existent reality in the majority of European countries. Other countries as France, Spain, Italy, Germany and Austria assumed an uncompromising position in giving up the exclusive property of pharmacies by the pharmacist considering that this was the best measure to protect the interest of patients and public health in their own countries (OF, 2007).

2.2.3.3 - Reduction of Medicine`s price

Another major change that this sector faced, was the progressive reduction of the selling price of medicines.

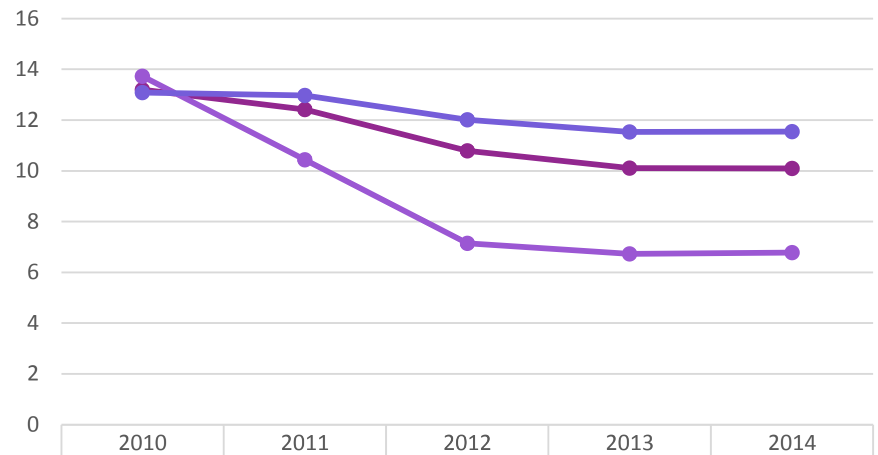
It is known that the medicines are the second most consumed goods by the population, just preceded by food (Aguiar, 2007). They are the sustenance of a typical pharmacy and their sale is extremely important for the healthy function of this business.

According to a study conducted by Ernest&Young (2011), in a typical Portuguese pharmacy, the sale of medicines represent on average 87% of sales and 81% of this value represents reimbursed medicines.

During the past years, the drug politics had been focused mainly in the reduction of prices, by administrative cuts or the introduction of the current reimbursement model, plus the voluntary reductions of the pharmaceutical industry forced by the instituted competitive system (OF, 2012)

During the former years, it has been observed a constant decrease in the price of medicines. Since 2010 the average global RP decreased 23.5%, which results essentially from the price decrease of GM that since the same here already dropped 50.6%. The price of branded medicines also decreased 11.7% in the five years of analyse (INFARMED, 2015) (Figure 15).

Figure 15: Evolution of the average price of medicines in Portugal, in the Total Market



	2010	2011	2012	2013	2014
Average global RP	13,2	12,42	10,79	10,11	10,1
Average RP GM	13,73	10,43	7,14	6,73	6,78
Average RP Brand	13,08	12,97	12,01	11,53	11,55

Average global RP Average RP GM Average RP Brand

Source: INFARMED 2015

In the table below is showed the successive administrative measures taken to reduce the price of medicines.

Figure 16: Administrative measures to reduce the price of medicines

2005 (Sep.)	Administrative reduction of 6% in all medicines. Reduction of distribution margins to 26.6%
2007 (Mar.)	Administrative reduction of 6% in all medicines. Reduction of distribution margins to 25.12%
2008 (Sep.)	Administrative reduction of 30% in all GM
2010 (Jul.)	Average reduction of 7% in the price of branded medicines
2010 (Aug.)	Reduction of 20% to 35% in the price of some GM
2010 (Oct.)	Deduction of 6% in all medicines
2012 (Jan.)	Reduction of distribution margins to 24.6%
2012 (Apr.)	Average reduction of 5.6% in the price of branded medicines
2012 (May)	Average reduction of 15.3% in the price of GM

Source: OF 2012

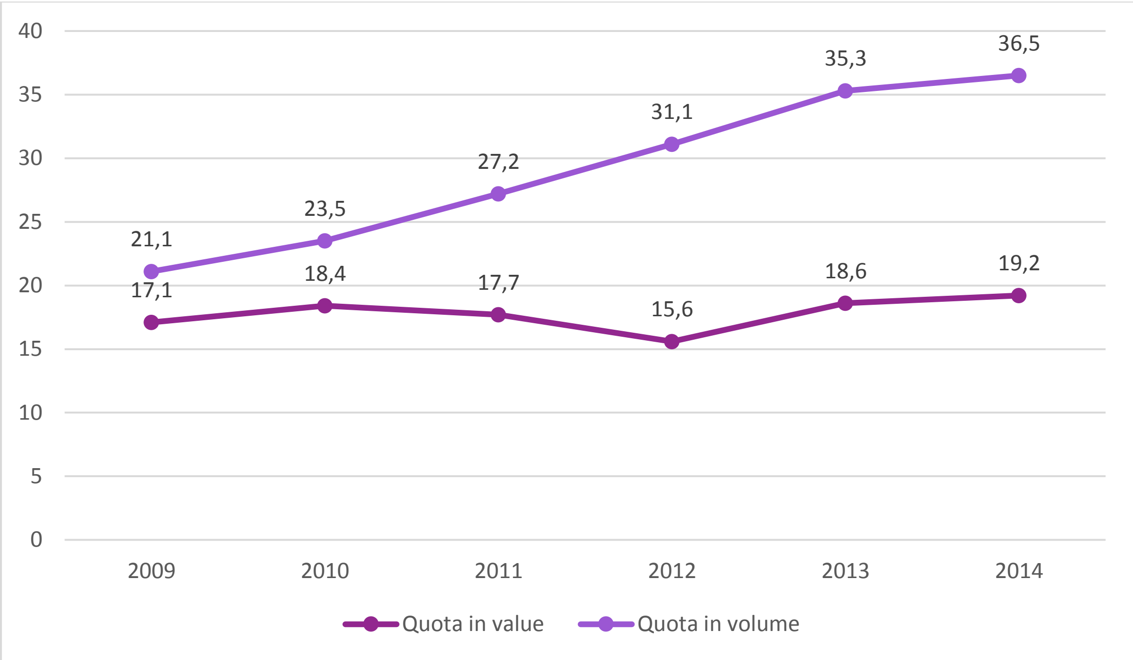
2.2.3.4 - Increase in GM Market

The promotion of the GM market is being, for several years, one of the main goals of the drug politics in Portugal since the prescription and usage of these medicines reflect a saving potential to the patients and to the State (INFARMED, 2014).

