



CASE STUDY

Bringing Safe, Quality Medicine to All

Goodlife Pharmacy: A Health Hub for East Africa

December 2018

ABOUT IFC

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ABOUT THE CASE STUDY

Expanding access to quality and affordable healthcare is a central element to eliminating extreme poverty and promoting shared prosperity. The World Bank Group has a goal to end preventable deaths and disability through Universal Health Coverage (UHC). In many developing countries, governments do not have the capacity to serve the entire population and private health care providers often play a critical role in meeting societal needs.

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IFC's health and inclusive business practices are jointly developing case studies that demonstrate the contribution of the private sector to achieving global and national health care goals and to serving lower income people.

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PHOTOS

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Region: East Africa

Sector: Health

IFC Commitment: \$7.5 million

Goodlife Pharmacy

Millions of low-income Kenyans rely on informal pharmacies for medicine. Informal pharmacies—constituting around 66 percent of the estimated 12,000 private pharmacies in Kenya—dwarf the number of formal ones and pose critical health risks to Kenyan consumers.¹ Many informal pharmacies offer a narrow selection of products, carry low-quality substitutes, or sell expired and even fake medicine. While Kenya’s Pharmacy & Poisons Board (PPB) is actively involved in regulating and enhancing the sector from a quality perspective, in 2011, for example, an estimated 20 to 25 percent of drugs sold in the country were counterfeit.² Because they contain few or no key active ingredients, counterfeit medicine can cause treatment failure, adverse reactions, and even death.

Lower-income consumers, who do not have the disposable income to purchase high-quality medicine from reputable pharmacies, are particularly vulnerable to these risks. High-quality medicine is often expensive in Kenya because of the highly fragmented pharmaceutical distribution system in the country. Given the lack of coordinated distribution, numerous distributors and sub-distributors mark up prices, adding to the final price paid by consumers. Even the lowest-priced generic medicines in Kenya are estimated to be two to five times higher than their international reference prices.³

Against this backdrop, Goodlife Pharmacy was founded in 2014 to meet the need for a trustworthy, customer-centric, branded pharmacy retail chain that offers safe, high-quality medicine to all Kenyans. Ultimately, Goodlife aims to become a health hub—a one-stop-shop to meet basic primary health care needs through pharmaceuticals and services throughout East Africa.

In only four years, Goodlife has become East Africa’s largest pharmacy chain, doubling its revenues since launch. In 2017 alone, Goodlife’s annual sales increased by 30 percent. Its 50-plus pharmacies in Kenya and Uganda—including more

than 25 stores that target “emerging consumers,” that is, low- to lower-middle-income population segments—can be found in diverse locations such as malls, gas stations, and near bus stops. As of September 2018, Goodlife had reached around 1.1 million people during the previous twelve months with approximately 50 percent classified as emerging consumers.



THE EARLY DAYS

A Big Vision

In 2012, public health specialist Joshua Ruxin, teamed up with investor Jeffrey McCormick to explore opportunities to invest in Africa's health sector—particularly in a regional retail pharmacy chain of world-class standards. For years, Ruxin had been working at the intersection of public health, business, and international development. He had been a part of several health initiatives, including co-founding Health Builders with Professor Jeffrey Sachs and others to help countries acquire and manage financing from the Global Fund to Fight AIDS, Tuberculosis, and Malaria.⁴ He also had experience running a network of pharmacies and health centers in Rwanda. Ruxin and McCormick soon brought in David Zapol, who had been leading the health practice at a global consulting firm. The three founded Goodlife on the belief that basic primary health care services can be delivered at pharmacies through partnerships with qualified medical experts.

