



Rachelle Smerhy · Jun 24, 2020 · 13 min read



6 Easy Ways to Save Money on Delivery Start-Up Costs

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The COVID-19 crisis has changed the world; from the way we socialize to the way we work, and most of all the way we shop. We live in an on-demand culture.

Our pre-COVID days saw the rise of Netflix and other on-demand streaming services. Uber Eats and other food delivery platforms brought us on-demand meals.

And of course there was the growth of Amazon, the biggest on-demand shopping platform in the world. You can buy almost anything on Amazon and

expect delivery within days, and often by the next day.

As a society, we're all about on-demand.

So COVID-19 didn't start our obsession with on-demand service.

But since the crisis began, services like delivery have become essential.

That's because it's not only about convenience anymore. No-contact delivery has become vital to our safety. Which is why delivery service has exploded. It's gone from the retail and food service into almost every other industry going.

Including pharmacy.

We've talked before about how all the big pharmacy chains in Canada now offer delivery service. And how [70% of independent pharmacies](#) in the U.S. now deliver.

The trend toward delivery is putting down some deep roots in pharmacy. Which is why independents need to consider offering delivery service to their patients.

If you don't? Well, your competition will.

We'll leave it at that, because it's not just about keeping up with the competition. There are some real benefits for your pharmacy if you include delivery in your services.

What are they?

Delivering can help to attract new patients. It allows you to expand your business without opening another brick-and-mortar location.

Which makes it a super cost-effective way to expand.

And delivery service will thrill your current patients, I promise.

That'll benefit you in two ways. First, you'll generate more business from referrals.

Because when you thrill your patients, you can be sure they're talking about it. To their family, friends, coworkers, the person who sits beside them on the bus... anyone.

Which gets your name out there in a super positive way.

Second, it means you won't have to worry about your patients transferring to a pharmacy that *does* deliver.

So we're in agreement then, I'm sure; pharmacy delivery is a *good thing* for you. But if you're like many independent pharmacy owners, the idea can raise some questions.

After all, if there's one thing we all need to do these days, it's keep costs down.

So how much does it cost to grow your delivery service? How will you get the word out? How much will marketing your service cost?

Do you need to buy a new vehicle? When does it make sense to hire a driver?

And then of course, there's the logistics. What does that look like as far as time? How much effort do you need to put in to make it a viable project?

Also, since your time is worth money, how much time can you expect to put in?

This last question can be of particular concern. Especially when pharmacies are busy trying to keep up on a global healthcare crisis.

The good news is, there are options for starting out slow, in a way that's both lucrative and manageable. In this article, I'll address keeping costs down at the start.

I'll talk about:

- The pros and cons to offering pharmacy delivery service.
- Important ways to keep costs down at the start
- How [the right software](#) can help you start a successful service

The goal is to help you makes informed choices about the best way to start your delivery service.

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The Pros and Cons of Offering Pharmacy Delivery Service

So let's say you're convinced; pharmacy delivery sounds like a good thing. You've had requests from quite a few patients in the past, and you see how it could

boost revenue. And protect your business from the competition.

There are still some other pros and cons to consider.

What are they?

The Pros of Offering Delivery

People tend to spend more online.

In the restaurant industry, consumers [spend 20% more](#) when ordering online. And as of February 2020, consumers now [spend more when shopping online](#) than in-store. What exactly does that mean for you?

It means a potential boost in revenue.

This can be a great thing if your front shop sales are down right now. Because by making front shop items available for delivery you'll increase sales.

This works particularly well if you have a great website to showcase your products. But even if your website isn't perfect yet, you can still do it.

How?

By adding front shop items to your delivery announcement flyers.

Including it in your social media posts, putting it in your delivery banner on your website. And of course by *telling* your patients when you talk to them about your new delivery service.

Delivery is safer; during COVID-19 and beyond.

During this crisis, distancing is vital for keeping both staff and patients virus-free. But what about beyond COVID-19? It's unfortunate but true; pharmacies can be a hotspot for spreading illness.

During flu season, for example; how many sick patients come in to pick up meds? How much could you lessen the risk of other patients getting sick by avoiding that?

We can all agree, I'm sure, that COVID-19 will have some permanent effects.

It will change how we approach door handles, touch-pads. It will change our thinking as far as coming into contact with strangers. The possibility of spreading illness in stores and other public environments.

Delivery all but eliminates the threat, which has the potential to make you very popular.

More Opportunities to Grow.

By offering a delivery service, you appeal to a wider range of patients. And not only those in your immediate neighbourhood. Delivery gives you the potential to grow without spending a fortune on expansion.

Especially when coupled with a simple online strategy for attracting new patients. Need more help understanding online marketing for your pharmacy?

No problem; we're doing a series on simple digital marketing to help get you started. Feel free to check out our first article on [How to Promote Your Pharmacy On Social Media](#).

You can expect the next article on How to Build a Simple Pharmacy Website on July 3rd 2020.

When you start your delivery service, a simple marketing strategy will help. And doing some simple marketing is the perfect move for busy pharmacies.