Since 2012, several measures have been being applied specifically to the GM segment with the purpose of increasing the quota of these medicines in the NHS market. All the measures aim to eliminate entry barriers to the market and decrease State expenditures.

Before 2005 the GM quota in Portugal was almost insignificant. However, this scenario changed drastically along the years and in the year of 2014, the GM quota in volume in Portugal was 36.5%, representing an increase of 15.4% since 2009 (INFARMED, 2015) (Figure 17).

Figure 17: GM share evolution in the ambulatory market in Portugal, in percentage



Source: INFARMED 2015

Nonetheless, the quota of GM in volume and in value presents very different behaviours. Whereas the quota in volume is steadily increasing over the years, the quota in value shows an unsteady conduct, being always quite lower than the quota in volume. In 2014, the GM market presented a volume quota of 36,5%, while the one in value was 17,3% inferior. This situation reproduces the problematic of the enormous cut on medicine´s prices (INFARMED, 2015).

2.2.4 – Sector´s Current Situation

All the changes that occurred in the past years put the community pharmacy in a delicate situation. According to ANF, in May 2015 a fifth of Portuguese pharmacies were in a situation of insolvency or pawn. Between December 2012 and April 2015, there was an increase of 190.2% (61 to 177) in insolvencies and an increase of 88.1% (180 to 335) in pawns (Lusa, 2015).

According to a study conducted by Antão, A.A. & Grenha C.M. (2014), the year 2012 presented the pharmacy sector, for the first time, with a negative average net income (Figure 18).

Figure 18: Income Statement of pharmacies in Portugal (average)

Income Statement	**Average (1)**
Operational Income	35.052
Net Operational Income	16.086
EBIT	1.673
Net Income	-3757

Source: Oliveira Reis e Associados, Aveiro University, 2012

(1) The average refers to a medium value among the different levels of pharmacies according to their facturation.

The study states that, on average, the community pharmacy in Portugal, presented a net income of -3.757 euros in 2012 and according to projections made to the year of 2013, this value decreased to -8.703 euros (Figure 19).

Figure 19: Income Statement of pharmacies in Portugal (forecast)

Income Statement	**Average (1)**
Operational Income	29.257
Net Operational Income	10.290
EBIT	-4.122
Net Income	-8.703

Source: Oliveira Reis e Associados, Aveiro University, 2012

(1) The average refers to a medium value among the different levels of pharmacies according to their facturation.

Another situation that hampers the health of Portuguese pharmacies is the margins applied to medicines. These margins are one of the lowest in Europe, being only overcome by Romania (Lusa, 2015).

Figure 20: Maximum margin of commercialization for reimbursed and non-reimbursed medicines, ex-factory price as a base for calculation

<5	5.58% plus 0.63
5.01 to 7	5.51% plus 1.31
7.01 to 10	5.36% plus 1.79
10.01 to 20	5.05% plus 2.80
20.01 to 50	4.49% plus 5.32
>50	2.66% plus 8.28

Source: (Health Ministry, DL 19/2014, 5 de Fevereiro 2014)

2.2.5 - Tendencies and Strategies in the Sector:

Facing the current situation of the sector, pharmacies need to take some actions in order to invert the current market scenario.

One of the main tendencies is to create synergies and constitute pharmacy groups, following this way a reality that already exists in other markets such as United Kingdom.

In the former years, pharmacies are forming groups in order to achieve synergies related with purchases, meaning best commercial conditions (Farmácia Distribuição, 2013). Apart from the economic advantages that come from aggregated purchases and operating cost optimization, these groups also create an umbrella brand that is common to the pharmacies that join them. This brand is a strong marketing tool to create brand awareness which is vital to promoting commodity-related products or services. Pharmacies may appear to offer similar products and brand recognition can be a way of differentiation and, in fact, brand/chain is considered to be the second most important reason why a client chooses a pharmacy, just after location/convenience (Strong. n.d.).

Another major tendency is the development of new areas of professional intervention such as nutrition services as well as social activities to support the population.

In the action of selling a medicine, the price component will have less importance. In this action, the service component that is associated with the sale of the product will have more significance (Costa, 2012).

In this service are included actions such as supplementary advisory in case of first dose, explanation on how to use therapeutic devices, identification of polymedicated patients to verify possible adverse reactions, preparation of individualized therapy, among others.

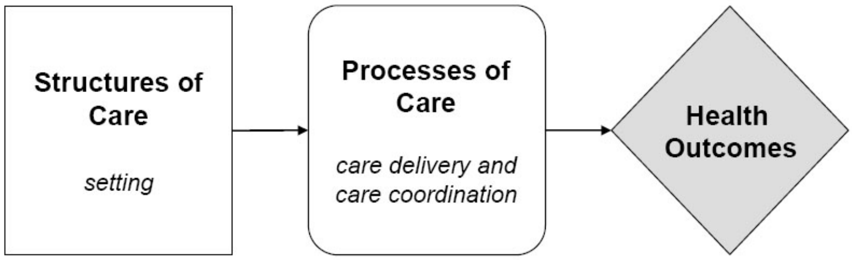
The errors in administration of medicines or the lack of adherence to the therapy are responsible for the increase in the probability of treatment failure, avoidable complications, increase in health expenditures and increase in mortality. In Portugal, 43.000 patients enter in the hospital every year with complications from medicines that are considered avoidable. Between 15% and 40% of people who are more than 65 years old and enter in the hospital, is due to adverse reactions to medicines or lack of adherence to therapy (Grupo Holon, 2013).

Lastly, the areas of Marketing, Human Resources Management, Communication and Behavioural Phycology are becoming more important and crucial to form multidisciplinary teams that are more prepared to help the clients in the best way possible (Aguiar, 2012)

The Community Pharmacy is a small and medium enterprise and, therefore, needs to focus in these areas in order to sustain the business and arise from the difficulties that the sector faces with a new force and image.

