

## Amazon plots a course into the healthcare industry

"I think the impact would be huge," says Ahsan Bhatti, owner of online pharmacy Quick Meds. He is concerned about the prospect of online giant Amazon moving into the pharmacy business in the UK.

"I'm worried. They'll have a massive marketing budget, and they'll definitely take a sizeable chunk out of every other pharmacy on the market. There will be closures as a direct result of it," he says.

Mr Bhatti will be closely watching developments in the US where Amazon Pharmacy launched in November. The service allows customers to make pharmacy transactions through Amazon and receive unlimited, free, two-day deliveries if they have a Prime membership. Although Amazon hasn't yet announced plans for other countries, chemists in the UK are preparing themselves for a new competitor. "What is lacking in every other pharmacy across the UK is the logistics and Amazon do that exceptionally well. It's exactly what consumers want - having a prescription by 10am and dispensed by Amazon to them in the evening. The likes of Lloyds Pharmacy and Boots can't do that, and independent pharmacies can only do this on a local level," says Mr Bhatti.



Amazon has one of the best logistics operations in retail

The UK has a very different pharmacy market from the US, where drug makers can set their own prices. In the UK, drug prices are regulated, so Amazon would not be able to compete with pharmacies on price, but rather on convenience and speed.

Mr Bhatti opened Quick Meds in March. It offers products online, as well as consultations over phone, WhatsApp, email, live chat and video, and even offers same day services locally. However, for nationwide orders, the company relies on Royal Mail - and this is where Mr Bhatti believes Amazon has the edge over online pharmacies as it has proven it can be relied upon for speedy deliveries.

"As great as Royal Mail are, occasionally things go wrong or missing and these delays might not be a big deal for online shopping but if we're talking about a heart or diabetes medication, all of a sudden, it's a problem," he says.

It's not just logistics that Amazon has on its side - the sheer size of the company enables it to have an advantage at the negotiating table. Jeff Bezos, Amazon's chief executive, once said "your margin is my opportunity", implying that Amazon delivered better prices by removing the costs added by the middlemen in the supply chain. The pharmaceutical and healthcare sectors have complex and inefficient supply chains that he would look to cut out.

This ultimately means that Amazon may negotiate better prices, and potentially offer discounted rates to consumers to get them through the online door of Amazon Pharmacy.

According to Scott Galloway, professor of marketing at NYU Stern, consumers will be the winners over the short and medium term.