

DRUG STORE NEWS
dsn
EXCLUSIVE
RESEARCH



DECISION IN THE AGE OF COVID-19

An exclusive survey
tracks how consumers
are shopping for
Rx and OTC products
during the crisis

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To our retail partners, their store employees, truck drivers, warehouse operators, and all essential workers who continue to work tirelessly through these challenging times to keep our country running, we say:

Thank You!

Your hard work, dedication and resilience inspires us and at **GSK**, we are committed to supporting you every step of the way.



Consumer
Healthcare

WE'RE IN THIS TOGETHER!

DSN EXCLUSIVE REPORT: DECISION IN THE AGE OF COVID-19

To the surprise of very few, nearly half of consumers surveyed in late April said that they have changed the way they obtain their prescription medications as a result of the COVID-19 pandemic.

According to the online survey of 1,001 primary household shoppers across the country, conducted by EnsembleIQ, from April 27 to 29, about 41% of shoppers said they are doing such things as limiting their visits to the in-store pharmacy and opting for home delivery. EnsembleIQ is the Chicago-based parent company of *Drug Store News* and a number of our business-to-business brands, including *Progressive Grocer*, *Convenience Store News*, *Store Brands* and *Chain Store Age*.

Those factors are having a severe impact on overall drug store traffic and, according to many industry officials, playing a leading role in a decline in non-prescription sales at drug stores across the country during the pandemic. In fact, a number of drug store operators said that after an initial jump in sales in late March, during the early days of the pandemic, non-prescription sales declined dramatically during April and into May.

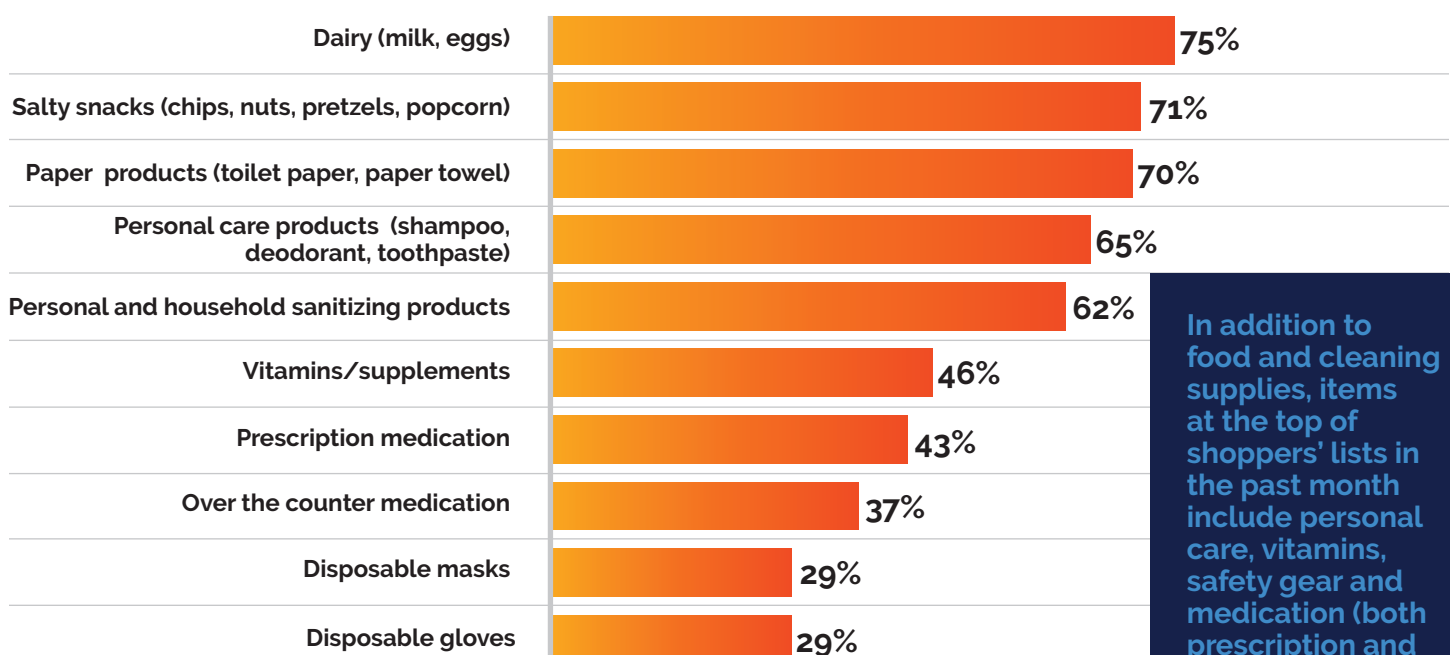
The survey also found that grocery stores and mass retailers were the most popular places for consumers