The timing was right to enter the Kenyan retail pharmacy market. The country's pharmaceutical market was the fastest-growing in Sub-Saharan Africa, driven by factors such as a growing population combined with an increase in chronic diseases—an estimated 27 percent of deaths in Kenya are attributable to chronic noncommunicable diseases.⁵ Also, over-the-counter medicine was (and remains) popular in Kenya with nearly 60 percent of the population self-medicating.⁶

At the same time, there was a clear opportunity to disrupt and consolidate the Kenyan retail pharmacy market. Less than six percent of private, licensed pharmacies were part of a multi-outlet chain.⁷ Most private pharmacies were mom-and-pop enterprises; few had the ambition and capacity to grow beyond a handful of locations. Hardly any had more than 10 stores at the time. The co-founders knew that a multi-outlet chain could offer a larger selection of products and services of better quality, at higher standards, and often at lower prices.

Transforming a Vision into Reality

Goodlife Pharmacy was formally launched in 2014. The three co-founders used their own funds, tapped into a few other private investors, and obtained an equity investment from Catalyst Principal Partners, a regional private equity firm. The co-founders then brought in senior executives who had experience with pharmacies, such as the Alliance Boots Retail Pharmacy chain in the United Kingdom, to help build the foundation for the business.

Over the next four years, Goodlife took a methodical approach to eventually reaching lower-income customers and expanding its offerings. The company would undergo three major phases of development:

1. **Establish Infrastructure:** It first established its pharmacy infrastructure and developed its business model through stores that served middle- and high-income customers.
2. **Optimize Operations:** It then worked on optimizing operations by increasing efficiencies and reducing costs.
3. **Expand and Diversify:** It finally turned its focus to expansion and diversification, including building its presence in East Africa, expanding its target customer market to include emerging consumers, and transforming into a "health-hub" by delivering basic primary health care services.

PHASE 1: ESTABLISHING THE INFRASTRUCTURE

Getting to Market

Goodlife wanted to get into the Kenyan market quickly. Since building new stores and the necessary corporate infrastructure would be time consuming and capital intensive, the company focused instead on acquisitions. It acquired the four-store Mimosa Pharmacy chain and built on the goodwill and relationships that Mimosa had created in the industry. Goodlife leveraged these shopping mall locations to gain an instant presence in the market. It also retained Chris Gitonga, Mimosa's founder, who played an



Goodlife's Value Chain

An Overview of Challenges and Solutions



Value Chain

Procurement	Distribution	Marketing & Sales	Customer Service
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Challenges in Serving Low-Income Customers

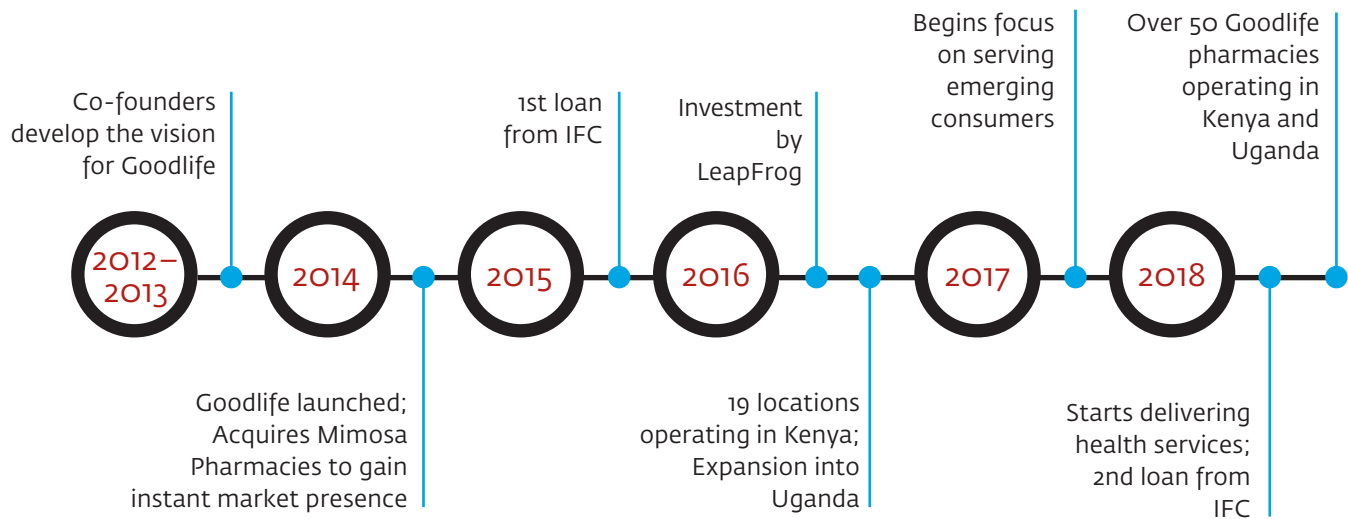
<ul style="list-style-type: none"> Highly fragmented market for pharmaceutical distribution drives up costs of medicine 	<ul style="list-style-type: none"> High capital expenditures (CAPEX) and operating expenditures (OPEX) of new stores relative to customers' purchasing power Lack of access and convenience 	<ul style="list-style-type: none"> Lack of granular customer data Customers are price sensitive and often lack the ability to pay 	<ul style="list-style-type: none"> Low staff to customer ratio in small stores
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Goodlife's Solutions

