

## **Nordic Competition Authorities: Online pharmacies can increase competition in the pharmacy sector**

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**The Nordic Competition Authorities have 14.4.2021 published a joint memorandum on online pharmacy markets in the Nordics. The memorandum finds that the size and regulation of online pharmacy markets varies among the Nordic countries. Based on the experience in more liberalised markets, online pharmacies offer great potential in organizing pharmacy services more efficiently and enhance accessibility of pharmacy services.**

Traditionally, the distribution of medicines to consumers has been organized through heavily regulated networks of physical pharmacies. The strict regulation of market structure has been in place to ensure the safety, accessibility and affordability of medicines, but it has also limited competition in the pharmacy sector. Nowadays, the regulation of pharmacies differs between the Nordic countries, and this has created different market conditions for online pharmacies to operate in these countries.

In some of the Nordic countries the online sales of medicines have grown considerably during the recent years as consumers have become more accustomed to e-commerce. More lately the Covid-19 pandemic has dramatically shaped the e-commerce landscape. Due to the pandemic, the demand for online services of pharmacies has increased significantly in many countries. It is also likely that this has changed preferences for some consumers permanently and demand should therefore remain at a higher level in the future.

### **Regulations hinder the development of the online pharmacy market in some markets**

Based on the experience in more liberalised markets, online pharmacies can increase competition in the sector and enhance accessibility of pharmacy services. In some markets, regulations that tie online pharmacies to the operations of physical pharmacies hinder the development of the online pharmacy market, as these regulations prevent the entry of pharmacies that operate only online.

An example of slow market development is Finland, where pharmacies that only operate online are not allowed, thus limiting the size of the online market. The online pharmacy market in Finland accounts for less than one percent of the whole e-commerce market, while in Sweden the e-commerce of pharmaceutical products contributes around 5-6 percent of the overall e-commerce market. Even though Sweden has about twice the population of Finland, it is clear that the countries are at very different levels of development when it comes to the online sale of pharmaceuticals.

### **Online pharmacies offer great potential in organizing pharmacy services more efficiently**

The newly published memorandum concludes that reforms to the overall regulation of pharmacy markets are needed to realise the benefits of online pharmacies. Possible important factors are reforms in terms of entry, ownership and price regulation, for example. Online pharmacies offer great potential in organizing pharmacy services more efficiently and regulation should facilitate this. As all Nordic countries already have high e-commerce penetration rates, the countries should also be well-equipped to develop online pharmacy markets further.

Based on the observations in the memorandum, the Nordic competition authorities promote close communication between countries about the best practices to develop the regulation of pharmacy markets so that benefits of online markets can be best achieved.

– This joint memorandum has given important insight on the rather big differences between the Nordic countries regarding online pharmacies, and not least it gives us great potential to learn from each other to find solutions that are for the greater good for the consumers and society at large, say the Director Generals of the Nordic competition authorities in a joint statement.

However, competition authorities alone cannot achieve reforms in pharmacy markets, as pharmacies are regulated by sector-specific regulators. Thus, the work and dialogue must reach beyond competition authorities.

- [Memorandum: Online Pharmacy Markets in the Nordics](#)

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