

Case Studies & Guesstimates for E-Commerce Industries

PharmEasy is at the intersection of healthcare and e-commerce, transforming the way people access essential health products and services. The platform is designed to deliver medications, wellness products, and healthcare essentials to customers' doorsteps, providing the care they need with the convenience of online shopping. By breaking geographical barriers, PharmEasy brings quality healthcare access to all, especially those in remote areas, while keeping costs lower than traditional retail models.

The healthcare industry faces ever-evolving challenges, from rising demands for patient care to optimizing resource management. At PharmEasy, data scientists play a crucial role in addressing these challenges. Through predictive analytics, they ensure the timely availability of medicines and healthcare products, optimizing inventory to prevent shortages and reduce excess stock. Data-driven insights allow PharmEasy to personalize the shopping experience, offering tailored recommendations based on customers' healthcare needs.

With innovation at the core of its mission, PharmEasy continues to enhance the healthcare shopping experience, making it simpler, safer, and more efficient. Through data, PharmEasy drives growth, improves service quality, and helps maintain the well-being of communities everywhere.

Product Dissection

1. Platform Selection: PharmEasy

Overview:

PharmEasy is a prominent Indian digital healthcare platform that provides a wide range of services, including online pharmacy, diagnostic test bookings, teleconsultations, and medical information. Founded in 2015, PharmEasy aims to simplify access to healthcare by leveraging technology to offer convenience, affordability, and personalized solutions. The platform focuses on enhancing the patient experience through easy access to medicines, diagnostics, and expert medical advice.

● Popularity:

- **User Base:** Over 10 million registered users, with a large and growing customer base.
- **App Downloads:** The PharmEasy app has been downloaded over 10 million times on the Google Play Store, showcasing its widespread adoption.
- **Website Traffic:** The platform attracts millions of visitors monthly, ranking among the top online healthcare providers in India.

● **Impact:**

- **Accessibility:** PharmEasy has significantly increased access to healthcare services, particularly for people in underserved areas. The platform's delivery network ensures that patients, even in remote regions, can access medicines and health-related services with ease.
- **Affordability:** PharmEasy offers competitive pricing, frequent discounts, and bulk-order discounts on medicines, making healthcare products more affordable for users. It also provides a subscription model for regular medicine delivery, helping users save on recurring expenses.
- **Information Dissemination:** The platform provides verified, up-to-date health information, making it easier for users to educate themselves about medical conditions, treatments, and preventive care.

● **Relevance in the Industry:**

- **Comprehensive Services:** PharmEasy offers an integrated healthcare experience, with services spanning from online medicine delivery and diagnostic services to doctor consultations, all within a single platform.
- **Market Leader:** As one of the leading players in the Indian online pharmacy and healthcare space, PharmEasy continues to drive growth in digital health services.
- **Technological Innovation:** PharmEasy leverages technology to provide personalized health recommendations, track order histories, and ensure user satisfaction through seamless service delivery.

Core Features and Functionalities of PharmEasy

1. Online Pharmacy:

Description: PharmEasy allows users to conveniently order both prescription and over-the-counter medicines online.

● **Key Features:**

- **Medicine Catalog:** A comprehensive range of medicines, including branded and generic options, available for quick purchase.
- **Prescription Upload:** Users can upload prescriptions directly through the app or website for easy ordering.
- **Discounts and Offers:** Regular discounts on medicines and health products, along with special offers for specific conditions or medications.

- **Home Delivery:** Medicines are delivered to the user's doorstep, ensuring convenience.
- **Order Tracking:** Users receive real-time updates on the status of their orders, ensuring transparency.

- **Contribution to Success:**

- **Convenience:** PharmEasy eliminates the need for users to visit physical pharmacies, offering 24/7 access to medicines.
- **Accessibility:** Provides access to a broad range of medicines, including hard-to-find or out-of-stock items in local pharmacies.
- **User Engagement:** The platform encourages repeat purchases with its discount offers, seasonal promotions, and easy reorder options.

2. Medicine Substitution

Description: PharmEasy provides alternative or generic medicines when the preferred branded options are unavailable or are more expensive.

- **Key Features:**

- **Generic Alternatives:** Suggests affordable, FDA-approved generic medicines that work as substitutes for branded versions.
- **Drug Comparison:** Displays comparisons of brand-name medicines versus generics, detailing price differences, side effects, and effectiveness.
- **Availability Alerts:** Provides real-time updates on the availability of medicines, ensuring users are aware of stock status.

- **Contribution to Success:**

- **Affordability:** Helps reduce medical costs by offering lower-priced generic options without compromising on quality.
- **Customer Satisfaction:** Ensures that users can find alternatives if their first-choice medication is out of stock.

- **Trust:** Builds trust by providing clear and honest information on substitutes.

3. Auto-Refill and Reminders

Description: PharmEasy offers an auto-refill service to ensure regular medicines are delivered on time, as well as sends timely reminders for prescription refills.