<ul style="list-style-type: none"> Purchase medicine in bulk from manufacturers and wholesalers to lower procurement costs 	<ul style="list-style-type: none"> Lower CAPEX and OPEX of new stores through a no-frills, pre-fabricated store model Offers nation-wide network of locations 	<ul style="list-style-type: none"> Invest in market research Ensure consistent supply of good quality products Offer discounts, purchases on credit, and single-unit sales; accepts insurance and mobile-money payments Integrate affordable primary health care services 	<ul style="list-style-type: none"> Cross-train staff to perform multiple functions
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Figure 1. Key Milestones in Goodlife's History



Box 1. Managing Quality of Pharmaceuticals

Substandard and counterfeit medicine is a significant issue in Kenya, causing adverse health effects—including death. Despite these risks, counterfeits persist due to the low purchasing power of much of the population, limited public health insurance, and limited monitoring by government due to resource constraints.⁷ Goodlife sees quality assurance as a key brand differentiator and delivers this by:



STREAMLINING PROCUREMENT

Goodlife procures pharmaceuticals from authorized manufacturers and wholesalers; the latter distribute the products to Goodlife stores. By cutting out smaller sub-distributors from its supply chain, Goodlife reduces the risk of counterfeit products entering its system. The company's chief pharmacist also conducts periodic inspections on their suppliers.



CONDUCTING DUE DILIGENCE

Goodlife's pharmacy team researches and reviews every medicine—whether prescription or over-the-counter—before it is sold in its stores. This check ensures that the company is only selling high-quality medicine that has been approved by Kenya's Pharmacy and Poisons Board.



ENSURING PROPER STORAGE

Goodlife has instituted simple measures such as refrigerators with power back-up to avoid medicine degradation. Practices such as temperature and humidity monitoring ensure that medicine is maintained at the recommended ambient conditions.

instrumental role in the early rollout of Goodlife's operations and continued as a Goodlife shareholder.

Mimosa also offered other critical infrastructure: a head office of around 10 staff and back-end technology, such as a point-of-sale system to track stock levels and product expiry dates. The point-of-sale system allowed Goodlife to easily create a database of customers so that the company could track its regular customers and offer services such as automatic prescription refills.

Enhancing Procurement

Procurement quality was a critical component of Goodlife's go-to-market strategy. It reduced the number of pharmaceutical suppliers servicing the newly-acquired stores to better manage the supply base and thereby minimize the risk of counterfeit drugs entering into its system. All suppliers were asked to rebid the contracts they had with Mimosa based on new parameters for volume, pricing, and quality. This first important step in streamlining procurement would lay the foundation for Goodlife's quality assurance system (see Box 1).

Training Staff

Talent management was key to delivering on Goodlife's quality promise. Goodlife developed a staff training program that covers technical and non-technical topics. Employees undergo a two week-long, face-to-face induction program. They learn about international best practices in store management, sales skills, and customer service, as well as receive training customized to their individual roles. Pharmacists and pharmaceutical technicians⁹ participate in additional training on monitoring the effects of drugs (pharmacovigilance) and providing services such as supporting blood pressure, blood sugar, malaria and HIV self-testing.

