



OMNICELL AND SURGICHEM INQUIRY

**A research report prepared for:
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1 Executive Summary

Background

1. The Competition and Markets Authority (CMA) has been investigating the acquisition of Surgichem by Omnicell. As part of the inquiry the CMA commissioned GfK NOP to undertake a research exercise to help understand the closeness of competition between the two merger parties, and closeness of competition from other suppliers.
2. Sample contacts were provided by the merger parties. These excluded large customers and buying groups who were surveyed separately by the CMA. 423 telephone interviews were conducted with customers who bought adherence packaging, 145 among Omnicell and 278 among Surgichem customers.

Pharmacy Characteristics

3. Nearly all pharmacies were independently owned rather than part of a chain, and in most cases had just the one store in the UK.
4. The proportion of all prescriptions dispensed by the pharmacy that had adherence packaging was relatively low. For about half of pharmacies, adherence packaging accounted for 5% or less of all the prescriptions they dispensed. The average figure for Omnicell customers was 12%, for Surgichem customers 14%.
5. Just over half served domiciliary customers only. Most of the remainder served both domiciliary and care homes, very few served care homes only.

Buying Power

6. The role of buying groups was relatively limited, with just over one in four Omnicell and one in three Surgichem customers saying they were part of a buying group. Buying groups mainly negotiated prices with producers and provided a list of approved suppliers, but most pharmacies bought adherence packaging directly from the producer rather than purchasing products where prices had been negotiated by the buying group. Only a minority of adherence packaging was supplied by a wholesaler (about 10%).

7. Over a third of pharmacies who bought adherence packaging directly from the producer said they obtained a discount or promotion when buying from the party. Of those who obtained this discount by using other producers' prices, 33% of Omnicell and 25% of Surgichem customers mentioned they used the other party's prices as a negotiating tool, but it should be noted that this result is based on low numbers, especially for Omnicell customers.

Choice of adherence packaging producers

8. The majority of pharmacies did not buy from any other producers of adherence packaging (c. 70%), and only a few (just under 10%) bought from the merging party. Based on the pharmacist's known spend with the party and their estimated spend with other producers (if used), 87% of Omnicell and 73% of Surgichem customer spend was with the party. Most remaining spend from Surgichem customers went to a third party rather than to Omnicell.

9. Only a minority of pharmacies had switched producer of adherence packaging in the last three years (less than one in five). Hence there was little evidence of switching between the merging parties.

10. When asked about other producers they would consider using, pharmacists' responses in part reflected a lack of awareness, over one in two did not name any other producers. Only a minority indicated they would consider the merging party (less than one in five), whilst one in three would consider a third party.

Motivations and influences

11. Choice of provider was driven mainly by reassurance of product quality and the pharmacy's own customers being familiar with the product. Another key factor was the reliability of service having dealt with the producer for a long time, whilst price was also spontaneously mentioned as a key reason for choice. Omnicell customers were significantly more likely to mention price as a reason for choice than Surgichem customers.
12. After prompting, four key influences on choice of producer became evident. These were in order: product quality, the ease of filling and dealing with the packaging, their own customers' preferences, and price. The same hierarchy was evident across customers of each party.

Diversion

13. Customers were asked first what they would have done if the party had increased its prices by 5% and all other producer prices had remained the same: whether they would have stayed with the party, switched some or all of their spending to another producer, or stopped buying adherence packaging. Those who would have switched their spending were then asked what proportion they would have switched, and how this would have been allocated across other producers.
14. The majority of spend would have diverted to another producer, but mostly the respondent did not know which other producer they would have gone to instead, reflecting the generally low level of awareness, consideration and usage of other producers.

15. Omnicell customers were more likely than Surgichem customers to have gone elsewhere, but their revenue was more likely to have gone to a third party than the merging party. The split between the Surgichem revenue diverting to a third party and to the merging party was more even.
16. The pattern with forced diversion (if the party had closed down) was similar to the price increase scenario, with the majority of spend (about 70%) going to another producer but not one that could be named by the customer.

Switching

17. The majority thought it would be easy for them to switch producers, with Omnicell customers particularly likely to think this. The small number of pharmacies who thought it would be difficult to switch felt that their customers would not wish to change to an unfamiliar product. Those who considered it easy to switch believed that there are a number of other producers in the market making similar products.
18. When probed on why they had not switched before (if had not switched in the last three years) even though they thought it easy to switch, most mentioned the quality of the products from their existing supplier and their customer's familiarity with the product, the reliability of service they experienced having known the producer for some time, and price.
19. Pharmacies were asked whether they would consider switching producers in different scenarios. About half would consider switching to a well-established producer from outside of the UK; four in five to a UK supplier that they used for other pharmaceutical products but was new to supplying adherence packaging, and two in three to a completely new producer of adherence packaging.