to shop during the pandemic. About 71% said they shopped grocery stores and 60% said they shopped at mass retailers. Interestingly, online retailing surpassed both drug stores and dollar stores as a choice for some consumers. About 44% of shoppers surveyed said they shopped through online retailers, while just 41% said they used drug stores and 40% used dollar stores.

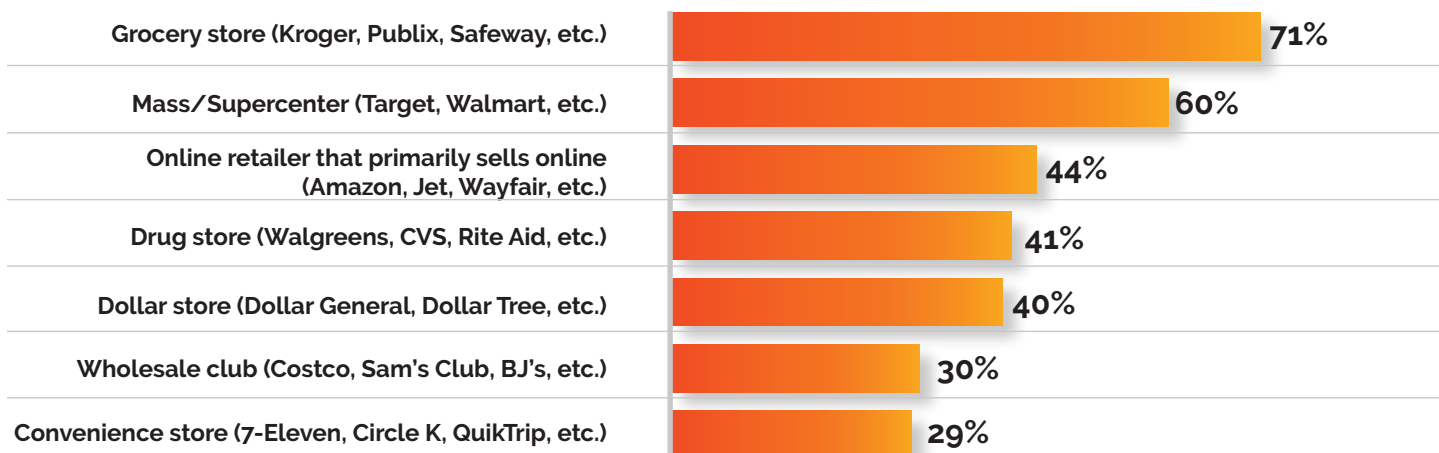
That's the bad news for the traditional drug store industry from the study. The good news is that the survey found that nearly 46% of those responding said they will return to the preferred store post pandemic, though 34% said they will continue at their new store. The ability to consult with a pharmacist, as well as visiting in-store clinics for a vaccine, wellness visit or treatment also played a big role in why consumers continued to visit their favorite drug store.

The study also found a number of other changes in the consumer's shopping behavior. Shoppers paid a great deal more attention to several key categories, including basic foods, snacks and, of course, such paper products as toilet paper and towels. But vitamins, supplements, prescription medications, OTC products and disposable masks and gloves were also high on their shopping list.

ITEMS PURCHASED IN THE LAST MONTH



GROCERY STORES SAW HIGHEST PERCENTAGE OF SHOPPERS
IN THE LAST MONTH, FOLLOWED BY MASS/SUPERCENTERS. ONLINE RETAILERS
SLIGHTLY OUTPACED TRADITIONAL DRUG STORES IN THE LAST MONTH.



Prior to COVID-19, half of consumers indicated having OTC medication on hand to be taken regularly by themselves or someone in their household, and 29% cite keeping it on hand for occasional use. As a result of the pandemic, roughly 1-in-5 have stocked up on OTC medication and the same amount will continue to do so after the pandemic.