- **Key Features:**

- **Auto-Refill Subscription:** Users can set up recurring orders for chronic or long-term medications, which are automatically delivered at scheduled intervals.
- **Personalized Reminders:** Notifications are sent when it's time to refill a prescription or order more medicine.
- **Customizable Schedule:** Users can modify the frequency and delivery date of their refills based on their specific medication needs.

- **Contribution to Success:**

- **Continuity of Care:** Ensures patients never run out of essential medications, especially for chronic conditions.
- **Convenience:** Simplifies medication management, especially for those who need long-term treatment.
- **User Retention:** Encourages regular interaction with the platform, helping drive repeat business.

4. E-Prescriptions and Order Verification

Description: PharmEasy allows users to upload digital prescriptions from doctors, which are verified for safety before fulfilling the order.

- **Key Features:**

- **E-Prescription Upload:** Users can upload prescriptions from doctors directly through the app or website.
- **Pharmacist Verification:** A licensed pharmacist reviews and verifies all prescriptions before dispensing medication to ensure safety and accuracy.
- **Safe Medication Dispensation:** The platform ensures that users receive the correct medication and dosage as per the doctor's prescription.

- **Contribution to Success:**

- **Trust:** Builds user confidence by ensuring all medicines are checked and verified by professionals before delivery.
- **Accuracy:** Minimizes the risk of medication errors, ensuring users get the right medicine and dosage.
- **User Safety:** Ensures patient safety by adhering to proper pharmaceutical protocols.

5. Medicine Information and Reviews

Description: PharmEasy provides users with comprehensive information on medicines, including usage, side effects, drug interactions, and user reviews.

- **Key Features:**

- **Detailed Medicine Information:** Users can view complete profiles of medicines, including dosage instructions, side effects, and potential interactions with other drugs.
- **Customer Reviews:** Customers can leave feedback and reviews on products, helping others make informed decisions.
- **Drug Interactions Checker:** A built-in tool that helps users check for any possible interactions between the medicines they are taking.

- **Contribution to Success:**

- **Education:** Empowers users to make informed decisions about the medications they are using, enhancing patient care.

- **Engagement:** Encourages users to share experiences through reviews, creating a community-driven knowledge base.
- **Trust:** Builds credibility by providing reliable and transparent information about medicines.

6. Loyalty Programs and Offers

Description: PharmEasy offers loyalty programs and various discounts to make healthcare more affordable for users.

● Key Features:

- **Exclusive Discounts:** Regular discounts on medicines and health products, available for new users and loyal customers alike.
- **Loyalty Points:** Users earn points on every purchase, which can be redeemed for discounts on future orders.
- **Seasonal and Flash Offers:** Special promotions during festivals, events, or for particular health-related products or categories.

● Contribution to Success:

- **Affordability:** Makes healthcare more affordable by offering substantial savings on both regular and urgent purchases.
- **Customer Retention:** The loyalty program encourages repeat purchases, as customers are incentivized with rewards and discounts.
- **Competitive Edge:** Differentiates PharmEasy from other providers by offering added value through continuous promotions and discounts.

7. Diagnostic Services

Description: PharmEasy provides users with easy access to a wide range of diagnostic tests, both at-home and at partner labs.

- **Key Features:**

- **Test Bookings:** Users can book lab tests directly through the platform, with home collection services available for certain tests.
- **Affordable Pricing:** PharmEasy offers discounted rates on diagnostic tests, making them more affordable for users.
- **Reports Access:** Users can view test results online and share them with doctors for further consultation.

- **Contribution to Success:**

- **Convenience:** Allows users to book diagnostic tests from the comfort of their home, without needing to visit a physical lab.
- **Affordability:** Offers competitive pricing on a wide range of tests, helping users save on healthcare costs.
- **Integrated Health Services:** Combines medicine delivery with diagnostic services, providing a comprehensive healthcare solution.

Real-World Problems and Solutions for PharmEasy

Problem 1: Limited Delivery Facilities in Rural Areas

Challenge:

Rural regions in India often struggle with limited or unreliable access to medicine delivery services, resulting in delayed or unfulfilled orders. This is a significant issue for patients in remote locations who rely on timely medication.

Solution:

- **Expanded Rural Delivery Network:** PharmEasy can partner with local logistics providers and set up distribution hubs in rural areas to enhance last-mile delivery. By using local delivery agents familiar with rural routes, the company can improve delivery efficiency.

- **Dedicated Rural Supply Chain:** Establish a specialized delivery system that caters to the unique challenges of rural logistics, such as unpaved roads, remote locations, and limited transportation infrastructure.

Problem 2: Inconsistent Delivery Times Between Metro, Urban, and Rural Areas

Challenge:

While urban and metro cities often benefit from quick delivery services, rural and even some urban areas face delays, resulting in inconsistent delivery times.

Solution:

- **Fast Delivery in Urban Areas:** PharmEasy can enhance its express delivery services, offering same-day or next-day delivery options for urban areas, ensuring fast access to medicines.
- **Scheduled Delivery in Rural Areas:** For rural regions, PharmEasy can introduce pre-scheduled delivery slots, allowing customers to plan their medicine delivery in advance. Priority can be given to urgent or essential medicines, reducing wait times.

