

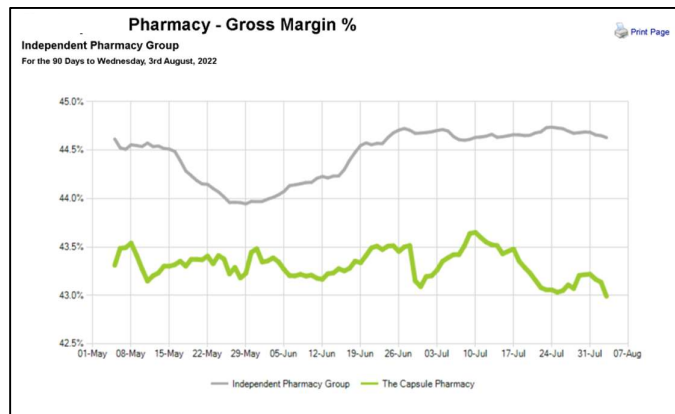
# How to improve your Retail Gross Margin %

- Log in to RPM at <https://live.rpmretail.com>
- Go to the RPM / [Scoreboard](#)

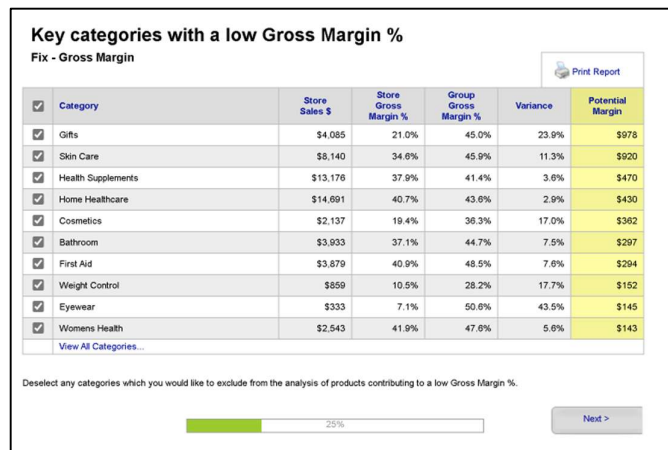


The Target Retail Gross Margin is 45% - or higher (unless you are having a clearance sale).

- Click on the **Gross Margin % Graph** – to see the trend for your store Vs the Group.
  - This shows you the trend for the last 90 days
  - Check this report every week or two to check on your progress



- Click on the **Gross Margin % - Fix “wizard”**.
  - This shows Categories where you are missing out on Gross Margin \$ (compared with other pharmacies).



Category	Store Sales \$	Store Gross Margin %	Group Gross Margin %	Variance	Potential Margin
<input checked="" type="checkbox"/> Gifts	\$4,085	21.0%	45.0%	23.9%	\$978
<input checked="" type="checkbox"/> Skin Care	\$8,140	34.6%	45.9%	11.3%	\$920
<input checked="" type="checkbox"/> Health Supplements	\$13,178	37.9%	41.4%	3.6%	\$470
<input checked="" type="checkbox"/> Home Healthcare	\$14,891	40.7%	43.6%	2.9%	\$430
<input checked="" type="checkbox"/> Cosmetics	\$2,137	19.4%	36.3%	17.0%	\$362
<input checked="" type="checkbox"/> Bathroom	\$3,933	37.1%	44.7%	7.5%	\$297
<input checked="" type="checkbox"/> First Aid	\$3,879	40.9%	48.5%	7.6%	\$294
<input checked="" type="checkbox"/> Weight Control	\$859	10.5%	28.2%	17.7%	\$152
<input checked="" type="checkbox"/> Eyewear	\$333	7.1%	50.6%	43.5%	\$145
<input checked="" type="checkbox"/> Womens Health	\$2,543	41.9%	47.6%	5.6%	\$143

View All Categories...

Select any categories which you would like to exclude from the analysis of products contributing to a low Gross Margin %.

25%

- You can click **“Next”** in the Fix “wizard” to see more details – however it is quicker to go to the full reports below which are a short cut to view all product “exceptions”.