Why?

Because when done right, it will allow you to grow your business in a few extra minutes a day. And when you use this strategy, expansion is no longer just about location.

From growing your patient base to increasing front-shop sales, the opportunities are endless.

Crafting the Patient Experience

This is a personal favourite of mine. Why? I've been going to the same pharmacy for decades now. I've moved out of the old neighbourhood and it never occurred to me to switch. After all, I love the experience I get when I get my prescriptions there.

My pharmacist knows my family, and he's awesome.

And now that they offer delivery, the experience is even better; I'm not going anywhere.

By crafting a great patient experience, you can make sure your patients feel the same about you. A positive experience can build fierce patient loyalty, and again, potential referrals.

Offering delivery service allows you to take patient experience to a whole new level.

And the Cons...

Okay, there are some cons... but there are cons to everything, and these are nothing you can't handle.

There's logistics and planning.

No matter how you look at it, offering delivery means coming up with a new workflow. If you decide to go in-house with your service, what do things look like as far as your staffing and vehicle needs?

What should the process be for taking and fulfilling orders? How do you plan the fastest, most effective route and keep labour and fuel costs low?

The good news is that there *are* ways to keep things simple when you're first starting out. The not-so-good news is that it takes some planning, and that can feel a bit overwhelming.

But don't worry; at iApotheca, we're here to help make things easy on you.

Concern over Smaller Profit Margins.

Let's be up front here; offering delivery has the potential to decrease your profit margins. Whether you're outsourcing or keeping things in-house, there will be some costs. Aside from delivery fees or paying a driver, there's insurance, software, packaging... it can seem like a lot.

But depending on how you do it, delivering doesn't need to swallow up your profits. There are ways to keep costs down, especially at the start.

You can shuffle time so your current staff can take on deliveries. Or charge a small fee to cover the costs of delivery. There are ways to protect your profit as you grow your sales volume.

So without further ado, let's get into keeping those costs down...

How to Keep Costs Down at the Start

For most pharmacies starting out with delivery service, keeping costs down is important.

Can you actually do it? For sure!

Here's how:

Keep it in-house.

Outsourcing can look pretty convenient. No drivers, no insurance, no pharmacy vehicle necessary. But think of it this way; courier and shipping fees can still cost a pretty penny. If you're not careful, just a few orders can add up to more than it would take to pay a part-time driver for a day.

And on top of that, your staff in the pharmacy still has to coordinate fulfilling orders and billing. Not to mention contacting the delivery service and your patients if needed.

When you keep things in-house, you have more control over costs, which makes it easier to keep expenses low.

Having in-pharmacy staff do the delivering.

Whether it's a pharmacy tech or a front shop employee, have your current staff do deliveries at the start.

After all, you're already paying them.

Make it easy by setting a regular delivery time when things are slow in the pharmacy. Or during shift overlaps so you have enough staff to cover in-pharmacy tasks.

Then take some time to plan for the absence of that staff member for a few hours. Having your current staff involved will keep costs down at the start.

And it may be a great opportunity for your staff to get out and see patients in their homes. It may help your staff see your patients in a different light. Which can help you tailor your patient experience.

You can read more on that in our article [How to Offer Pharmacy Delivery that Will Increase Revenue](#).

Let us know what you think.

As an added bonus, sending your current staff also offers peace of mind when it comes to drug handling. While you have no control over how a courier handles your prescriptions, your staff is pro. Which means you know they're doing things right.

Use Your Own Vehicle.

When you're first starting out, shopping for a delivery vehicle isn't necessary. Use your own vehicle, or have your staff agree to use theirs.

It's a cost-effective and practical strategy.

And remember, if your staff is using their own vehicles, don't forget to contribute to both fuel *and* upkeep. The fuel is obvious, it only makes sense to cover it all.

But upkeep may not be so obvious; there's oil changes, brake checks, so fairness is key.

Also, no matter what arrangement you come to as far as vehicles, be sure to use the most economical option. For example, if you drive a Honda Fit and your tech drives a gas-guzzling F-150, your car is the best choice.

And don't forget to speak with your insurance company about insuring the vehicle. You'll need to buy auto liability insurance if it's not already included in your policy.

Keep Marketing Costs Low.

Marketing your new service is so important yet getting the word out doesn't have to take a lot of time and money. There are several ways to keep costs down while advertising your new service.

I know, marketing seems to come up *a lot* when we get talking about delivering. But it's one of the most important things you can do to grow your service. And the best part is, it needn't take lots of time and money.

So how can you keep marketing costs down? There's lots of ways.

Want to have your delivery vehicle advertise your pharmacy as you deliver?

Brilliant.

But there's no need to invest in an expensive wrap at the outset.

Instead, pick up some magnetic signs for your car door with your branding.

Stuffing pamphlets in your packaging is also a good way to get the word out. You can have pamphlets made for pennies each, and they're a brilliant way to pique customer interest.

There's more on that here in our article, [How to Plan an Amazing Pharmacy Delivery Service](#).