In addition to its induction training for new hires, Goodlife conducts monthly online training so that its pharmaceutical professionals can stay abreast of new information on medicine, diseases, and customer service practices. These mandatory trainings include tests and results are tied to key performance indicators to ensure that employees are incentivized to participate and learn.

Box 2. A Loan from IFC



In 2015, IFC provided a \$4.5 million loan to Goodlife. IFC wanted to build the market of high-quality retail pharmacies in East Africa. Goodlife had already grown to four stores and IFC believed that the pharmacy chain had a scalable model that could introduce international standards to the region. Goodlife also had the potential to bring in lower prices for consumers and significantly improve the quality of products. Goodlife's plans to extend to emerging consumers was also important to IFC.

For Goodlife, a capital infusion from IFC—on terms not readily available in the local market—was essential for growth. It came at a critical time as its largest store had incurred significant losses due to the 2013 terrorist attack at the Westgate Mall, where it was located. IFC's loan enabled Goodlife to grow to approximately 20 locations, thereby attracting interest for a further capital infusion from private investment firm LeapFrog.

Launching the Brand

The elements in Goodlife's go-to-market strategy were new in East Africa and important differentiators from the competition. By mid-2015 Goodlife had attracted financing from IFC that would catalyze growth. This financing enabled the company to acquire six stores from two other multi-outlet chains and launch flagship stores in large, high-volume locations (see Box 2). The Goodlife brand was formally launched through the flagship stores while the company continued to work on refurbishing the acquired stores and rebranding them as Goodlife. As the in-store experience was one of high quality—from store layout to product offerings to customers service—Goodlife was able to get customers and patients to trust its brand immediately.

PHASE 2: DRIVING OPERATIONAL IMPROVEMENTS

LeapFrog's Investment

By the end of 2016, Goodlife's early success in Kenya was clear. It had 19 stores up-and-running in and around Nairobi and was serving thousands of customers. LeapFrog, also an IFC investee, had taken note. LeapFrog is a private investment firm that focuses on purpose-driven businesses. In 2017 it was ranked by Fortune as one of the top five companies changing the world.¹⁰ In Goodlife, LeapFrog decided to make its largest-ever investment in the East African retail pharmacy market—a \$22 million equity investment. Goodlife needed capital to perfect its neighborhood model, systems, and store look, and to be large enough to obtain discounts from the drug manufacturers.¹¹

LeapFrog supported Goodlife's vision and thought that Goodlife had the components that would be critical for success in the broader market:

1. The potential to become a primary health care services hub
2. A commitment to quality and customer service
3. A pricing model affordable to low and lower-middle income "emerging" consumers

Kenya's growing pharmaceutical market¹² and the favorable regulatory environment for investors reinforced LeapFrog's decision to invest.

Expanding the Team

LeapFrog was a hands-on investor, bringing with it both operational knowledge and relationships in the health care market. Among the first things LeapFrog did was to further strengthen Goodlife's management team. It first brought in a veteran health care executive, Amaan Khalfan, as CEO. Prior to Goodlife, Mr. Khalfan worked with the Aga Khan University Hospital, one of the leading health care networks in Africa, where he led their outpatient clinic

network. Subsequently, several other key hires were made to build the team that would be required for the next phase of growth. These hires included a chief retail director, an IT manager, purchasing lead, head of marketing, and an internal auditor.

Increasing Efficiency, Reducing Costs

Before it could broaden its customer base to the emerging consumer, Goodlife and LeapFrog conducted a comprehensive review of operations to ensure Goodlife was running as effectively as possible. This included:



1. IMPROVING INVENTORY MANAGEMENT:

Managing inventory is critical since pharmaceuticals are costly and have a limited shelf life. Pharmacies must ensure that

they neither have too little nor too much of the same stock. Goodlife introduced a new point-of-sale system to better capture and report on store level data (for example, stock levels and ordering patterns). Data from the point-of-sale system was integrated with data from the company's warehouse and backend SAP financial system. These linkages enabled Goodlife to optimize inventory and stocking, as well as forecast what products to buy or not buy to ensure steady and consistent supply.



