

Online Medicine Distribution On Japanese Market Opportunity Analysis

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Opportunity Analysis

Introduction

The world has seen a major shift in the business environment due to COVID-19, along with the new digital technologies and the globalization effect that have already brought many challenges for firms to compete in the dynamic environment of the 21st century. On the one hand, the pandemic has shown the fragility of businesses worldwide to deal with sudden disasters and crises, while on the other hand, it has revealed the importance and effectiveness of digital mediums and tools to ensure smooth operations in all kinds of circumstances. Therefore, e-commerce has tremendously increased during COVID-19 when all other businesses were suffering from the havoc of the pandemic, as investigated by Abdelrhim and Elsayed (2020) in their study to analyze the effect of COVID-19 on the five largest e-commerce companies, including Japanese Rakuten that showed a significant increase in their revenue and market value. This motivates managers and entrepreneurs to investigate new trends and the optimum ways to integrate them into the existing business or set up a new one to fill the market gap.

Japan is also considered one of the most viable countries for e-commerce, where easy access to technology and the internet has made it a big market for internet-oriented industries. Therefore, e-commerce giant Amazon was able to capture this market (Chung, J., 2020; Dooley, 2020). This shows that Japan is a potential choice for all enterprises that are integrating digitally smart solutions to not only meet the customers' expectations but also optimize their businesses. Therefore, it is equally important for healthcare sectors to respond quickly and efficiently to this digital trend, utilize information communication technologies and bring their services online to address the consumers' needs properly.

However, e-pharmacy is not thoroughly implemented in Japan, while other businesses, such as the food and clothing industry, have earned success by selling their services online through e-commerce. In this regard, the following report presents an opportunity analysis in the Japanese market for pharmacy and online medicine distribution. The basic motive behind this idea is to innovate the existing pharmacy process and reduce the operational cost. Furthermore, the increasing proportion of elderly people and the relevant problems in their proper healthcare have developed my insight into focusing on e-pharmacy, which is a very fast and reliable method for both pharmacists and patients. A detailed analysis of the market and commercial aspects is presented below.

Market Analysis of Online Medicine Distribution in Japan

Problem & Need Analysis

Japan is an ageing society and, therefore, costs and expenditures associated with the healthcare of elderly people are also increasing exponentially, making it difficult for the government to provide health insurance to a larger number of older people in the country (Nomura and Nakayama, 2005; Yamamura et al., 2006). According to Nakagawa and Kume (2017), medical expenses in Japan were 4.1 trillion yen in 2013, which was an increase of 2.2% compared to 2012 due to the exponential growth of elderly people and the rapidly declining birth rate. This requires the healthcare sector to develop a more advanced system that not only provides the appropriate pharmaceutical care but also ensures that it does not have any adverse effects on the elderly population.

Therefore, Nakagawa and Kume (2017) highlight the importance of electronic health records in managing patients' data and medical history to make more informed decisions that are crucial for effective treatment. But, in the light of the disturbing economic and social situation due to COVID-19 globally, it is evident that institutional care is limited and, therefore, home-based healthcare services need to be promoted when patients are now aware of medicines due to sufficient information available online (Tolve, 2012). Moreover, the advanced system of Japan also supports the efficient distribution of medicines online, and many online platforms to connect pharmacists and patients are already available. The different issues that may arise from adopting e-pharmacy include customers' ease of use and willingness to accept digital healthcare. However, according to research, in a developed country like Japan, where e-payment has already been used as a model of a transaction on various e-commerce platforms, e-pharmacy will be a great success. QYR Research projected in 2020 that the global e-pharmacy market could reach US\$67.93 billion by 2026 from US\$41.89 billion in 2020. Because the target year has arrived, this should be read as a historical market forecast rather than a verified current market value.

Thus, the need for online medicine, considering the socio-economic factors in Japan, is continuous and expected to increase in the future due to its effectiveness and cost optimization that will considerably solve the existing problem of the healthcare sector to address the consumers' needs, described in the next section, effectively.

Consumer Analysis

As explained earlier, the country's medical expenses are increasing exponentially every year due to the growing elderly population, which indicates the high demand for medicines. Statistical analysis by Nakagawa and Kume (2017) shows that in Japan, despite government support in the form of health insurance to cover medical expenses, the majority of the patients still pay 30% on their medicines

and healthcare (Pharmaceuticals and Life Sciences, 2020). Thus, in this case, consumers, i.e. patients, are willing to pay for medicines, while the net cost of the service will also decrease significantly if pharmacies are shifted online due to fewer operational expenses. Also, overall, about 13% of global retail sales consist of online physical goods sales with the introduction of new digital payment methods, e.g. credit and debit cards, electronic cash, and digital and mobile wallets (Chen et al., 2020).

However, one potential threat that may arise in the case of e-pharmacy is the apparent unemployment of many pharmacists who will no longer be directly involved in pharmaceutical activities. However, in reality, e-pharmacy will improve the educational needs of future pharmacists as online pharmacy distribution will require relevant medical knowledge as well as digital smartness to run the e-pharmacy store smoothly.

E-pharmacy will also ensure that all three preferences of patients, i.e. location, low prices, and wide range of products, as indicated by (Minamida et al., 2018), are properly addressed, which makes it a suitable alternative for existing pharmacies and medicine distribution means. They also investigated that in Japan, patients' satisfaction is structured around human factors, i.e. the pharmacists' reception, patient's convenience pharmacy location and business hours, and environmental factors, i.e. environment of the waiting room and suitability of payment method. Getting medicines at home will also contribute to patient satisfaction.