Reaction to merger

20. Only a minority were aware that Omnicell was proposing to take over Surgichem (26% of Omnicell and 12% of Surgichem customers).

21. Those aware of the merger were asked what impact if any it would have on them. Some did not expect much change as a result of the merger; others expressed concerns about possible price increases.

2 Background and Research Objectives

22. The Competition and Markets Authority (CMA) has been investigating the acquisition of Surgichem by Omnicell. As part of the inquiry the CMA commissioned GfK NOP to undertake a research exercise to help understand the closeness of competition between the two merger parties, and closeness of competition from other suppliers. In particular the research was required to help understand:

- the decision-making process for the purchase of adherence packaging; who decides to request/provide this format of dispensing drugs, and how comparative choices are made (e.g. which supplier, whether card or plastic, importance of price, importance of other factors such as quality);

- switching decisions and behaviour.

3 Research Design

23. Lists of all customers who had purchased adherence packaging from the merging parties in 2013 were provided by the CMA; this information was part of wider transaction and customer data from 2011 and 2013 supplied by the parties. These excluded most of the large customers and buying groups, with which the CMA engaged separately. In those cases where a customer had purchased from both parties, the customer was assigned to the party they had spent most revenue with in 2013. Telephone interviews were conducted with contacts who were responsible for deciding which suppliers of adherence packaging to purchase from, and had purchased adherence packaging from the party.

24. We set a target of 600 interviews overall, given the need to have sufficient interviews for separate analysis of each party's customers. However, many of the contacts supplied were unnamed and, even after additional research to establish usable contact details, in some cases we were unable to identify the decision-maker, or we found that purchase decisions were taken elsewhere (typically at a head office). It was not possible therefore to achieve the target and we managed to conduct 423 interviews in total, 145 with Omnicell and 278 with Surgichem customers. The mix of achieved interviews reflected the split of contacts we received. However, although the target was not met, the achieved sample sizes are still of sufficient size for robust analysis at the overall level and for sub-samples of sufficient base size.

25. Below we show the split of Omnicell and Surgichem adherence packaging customers by party, separating out customers whom CMA contacted via questionnaires or hearings and those customers whom we attempted to interview in our survey. This shows that the survey population accounts for 43% of all party sales of adherence packaging in the UK (20% for Omnicell and 68% for Surgichem).

Table 1: Population covered

- **% of sales**

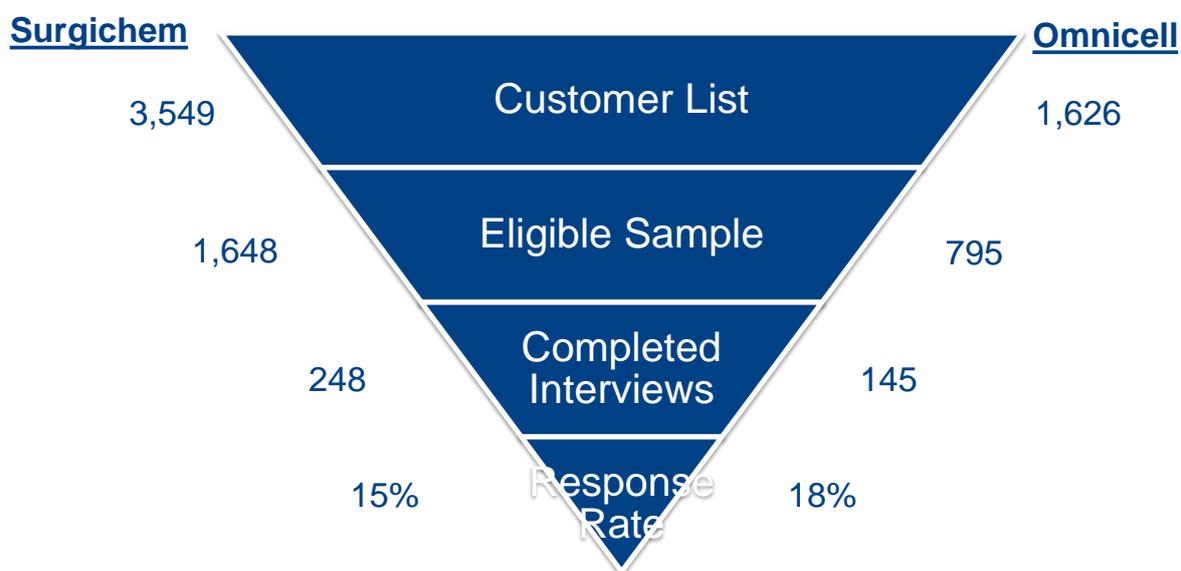
	Omnicell	Surgichem	Total
Tender customers	48%	0%	26%
Non-tender customers: Q&H	32%	32%	32%
Non-tender customers: survey	20%	68%	43%