2. RATIONALIZING PRODUCTS:

A review was undertaken of Goodlife's category management, a process that looks at groups of products as discrete business units and

customizes them according to customer needs.¹³ The company focused on purchasing and maintaining a consistent supply of key, fast-moving items. As these products drove approximately 80 percent of sales, the company was able to use its cash more efficiently and increase sales conversions. Goodlife reduced the number of products—or stock keeping units (SKUs)—by nearly 50 percent as a result.



3. RENEGOTIATING SUPPLIER

CONTRACTS: Based on the new SKU list, Goodlife renegotiated contracts with suppliers to optimize stock consistency,



selection, and margins. These contracts included new terms and conditions regarding pricing, payment periods, expiry policies, and delivery lead times. Today, all new orders go through preferred suppliers that typically offer the best pricing.



4. STREAMLINING STAFFING: Store hours and staffing were reviewed to improve efficiency. Goodlife implemented a staffing format based on a formula that reflects volume of customers and when they frequent the stores. Goodlife also introduced a scorecard at the store level to improve performance, accountability, and customer service.



5. DECREASING RENTAL COSTS: Goodlife undertook a robust store lease analysis exercise. As a result, Goodlife adopted a disciplined approach for new store expansion and lease renegotiations across its store network.



6. IMPROVING LOCATION SELECTION AND LOWERING ROLL-OUT COSTS:

An assessment tool was built to better evaluate new store sites and accelerate roll-out. At the same time, Goodlife worked with key contractors to review costs for fitting out new stores and refitting acquired stores. This lowered fit-out costs by over 20 percent.

PHASE 3: EXPANSION AND DIVERSIFICATION

With fundamental infrastructure and product offerings in place, Goodlife began to focus on expansion from various angles. In its next phase, Goodlife would make a big push into Uganda, extend its reach to emerging consumers, and take steps towards its goal of becoming a health hub.

Expansion into Uganda

As Goodlife looked to develop its regional presence, Uganda emerged as a natural fit. The country's economy and middle class were growing and the demand for pharmaceuticals was increasing. At the same time,

informal drug stores were common, and the pharmaceutical market was flooded with low-quality pharmaceutical imports, including those being distributed by “suitcase pharmacy distributors.” Goodlife launched its first store in Kampala, Uganda’s capital, in 2016 and has since expanded to five stores—two in shopping malls and three in middle-to-lower income neighborhoods.







Understanding Emerging Consumers

Expanding to the emerging consumer segment had been part of Goodlife’s goal from the onset. Given that emerging consumers represent an estimated 63 percent¹⁴ of Kenya’s population, Goodlife recognized the business case for expanding to this consumer segment and knew that this would be important to its growth.

Goodlife knew that customer insights on the emerging consumer market would be critical, as 80 percent of its new stores would target this segment. Emerging consumers are typically considered to be in the lower-middle or low-income segments, most earning \$2–\$10 per day and residing in densely populated, low-cost residential areas. These consumers are price sensitive and typically choose to purchase lower quality medicines from informal retailers.

But to make meaningful investment decisions, such as where to locate stores and what products and services to offer, Goodlife needed more granular market data—such as patient demographics, spending trends, disease patterns, and chronic health history. By combining that with market data—such as rent prices and profile of supermarkets—Goodlife would be able to develop deep insights.