Lastly, quality of service has to become a key concern. In an era where the service performed by the pharmacist is becoming more and more relevant, the quality of this should be considered a main focus to the company. In order to access the quality of care a framework can be used to ease the process. The Donabedian Model is a health care framework that describes the quality of health services in three different categories: structures, processes and outcomes. The first category refers to the physical and organizational aspects of health care settings (e.g. facilities, staff, equipment, operational and financial processes). Secondly, the processes refer to the transactions between patients and health providers and they appear in the middle of the diagram since they rely in the structures to provide resources for participants to carry out health activities (e.g. diagnosis, treatment, preventive care, patient education). Finally, the outcomes stand for the effect of healthcare in the patient or population (e.g. health status, behaviour, knowledge, patient satisfaction). This framework was designed to be flexible for application in diverse health care settings (Donabedian, 1982).

Figure 21: The Donabedian Model



Source: Donabedian, 1982

"Pharmacists will need to gradually shift patients 'perception from dispensers to providers of healthcare services and trusted clinical advice. Independent pharmacies as we know them today will cease to exist"(ATKearney, 2012).

Chapter 3 - Case Study

3.1 - Introduction

Grupo Holon is a national network of independent and autonomous pharmacies that appear in the market as a result of the legislative changes that occurred in the Portuguese scenario over the past years. After 2005 the community pharmacy in Portugal faced major alterations and that was the trigger for Pedro Pinto and his partner Diogo Cruz to start this project. As Pedro stated: "The challenges that the Portuguese pharmacy has been facing can be seen as threats but they also present opportunities to evolve and transform."

After observing how the market was structured in other countries, Pedro started to realize that there was a need for a change in Portugal and now was the best time for that.

Pedro and Diogo were friends for a long time and both owned pharmacies in the country, Pedro four and Diogo two.

However, soon they realized that only six pharmacies were not enough to form a strong position in the market and to achieve economies of scale. In order to do so they had to be at least ten times bigger, which led to the goal of reaching 60 pharmacies in order to implement their vision. To be able to achieve that number they used their network from the Pharmacy University where they had both studied. They started to contact friends they knew also had family pharmacies in order to increase the number of establishments in the group.

That was the beginning of a group that nowadays counts with 372 pharmacies in Portugal and a 13% share in the market.

3.2 -Mission and Values

Grupo Holon is a network of pharmacies that operate under the same image and brand.

The group was born in 2008 in order to materialize a project that started two years before with 60 pharmacies, two pharmaceuticals and a spirit of mutual help towards the sector of pharmacies in Portugal.

Through the creation of this entity, Grupo Holon aims to develop a brand that focus on offering an excellent service to the community, based on an innovative and viable model.

The core values of the group are:

- People - people are the most important resource and for that reason Grupo Holon tries to serve in the best way possible their clients, offering the best, most efficient and safest treatment and follow up.
- Experience – with a valuable know-how, their clients can easily access a health service of quality and efficiency.
- Rigor – in the pharmacies of Grupo Holon, the client can expect efficiency and accuracy.
- Complicity – all the elements in the project are together and work together to get the best results.
- Easy Going – in Grupo Holon is important to have a good mood and always show a smile in the face to the customer.
- Open mind – Grupo Holon is a pioneer and innovative project in Portugal. It is fundamental to keep always an open mind to new ideas, projects and opinions in order to achieve success.

3.3 - Value Proposition

The two main objectives and benefits of the creation of this group were:

- Identification of new clinical cases
- Adherence to therapy

The first objective is related to the identification of a disease or some factors that are more propitious to conduct to a future disease.

This identification can be made by the pharmacist in the pharmacy when the patient meets him to ask for technical opinion about his symptoms or it can be made in the community by health screening promoted by the group or going to schools and other places in order to sensitize the community.

The second objective concerns the good usage of medical devices or medication. The pharmacist has the role of explaining to the customer how the device or medication should be used in order to avoid wrong usage that can cause serious complications or avoid the patient to stop using it due to a lack of knowledge. The pharmacist also provides information about the wrong usage of medicines as adverse reactions or other complications and attempt to detect a lack of medication usage, especially in elderly people.

These two main goals can only be achieved if the pharmacist is free to perform the activities that can only be made by him with the technological knowledge necessary.

In order to release these professionals to conduct the activities that can add more value to the pharmacy and be perceived as more relevant by the clients, Grupo Holon decided to centralize the back office activities and some activities of front office.

Beyond these goals that can directly affect and be perceived by the customer, the big purpose of the creation of this group is to modify a sector that in Portugal is very conservative and can be more innovative, attractive and improve the quality of service.

Another major objective is to change the perception that people have about pharmacies, looking at it as just a logistics mean to get their medication. The goal is to change this mentality in the community and show to people that the pharmacy is a place of trust and technical knowledge where the customer can ask for advices and opinion with qualified health staff.

3.4 - Operation Management Model

Grupo Holon appear in the Portuguese market with a new concept of community pharmacy: modern, dynamic, professional and complete.

The model that is proposed by Holon takes into consideration the peculiarities of every pharmacy and bases is alterations in operational and functional models in order to make those pharmacies more competitive in the market.

- Strategic Cooperation among pharmacies:

The model of operational management is based on the cooperation among the pharmacies that belong to the group by sharing resources, creating synergies, optimizing organization and functionality, optimizing purchases and potentiating sells, sharing know-how, sharing a common brand and image and promoting customer loyalty.

- Centralization:

In the Holon concept, all the back office activities should be centralized in order to release resources responsible to add value to the business. The implementation of a shared services central is also an important way of reducing operational costs of pharmacies. It also minimizes the activities of low added value that can be gathered in just one structure, creates dimension and a positioning capable of developing solid partnerships with the pharmaceutical industry, expedite the merchandizing and team formation.

Figure 22: Operational Management Model

3.5 - Pharmaceutical Services

The pharmacies Holon offer to their clients a wide range of services essential to the community, namely:

Figure 23: Holon Services

Nutritionist Appointment
Hearing Rehabilitation
Collection of Biological Samples
Podiatry Appointment
Diabetic Foot Appointment
Pharmaceutical Appointment
Skincare Appointment
Check Health
Individualized Medication Preparation

These services are segmented in three levels:

- First Level – the entire space of the pharmacy is used and the client is served in the counter in the public area. In this level the pharmacy offers services related with health/wellness and NPM.
- Second Level – the client has a more personalized service and receives advice from the pharmacist in a more private space. In this level we can find advice services about diabetes or hypertension for instance.
- Third Level – in this final level, the client can book and pay for a private appointment within various areas such as tobacco, traveller appointment or pharmaceutical appointment. The website has information about the pharmacies that offer the services and the schedules, which makes the process easy to everyone.

