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Leading pharma companies have significant gaps in brand availability at chemists: Report

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Findings underline a pressing need for change in India's pharmaceutical sector



A recent report by Vector Consulting Group exposes a critical issue in India's pharmaceutical distribution: even the leading pharma companies have significant gaps in brand availability at chemists.

The study, which surveyed over 900 chemists and 68 stockists across 18 cities, reveals that the coverage of pharmaceutical company brands at chemists is only 60% to 85%, despite these companies maintaining high inventory levels — averaging 15 weeks in the supply chain and 7 weeks with distributors. This shortfall leads to the unavailability of prescribed brands at chemists in 10% to 60% of cases, varying by region.

The report reveals that chemists, whether sourcing medicines from wholesale markets or distribution-focused stockists, typically work with a limited number of stockists. These stockists usually concentrate on specific therapeutic areas from each company rather than carrying the full product range of a company across therapeutic areas. Moreover, stockists serve a limited number of chemists—either those who visit them in wholesale markets or those they selectively choose to service in distribution-focused setups, guided by logistical challenges and credit risk considerations.

By design, this approach creates gaps in the availability of pharmaceutical brands at chemists, as their access is limited to the subset of brands chosen by their selected stockists. Additionally, since stockists do not service all chemists in their area, even when a pharmaceutical company supplies its products to multiple stockists, no single chemist is likely to have full access to all the brands from that company.

The report suggests that companies should build the capacity to supply stockists more frequently, ideally at least once a week, or even 2-3 times a week in some markets. Demand for certain products may fluctuate over time, so companies should regularly reassess and adjust the maximum inventory levels.

To maintain stock availability at reduced inventory levels, companies must ensure near 100% availability of SKUs at their warehouses.