56% always keep certain OTC medication on hand

22% will continue to stock up on OTC medication after the pandemic

19% have stocked up on OTC medication as a result of the pandemic

15% are buying additional types of OTC medication that differ from what they typically keep on hand

TWO-THIRDS OF SHOPPERS SAY THEY OR SOMEONE IN THEIR HOUSEHOLD
TAKES PRESCRIPTION MEDICATION REGULARLY.

How prescriptions were filled pre-pandemic



DSN EXCLUSIVE REPORT: DECISION IN THE AGE OF COVID-19

Also, the study found that consumers are still spending a lot of money on the overall OTC segment. More than two-thirds of those questioned said they purchased a pain-relief or pain-management product in the last month, while nearly half bought an allergy medication product, about par with what they have done in previous years during the spring season. Interestingly, about 44% purchased cold/flu products, a bit higher than would be expected in previous years but not surprising during the COVID-19 pandemic.

While finding OTC products on shelves was not difficult for most consumers, nearly 30% of respondents said they did have trouble finding the specific items they wanted. Of those who could not find the product they wanted, nearly 40% went to another store to search for the specific brand, while another quarter of 26% said they would replace it with a similar product and another 10% would forgo the purchase entirely.

The survey found that about two-thirds of consumers say they or someone in their household takes prescription

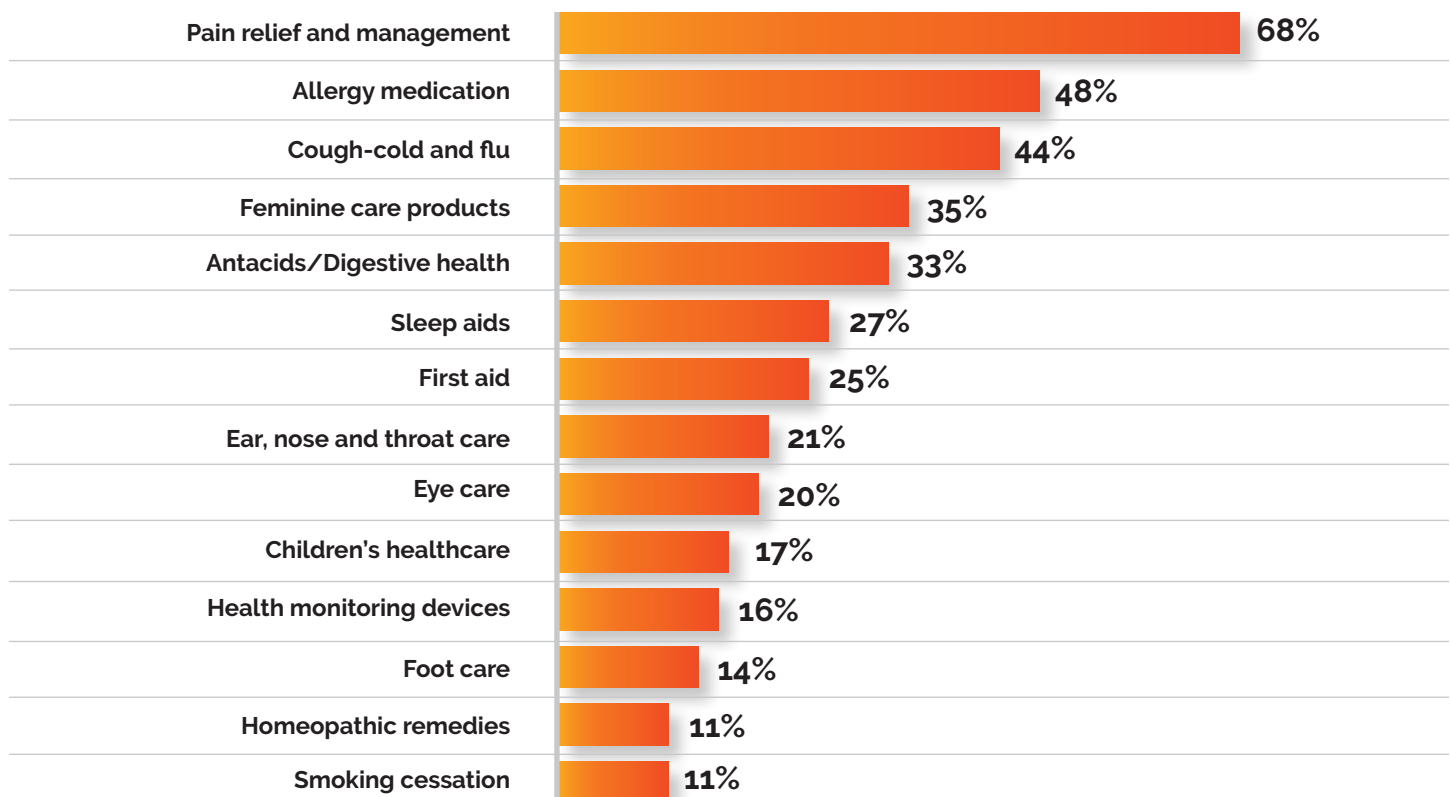
medications regularly. Of these shoppers, about 60% said they still pick up the prescription at the pharmacy, with about half of these consumers using a pharmacy drive thru. Another 22% said they order online for home delivery, 21% utilize mail order delivery and 13% asking someone else to pick the script up for them.