Problem 3: Complicated User Interface

Challenge:

PharmEasy's interface may be confusing, especially for new users or elderly customers who are not tech-savvy, leading to a frustrating ordering experience.

Solution:

- **Simplified UI/UX Design:** Redesign the app and website interface to make it more intuitive and user-friendly. A step-by-step process for ordering medicines and uploading prescriptions can reduce confusion.
- **Multilingual Support:** Implement language options tailored to regional preferences (e.g., Hindi, Tamil, Bengali) to cater to a wider audience and make the platform more inclusive for users who are not proficient in English.

Problem 4: Forgetting Medication Courses and Refills

Challenge:

Many users forget to take their prescribed medicines or miss scheduled refills, which can have negative health impacts, especially for those with chronic conditions.

Solution:

- **Medication Reminders:** PharmEasy can send automatic notifications to remind users about their medication schedules, such as when to take a dose or when a refill is needed.
- **Auto-Refill Subscription:** PharmEasy can offer an auto-refill service where users can opt for recurring deliveries, ensuring that they never run out of essential medicines. This system can be customized to suit individual medication needs.

Problem 5: Lack of Emergency Medicine Delivery Services**Challenge:**

In critical situations, there are no dedicated services for emergency medicine delivery, which can be vital for patients in need of urgent medication, such as those with chronic diseases or emergency health conditions.

Solution:

- **Emergency Delivery Service:** PharmEasy can introduce a 24/7 emergency medicine delivery service for urgent and life-saving drugs, ensuring customers receive critical medications promptly.
- **Priority Dispatch for Urgent Needs:** For urgent orders, PharmEasy can provide a “priority dispatch” service, ensuring that these orders are processed and delivered as quickly as possible, within a few hours, if necessary.

Problem 6: Insufficient Discounts, Offers, and Coupons**Challenge:**

The rising cost of healthcare is a concern for many users, especially those in lower-income segments or rural areas, who expect better discounts, offers, and coupons to make healthcare affordable.

Solution:

- **Personalized Discounts and Offers:** PharmEasy can offer personalized discounts based on user purchase history, frequency of orders, and the type of medicines ordered. This can ensure that users feel rewarded for their loyalty.
- **Loyalty Programs:** PharmEasy can implement a loyalty program where users accumulate points for every purchase. These points can be redeemed for discounts or special offers, providing more value to regular customers.

Problem 7: Poor Management of High Booking Rates in Different Areas

Challenge:

High demand for medicines in metro, urban, and rural areas is often not well-managed, resulting in delays or supply chain bottlenecks during peak times.

Solution:

- **Demand-Based Resource Allocation:** PharmEasy can leverage AI and machine learning algorithms to predict demand surges based on user behavior and historical data. This can help optimize delivery resources dynamically and ensure adequate stock and delivery capacity.
- **Flexible Supply Chain Management:** Develop a scalable and agile supply chain that can adapt to demand spikes, ensuring that both metro and rural areas are efficiently serviced without delays.

Problem 8: Budget Constraints for Medicine Purchases

Challenge:

Many users, particularly in rural areas or lower-income groups, struggle with the cost of essential medicines, which makes it difficult for them to afford their healthcare needs.

Solution:

- **Budget-Friendly Options:** PharmEasy can offer a wide selection of affordable generic medicines alongside branded drugs, making it easier for customers to find cost-effective options without compromising quality.
- **Subscription Plans and Payment Flexibility:** PharmEasy can introduce subscription models for regular medicines, where users receive recurring deliveries at discounted rates. Payment flexibility, such as installment payments or cash-on-delivery options, can help ease financial burden for customers who cannot afford upfront payments.

Database Management & Schema Design

1. Users

The Users table will store information about the users of PharmEasy, both patients and customers.

| Attributes | Type | Description |
|---------------|-------------|---|
| User_Id | Primary key | Unique identifier for each user (Primary Key) |
| First_name | String | User's first name |
| Last_name | String | User's last name |
| Email | String | User's email address |
| Phone_number | String | User's phone number |
| Password_hash | String | Encrypted password for user authentication |
| Address | String | User's primary address for deliveries |
| Role | String | User's role (e.g. = patient, customer, admin) |
| Created_on | Time_stamp | Timestamp of when the user account was created. |
| Updated_on | Time_stamp | Timestamp of the last update to the user account. |

2. Product

The Products table stores details about all medicines and health-related products available on the platform.

| Attribute | Type | Description |
|----------------|---------------------|--|
| Product_id | Primary key | Unique identifier for each product (Primary Key) |
| Product_name | String | Name of the product |
| price | float | Cost of the product |
| Description | String | Brief description of the product |
| Category | String | Product category (e.g., medicine, wellness, etc.) |
| Brand | String | Brand or manufacturer of the product |
| Stock_quantity | Integer | Quantity of the product available in stock |
| Availability | Boolean(true/false) | Boolean indicating if the product is in stock (true/false) |
| Created_on | Timestamp | Timestamp of when the product was added |
| Updated_on | Timestamp | Timestamp of the last update to the product details |