- **Number of customers**

	Omnicell	Surgichem
Tender customers	3	0
Non-tender customers: Q&H	12	16
Non-tender customers: survey	896	1,906

26. The table below shows the breakdown of the sample contacts received, those within the eligible sample and those successfully interviewed. Note that the customer list numbers in Table 2 are different to those in Table 1. This is because Table 2 includes, for example, multiple branches of the same chain (which were combined into a unique customer in the eligible sample). From the lists supplied by the CMA we identified 2,443 eligible contacts - 1,648 Surgichem and 795 Omnicell customers (i.e. contacts with a phone number where we identified that there was a decision-maker at the establishment). From these eligible contacts we achieved 278 Surgichem and 145 Omnicell interviews, a response rate of 17% and 18% respectively. (It should be noted that this response rate definition is different from that used in some other CMA surveys).

Table 2: Sample breakdown



Eligible sample defined as contacts with phone numbers and where there was a decision-maker available

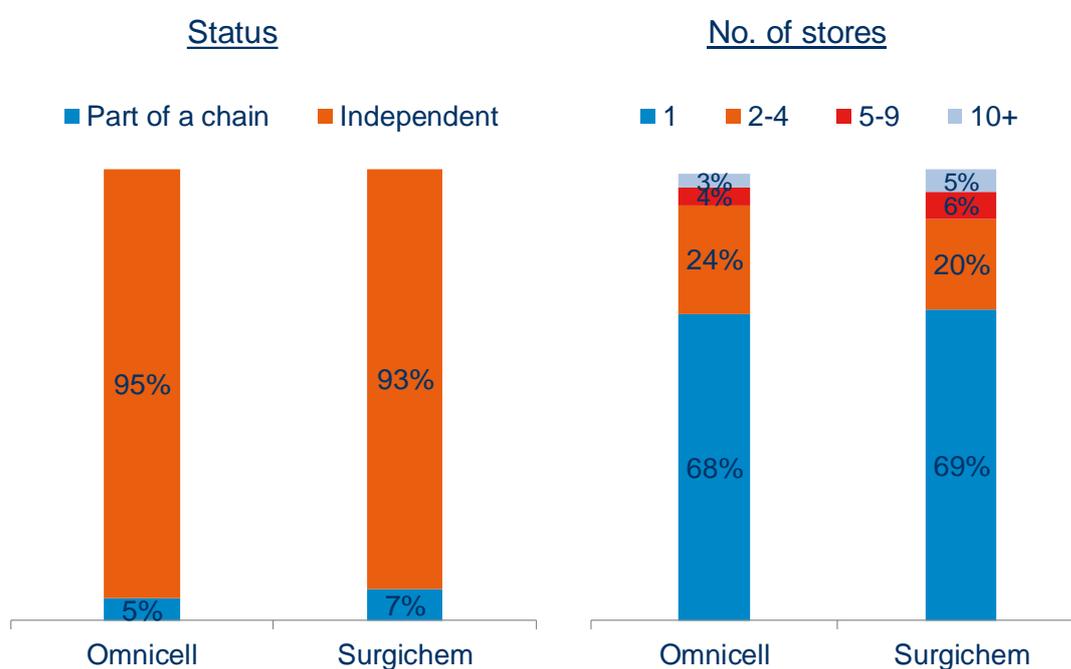
27. Telephone fieldwork was undertaken 23 April – 9 May, 2014.

4 Survey Findings

4.1 Pharmacy Characteristics

28. Nearly all pharmacies were independently owned rather than part of a chain, and in over two-thirds of cases had just the one store in the UK.

Figure 1: Ownership status/Number of stores



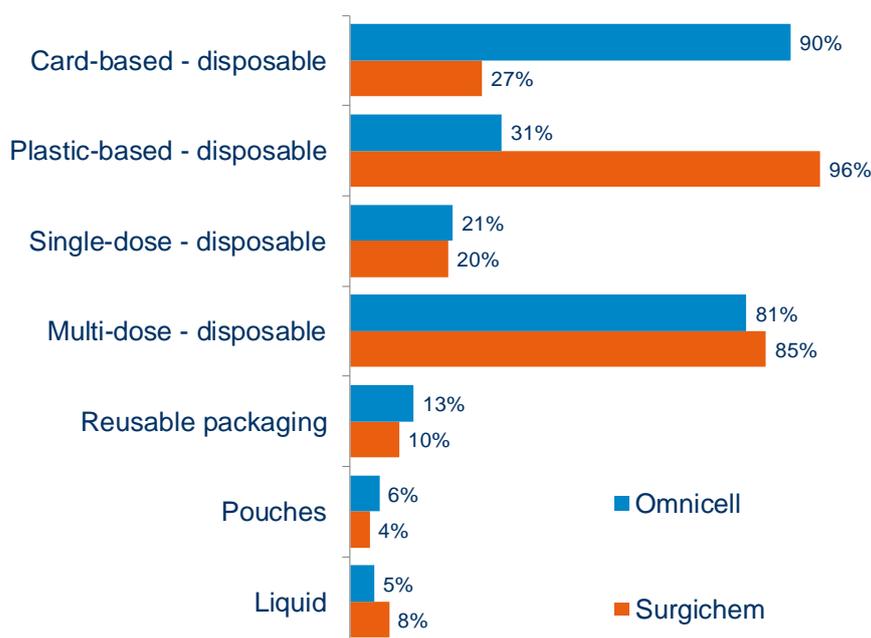
Base: All (Omnnicell = 145; Surgichem = 278)

