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Amazon, Reliance set to clash on e-pharmacies

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The sector is also expected to cause a disruption in the pharmaceutical distribution model. While Amazon India launched 'Amazon Pharmacy' in Bengaluru last week and will conduct pilots in other cities, Reliance Retail—through its SMART Point outlets—plans to scale up its grocery and pharmacy platforms.

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E-pharmacies are set to become the next big arena of battle with billionaires Jeff Bezos and Mukesh Ambani diversifying into this segment, hoping to exploit a fast-growing market fuelled by a large base of smartphone users.

While Amazon India launched 'Amazon Pharmacy' in Bengaluru last week and will conduct pilots in other cities, Reliance Retail—through its SMART Point outlets—plans to scale up its grocery and pharmacy platforms. Reliance Industries Ltd (RIL), through its biotechnology subsidiary, Reliance Life Sciences, is already in the process of setting up pathology labs through partnerships with local entrepreneurs.

"E-pharmacies is a large market and the retail segment is a fragmented one. However, the market is now ripe for consolidation; thus, large retailers like Amazon and Reliance are keen on this market," said the CEO of an Indian e-pharmacy firm, on condition of anonymity. He said more retailers are waiting to join the sector amid government focus on healthcare and schemes like Ayushman Bharat, and National Digital Health Mission.

"That is a huge market and opportunity to large retailers like Amazon and Reliance Retail," the executive said.

'Amazon Pharmacy' will offer both over-the-counter and prescription-based drugs, basic health devices and traditional Indian herbal medicines, Amazon said in a statement, without giving a timeline for the launch. Meanwhile, RIL said in its March quarter analyst presentation that "retail will scale up rapidly led by new commerce and pharmacy platform".

E-pharmacies such as Medlife, Netmeds, Temasek-backed PharmEasy and Sequoia Capital-backed 1mg are online platforms where consumers can buy medicines. These companies have also been working on integrating telemedicine and diagnostics facilities on their platforms, fetching even higher margins and additional revenues.

The sector is also expected to cause a disruption in the pharmaceutical distribution model as e-pharmacies, because of their nature, can directly deal with drug manufacturers instead of having three-four middlemen in the supply chain, leading to greater cost efficiency.

Technology giant Amazon partnered with US-based firm Giant Eagle Pharmacy in November to allow users of its artificial intelligence-based virtual assistant Alexa to request prescription refills.

The segment has been considered a disruptive industry for quite some time, with experts anticipating strong growth.

According to an EY report, the addressable medicine market for e-pharmacies is likely to reach \$18.1 billion by 2023 from \$9.3 billion in 2019, a compounded annual growth rate of 18.1%.

"The most important thing to recognise is that what we see from the players is the tip of the iceberg. The next 9 to 10 months will see a rapid evolution and transformation in these services," said Pramod Sudhindra, digital leader-life sciences at EY India.