Not surprisingly, consumers were eager to purchase more cleaning supplies, children's healthcare, first aid, food and drink and, of course, paper products during the pandemic and many noted that they will continue to purchase many of these products even after the crisis subsides.

Finally, consumers were paying very close attention to how the staff at a retail store was dealing with the pandemic. More than 70% of respondents said they expect employees to wear face mask, sanitize carts between use, and keep the checkout sanitized in between customers. In these regards, drug stores fared the best among retail outlets in terms of consumer expectations with safety and health issues.

OTC items purchased in last month

As might be expected, pain relief and management top the list of OTC items purchased in the last month, followed by allergy medication and cough-cold and flu.



Most OTC buyers indicate that they are able to find their preferred products, however 29% indicate it has been difficult to find OTC medication as a result of COVID-19.

Among those who have had difficulty finding OTC medication...

38%

will go to additional stores (in-store or online) to try and find

OF THOSE WHO DID

26%

will replace it with a similar product

26%

will replace it with another brand

OF THOSE WHO REPLACED

10%

will forgo the purchase

46% will go back to buying OTC medication at their preferred store post pandemic

34% said they will continue buying at the store they were able to purchase at

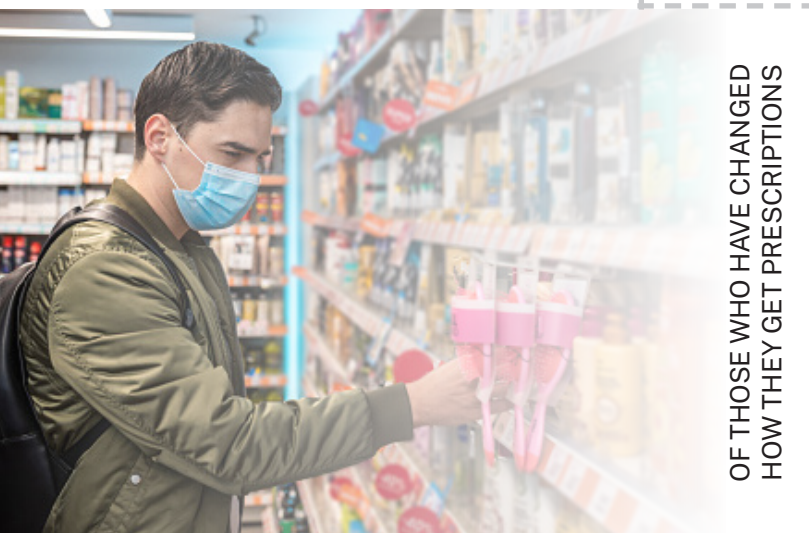
73% will go back to buying their preferred brand post pandemic

Prior to the pandemic, 60% of those with prescription needs picked up prescriptions in store at the pharmacy. While many continue to visit stores to fill prescriptions, 41% have changed their method of filling prescriptions, resulting in a decrease to in store visits.

In light of the COVID-19 pandemic...



41% of shoppers have changed how they get their prescriptions.