B1. Are you an independent pharmacy or part of a chain?

B2. How many stores do you have in the UK?

29. Reflecting the products sold by the parties, nearly all Surgichem customers purchased plastic-based disposable adherence packaging, and nearly all Omnicell customers bought card-based. Most purchased multi-dose disposable products, while only a fifth bought single-dose. It should be noted that some customers buy products from more than one supplier, so it is feasible for customers to buy a product type that is not supplied by the party.

Figure 2: Type of adherence packaging purchased

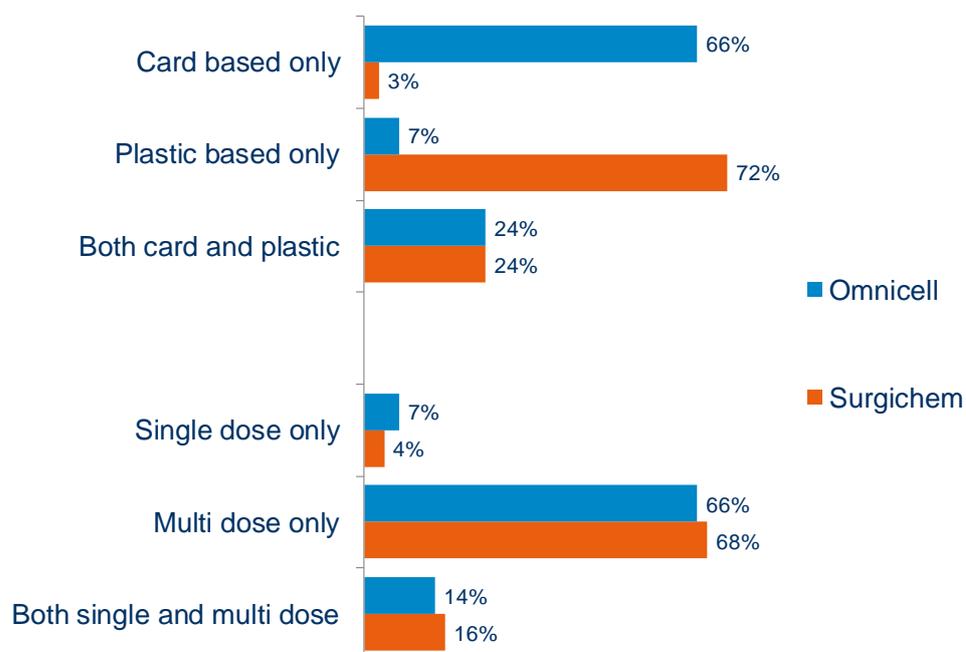


Base: All (Omnicell = 145; Surgichem = 278)

[B3. Which of the following types of adherence packaging do you buy for prescription pills?](#)
[B4. Do you buy adherence packaging for liquid prescriptions?](#)

30. About one in four customers from each party bought both card-based and plastic-based disposable products. The majority bought only multi-dose packaging.