- Go to RPM / **Reports** and Click on the **Low Priced Products** report.
- Click on the “Product” heading to sort the report into alphabetical order.
  - This shows products sold where your retail price is too low (vs the group average).

Pharmacy - Low Priced Products						
As at Wednesday 3rd August 2022						
All Products.						
<div style="text-align: right;">  Export to Excel   Print Report   Help         </div>						
ID	Product	Store Price	Group Average Price	Sales Quantity	Potential Margin	
1	202231	*CANESTEN 6 DAY VAG CR 35G	\$23.99	\$24.84	6	\$5
2	2288710	*PANADOL OSTEO CAPLETS 96	\$19.20	\$20.11	14	\$13
3	2119196	*VOLTAREN RAPID TABS 25MG 20	\$17.99	\$19.01	1	\$1
4	2050226	AEL Bergamot Oil Org. 10ml	\$14.99	\$23.99	1	\$9
5	2050382	AEL Euca. Australiana Oil Org. 10ml	\$11.49	\$21.58	1	\$10
6	2050811	AEL Peppermint Oil Org. 10ml	\$28.99	\$29.73	1	\$1
7	2051141	AEL Stress Less 10ml	\$29.99	\$30.74	1	\$1
8	2227363	ANT VNLLA POD HYDRATING DAY CRM 60ML	\$58.50	\$59.05	2	\$1
9	441376	ARNICA PLUS CREAM	\$20.99	\$22.32	1	\$1
10	313092	AVOCA WART TREATMENT SET	\$16.99	\$17.74	1	\$1
11	2406012	B&L BIOTRUE M/PURP. DUO 300ML+120ML	\$23.92	\$29.87	3	\$18
12	361542	BACH RESCUE REMEDY 10ML	\$22.99	\$25.97	3	\$9
13	2250292	BACH RESCUE REMEDY PASTILLES	\$14.99	\$17.82	1	\$3
14	2307111	BACH RESCUE REMEDY PASTILLES B/CURRENT	\$14.99	\$17.82	4	\$11
15	2249669	BACH RESCUE REMEDY SLEEP SPRAY 20ML	\$33.99	\$40.81	1	\$7
16	2591081	BENZAC AC Gel 2.5% 60g	\$22.99	\$30.19	2	\$14
17	2591103	BENZAC AC Gel 5% 60g	\$31.99	\$34.09	1	\$2
18	421839	BENZAC AC WASH 5 200ML	\$24.99	\$27.91	2	\$6
19	2496992	BLIS HONEYBLIS LOZENGE 8 LOZ	\$10.79	\$12.24	3	\$4
20	2519674	BLIS TOOTHGUARD PEPPERMINT 30S	\$24.99	\$26.31	2	\$3
21	2534428	BRUFEN EXTRA 36	\$13.99	\$16.15	11	\$24

• Reprice these items UP to the Group average (rounded up to the nearest .99c).

- Go to RPM / **Reports** and Click on the **High Cost Products** report.
- Click on the “Product” heading to sort the report into alphabetical order.
  - This shows products sold where your cost price is too high (vs the group average).