3. Orders

The Orders table contains information about every order placed on PharmEasy, linking users to products they've ordered

| Attribute | Type | Description |
|------------------|-------------|---|
| Order_id | Primary_key | Unique identifier for each order (Primary Key) |
| User_id | Foreign key | ID of the user who placed the order (Foreign Key) |
| Order_date | Date | Date when the order was placed |
| Total_amount | Float | Total amount paid for the order |
| Status | String | Current status of the order (e.g., pending, shipped, delivered) |
| Shipping_address | String | Address where the order will be shipped |
| Payment_status | String | Payment status for the order (e.g., paid, unpaid) |
| Delivery_status | String | Current delivery status (e.g., in transit, delivered) |
| Payment_method | String | Method used for payment (e.g., credit card, cash) |
| Created_on | Timestamp | Timestamp of when the order was created |
| Updated_on | Timestamp | Timestamp of the last update to the order |

4. Order Items Table

The Order_Items table breaks down each order into individual products that were purchased. This allows a many-to-one relationship between an order and multiple products.

| Attributes | Type | Description |
|-------------------|-------------|---|
| Order_item_id | Primary key | Unique identifier for each order item (Primary Key) |
| Order_id | Foreign key | ID of the order to which the item belongs (Foreign Key) |
| Product_id | Foreign key | ID of the ordered product (Foreign Key) |
| Quantity | Integer | Quantity of the product ordered |
| Price_at_purchase | Float | Price per unit at the time of purchase |
| Discount | Float | Discount applied to the product at purchase |

5. Prescriptions Table

The Prescriptions table stores prescription information uploaded by users or doctors.

| Attributes | Type | Description |
|-----------------------|-------------|---|
| Prescription_id | Primary key | Unique identifier for each prescription (Primary Key) |
| User_id | Foreign key | ID of the user to whom the prescription belongs (Foreign Key) |
| Doctor_name | String | Name of the prescribing doctor |
| Doctor_license_number | String | License number of the prescribing doctor |
| Date_issued | Date | Date the prescription was issued |
| Medicine_list | String | List of prescribed medicines |
| Uploaded_on | Date | Date the prescription was uploaded |
| Expiry_date | Date | Expiration date of the prescription |

6. Payments Table

The Payments table tracks payments for orders made on PharmEasy.

| Attribute | Type | Description |
|----------------|-------------|--|
| Payment_id | Primary key | Unique identifier for each payment (Primary Key) |
| Order_id | Foreign key | ID of the associated order (Foreign Key) |
| User_id | Foreign key | ID of the user who made the payment (Foreign Key) |
| Payment_date | Date | Date when the payment was made |
| Payment_amount | Float | Amount paid |
| Payment_method | String | Payment method used (e.g., credit card) |
| Payment_status | String | Status of the payment (e.g., successful, pending). |
| Transaction_id | String | Unique identifier for the transaction |

7. Delivery and Logistics Table

The Delivery table tracks the status and logistics of the order fulfillment process, including delivery time, address, and courier information.

| Attribute | Type | Description |
|-------------------------|-------------|---|
| Delivery_id | Primary key | Unique identifier for each delivery (Primary Key) |
| Order_id | Foreign key | ID of the associated order (Foreign Key) |
| Delivery_address | String | Address for delivery |
| Delivery_status | String | Current status of delivery (e.g., in transit) |
| Tracking_number | String | Tracking number for the order |
| Estimated_delivery_date | Date | Estimated date of delivery |
| Delivery_date | Date | Actual date the delivery was completed |

8. Diagnostic Tests Table

This table holds information related to diagnostic tests available through PharmEasy.

| Attribute | Type | Description |
|---------------|-------------|---|
| Test_id | Primary key | Unique identifier for each test (Primary Key) |
| Test_name | String | Name of the diagnostic test |
| Test_category | String | Category of the test (e.g., blood test) |
| Price | Float | Cost of the test |
| Availability | Boolean | Boolean indicating test availability (true/false) |
| Description | String | Brief description of the test |
| Created_on | Time stamp | Timestamp when the test was added |
| Updated_on | Time stamp | Timestamp of the last update to the test details |

9. Offers and Discounts Table

This table manages discounts, promotional offers, and seasonal campaigns.

| Attribute | Type | Description |
|---------------------|-----------------|--|
| Offer_id | Primary key | Unique identifier for each offer (Primary Key) |
| Offer_name | String | Name of the offer |
| Offer_type | String | Type of the offer (e.g., discount, cashback) |
| Discount_percentage | Float | Discount percentage |
| Applicable_to | String | Products or categories the offer applies to |
| Valid_from | Date | Start date of the offer |
| Valid_till | Date | Expiration date of the offer |
| Is_active | Boolean(yes/no) | Boolean indicating if the offer is currently active (yes/no) |

10. Reviews Table

The Reviews table stores user feedback on medicines, products, and services.