Figure 3: Combination of adherence packaging types purchased



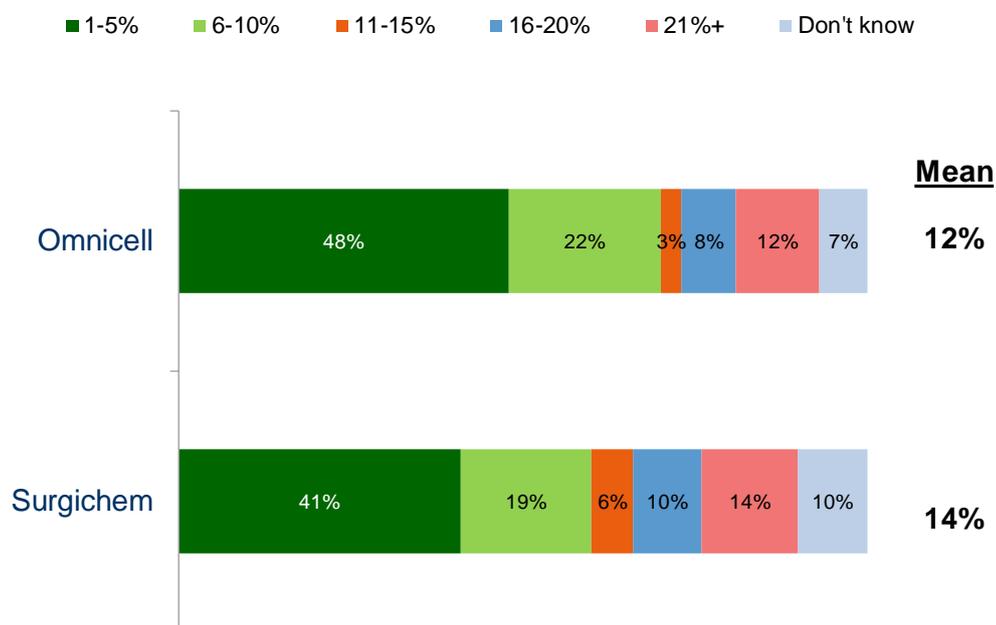
Base: All (Omnicell = 145; Surgichem = 278)

[B3. Which of the following types of adherence packaging do you buy for prescription pills?](#)

[B4. Do you buy adherence packaging for liquid prescriptions?](#)

31. The chart below shows the proportion of all prescriptions dispensed by the pharmacy that have adherence packaging. In about half of cases (where a response was given), adherence packaging was provided with 5% or less of all prescriptions dispensed. Omnicell customers dispensed prescriptions with adherence packaging in 12% of cases on average, and Surgichem customers 14%.

Figure 4: % of prescriptions dispensed that have adherence packaging



Base: All (Omnicell = 145 ; Surgichem = 278)

B5. Roughly what percentage of the prescriptions you dispense have adherence packaging?

32. Very few pharmacies served just care homes; they mainly served domiciliary only, or domiciliary and care homes.

Figure 5: Types of customers served



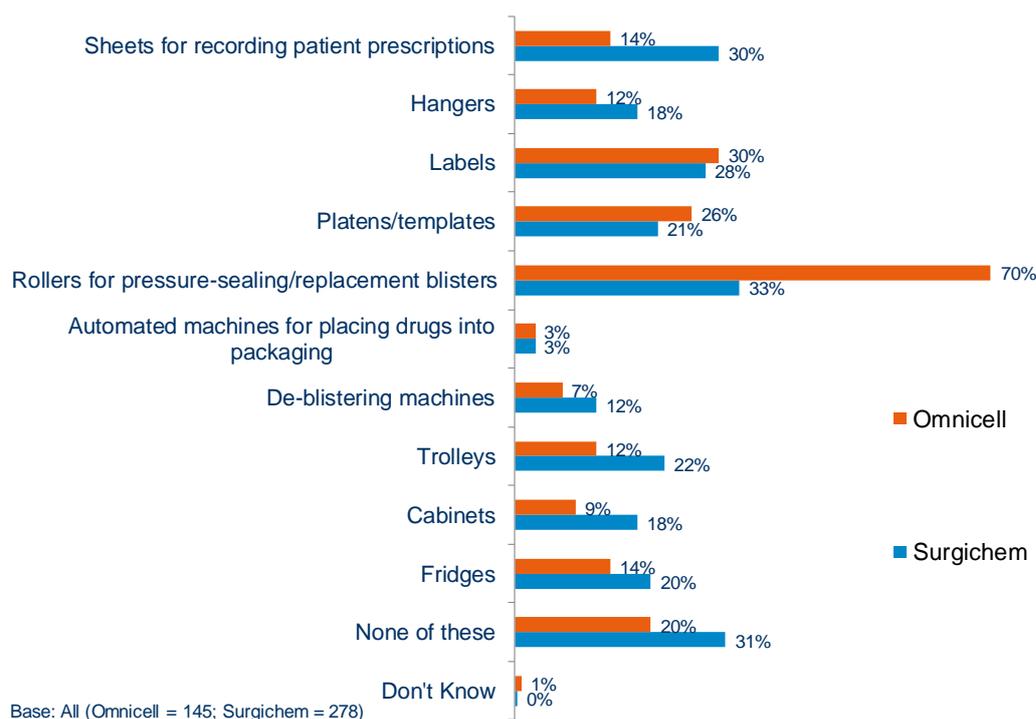
Base: All (Omnicell = 145 ; Surgichem = 278)

B6. Do you serve customers in care homes, or domiciliary customers in their own homes, or both types of customer?

B7. Roughly what percentage of the prescriptions with adherence packaging that you dispense are for customers in care homes, and what percentage is for domiciliary customers?