Figure 2. Goodlife’s Store Formats

STORE TYPE	FLAGSHIP STORES	CLASSIC STORES	NEIGHBORHOOD STORES
 Customer Segment	Middle- to high-income	Lower-middle-income to middle-income	Low-income to lower-middle-income
 Locations	Higher-end shopping malls	Shopping malls, plazas, and strips	Co-located in petrol stations and shopping center parking lots, near bus stops and health clinics
 Store Size	100-120 square meters	70-100 square meters	30-50 square meters
 Employees	<ul style="list-style-type: none"> Pharmacist, pharm tech, other staff Average staff: 4-5 	<ul style="list-style-type: none"> Pharmacist, pharm tech, other staff Average staff: 2-4 	<ul style="list-style-type: none"> Pharmacist, other staff Average staff: 1-2
 Product Mix	<ul style="list-style-type: none"> Nearly 70 percent pharma products Average SKUs: 81,000 	<ul style="list-style-type: none"> Nearly 75 percent pharma products Average SKUs: 60,000 	<ul style="list-style-type: none"> Nearly 80 percent pharma products Average SKUs: 48,000
 Other services	<ul style="list-style-type: none"> Flu vaccination Laboratory testing Nutrition and clinical consultations (pilot stage) Skin care consultations Teleconsultations 	<ul style="list-style-type: none"> Flu vaccination Laboratory testing Nutrition and clinical consultations (pilot stage) Skin care consultations Teleconsultations 	<ul style="list-style-type: none"> Flu vaccination Laboratory testing Nutrition and clinical consultations (pilot stage) Teleconsultations

To get the data Goodlife needed, LeapFrog's internal Consumer Centricity team developed and commissioned primary surveys of over 5,000 emerging consumers. It found that emerging consumers want convenience, high quality products, good customer service, and better managed care in one location. Based on this research and with support from LeapFrog, Goodlife would eventually implement quick monthly surveys at its stores on a regular basis. The surveys are conducted by pharmacy staff and cover topics such as pricing and customer experience. Goodlife uses the data to continuously refine its product and service offerings at different store locations. Goodlife would also partner with a company that conducts mobile phone-based surveys with customers that pay via mobile phone. The surveys are conducted immediately after a customer makes a payment at a Goodlife store and therefore provide real-time customer insights.

Developing a New Format

Choosing the right store format and location were also critical to ensuring brand visibility and sufficient foot traffic among emerging consumers. Up to this point, Goodlife had developed two store formats to serve its middle- and high-income customers, flagship stores, and classic stores (see Figure 2). Stores targeting emerging consumers on the other hand, would be small, no-frills locations—40 to 50 percent of the size of a classic store and a third of a flagship—but they would still have a modern feel and meet Goodlife's high standards of quality. Each store would have a pharmacist or pharmacist technician on site.

Aptly calling them "neighborhood locations," Goodlife aimed to take pharmaceutical products to locations that emerging consumers frequently visited. In addition to the expertise of its retail and business development staff, Goodlife also considered objective criteria such as demographics, competitive landscape, accessibility by public transportation, and revenue potential. It focused on locations near bus stations and health clinics, and—through partnerships with Shell and Total—inside gas stations.

By the end of 2017, Goodlife had launched two neighborhood locations in low-income areas in Nairobi. While these

Box 3. A Second Loan from IFC

IFC's second loan to Goodlife came in early 2018, totaling \$3 million. The financing was aimed at helping the company expand to 100 stores in Kenya and Uganda, including both the no-frills, prefabricated model in neighborhood locations, as well as larger stores in shopping malls. This aligned with IFC's strategy to build the private sector's role in increasing access to quality, affordable health care for all through partnerships. Access to affordable, quality medication in emerging markets is a key aspect of this strategy. IFC was able to offer Goodlife financing terms that included a flexible repayment schedule.



From Goodlife's perspective, this additional financing from IFC came at an important time as it allowed the company to leverage LeapFrog's equity investment with debt from an existing lender. In addition to scaling the existing business, it is allowing the company to experiment with new services, such as telemedicine, while investing in training and development, enhancing IT systems, and building a strong management team.

locations typically carry 60 percent of the SKUs of a flagship location, nearly 80 percent of their products were pharmaceuticals. By late 2018, the number of neighborhood stores would reach over 10 locations and cover low-income areas in and around Nairobi, as well as peri-urban areas.