Until the end of 2015 Grupo Holon had provided a total of 27.100 appointments, being the Nutrition Appointment the one with more adherence by the customers and the Pharmaceutical Appointment the one with more space for improvement.

Figure 24: Holon Appointments

	2015
Pharmaceutical Appointment	1600
Dermocosmetic Appointment	2500
Nutrition Appointment	11500
Podology Appointment	7500
Diabetic Foot Appointment	2100
Individualized Med. Prep.	1900

Source: Reunião Farmácias Holon, 2016

3.6 - Specialized Services

- Communication and Design Consulting

Belonging to Grupo Holon implies having a common image and operate according to the norms of the brand. In this sense, the group supports the pharmacies in the transformation process of the physical space and layout, in planning and executing institutional communication plans and in strategic development of campaigns and their showcase design.

When a pharmacy opens its doors for the first time, it starts to operate according to all Holon standards and regulations. However, when a pharmacy already exists in the market and joins the group, the rebranding process is phased and the pharmacy continues to operate under its original name stating it is operated by Grupo Holon until it modifies everything and operates as the other pharmacies in the group. Although this method helps the owners of pharmacies to make decisions and take actions in their own pace, currently the number of pharmacies that operates under the name "Farmácia Holon" is just 26, which represents 7% of the total universe.

To help in this process, Holon gives to all the pharmacies among the group a set of protocols for pharmacist advice in order to standardize rules and procedures to better service the community.

3.7 - Physical Space

Considering the market requirements, Grupo Holon introduced a new concept of innovative and sophisticated pharmacy space. The pharmacy presents defined areas segmented by products so the customer can easily find what they need (Exhibit 1).

The group offers the possibility of having a personalized treatment in a particular and individualized counter if that is the client desire. On the other hand, it also offers an "express" counter for the clients that look for a faster treatment.

In addition, the pharmacies also have cabinets to provide the specialized services.

The layout of the pharmacy should comply with the vision of the company and transmits a feeling of credibility, uniformity and clinical space.

3.8 - The Brand

In Grupo Holon, all the pharmacies operate under the name of the company, have the same typography, rules and communication approach. The main objective is to strengthen the name of the group in the market. As Pedro Pinto stated: “We are not a group of pharmacies but a brand of pharmacy”.

- The Name

The name of the group comes from the Greek word Holon that means something as a whole and, simultaneously as a part of something bigger. Besides the meaning fitting perfectly the concept of the group, the choice of a foreigner word was also considered since in the Portuguese market the use of foreigner words as the name of a brand is considered to attract more customers.

- The Colour Scheme

The image of Grupo Holon has two main colours: white and purple.

The purple colour is the international pharmacy colour which makes the group more innovative compared to the other pharmacies in Portugal that adopted the green colour and at the same time makes the pharmacies of the group stand out in the market.

The white colour was chosen to give a clinical aspect, transmitting the idea of care to their customers and an image of professionalism and knowledge, allowing their customers to trust the pharmacies and their services.

- The frontage

The frontage of the pharmacy is the first contact between the customer and the store and, therefore one of the best places to communicate the brand and image of the company. The image of the group is also made by the window shops that have the same configuration and the same highlighted campaigns in all the locations.

3.9 - Category Segmentation

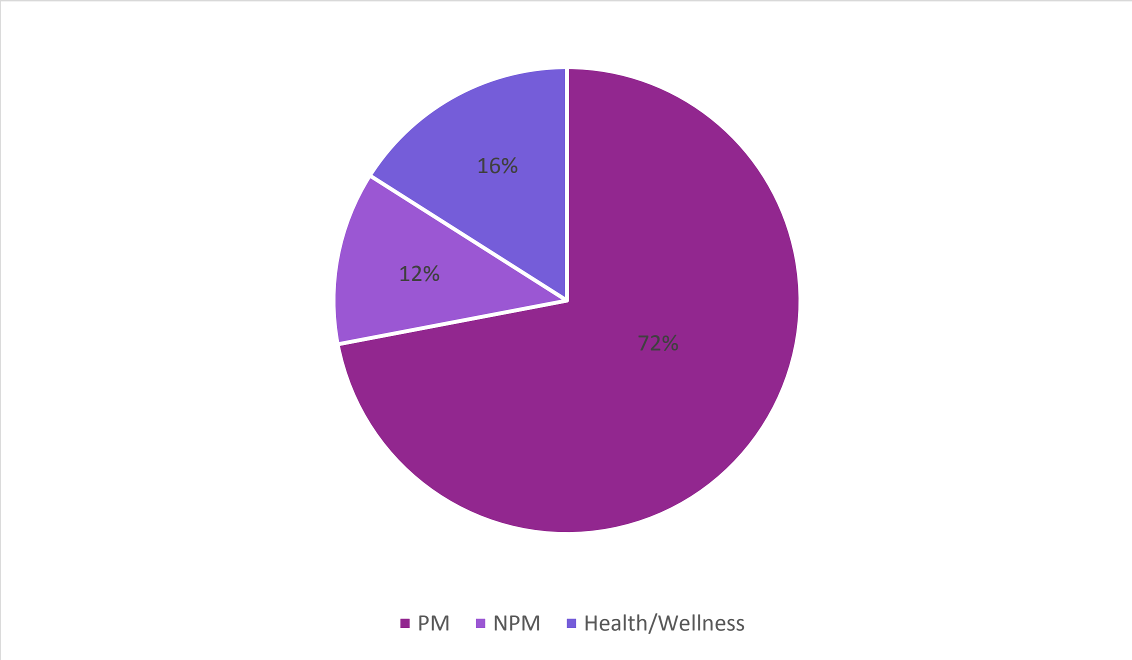
The segmentation of products into categories and sub-categories is a differentiator point of Grupo Holon pharmacies. This segmentation helps the customer finding what he needs faster, connects the products and promotes impulsive purchases (Exhibit 2).

3.10 - Products

The products that a traditional pharmacy sells are normally segmented into three categories: PM, NPM and Health/Wellness products.

In Farmácias Holon the PM segment represents 72% of sales which means the biggest slice. However, this is the segment that presents the lowest margins. The NPM segment has a weight of 12% and the Health/Beauty segment of 16%.