Pharmacy - High Cost Products						
As at Wednesday 3rd August 2022						
All Products.						
<div style="text-align: right;">  Export to Excel   Print Report   Help         </div>						
ID	Product	Store Cost	Group Average Cost	Sales Quantity	Potential Margin	
1	2472392	*NAUSICALM TABS 50MG 6 (OTC)	\$5.39	\$4.81	2	\$1
2	2603225	1000 HOUR EYELASH TINT DK BROWN	\$15.34	\$13.93	2	\$3
3	2603233	1000 HOUR EYELASH TINT MED BROWN	\$15.34	\$13.94	2	\$3
4	2227363	ANT VNLLA POD HYDRATING DAY CRM 60ML	\$35.81	\$27.98	2	\$16
5	2227290	Antipodes AVOC/PEAR NIGHT CRM 60ml	\$34.24	\$29.92	1	\$4
6	2580411	ANTIPODES BAPTISE	\$27.12	\$24.48	1	\$3
7	2602962	ANTIPODES CULTURE NGHT CREAM 60ML	\$35.61	\$33.50	1	\$2
8	2611996	ANTIPODES GLW RITUAL VITC SERUM+H YLRNIC	\$27.80	\$23.92	1	\$4
9	2227312	ANTIPODES Hallelujah LandP Cins 200ml	\$25.71	\$21.22	1	\$4
10	2227347	ANTIPODES Kiwi Seed Oil Eye Cr 30ml	\$35.61	\$31.08	2	\$9
11	2429764	ANTIPODES Min. Found Beige 03 6.5g	\$26.29	\$23.20	1	\$3
12	2247461	ANTIPODES Reincarn. Fac. Exfol.75ml	\$26.36	\$24.28	1	\$2
13	441376	ARNICA PLUS CREAM	\$13.02	\$11.28	1	\$2
14	2583372	ARTEMIS BronchiClear 100 ml	\$14.79	\$12.19	1	\$3
15	2583380	ARTEMIS BronchiClear 200 ml	\$19.73	\$16.26	1	\$3
16	2482371	Artemis Kids Chest Relief Night 100ml	\$14.62	\$13.30	6	\$8
17	2406012	B&L BIOTRUE M/PURP. DUO 300ML+120ML	\$14.80	\$14.31	3	\$1
18	2249669	BACH RESCUE REMEDY SLEEP SPRAY 20ML	\$21.27	\$20.12	1	\$1
19	2473046	BECLOCLEAR NASAL SPRAY 200 SPRAYS	\$7.11	\$5.64	2	\$3
20	2598671	BePure Collagen + Vanilla 390g	\$56.90	\$49.50	2	\$15
21	2590751	BePure Deep Sleep 180 Caps	\$41.22	\$35.86	1	\$5
22	2636662	BePure Deep Sleep 90 Caps	\$24.00	\$20.88	1	\$3

- Contact these suppliers to enquire about improved buying terms – or ensure you are buying from your wholesaler to achieve the volume discounts.
- Contact RPM to enquire about which suppliers you should be ordering “direct” from to achieve best buying terms for your pharmacy.

# Retail Pricing Guide

There is a well-known relationship between the retail price of goods and how many will sell – but every pharmacy wants to achieve the highest prices it can in order to cover the costs of running the business and still make a profit.

**Not all products will sell more if they are priced lower – for example many medicines are only purchased when a customer needs them.**

Pharmacies should identify a small number of “Known Value Items” (KVIs) which are usually products that customers purchase regularly, and to price promote these to give a favourable impression to customers that the pharmacy is “good value”. Some examples of KVIs are: Fish Oil, Glucosamine, Magnesium, Panadol 100s, Elevit 100s, and Nurofen 96s.

**For all remaining retail products we recommend using a standard markup of 80%** (i.e. costs multiplied x 1.8 + GST) – or more if you are getting better buying discounts. This provides a Gross Margin % of 44.4% which has become “the norm” for the retail pharmacies (see the table below).

Markup %	Multiply Costs by:	Gross Margin %
50%	x 1.5	33%
60%	x 1.6	37.5%
70%	x 1.7	41.2%
80%	x 1.8	44.4%
90%	x 1.9	47.3%
100%	x 2	50%

All customers know that you pay less in some stores and get lower levels of quality and service – e.g. Number One Shoes Vs Hannahs, Pak N Save Vs the local Butcher – so **pharmacies that have better service levels than other outlets are expected to have higher prices.**

All retailers need to look at the following four quadrants and decide which **ONE** they want to be famous for.

*What are you famous for?*



**People do not usually travel across town just to visit your local community pharmacy - so being cheapest is NOT a strategy for your pharmacy.**

Customers choose **your pharmacy** because of these 4 key reasons:

1. it is convenient,
2. it has the products they need,
3. it has friendly, helpful staff and
4. because it offers value for money.

**If you have an inconvenient location, a poor product range and bad service – then you should lower your prices.....!**