And don't forget to hop on social media and connect with your patients. Just a few posts a week can see a big boost in engagement!

Want to know how? Check out our article on [How to Promote Your Pharmacy on Social Media](#).

Hire as You Go.

As mentioned earlier, there's no need to hire a dedicated driver right at the start. Beginning your service with in-house staff will work fine.

But if you're doing it right, there will come a time when you need to think about hiring delivery staff.

Don't worry, by the time it happens, you'll have built your service to the point where it makes financial sense. If you've only got 3-4 deliveries a week now, the idea of laying out money on it won't resonate with you.

But once you work your way up to the point where you need to send a driver out several times a week, you'll need a new strategy.

Which will make this a good problem to have!

Keep in mind when it does come time to hire though, that you don't need to hire a full-time driver. If you're organized about your delivery days and times, you can hire a part-time driver to fill the hours you need.

Use the Right Software.

I know what you're thinking; who needs software to start a delivery service? We're trying to save money here! Okay, but the fact is that using the right software can help you save money in several ways.

Tracking Delivery Funds

If there's one thing you want to get a handle on right out of the gate, it's tracking the collection of delivery money. From outsourcing to relying on an honor system with your drivers, there are a few ways this can go wrong.

With the right software, your fees are all tracked so you know how much the driver collected. And a software that integrates with a payment system like Square is even better.

I feel like this might be a good time to mention that EconoRoute just happens to do that.

Square is super easy to use, and it allows your drivers to collect payment at the door. Which makes it super easy for your drivers and your patients.

With Square, payment processing is fast, so you often get paid the very next day. And, Square can make your delivery accounting super simple, so you never miss a thing.

If you've got the right systems in place as far as revenue, you're one step ahead of the game. And the right delivery software will help you do that.

Keeping Labour and Fuel Costs Down

So how does a delivery software keep labour and fuel costs down? Through routing, of course!

Take EconoRoute, for instance. We've talked to a lot of pharmacists who've tried routing their deliveries on their own.

And guess what? It worked!

Because anyone can take the time to plan out a route. But who has the time?

As the old adage goes, 'time is money', and as the owner or manager of a busy pharmacy, you've got things to do.

Critical things.

Because if there's one thing I've learned, it's that a pharmacy can be a crazy busy place.

So using your valuable time to sit and plan out a delivery route may not make sense. Especially if you've got scripts to fill, compliance issues to keep up on and patients to check in with.

Not to mention that on the off-chance you do end up with nothing to do, you could put that routing time to better use. By updating your website to let your patients know you're delivering now. By getting the word out there on social media.

Calling the local news station to see about getting on your local Business Beat.

That's why you need software that optimizes your route for you in seconds. Because your time is too valuable to waste.

And then there's your delivery staff.

When you use software with a great routing feature, you cut the time your drivers spend on the road. Which means cost savings as far as labour; it also means saving money on fuel.

In one trip, it may not seem like much; but if you've got a driver going out twice a week or more for 52 weeks, that's some savings.

Don't forget, we're building something here; keeping costs low along the way is vital.

Charging a Delivery Fee

Setting a delivery fee is one of the most important steps in growing your service.

If your fee is too high, patients won't want to pay it. And they may transfer to a pharmacy with lower fees.

If your fee is too low, it won't cover your costs.

So what should you take into consideration when setting a fee?

Your expenses.

Make a list of everything you need to pay out to offer delivery. Gas, insurance, driver or employee time, and any extra fees.

Once you've got everything jotted down, you can calculate your total costs. And be sure to set a fee that won't have you losing money.

Distance.

Decide on a delivery territory and determine how far you're willing to go to deliver. Many pharmacies charge a lower fee, or even offer free delivery, within certain limits. The fee can go up from there as you expand out into surrounding areas.

For example, say you charge \$3.50 within a certain range and up that fee to \$5.00 beyond that.

You can also consider charging your fee per kilometre.

Your Products.

Delivering meds is one thing, it's often essential. But if you've got people ordering front shop items only for delivery, that may be a luxury.

One way to control your expenses in this case is to charge a fee for orders with no prescription items.

For instance, you may want to advertise free in-town delivery on all prescriptions. In this case, you may decide to include front shop items for free.

On orders that are front-shop items only, however, you may charge a \$3.50 - \$5.00 fee.

Setting a fee is an important step in covering your costs as you grow. It can be a good idea when considering fees to review what you'd like to get out of the service.

Are you looking to profit through your delivery fees?

It also pays to look into what the competition is doing. If you're charging a \$5.00 fee and the other three pharmacies in town are delivering for free, you may have an issue.

One more word of advice is once you've set your fees, be sure to include it in all your advertising and marketing. You should also post it on your website and be sure to tell patients who are asking for delivery.

Keeping things clear about what your patients should expect to pay is important. By talking about your fees up front, you ensure your patients get a great experience. Offer a great experience, and your delivery service will succeed.

Want to know more about our EconoRoute? [Book a demo](#) with Jesse or Spencer today through our website!

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