Figure 25: Weight of Sales in Holon Pharmacies



Source: Reunião Farmácias Holon, 2016

- Owned Branded Product

Holon believes that in order to be more complete it should propose a complementary offer that includes services and products and it was following that logic that it decided to launch its own brand of products in 2009. These products are the result of Holon R&D and a partnership with laboratories, and are divided into the following categories:

Figure 26: Holon Brand Products

Dermocosmetic
Oral Hygiene
First Aid
Nutrition
Biological Products
Weight Loss

Optical
Baby and Mummy
Family Medication
Medical Devices
Sexuality

In the years 2012/2013 the image of Holon products suffered some changes. Instead of having different packaging for every category of product, the group decided to communicate all products in the same way: the main colour is white and a different colour to each category (Exhibit 3). This way, the group believes it is easier for the customer to identify the product in the shelf as a Holon product.

The Holon products represent a distinctive aspect of the group and reinforces its image since the owned branded products represent a large tendency in the Portuguese market for distribution, industry and to the customer as well.

The identity of the products aim to transmit the idea of simplicity, quality and rigor and they are aligned with the vision of the company.

About the positioning of these products in the market, the group decided to not practice low prices which is common in the owned branded products sector. They decided to offer a high quality product and charge a premium price as well. Another decision made by the group was adopt just Portuguese suppliers for the production of these products.

Nowadays the portfolio of the group is constituted by 81 products and the next step that the group is preparing is to launch a new line of NPM in order to compete with the NPM selling points and large commercial surfaces.

3.11 - Community Awareness

The action of Grupo Holon is not limited only by their pharmacies, it goes beyond that with several partnerships with institutions and service programmes that aim to benefit the community.

Among these projects are some relevant actions as:

- Health fairies where the group gives clarification sessions and health screenings to the community through their qualified health professionals.
- School activities as tobacco use presentations where Holon develops an informative approach in schools to sensitize the students to the harmful effects of smoking and the importance of resist to peer pressure among the group of friends.
- Senior Care with clarification sessions to senior people, auxiliary technicians in nursing homes and familiars.
- Several workshops in different areas as nutrition and physical activity.

Another important source of community awareness is the Holon magazine that approaches several topics with the goal of informing the community.

Through their website is also possible to access articles, interviews and news about subjects as cancer or cholesterol or about the group itself and their activities and actions.

All these clarification sessions, workshops and health screening are possible due to the brand power and recognition of Grupo Holon and it is an efficient way to get to the people than normally would not seek for pharmacist services and advice.

Until the end of October 2015, the pharmacies of the group had carried out 590 projects that counted with 12396 participants.

Figure 27: Holon Projects

	2015
Nº Pharmacies with Holon Services	129
Nº Pharmacies Participated in Projects	118
Nº Congress Participation	4
Scientific Magazines	0

Source: Reunião Farmácias Holon, 2016

For the next year, the group intends to increase the number of pharmacies that provide services to 160, the pharmacies that participate in projects to 300, the participation in congresses to 6 and intend to appear in 2 scientific magazines.

3.12 - Quality

In 2014, Holon pharmacies registered a satisfaction rate of 95% and a loyalty rate of 51%. The group also uses a mystery client to rank their performance levels that presented a value of 58% in 2011 and increased to 80.9% in 2015.

3.13 - The Future

Although the different changes in the Portuguese market present risks and threats for pharmacies, the same can be seen as opportunities to gather efforts and from that arise with more developed and organized businesses in order to satisfy in a better way the needs of the customers. This is a process that is still in the beginning, considering that customers are becoming more informed and more demanding, challenging pharmacies to always keep up with them and present innovative solutions.

The group define itself as “the future of the pharmaceutical service” and has been making efforts to achieve that goal. However, in order to do that, it should continue asking itself: “How can we be seen as a part of the health system, instead of just a medicine´s provider? How can we increase our brand awareness? How can we actually become the future of the pharmaceutical service?”

Exhibits

Exhibit 1 – Holon Physical Space

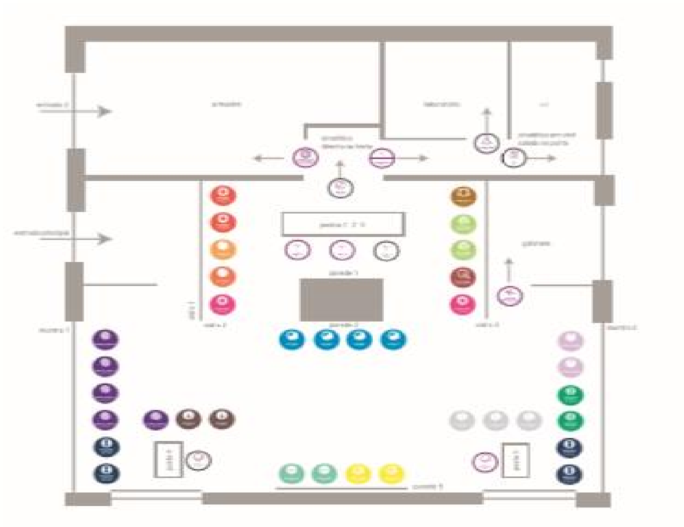


Exhibit 2 – Holon Category Segmentation

Exhibit 3 – Holon Products

Chapter 4 – Teaching Notes

4.1 - Case Summary

Grupo Holon is a network of independent pharmacies that operate under the same image and brand. The group appears in the Portuguese market as a consequence of several changes that affected negatively the community pharmacy sector.

The main goal of the group is to change the perception of the pharmacy as just a medicine supplier and provide to their customers value added services that have the objective of identifying new clinical cases and promote the adherence to therapy.

The group centralizes its back office activities which enables the pharmacist to perform the activities that actually bring value to the community pharmacy. This centralization also allows shared resources and know-how, synergies and economies of scale, among others.

The group also focus its efforts in conducting projects among the community that aim to create awareness to several issues as well as reach people that normally would not go to the pharmacy.

4.2 - Learning Objectives

This case study was designed for students who have a special interest in the health sector since it gives the student the opportunity to understand the evolution of the community pharmacy sector and its consequences in the market. It is also designed for people interested in strategy since it enables the student to perform a strategic analysis.

The main goals of the case study are:

- Provide students with knowledge about the healthcare sector in Portugal and its evolution
- Create awareness about community pharmacy in Portugal, its importance and its market situation
- Enable students to apply strategic analysis and frameworks as well as develop new knowledge about healthcare strategic models
- Allow the student to develop critical thinking regarding future strategic actions

4.3 - Teaching Questions

1- Comment the market reasons that were in the origin of the appearance of Grupo Holon.

In order to enumerate the conditions that provided a change in the sector and, therefore, the appearance of the group in the Portuguese market, the student can produce a **PEST analysis**.