33. Those who served both care home and domiciliary customers were asked how the proportion of the adherence packaging prescriptions they dispense split between the two. Domiciliary accounted for the major share (60:40) with the same split evident among Omnicell and Surgichem customers.
34. Most Omnicell customers (70%) also obtained rollers for pressure-sealing or replacement blisters from adherence packaging producers, but only one in three Surgichem customers did so. As illustrated in the chart below a range of other products were obtained, although one in five Omnicell and one in three Surgichem customers did not obtain any other products from adherence packaging producers.

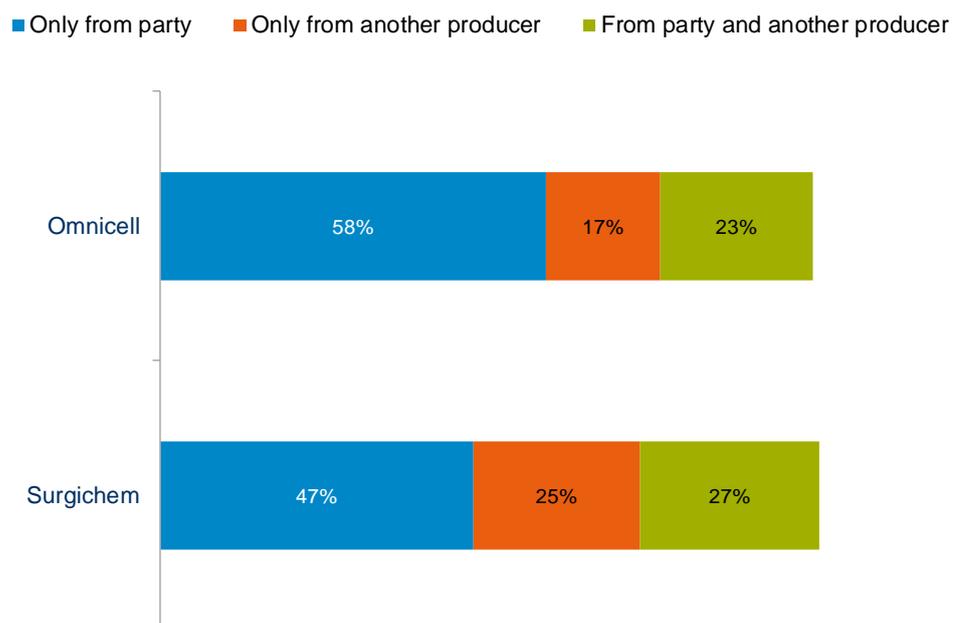
Figure 6: Products obtained from adherence packaging producers



B8. Which if any of the following additional products do you obtain from producers of adherence packaging?

35. Omnicell customers tended to buy additional products only from Omnicell. Surgichem customers were slightly more likely (than Omnicell customers) to buy only from another producer and less likely to buy only from the party.

Figure 7: Supplier used for additional products



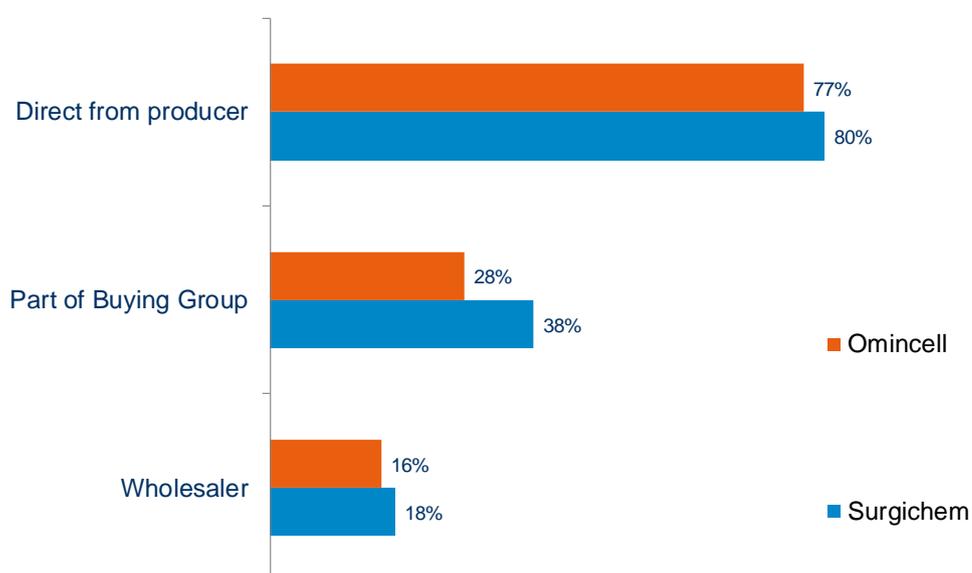
Base: All who buy additional products from producers (Omnicell = 115 ; Surgichem = 190)

B9. Do you obtain these additional products from (party) or from another producer?