Staying Affordable

Goodlife's appeal was that it offered convenient modern stores, a good product selection, and that it kept products in stock. To draw emerging consumers away from informal pharmacies, Goodlife began to offer upfront discounts and single unit medicine packs that cost significantly less than full packs. Maintaining a sharp focus on controlling costs

was key to keeping products affordable for price sensitive emerging consumers. Measures included:

- **LOWERING CAPITAL EXPENDITURES (CAPEX) FOR NEIGHBORHOOD STORES:** Goodlife's research on store formats that serve low-income consumers indicated that it needed a flexible store model to respond to changes in the market. It introduced a prefabricated store concept which has enabled the company to lower CAPEX costs for new neighborhood stores. This model offers a four-week build and installation period for new neighborhood stores based on a simple design, compared to an eight to 12-week period in a standard greenfield model. A major benefit of this approach is that Goodlife can close or shift a store quickly and at a relatively low cost if it is performing poorly.
- **LOWERING OPERATING EXPENDITURES (OPEX) FOR NEIGHBORHOOD STORES:** The prefabricated model also allows Goodlife to rent a small, fixed amount of space from a gas station or other convenient location. This significantly reduces the monthly rent compared to what Goodlife would pay if it rented an existing built out space for its neighborhood stores.
- **LOWERING PRICES THROUGH BULK PROCUREMENT:** Economies of scale enable Goodlife to procure both prescription and over-the-counter medicine at competitive prices compared to small-scale chains or small mom-and-pop pharmacies. Also, by procuring directly from manufacturers and wholesalers, Goodlife cuts out numerous pharmaceutical sub distributors who drive up prices through additional mark ups.
- **OFFERING GENERICS:** While all Goodlife stores carry both branded and generic medicine, many of its neighborhood store formats typically carry more generics. Providing generics for noncommunicable diseases such as diabetes and cardiovascular conditions is particularly important. The company has found that price-sensitive emerging consumers are typically more open to generics as these can be three to four times cheaper than their branded counterparts.¹⁵ However, the prevalence of counterfeits makes consumers wary of

unbranded medicine and physicians still have the tendency to prescribe brand names. As a result, a general preference for branded medicine persists. Goodlife pharmacists continue to educate consumers about the similarities between branded and generic medicine.

Nearly two years after the launch of its first neighborhood store for emerging consumers, Goodlife had gained several important insights to serve this segment:

- ▶ Understand customer demographics as emerging consumers differ from location to location
- ▶ Adapt the product mix and prices according to local market characteristics
- ▶ Ensure staff are well trained, including across different store functions to provide adequate support
- ▶ Focus on quality of service irrespective of the price of the product to build customer loyalty
- ▶ Continuously educate the public on health and the importance of quality and authentic medicine through sidewalk sessions, community camps, and outreach activities to local churches and community groups