Among the relevant **political** factors it is worth to highlight that this is a sector heavily regulated by the State and, therefore, strongly affected by these changes.

The main factors that influence the activities of the group are the political changes in the laws of the sector. The property liberalization brought the end of the exclusive ownership of pharmacies by pharmacists. With this alteration every single person or entity is allowed to acquire a community pharmacy, contributing to the increase of the number of establishments in the market.

The approval of a law that enables the sale of NPM outside of pharmacies also contributed to a change in the market scenario since this situation creates a new competitive environment with the number of NPM selling points increasing in the Portuguese market.

The promotion of GM market is also one of the main focus in health politics in Portugal. This market has been increasing over the years with the support of governmental measures in order to increase their quota.

Another political measure taken in this sector was the progressive reduction of medicine´s prices by administrative cuts and introduction of current reimbursed model.

Regarding the **economic** factors, it is worth to highlight the reduction in expenditures on healthcare in Portugal that have been decreasing since 2009 (Figure 1). It also observable that the specific expense in pharmaceutical products have been decreasing (Figure 4) as well as the value of pharmaceutical market (Figure 5).

Another economic factor to take into account, is the reduction in the average household disposable income, which affects directly the purchasing power of customers (Figure 13).

One of the most relevant **social** factors that influences this sector, consists on the aging tendency of the Portuguese population (Annex 1). The segment of more than 65 years old people is the segment that consumes more medicines and the one where is verified the highest number of issues in their usage.

The **technological** factor that can be considered in this case as relevant for the group is the opportunity of companies to develop and produce their own line of products in the health sector by investing in R&D and establishing partnerships with laboratories.

Figure 28: PEST Analysis Holon

Political Factors	• Property Liberalization • Sale of NPM outside of Pharmacies • Promotion of GM market • Reduction of medicine´s price
Economic Factors	• Reduction of expenditures on healthcare • Decrease in expenses in pharmaceutical products • Decrease in pharmaceutical market value • Reduction in average household disposable income
Social Factors	• Aging tendency of Portuguese population
Technological Factors	• Development of product´s lines through R&D and partnerships

1- Identify the current internal and external factors that define the performance of Grupo Holon.

Using a **SWOT** analysis it is possible to examine the current strengths and weaknesses of the group, as well as the market opportunities and threatens, performing an analysis of internal and external factors.

Considering the **strengths** of the group, it allows their pharmacies to achieve certain advantages that independent ones difficultly could get as economies of scale, share of know-how, centralization of back office activities, creation of synergies and share of resources.

The group also has its own brand of products and soon will start to have their own NPM line. Independent pharmacies do not have conditions do develop their own brand so this presents an advantage.

By belonging to the group, pharmacies also have the opportunity to have marketing plans and community projects that bring brand awareness to the group, increasing its recognition and benefits in the Portuguese market.

The rebranding process is also adaptable to every pharmacy needs and desires, enabling the owners to maintain their freedom and autonomy until certain levels.

Due to the dimension that pharmacies get by joining the group, several of them can benefit from providing their clients with additional services as appointments and screenings as well as community projects by which they can reach people that normally would not go the pharmacy.

Finally, one of the main advantages that also represents a sum up of all the benefits of centralizing activities, is a pharmacist that can develop their job in a more efficient way and representing more benefits to the customer. The pharmacist gains time to perform with quality the main goals of this project: identification of new clinical cases and adherence to therapy.

Although presenting several advantages, the group still has some **weaknesses** to improve. However the group holds 372 pharmacies, only 129 offer to their clients specialized services, representing still only 34.6% of the total universe. Among the pharmacies that carry out projects this number drops to 118, representing 31.7%. These are values that have space for improvement and are in the plan of actions to develop during 2016.

Another point of improvement is the fact that only 7% of the pharmacies operate under the name “Farmácia Holon”. In order to create a brand that is recognized in the market, the name is extremely important and although the other pharmacies have the same frontage and signalize that they operate under Grupo Holon, it is not the same output than having the majority of the pharmacies using the same name. Although the phased rebranding process is positive for the owners of the pharmacies and present advantages, also present the advantage of postponing the creation of a recognized brand.

Regarding **opportunities** that the market offers, it is observable that the constitution of pharmacy groups is a growing tendency. This situation occurs due to all the changes that happened in the sector: selling of NPM outside of pharmacies, property liberalization, increase of GM market and medicine´s price reduction. All these changes affected negatively the community pharmacy but they also present opportunities to evolve and modify a market that has been conservative. These factors enable pharmacies to develop new strategies and become more innovative, creating groups to help achieving their objectives and creating synergies.

On the **threats** side, the health market where the community pharmacy is inserted is heavily regulated and, therefore, is highly dependent on government politics. These politics can change drastically how pharmacies operate in the market.

Figure 29: SWOT Analysis Holon

Strenghts
- Centralization of activities (economies of scale, share of resources and know-how, synergies)
- Own line of products
- Marketing and community awareness
- Sevices (portfolio and advisory)
- The role of the pharmacist

Weaknesses
- Number of pharmacies operating under the exact same name (brand awareness)
- Number of pharmacies with service offers and project participation

Opportunities
- Changes in the market that increase the need for groups´ creation and innovative strategic approaches

Threats
- Heavily regulated market
- High dependence on Government politics

2- **Avedis Donabedian developed a model to access the quality of care in health services. Can you apply it to the case of Grupo Holon?**

The Donabedian Model (Donabedian, 1982) is a flexible framework that can be applied to diverse health care scenarios. In order to analyse the quality of care of Grupo Holon, it should be considered three categories: **structures**, **processes** and **outcomes**.

In the first category, the physical aspect of the pharmacies have to be considered. As the case stipulates, Holon pharmacies present a sophisticated and innovative pharmacy space, presenting areas that are segmented by products, making the search for a product an easy process to the customer.

Considering the areas to provide pharmacy services, Holon pharmacies provide their customers with three different spaces according to their needs: an "express" counter for customers that seek for a faster treatment, an individualized counter for customers that desire a more personalized treatment and cabinets to provide specialized services. All the design of the physical space was created to transmit a feeling of credibility and clinical space.

In terms of operational processes, the group has their back office activities centralized which enables the pharmacists to have more time to perform their added value activities. These pharmacists represent the staff of Holon pharmacies and one of the key assets of the group having the necessary knowledge to provide added value services to their customers.