4.2 Buying Power

36. Most pharmacies bought some or all of their adherence packaging directly from a producer rather than buying from a wholesaler or going through a buying group. The role of buying groups was relatively limited, just over one in four Omnicell and one in three Surgichem customers were part of a buying group.

Figure 8: Purchase channels used



Base: All (Omnicell = 145; Surgichem = 278)

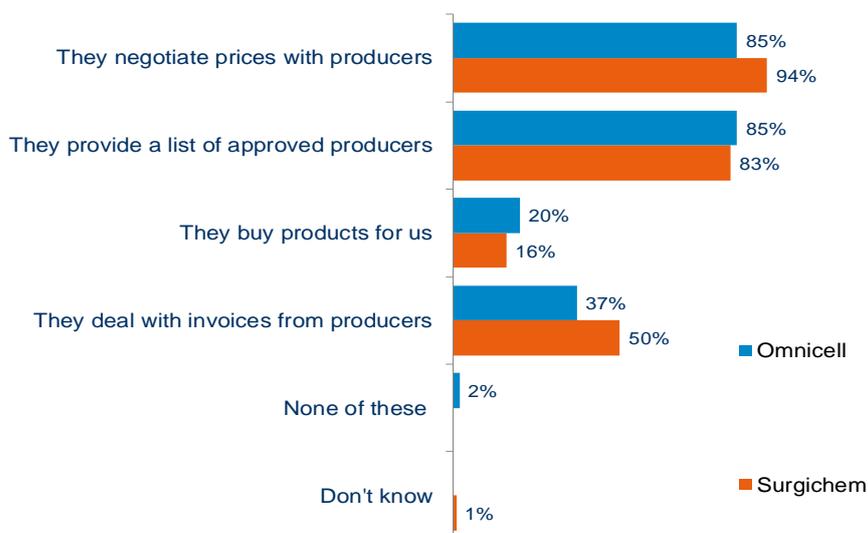
[C1. Do you buy any adherence packaging from a wholesaler, or not?](#)

[C2 Is your pharmacy part of a buying group, where another organisation purchases or negotiates prices for adherence packaging on your behalf?](#)

[C4 Do you buy any adherence packaging directly from a producer without going through either a wholesaler, or buying group, or not?](#)

37. Those who were part of a buying group were asked what role the buying group played for them. The role was mainly one of negotiating prices and providing a list of approved suppliers; only a minority bought products on behalf of pharmacies. In some cases they dealt with the invoices from producers.

Figure 9: Buying Group role



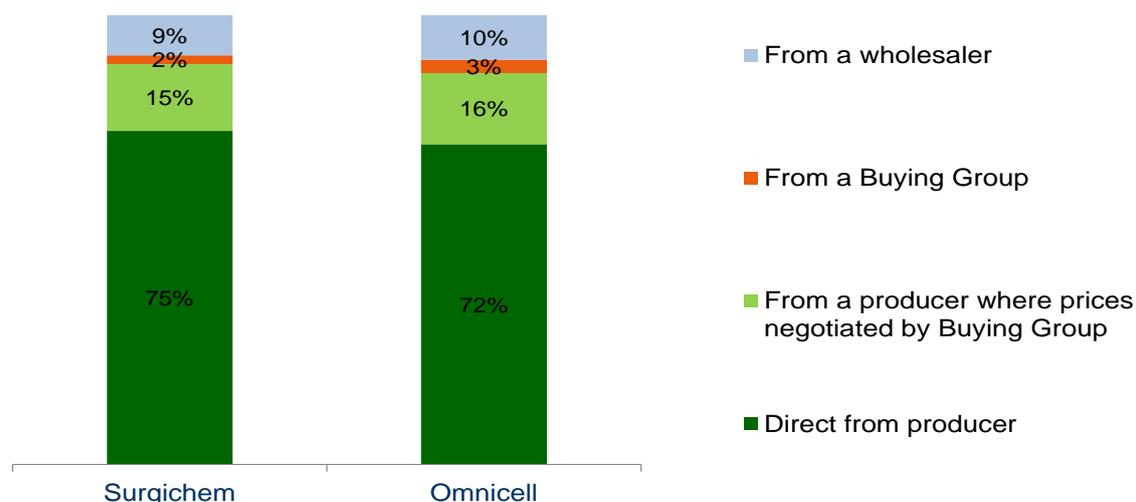
Base: All who use a Buying Group (Omnicell = 41*; Surgichem = 105)

* Low base

C3. Which of the following describe the role of your Buying Group?

38. Most customers purchased adherence packaging directly from the producer; only a minority purchased from a wholesaler or in the situation where prices had been negotiated with the producer by a buying group.