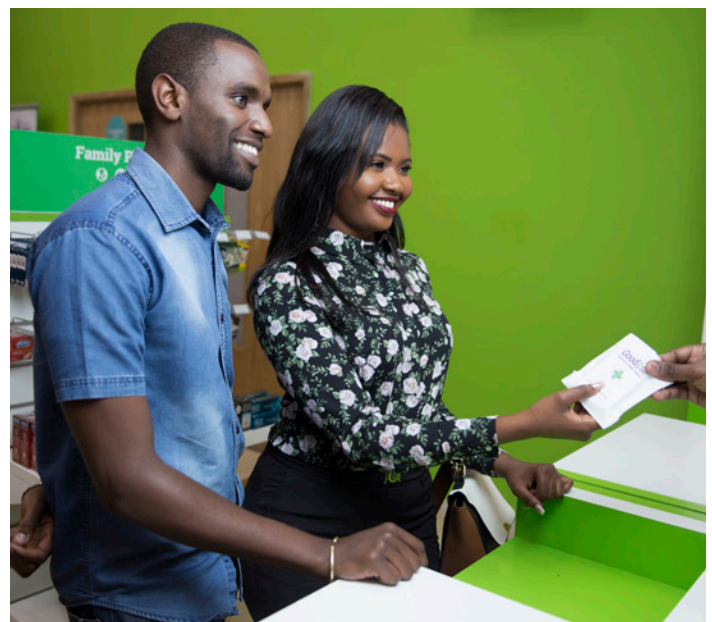




Figure 3. Examples of Goodlife's Primary Care Services

TYPE OF SERVICE	 LABORATORY SERVICES	 TELECONSULTATION SERVICES
What is Available	<ul style="list-style-type: none"> • Have blood drawn (full blood count, pregnancy, malaria, HIV testing) • Take blood pressure • Test blood sugar • Assess body mass index • Drop off specimens (urine and stool) 	<ul style="list-style-type: none"> • Collect medicine prescribed by doctors • Conduct video consults with doctor for acute health problems (flu, sinus infections, urinary tract infections, vomiting/diarrhea)
How it Works	<p>Phlebotomists use private spaces in Goodlife pharmacies to collect, store, and process lab samples for testing per guidelines</p>	<p>Option 1: Patient connects via mobile phone app with a doctor who provides advice, prescribes medicines, suggests a video-based consultation at a Goodlife pharmacy, or provides a referral to a specialist</p> <p>Option 2: Patient visits a Goodlife pharmacy for a video-based consultation</p>

Becoming a Health Hub

Part of Goodlife's original vision had been to become a "health hub." It recognized that pharmacies are the first point of contact for many Kenyans seeking care, and that offering select health care services would be a key differentiator in the market. For customers who would otherwise travel great distances or spend a long time waiting at a hospital or clinic for basic health care, this would mean improved access, convenience, efficiency—and at lower cost. This is especially critical for emerging consumers who can be vulnerable to falling back into poverty due to an illness.

In 2018, Goodlife began to build health care services into its business model by developing partnerships with health care providers that already had relevant services and expertise. Goodlife would provide the physical infrastructure, that is, a private space within its pharmacies for the providers to deliver services (see Figure 3). For lab services, Goodlife partnered with Lancet Laboratories, a well-recognized leading provider of pathology services across Africa. Integrating reputable lab services into pharmacies was important for addressing the emerging

problem of unlicensed labs within pharmacies, which can lead to misdiagnosis and put patients at risk.

To offer teleconsultations, Goodlife partnered with a teleconsultation company to begin testing basic primary care services. Cracking the teleconsultation market would not be easy as people are accustomed to seeing doctors in person, unsure about e-health technology, and concerned about the quality of care they may receive and the privacy of their information. To combat these concerns, Goodlife ensures privacy by offering private spaces for teleconsultations in its pharmacies, trains store staff to assist customers with the technical aspects of teleconsultations, and ensures that teleconsultation is provided by licensed doctors. Goodlife is also piloting face-to-face nutrition and clinical consultations with doctors and nurses at select sites.

CONCLUSION

Goodlife is now the leading pharmacy brand in East Africa and it continues to build its presence in Kenya and Uganda. It expects to reach 100 stores by 2021 and reach over 5.5 million people.

Increasing store profitability continues to be an important focus for Goodlife. By mid-2018, most Goodlife stores were profitable, with younger stores expected to break even as they mature. The company is pushing top-line growth by driving foot traffic to stores, increasing sales conversions and basket size, and improving the average fill rate on each prescription dispensed and the average number of prescriptions filled per day.¹⁶ It recently launched a national advertising campaign and began to reach out to general physicians to encourage them to talk to their patients about the importance of quality medicine. It has also launched insurance partnerships with more than five major private sector insurance companies to cover prescription medicine. Over time, the company also hopes to partner with Kenya's National Health Insurance Fund (NHIF), which

has six million members, when it rolls out coverage which includes private outpatient pharmacies.

Goodlife is demonstrating that there is a business opportunity to bring a modern, high-quality pharmacy experience to the emerging consumer segment. At the same time, the company is progressing in becoming a hub for basic primary health services akin to the path taken by large pharmacy chains in other countries. Flexibility, continuous learning, and adaptation will be critical to Goodlife's growth and success as it navigates uncharted territory in serving the emerging consumers segment.



ENDNOTES

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