| Attribute | Type | Description |
|-------------|-------------|--|
| Review_id | Primary key | Unique identifier for each review (Primary Key) |
| User_id | Foreign key | ID of the user who provided the review (Foreign Key) |
| Product_id | Foreign key | ID of the reviewed product (Foreign Key) |
| Rating(1-5) | Float | User's rating of the product (1-5 scale) |
| Review_text | String | User's written review |
| Created_on | Timestamp | Timestamp when the review was created |
| Updated_on | Timestamp | Timestamp of the last update to the review. |

11. Loyalty Points Table

The Loyalty_Points table stores loyalty points earned by users, which can be redeemed for discounts.

| Attribute | Type | Description |
|-----------------|-------------|---|
| Loyalty_id | Primary key | Unique identifier for each loyalty record (Primary Key) |
| User_id | Foreign key | ID of the user earning points (Foreign Key) |
| Points_earned | Float | Total points earned by the user |
| Points_redeemed | Float | Total points redeemed by the user |
| Current_balance | Float | Current points balance |
| Created_on | Timestamp | Timestamp of when the loyalty record was created |
| Updated_on | Timestamp | Timestamp of the last update to the loyalty record |

Relationships Between Tables:

Users to Orders:

- Type: One-to-Many
- Description: A user can place multiple orders. Each order is linked to one specific user.

Users to Products:

- Type: Many-to-Many (through Order_Items)
- Description: A user can purchase multiple products, and each product can be bought by multiple users through different orders.

Users to Prescriptions:

- Type: One-to-Many
- Description: A user can have multiple prescriptions. Each prescription is linked to one specific user.

Users to Payments:

- Type: One-to-Many
- Description: A user can make multiple payments. Each payment is associated with one user.

Users to Reviews:

- Type: One-to-Many
- Description: A user can provide multiple reviews. Each review is linked to one specific user.

Users to Loyalty Points:

- Type: One-to-Many
- Description: A user can earn multiple loyalty points records. Each record is linked to one specific user.

Products to Order Items:

- Type: One-to-Many
- Description: A product can be part of multiple order items. Each order item corresponds to one specific product.

Products to Reviews:

- Type: One-to-Many
- Description: A product can have multiple reviews. Each review is tied to one specific product.

Products to Offers and Discounts:

- Type: Many-to-Many (through applicable offers)
- Description: A product can be associated with multiple offers, and each offer can apply to multiple products.

Orders to Order Items:

- Type: One-to-Many
- Description: An order can have multiple items, each representing a purchased product.

Orders to Payments:

- Type: One-to-One
- Description: Each order has exactly one payment associated with it.

Orders to Delivery:

- Type: One-to-One
- Description: Each order has exactly one delivery record associated with it.

Prescriptions to Products:

- Type: Many-to-Many (through prescribed medicine list)
- Description: A prescription can include multiple products (medicines), and a product can appear in multiple prescriptions.

Payments to Orders:

- Type: One-to-One
- Description: Each payment is associated with exactly one order.

Delivery to Orders:

- Type: One-to-One
- Description: Each delivery record corresponds to one specific order.

Reviews to Products:

- Type: One-to-Many
- Description: A product can have multiple reviews, each provided by a different user.

Offers and Discounts to Products:

- Type: Many-to-Many
- Description: A discount or offer can apply to multiple products, and a product can have multiple applicable offers.