OF THOSE WHO HAVE CHANGED HOW THEY GET PRESCRIPTIONS

26%

order online for home delivery

25%

mail-order delivery

25%

pick up at pharmacy drive -thru

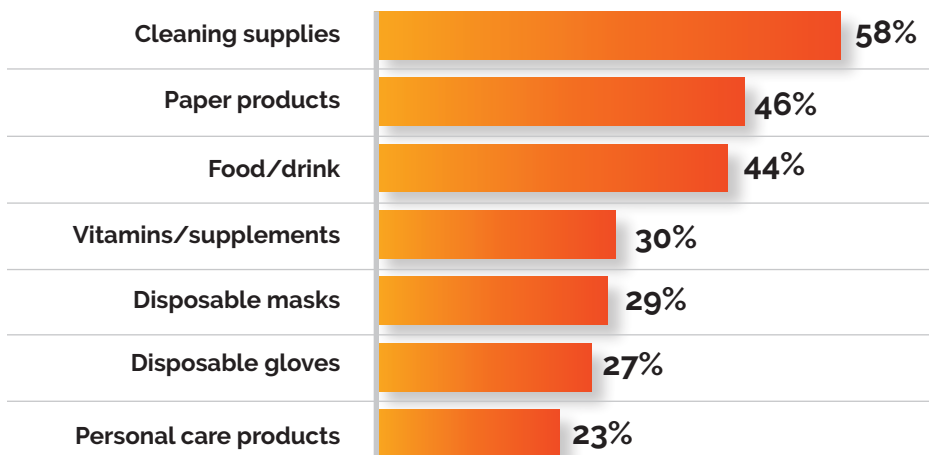
16%

pick up in store at pharmacy

16%

someone else picks it up in the store for me

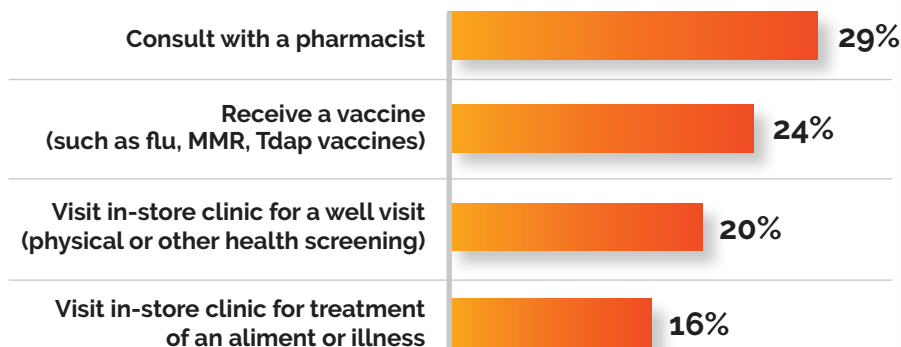
Shoppers want to be prepared in the future and will continue stocking up on essentials to have on hand even after the pandemic subsides.



Cleaning supplies, children's healthcare, first aid and food/drink top the list of items shoppers say they are buying **MORE** of during the pandemic.

More than half of shoppers indicate that they typically use in-store pharmacy services at a drug store or other store with a pharmacy, however there are concerns about future use of in-store services, particularly to follow stay-at-home orders and minimize exposure. Many respondents indicated that they will opt for home delivery or drive thru, further reducing in store visits.

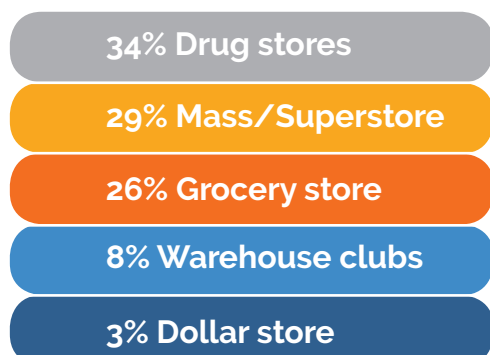
Typical use of pharmacy services



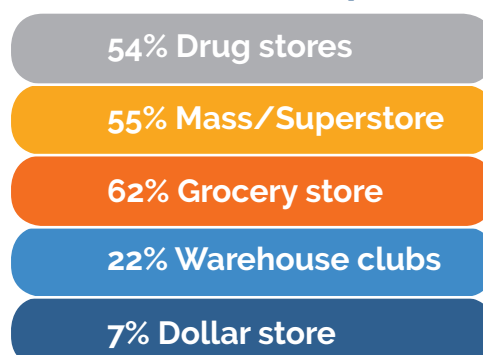
One-third of shoppers ranked drug stores as the retail channel with their highest expectation for ensuring safety measures in stores, while more than half cited drug stores within their top-2 ranking.

