Just a Click Away

India Ki Pharmacy (India’s pharmacy)—that is how Netmeds.com describes itself. Carrying forward its legacy in the pharmaceutical industry, the company has now ventured into the online space and has grown into a pan-India player in a span of two years. Delivering a few thousand orders everyday, this new retail format promises ease of navigation and absolute transactional security. In this exclusive interaction with India Now Business and Economy, Bruce Schwack, Co-founder and Director of Communications, Netmeds.com, talks about the challenges and opportunities of being a first mover in a nascent industry.

Online pharmacy is a relatively new concept in India when compared to other e-commerce businesses such as retail and groceries. What was the insight that led to this venture?

Attaining the ‘first-to-market’ foothold as a pan-India online pharmacy was certainly the last holy grail of Indian e-commerce, and was still seemingly out of reach as late as 2014. Though travel, electronics, fashion, and even groceries and perishable food items had become widely traded online, a number of factors including regulatory issues, infrastructure, and bandwidth limitations were prohibitive for the online pharmacy sector.

But by early 2015, the winds began to blow in a more favourable direction. Prime Minister Narendra Modi called for a new ‘Digital India’ where every citizen would enjoy the benefits of connectivity. Telemedicine and even the ‘internet of medical things’ were starting to get traction in India; access to the internet through improved infrastructure, wider bandwidth, and exponential increase in the use of smartphones were all catalysts.

So we began to conceptualise how to best combine our pharmacy distribution legacy and our global marketing and logistics experience into a first-class online pharmacy—to make modern medicine accessible and affordable for all. We enjoy a pharma legacy that dates back to 1914, and the core members of our team have been together for at least ten years. Those were the compelling factors that led us to launch Netmeds.com, in June 2015.

Could you trace the Netmeds.com journey?

We envisioned an online portal where people could send in their prescriptions, get them verified by a team of pharmacists, and have the medicines delivered to their home, anywhere in India.

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The key challenge was to create a whole new paradigm in the sector. Since virtually 100% of the transactions in the space were happening in bricks-and-mortar stores, this concept was new to potential customers. And of course, there were regulatory issues too. We overcame this challenge by assuring the public that online pharmacy or ‘e-pharma’ was a legitimate, affordable, and convenient way of acquiring prescription medicines, regardless of the remoteness of the location. Also, Netmeds.com, with a proven track record in e-commerce and logistics, was uniquely qualified to fulfil this promise. Regulators’ concerns were assuaged due to a number of factors, including the meticulous detail that went into building our website and app which included a number of methods for uploading prescriptions and
place orders. Also, our chief pharmacist had more than 50 years of experience and headed a team of 40 certified pharmacists; no order was ever processed without a legitimate prescription being uploaded. We have made it a point, since inception, to be a role model for good corporate self-governance and both, the regulatory agencies and the public, have responded positively.

The company was funded initially by co-founder Pradeep Dadha’s family’s investment fund and boutique investment bank MAPE Advisory Group. Another round of financing was by OrbiMed, one of the world’s largest healthcare focused investment firms with approximately US$ 15 billion in assets under management.

The business has been built from the outset to serve all of India. We invested in creating ‘over-capacity’ in all departments, including pharmacist, customer service, and fulfillment teams. We have eight fully operational fulfillment centres throughout the country. We continue to experience growth, month on month, but still have room to grow and scale up as needed in all areas.

What is your business model?
It is a hybrid inventory/marketplace model. But we take full responsibility for every order, from receiving and vetting prescriptions, to taking payments, to sourcing the products. In most cases, the only part of the process which is not 100% Netmeds.com, is the last mile, which is well handled by India’s foremost 3PL (third party logistics) companies.

How did you establish the Netmeds.com brand?
We made extensive use of both TV and digital advertising. The launch campaign conveyed the emotionally impacting message that distance caring was one of the best ways to show your loved ones that you care about them. It resonated with the target audience and got Netmeds.com its first 500,000 customers. A year later, we switched gears, and created a series of memorable sketches that garnered Netmeds.com another 500,000 customers.

Could you tell us about Netmeds.com’s reach in terms of geography and population?
We have a customer base of nearly 10 lakh, and have delivered to more than 800 cities, towns, and villages in more than 12,000 pin codes.

On-time delivery is crucial to any venture in the healthcare space. How do you sustain operations in an expansive country such as India?
Many 3PL companies have teamed with Netmeds.com to provide superior and on-time delivery throughout the country, from Dimapur to Kanyakumari and everywhere in between. Our customers buy medicines to treat their chronic conditions and are made aware of the PIN-based shipping interval before they complete the purchase. The best customer is a well-informed customer, and the best kind of service is to ‘under-promise and over-perform’; so we always make clear exactly when the order can be expected.
How robust is your customer grievance redress system?
We communicate with our customers through voice, chat, email, and social networks, and this includes various levels of intervention and escalation. Our grievance redress policy is simple, emanating from top down: the customer is always right.

We were well challenged in this area when, just a few months after launch, we had to deal with the cascading effect of the floods of 2015. Our Chennai operations were literally paralysed for a day or two, and orders got delayed. So we got well-versed in dealing with the rightfully disgruntled customer, smoothing ruffled feathers, and getting them back on board. Although demanding, consumers in our base have shown themselves to be both forgiving of an occasional error and appreciative of an honest effort to make things right when they go awry.

How has e-commerce impacted the retail pharmacy business in India?
All online pharmacies are basically part of a still nascent industry, which has hardly made even a basis point dent in the overall retail market spend. So it would stand to reason that there has not been much impact.

How has the government supported the online pharmacy business?
The government has made a major policy shift towards endorsement of the e-pharmacy model. Mr Pradeep Dadha recently participated in Champions of Change, a two-day conclave organised in Delhi by NITI Aayog, where industry leaders gathered to create plans for a new and improved digital India. The plans, including suggestions on how e-pharmacy would enhance the overall health of the nation, were presented to the Prime Minister. The government has also sought our assistance in creating a massive digital data repository where all health-related information, including prescriptions and the drugs recommended, can be stored and analysed. None of this would have been possible prior to the advent of the online pharmacy. Regulators have now acknowledged the fact that all licensed pharmacies—bricks-and-mortar as well as online—should maintain accurate digital records of every transaction.

How much is Netmeds.com’s market share, and what is your target for the next five years?
The industry has evolved considerably since 2015, when it was estimated that about US$ 15 billion worth of pharmacy transactions were conducted in local pharmacies. Now the various players in the online space are starting to taste a share, although small. Since this is still very much an ‘early growth stage’ for the industry, impact is negligible and ‘market share’ cannot be meaningfully quantified. However a recent FICCI study points out that the online pharma industry could touch ₹20,000 crore by 2020 and we are fully intent on having a share of that.

(As told to Ashutosh Gotad)