Market Analysis

Japan's official population estimates show that people aged 65 and over accounted for 29.4% of the population in September 2025. The 39.9% figure for 2060 is a long-term projection from an older source, not a current population share. According to Industrystatsreport (2019), many e-commerce companies such as Banner Health, Lloyds Pharmacy Ltd, Drugstore.com, and Dr Fox Pharmacy are already focusing on distributing medicines and drugs online through e-pharmacy to optimize the drug-selling processes. E-commerce is a developed field in Japan, and online purchases have become an integral part of the Japanese, especially among the young population that uses the internet and mobile phones frequently. However, the ageing society of Japan will benefit most from e-pharmacy when they can easily purchase required medicines online without being physically present in the store.

Therefore, e-pharmacy is expected to grow exponentially due to its unique features, which include convenience, accessibility, cost-effectiveness, authenticity, generic medicines, assistance, discreteness, affordability, and availability. Because of this huge potential of e-pharmacy, the global online sales and purchase of drugs and medicines will reach USD 102.75 Billion by 2025 from the previous net worth of USD 34.84 Billion in 2018 (Industrystatsreport, 2019).

Thus, promoting e-pharmacy in Japan will meet the patient's demand for easy access to medicines and provide companies with a competitive advantage in the market. However, to ensure sustainable

growth in this market, companies will need to improve their processes and services continuously. A number of issues can appear while selling drugs online, for example, dealing with temperature-sensitive pharmaceuticals. Illegal pharmacies, unsupervised sales of prohibited drugs, etc. Therefore, all these issues need to be properly addressed to capture the entire market of e-pharmacy in Japan.

Internal Capabilities

To initiate and promote the e-pharmacy business in Japan, I have a profound understanding of the market and e-commerce business. I have also run an online store previously on Amazon, which is an online retail company in Japan, and therefore comprehend the dynamics of this business. Moreover, the primary requirement to ensure the success of the e-pharmacy business in Japan is to thoroughly comprehend the socio-economic needs of the people so that they can be met effectively. In this regard, the market and opportunity analysis presented above is the fundamental guide to inviting pharmacies online and providing them with a platform through which they can run their business online.

Also, being a social person, I have very good relations with many pharmacies that have been working for decades in Japan, and, therefore, my priority will be to share with them the need for online medicine distribution by providing a detailed analysis of expected outcomes. Once they agree on this business model, I will utilize my e-commerce experience to integrate this model into the market.

There are certain other elements as well that will significantly contribute to the success of the e-pharmacy business, such as the satisfaction of e-pharmacy, which has been historically a critical factor (Okumoto et al., 2006). For this, strong leadership skills and commitment are required to earn the trust of all the persons involved in this new mode of pharmacy (Matsuno and Kohlbacher, 2019). Moreover, since the trend of e-pharmacy is already developing globally, many Japanese companies, for example, Natural Pharmacy, have been very successful in their online supply of medicines, which is a very promising indication of this business (Natural Pharmacy, 2020). All these factors will serve as my internal strength to expand the business of medicines to remote areas of Japan through online platforms.

Commercial Viability

According to Muathe and Muraguri-Makau (2020), the mere integration of information and communication technologies in a business can generate huge profits for companies because of optimized operations and quick response to the growing trend of home care (Yosef, 2019). In this regard, e-commerce is a more advanced way to capture new markets and increase income growth because it enables companies to provide more efficient and improved healthcare services. The unique and fundamental selling point of e-pharmacy is that the patients don't need to be physically present in pharmacies to buy medicines; instead, they can purchase them by ordering online and paying through different e-payment methods. This will reduce the cost and time involved in the entire

process of selling medicine. Moreover, the elderly population of Japan will experience enhanced healthcare services in their homes while the young generation that effectively benefits from e-commerce will become a source of success on a large scale.

Therefore, companies have no other choice but to accept this model as soon as possible to make use of e-commerce for their competitive advantage in the market. The execution of this idea does not require much investment; it requires the dedication of the managers since they only have to bring their store online through already established eCommerce platforms. Also, they can develop their digital system for online purchases at a very low cost. Considering the logistic systems and rate of internet penetration in Japan, the growth of the business is expected to increase soon if targeted and marketed effectively. In financial terms, since the investment is not very significant, and the sales are expected to increase with time, the return on investment will be relatively high. Moreover, since people are also getting used to online purchases due to the imposed lockdown in response to the pandemic, the early conversion of pharmacies can generate tremendous results (Watanabe and Omori, 2020).

Conclusion and Recommendations

The invention of new digital technologies has accelerated the digital transformation process, while COVID-19 has shown the dire need for innovating and optimizing businesses (Liu et al., 2020). Therefore, e-commerce has gained tremendous success due to digitalization, globalization, and the COVID-19 effect. In Japan, the elderly population has a very high proportion of about 34%, who spend a significant amount of their income on healthcare expenses, while existing pharmaceutical processes are not patient-oriented.

Therefore, bringing pharmacy stores online to distribute medicines to remote areas will fill the market gap and generate income growth with a little investment. Consumers in the country are already familiar with online shopping and payment methods, and, therefore, pharmacies do not need to deal with any issues regarding consumer willingness. Therefore, it is recommended to innovate the pharmacies to bridge the market gap as soon as possible so that companies can enjoy sustainable growth and competitive advantage by meeting the consumer's needs as well as expectations.

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