Safety expectations ranked

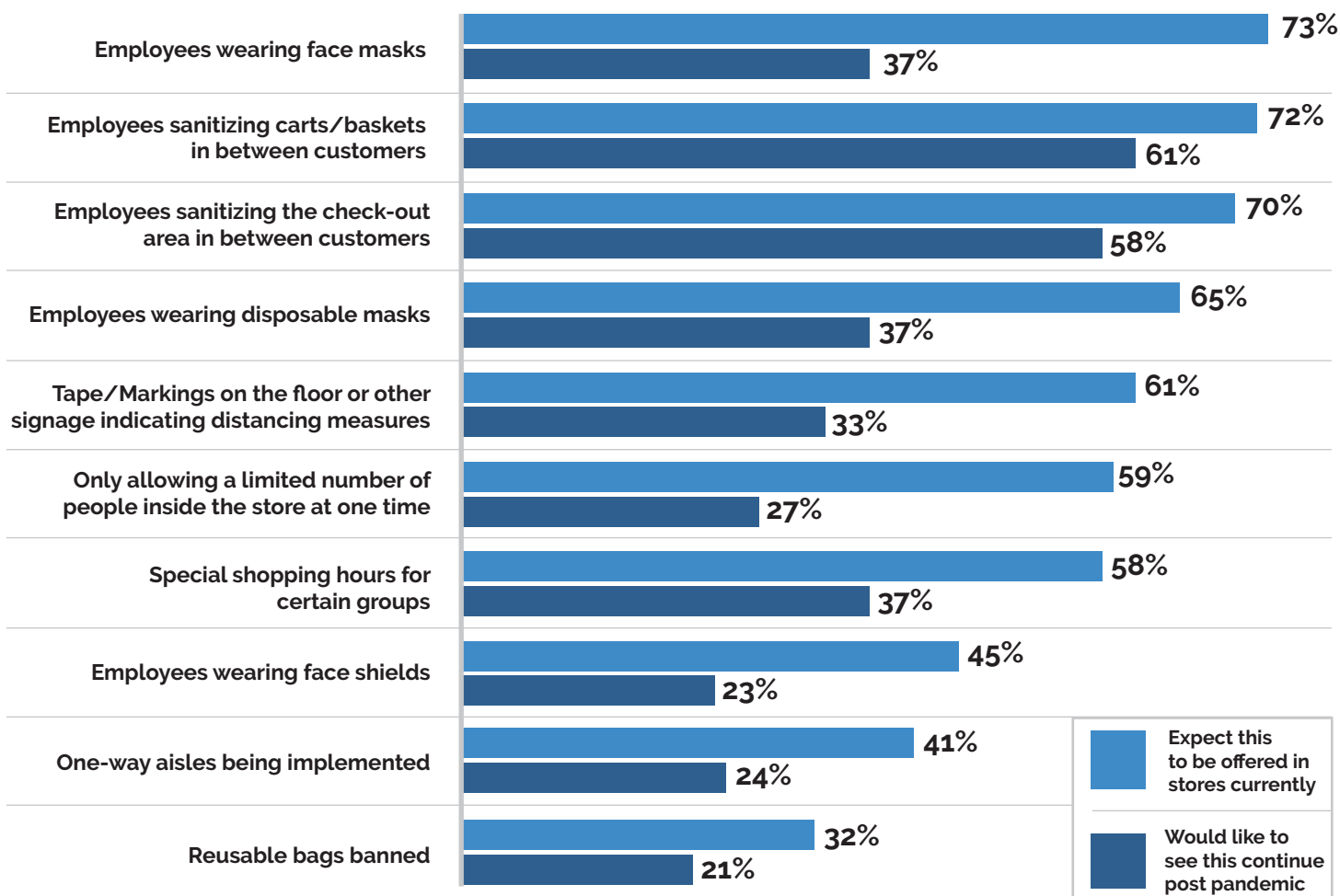
Ranked #1



Ranked in Top 2



Shoppers expect a number of safety measures to currently be in place in stores, but feel only certain measures should remain permanently.



While most shoppers have continued to shop the retailers they typically shop for OTC products, some channel shifting is occurring due to COVID-19