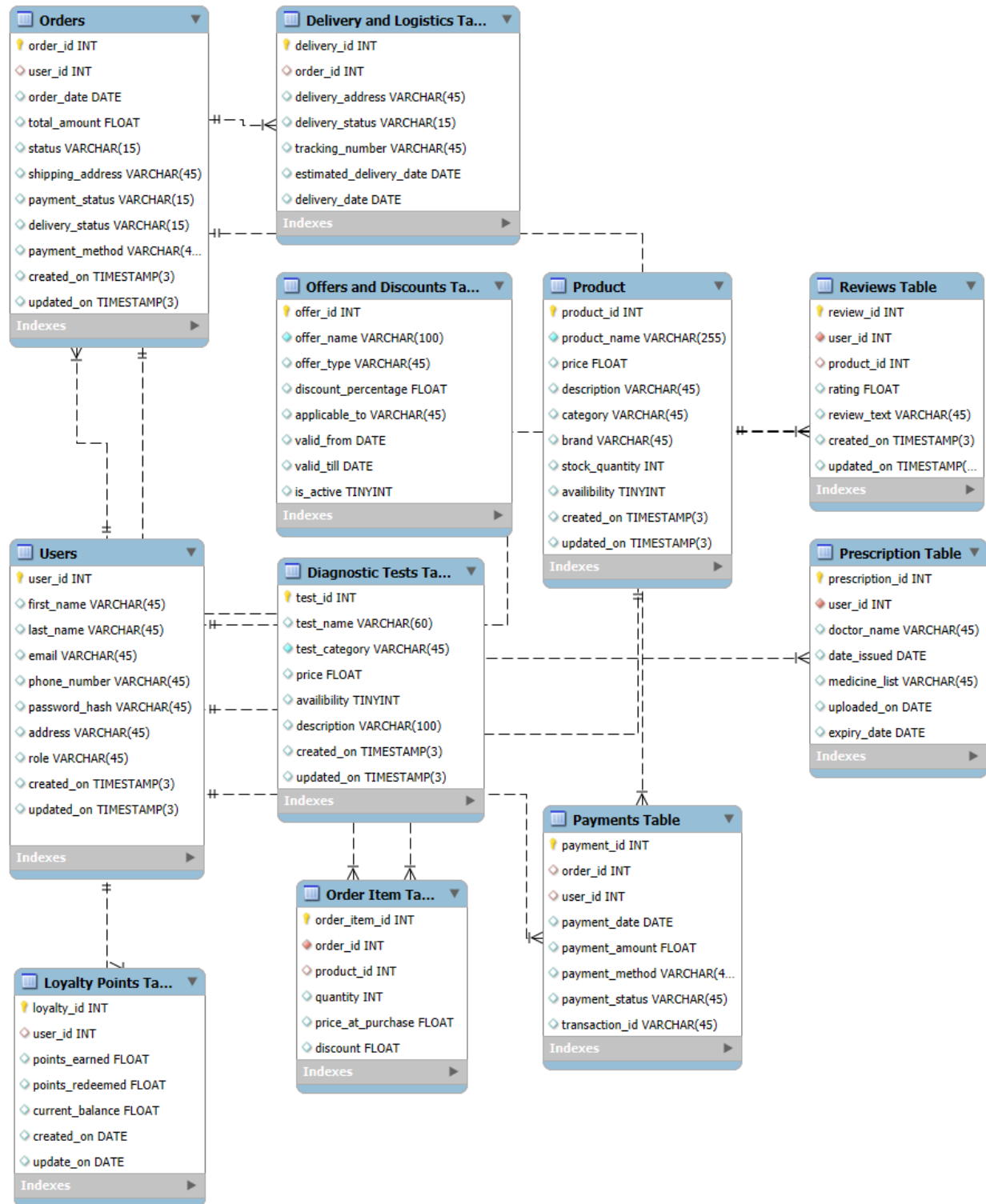
Conclusion

PharmEasy has established itself as a key player in the Indian healthcare e-commerce sector by providing a comprehensive range of services, including online pharmacy, diagnostic tests, and teleconsultations. Its success can be attributed to its ability to offer fast and efficient deliveries, particularly in urban areas, where there is a strong demand for quick access to medical products. With its focus on rapid delivery services, PharmEasy ensures that customers in metropolitan regions can receive their medications without delay, meeting essential healthcare needs in a timely manner.

Additionally, the company's commitment to emergency delivery services for critical medications further strengthens its value proposition. By offering timely access to life-saving drugs during urgent situations, PharmEasy demonstrates its dedication to customer well-being. This, coupled with effective resource management and robust logistics, enables the platform to maintain its service excellence, especially in urban areas where swift deliveries are vital.

As PharmEasy continues to scale its operations and refine its logistics network, it is well-positioned to meet the increasing demand for healthcare services across both urban and rural regions. By prioritizing fast deliveries and emergency services, PharmEasy not only addresses everyday healthcare needs but also serves as a critical resource in times of medical emergencies, solidifying its position as a trustworthy and accessible healthcare provider.

Entity-Relationship Diagram (ERD)



Case Study: Revenue and Profit Growth Strategies

Focus of the problem statement:

To address the challenge of boosting Pharmeasy's profit by 25%, we implemented an inside-out approach. This strategy focuses on evaluating internal factors first, such as analyzing company expenses, customer behavior, and revenue strategies, to enhance profitability.

I. Analyzing Pharmeasy's Current Status

To assess the current status of Pharmeasy and devise a strategy to boost its profit by 25%, we need to perform a comprehensive analysis of the company's present situation. This involves evaluating its current profit, identifying the sources of revenue and expenses, and examining customer acquisition and retention strategies:

| | |
|-----------------------------------|---|
| Current Financial Overview | Revenue: PharmEasy's total revenue from operations reached ₹6,644 crore, a 16% increase from ₹5,729 crore in FY2022. The core business (pharmaceutical and cosmetic goods sales) contributed roughly 90% of this revenue, with additional income from diagnostic services, teleconsulting, and software-related offerings |
| | Expenses: Expenses totaled ₹8,974 crore, an increase of 5.7% from ₹8,492 crore in the previous year. Major costs included: <ul style="list-style-type: none">● Procurement Costs: The highest expenditure, accounting for 63.9% of overall expenses, rose by 12% to ₹5,731 crore.● Employee Benefits: These costs dropped 12% to ₹1,283 crore, reflecting cost-cutting efforts. |