In the second category of the present model, it is supposed to identify the processes between health provider and customer.

Grupo Holon presents two main objectives when interacting with their customers: identification of new clinical cases and adherence to therapy. The first one is linked with the diagnosis process whereas the second one is linked with preventive care and patient education.

The group also offers to their customers a wide range of services such as nutrition appointments or diabetic foot appointments that have the purpose of diagnosis and treatment.

Another process to consider, that is one of the differentiators of the group is, is the community awareness projects that can be performed as workshops, health fairies and screening. These activities have the main goal of patient education and preventive care but also diagnosis through the screenings for instance.

Finally the outcomes of the group show a satisfaction rate of 95% and a loyalty rate of 51% in 2014. The mystery client method used by the group also evaluated it in 80.9% in 2015, showing an improvement of 22.9% since 2011. These values represent the average customer satisfaction with Holon services and performances.

4 - "The pharmaceutical service of the future." Comment this sentence highlighting how the group can achieve this objective.

This is an open question to analyse the student´s critical thinking about the future vision and strategy of the group.

Grupo Holon identified a need for a change in the community pharmacy in Portugal. In the sequence of that, it appeared in the market with the goal of changing the perception that people have about pharmacies being just a drug dispenser.

In order to do so, the group attempts to offer to their customers benefits that they believe will not find in other pharmacies. These benefits include:

- Identification of new clinical cases by the pharmacist directly in the pharmacy or through screenings among the community
- Adherence to therapy through the explanation of pharmacists about wrong usage of medicines or medical devices as well as detection of forgetfulness
- Specialized services as nutrition or pharmaceutical appointments
- A wide range of their own branded products
- Community awareness projects where the group provides knowledge and awareness

The group introduces, this way, news in the sector that contribute for the customer to look at the pharmacy as a place of trust and health advisory. However, these advances are only possible due to the centralization of back office activities that, among other advantages, allows the pharmacist to perform added value activities.

In order to develop an innovative pharmaceutical service and reach the proposed objectives for the future, the group should focus on some points:

- Increase brand awareness – the brand is a fundamental marketing tool and crucial to promote products and services. It is what creates visibility and one of the main reasons why a customer chooses a specific service or product. This brand awareness can be attainable trough the intensification of performance of community projects and activities and through a bigger visibility of the group among the general public that can be achieved by developing advertising campaigns in the television or magazines. The window shops are also a good tool to advertise Holon products, services and campaigns.

  The phased rebranding process has multiple advantages but at the same time postpone the creation of a common image. This process can and should exist but maybe with some limitations that would not conduct to just 7% of pharmacies operating under the name "Farmácia Holon".

- Develop Services and Products – the development of services as the ones already provided by Holon aim to differentiate the group at the same time as provide benefits to the community. In order to increase the adherence to these services, their marketing is extremely important. Spreading the idea of community pharmacy as a health space helps the customer to seek for these kind of services. It is also important to innovate and explore new services to add to the ones already existing as for example vision appointments and sale of glasses and contact lenses. The portfolio of Holon products is also a source of recognition and should continue to be an investment target.

- Increase the importance of the Pharmacist – the pharmacist is the most important asset of the pharmacy. In order to develop a “service of the future”, the highlight should be on the role played by the pharmacist since they have the knowledge to provide health advisory and health services. In order to enable even more the pharmacist to perform their activities, complementary areas should be taught to them as marketing, human resources, strategy or communication. Having the best team is a key factor for any business and giving these tools to pharmacist will help developing the pharmacy activity and will potentiate the change in people´s minds about the pharmacy and their potentialities.

Chapter 5 – Conclusion, Limitations and Future Research

5.1 - Conclusion

After analysing the factors that contributed to the current situation of community pharmacies in Portugal (RQ1), it is verified that the healthcare sector in the country has been facing some changes during the former years. Expenditures on health and pharmaceutical goods have been decreasing, which contributes to a devaluation of around 21% in value of the pharmaceutical market.

The community pharmacy itself has been witnessing an increase in the number of establishments. However, the sale of PM, that was always the core business of any community pharmacy, decreased in value almost 30% since 2009. This situation is the reflection of several changes in the sector that brought the community pharmacy to a struggle in a market where a fifth of pharmacies are in insolvency process.

Facing this situation, some strategies have to be taken in order to change it (RQ2):

- The role of the pharmacist has to start to gain more importance since he is the responsible for providing added value services and, therefore, the responsible to provide good quality services, which is becoming a key concern.
- The creation of groups of pharmacies is crucial in order to form a network of shared knowledge and shared benefits such as centralization of activities and economies of scale.
- The importance of extend the pharmacy activities in order to provide other services that go beyond the simply sale of medicines. These services can take the form of specialized services or advisory in the action of selling the medicine.
- The development of new areas of concern such as marketing and communication, in order to build a stronger and multifaceted business.
- The importance of creating a brand and have a common image and presence in the market.

Grupo Holon took advantage of all the difficulties in the market and used them as opportunities, creating a network of pharmacies that offer to their customers´ added value services. The group uses its centralization system to release the pharmacist to perform advisory services, specialized services, community awareness and identification of new cases. The group has been able to strengthen its position in the market, reaching the community and achieving high levels of satisfaction.

However, it is important to deepen the efforts in creating brand awareness, since this can be a tool to promote Holon services and products. It is also important to continue to expand its portfolio of services and projects that aim to contribute to a shift in the customer´s mind, creating the vision that the community pharmacy is more than just a medicine supplier; it is a part of the health system and a clinical space of trust and knowledge. To do so is also important to continue to develop the role and image of the pharmacist.

5.2 - Limitations

Regarding the literature review, there were some limitations in finding some data about more recent years, as the case of the income statements of community pharmacies or average household income for instance. It was also difficult to find academic literature about the subject, the main sources of information being institutional reports and legislation. All the tendencies presented affect directly the strategic performance of pharmacies, being excluded the ones which are not linked with strategic issues.

Concerning the case study, financial data was not provided so no financial analysis was performed during this dissertation, which could have been useful in order to analyse the evolution of the group´s revenues.

5.3 - Future Research

For future research regarding the company, it could be useful to study the impact that the Holon brand has in the general public in order to know if the group is achieving brand awareness and in negative case, analyse the possible future actions to take. It could be also useful to study which services are more valuable for the customer in order to focus efforts in those ones.

