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Press Release

GIRP study shows that full-line wholesaling provides massive pre-financing for medicines distribution and supply in Europe

Brussels, Belgium 19th April 2012 – GIRP, the European Association of Pharmaceutical Full-line Wholesalers published the findings of a study on the distribution sector in six European countries – France, Germany, Italy, Netherlands, Spain and United Kingdom.

The study was carried out by the Institute for Pharmaeconomic Research (IPF), a scientific research institute based in Vienna. The aim of the study was to analyse the role and functions of the pharmaceutical full-line wholesalers, as the main providers of medicinal products in comparison to alternative distribution systems such as pharmaceutical short-line wholesalers, direct sales or selective distribution systems such as Reduced Wholesale Arrangements (RWA) and the Direct to Pharmacy (DTP) models.

Thus, the significance of the full-line wholesaling model was analysed not only from an economic viewpoint, but also from the perspective of the role it plays in the public health system as a whole. The study shows the efficiency of pharmaceutical full-line wholesaling and the importance of services offered.

- Pharmaceutical full-line wholesalers provide just-in-time delivery of medicinal products. The average delivery time is on average 2.66 hours in the 6 analysed countries. For pharmacies, pharmaceutical full-line wholesaler' act as external warehouses that reduce their stocks by holding on stock up to 100,000 different medicinal products.
- Pharmaceutical full-line wholesalers pre-finance nearly the entire market of medicinal products and secure the cash flow of social insurers. In France, Germany, Italy, the Netherlands, Spain and the UK alone full-line wholesalers pre-finance on average €10.2 billion over a period of 41 days.
- €1 invested by the sector generates a further €2.02 in the economies of the six countries analysed. 2.08 additional jobs are created in the economy for 1 working place created in sector.
- The pooling of orders is a very important function. If all medicinal products were supplied directly by manufacturers, each pharmacy would have to contact each manufacturer in order to obtain a complete assortment of medicinal products. In the six countries observed, the continuous supply of medicinal products involves more than 703 million transactions between pharmaceutical full-line wholesalers, pharmacies and manufacturers each year. Without pharmaceutical full-line wholesalers, this number would increase dramatically to 97.9 billion transactions per year. The cost difference based on the weighted average of 18.28 deliveries from different manufacturers is €199.71 compared to one bundled delivery from a pharmaceutical full-line wholesaler. Without pooling the resulting process costs per pharmacy would increase from €6,587.63 to €42,877.51 per year, resulting in a cost difference of €36,289.88, if only 25% of the supplies from wholesalers are delivered by the manufacturers directly.
- The added value created by pharmaceutical full-line wholesalers offers manufactures, retail pharmacies and other healthcare providers, as well as patients, in addition to their core services, benefits which comprise securing product safety, product recalls, product quality, patient compliance, special handling, quality management system and many more.

Key conclusive findings:

- Pharmaceutical full-line wholesalers ensure a safe, rapid, continuous and cost-effective supply of medicinal products throughout Europe.
- The services offered by pharmaceutical full-line wholesalers ensure that even the most isolated patients can receive the most specialized medicinal products in a safe and timely manner.
- Pharmaceutical wholesalers pre-finance nearly the entire medicinal product market and secure the cash flow of social insurers.
- Added value services are among the key competitive advantages of the pharmaceutical wholesaling sector.
- Pharmacies are highly satisfied with the services of full-line wholesalers as their partner of choice.
- The lack of pharmaceutical full-line wholesalers would lead to a dramatic increase in the number of transactions as well as to high additional costs for pharmacies.
- Therefore, the existence of pharmaceutical full-line wholesalers is essential for the European healthcare sector.

Overall, the study finds that pharmaceutical full-line wholesalers are vital and reliable partners for manufactures, pharmacists, patients and policy makers. They help to find strategies and solutions for the current and future challenges in the European pharmaceutical sector together with policy makers, pharmaceutical manufacturers, pharmacies, other healthcare professionals, insurers, members of mutual health funds and patient representatives.

The key findings in presentation format and full study can be found on the girp website www.girp.org

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