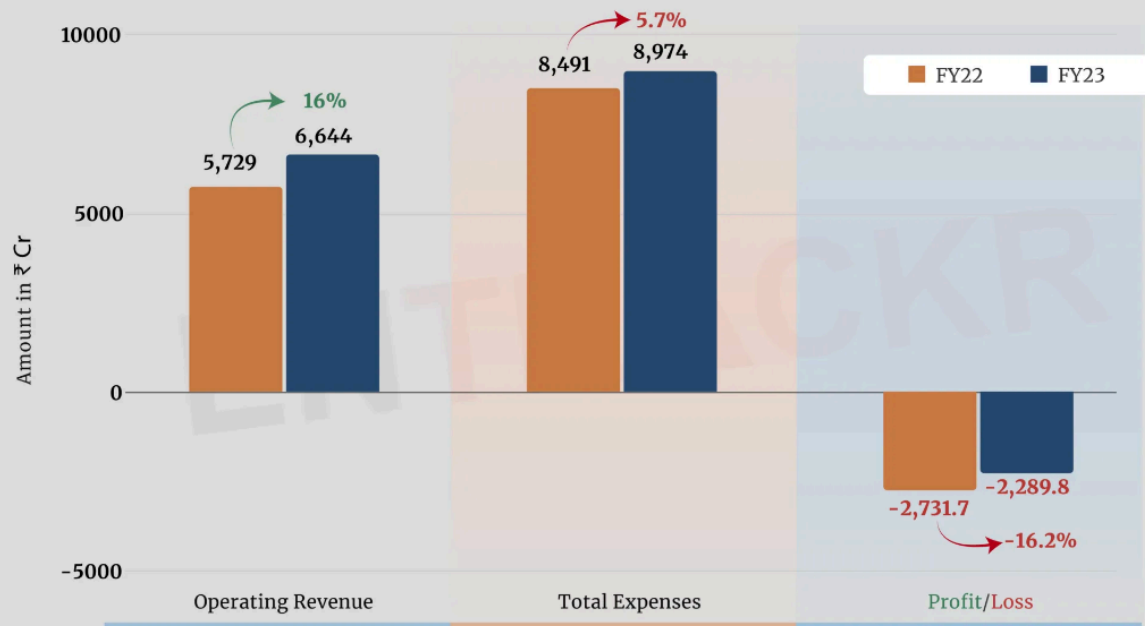
| | |
|--|--|
| | <p>However, they remain a significant portion of total expenses, driven by share-based payments and operational salaries.</p> <ul style="list-style-type: none"> ● Marketing and Promotions: Advertising expenses decreased by half to ₹235 crore, following efforts to reduce cash outflows amid financial challenges |
| | <p>Profitability: PharmEasy faced a net loss of ₹5,212 crore, exacerbated by exceptional non-cash items (such as goodwill impairments). Operational improvements reduced cash outflows by 71.3%, but the company continues to operate with a negative EBITDA margin and cash burn rate</p> |

| | |
|------------------------|---|
| Revenue Sources | <p>Pharmaceutical and Cosmetic Goods (₹5,979.6 crore): This segment forms the core revenue base (approx. 90%), showing stable demand but facing intense competition.</p> |
| | <p>Diagnostic Services: Pathology and diagnostics services contribute a smaller share but hold potential for growth in preventative healthcare and at-home testing, which is increasingly in demand.</p> |
| | <p>Other Services: Additional revenue streams include licensing software, telemedicine services, and leasing equipment, contributing modestly to diversification.</p> |

| | |
|-----------------------------|--|
| Expense Distribution | Procurement Costs: High procurement costs impact profitability directly, suggesting a need to renegotiate supplier terms or enhance supply chain efficiencies. |
| | Employee Costs: Optimizing employee-related costs while maintaining productivity and morale could further contribute to reduced overheads. |
| | Legal, Professional, and Delivery Costs: Collectively these costs are significant. Exploring efficiencies in these areas through technology upgrades or third-party service partnerships could yield savings. |

| | |
|--|--|
| Customer Acquisition and Retention Strategy | Customer Channels: PharmEasy utilizes a range of acquisition channels, such as digital advertising and partnerships. Reducing churn through loyalty programs and improving customer engagement in diagnostics could help in retaining customers while growing the core pharmaceutical business. |
| | Customer Retention: Examining customer behavior, purchase frequency, and product preferences could help identify loyal customers and optimize marketing spend. Investments in personalized marketing and customer service would improve satisfaction and retention. |

PharmEasy Financials FY23



Powered by  Cashfree Payments

Source : TheKredible

FINTRACKR

II. Focus Areas for Increasing PharmEasy’s Profit by 25%

To increase PharmEasy’s profitability by 25%, several strategic focus areas can be highlighted. These include operational efficiency, product expansion, customer experience, logistics optimization, and enhanced marketing efforts. Here’s a breakdown of focus areas for PharmEasy based on current data:

| Category | Focus Area | Measures |
|---|---------------------------------------|---|
| Internal Operations ~ 9% | Cost Control ~ 6% | Quality Control: Strengthen quality assurance for both pharmaceutical products and diagnostic services, reducing returns, errors, and customer complaints. This also ensures customer satisfaction and reliability. |
| | | Process Optimization: Streamline operational workflows and integrate automation to minimize redundant steps and speed up processing. Reducing unnecessary delays can help in managing costs and improving service delivery. |
| | | Supplier Coordination: Renegotiate supplier contracts, focusing on high-volume pharmaceuticals. Strong supplier partnerships may also help secure better terms and consistent supply to reduce procurement costs. |
| | Human Resource Management ~ 3% | Training & Development: Invest in regular training programs to increase staff efficiency and reduce turnover. Skilled employees enhance service quality, especially important in maintaining PharmEasy’s reputation for timely deliveries. |
| | | Performance Management: Implement performance review systems with clear goals to increase productivity and retain high-performing employees. |
| Logistics and Supply Chain Optimization ~ 5% | Inventory Management ~ 3% | Use data analytics for forecasting, optimize stock levels, and prevent overstocking or stockouts. |
| | Delivery Efficiency ~ 2% | Invest in route optimization and local distribution to improve last-mile delivery and reduce costs. |