In terms of the sector itself, it could be useful to conduct a study to analyse the reasons behind the increase in the number of NPM establishments. Considering that the sales of these medicines did not increase that much, we can be facing a change in consumer´s habits that now purchase the same amount of the product but in a different place. In this case, some other strategies should be taken into consideration in order to maintain the loyalty of these customers.

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Interview with Mariana Rosa – Coordinator Projects and Services

Interview with Miguel Mourão – Communication Manager

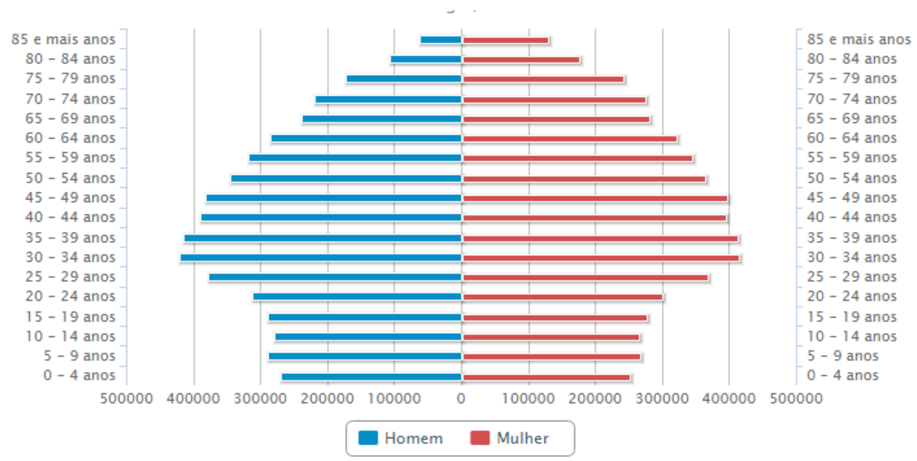
Interview with Ângela Botelho – Director Human Resources

Interview with Tânia Soares – Coordinator Negotiation and Logistics

Annexes

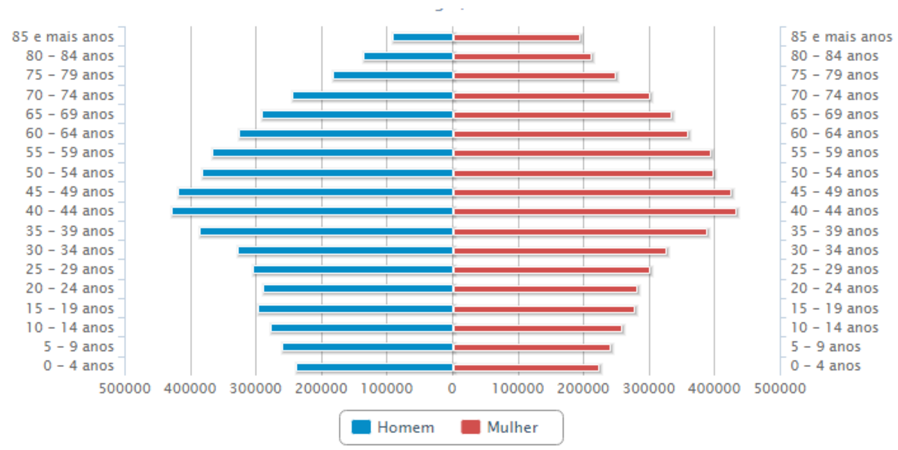
Annexe 1 – Age Pyramid of Portuguese Population 2010, 2020, 2030

2010



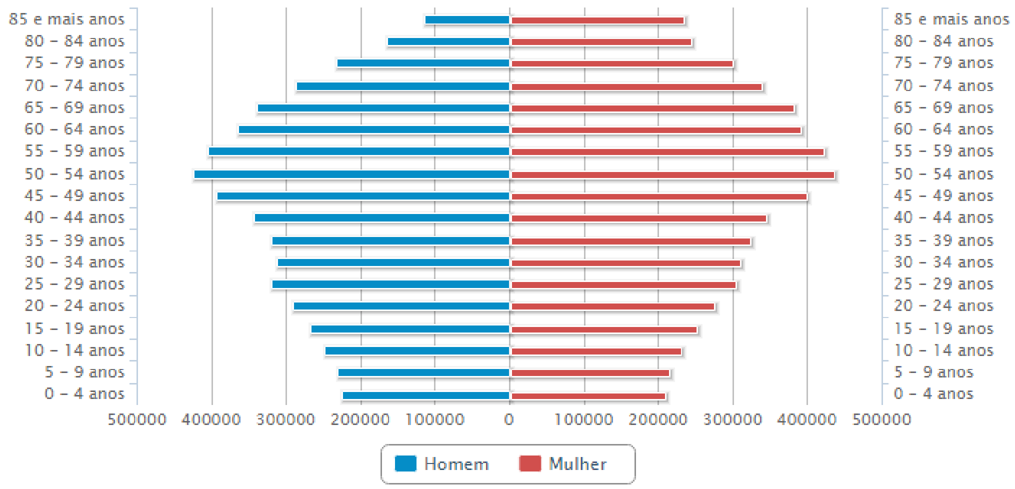
Source: INE – accessed on March 2016

2020 (forecast)



Source: INE – accessed on March 2016

2030 (forecast)



Source: INE – accessed on March 2016

Annex 2 – National Distribution of Pharmacies

Região *Region*	Distrito *District*	Farmácias *Pharmacies*	Postos de Medicamentos *Pharmacy Extensions*	Locais de Venda Autorizados de MNSRM *Drug Store*
Norte	Braga	182	1	69
	Bragança	41	0	11
	Porto	433	3	160
	Viana do Castelo	65	3	21
	Vila Real	70	3	13
	Subtotal	**791**	**10**	**274**
Centro	Aveiro	191	1	60
	Castelo Branco	64	12	20
	Coimbra	152	8	47
	Guarda	58	11	22
	Leiria	135	12	44
	Viseu	114	15	49
	Subtotal	**714**	**59**	**242**
Lisboa e Vale do Tejo	Lisboa	648	4	217
	Santarém	144	20	58
	Setúbal	203	1	71
	Subtotal	**995**	**25**	**346**
Alentejo	Beja	56	16	18
	Évora	61	26	13
	Portalegre	45	32	9
	Subtotal	**162**	**74**	**40**
Algarve	Faro	110	7	108
	Subtotal	110	7	108
	TOTAL	**2 772**	**175**	**1 010**

Source: INFARMED, 2014