| | | |
|---|---|--|
| Product Development and Optimization ~ 2% | Product Strategy ~ 2% | Discontinue Low-Selling Products: Identify and phase out products with low demand or profitability, which helps focus resources on high-performing items and reduces inventory costs. |
| | | Bundle Offerings: Introduce bundled health products (e.g., multivitamins, supplements, diagnostic packages) to increase average order value. Bundling also appeals to health-conscious consumers looking for complete solutions. |
| Market Expansion ~ 4% | Regional Expansion ~ 1% | New Markets: Expand operations into tier-2 and tier-3 cities, where demand for affordable healthcare services is rising. PharmEasy can leverage local partnerships and set up small-scale centers to reduce logistical challenges in these areas. |
| | Market Penetration ~ 3% | Local Market Expansion Strategy: Increase market share within existing regions by targeting new customer segments or enhancing current offerings. This could involve launching local advertising campaigns, expanding product lines, or improving in-store experiences to attract more customers. |
| Post-Sales Management ~ 2% | Customer Satisfaction ~ 1% | Customer Feedback: Actively collect and respond to customer feedback to improve service. This data-driven approach enables targeted improvements in service quality and retention strategies. |
| | Customer Retention ~ 1% | Loyalty Programs: Offer reward programs, encouraging repeat purchases through discounts, cashbacks, and special offers for regular users. |
| Branding and Marketing ~ 3% | Brand Awareness and Customer Acquisition ~ 2% | Digital Marketing: Enhance PharmEasy's presence on social media and search engines through optimized SEO and targeted digital campaigns. Improving organic traffic through search engine rankings can help attract cost-effective leads. |

| | | |
|--|---|---|
| | <p>Word of Mouth and Referrals</p> <p>~ 1%</p> | <p>Referral and Rewards Programs: Launch customer referral programs where existing users earn rewards for referrals, tapping into the power of word-of-mouth marketing to expand the customer base efficiently</p> |
|--|---|---|

By focusing on these key areas, PharmEasy can strategically increase operational efficiency, expand its market share, improve customer satisfaction, and reduce costs to achieve a 25% increase in profitability.

III. Defining Strategies

| Category | Details |
|-------------------------|--|
| Optimize Expenses | <p>Cost Reduction: Focus on reducing operational costs by negotiating better terms with suppliers, streamlining logistics, and adopting cost-effective technologies. Renegotiate contracts with pharmaceutical suppliers for volume discounts and favorable terms, which directly lowers procurement costs.</p> |
| | <p>Efficiency Improvements: Use data analytics for better inventory management to minimize waste and avoid overstocking or stockouts. Data insights can also help streamline workflows, which reduces redundant steps and operational inefficiencies.</p> |
| Enhance Revenue Streams | <p>Leverage Digital Marketing: Increase PharmEasy’s digital reach through SEO optimization, making the website and app rank higher for searches like “buy medicines online” or “book lab tests.” Run targeted ads on Google and social media platforms to attract a broader audience.</p> |
| | <p>Partnerships with Healthcare Providers: Form strategic partnerships with doctors, clinics, and hospitals who can refer patients to PharmEasy for medicine purchases and lab testing. Offering these partners special packages or discounts for their patients could help PharmEasy expand its network.</p> |

| | |
|--|--|
| | Expand Lab Test and Home Service Network: Expand the lab test collection network to cover more regions and offer home collection services for tests, which adds convenience. Advertise these services, especially through in-app promotions, to highlight the ease of getting tests done from home. |
| Improve Customer Satisfaction and Retention | Personalized Experiences: Use customer data to create tailored experiences, including product recommendations, health tips, and medication reminders. These personalized interactions can enhance engagement and build loyalty. |
| | Loyalty Programs: Launch a rewards program where customers earn points for purchases, referrals, and social media engagement. Points can be redeemed for discounts or products, motivating customers to keep returning to PharmEasy. |
| | Customer Feedback: Regularly gather customer feedback through surveys and app-based forms. Analyzing this feedback allows PharmEasy to make informed decisions on product offerings and services, helping to improve customer satisfaction. |

By focusing on these strategies—optimizing expenses, enhancing revenue streams, and improving customer satisfaction and retention—PharmEasy can drive sustainable growth, improve profitability, and remain competitive in the evolving healthcare market. This holistic, data-driven approach not only targets profit growth but also ensures the company continues to provide value and convenience to modern healthcare consumers.

Team -

1. Sanjana Nasa
2. Rohan Mangle
3. Shreyas
4. Rohit Patil
5. Vishal Singh