Figure 10: Average adherence packaging purchased through different channels

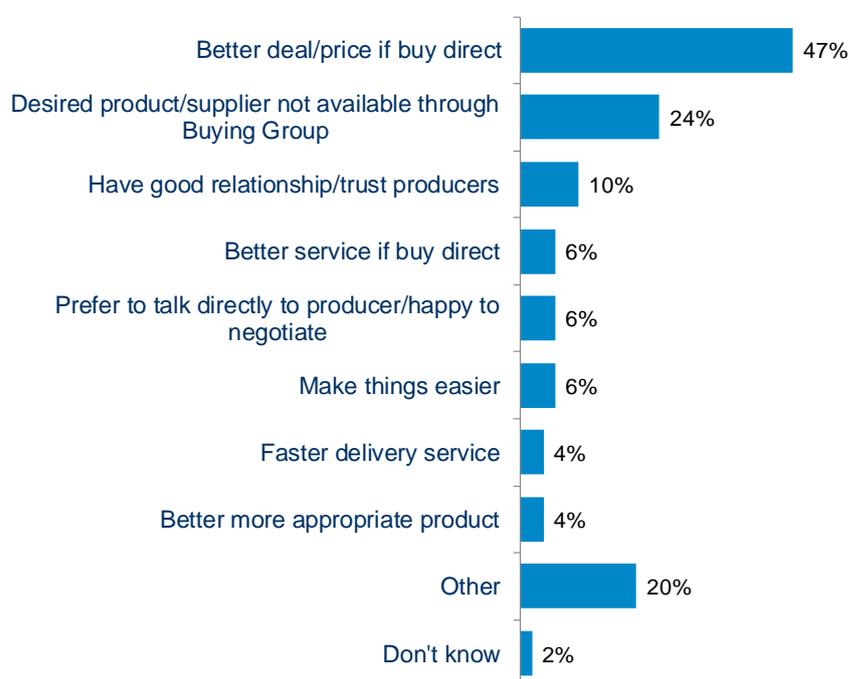


Base: All except don't know at C5 (Omnicell = 137 ; Surgichem = 270)

C5. So what percentage of your adherence packaging do you buy

39. The small number of pharmacies who bought both directly from a producer and via a buying group (bought from the buying group or from the producer where prices had been negotiated by the buying group) were asked why they bought some adherence packaging directly rather than via their buying group. The main reason was that pharmacies felt they could get a better price if they bought directly.

Figure 11: Reasons why purchase direct rather than through Buying Group



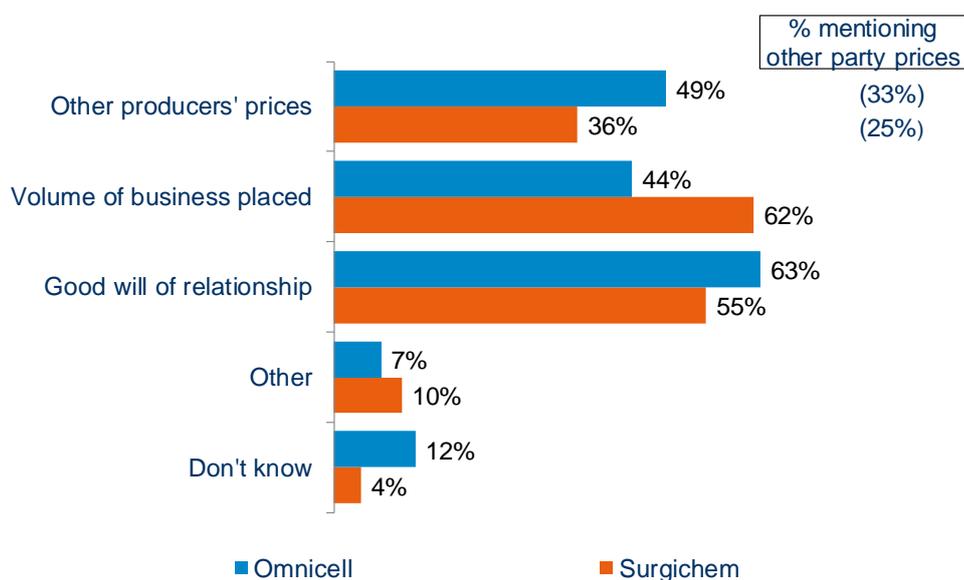
Base: All who purchase directly and from buying group (51)

C6. Why do you buy some adherence packaging directly from the producer, rather than through your Buying Group?

40. Over a third of pharmacies who bought adherence packaging directly from the producer said they obtained a discount or promotion when buying from the party (39% of Omnicell and 35% of Surgichem customers). This was mainly in the form of a discount off the list price.

41. Those who obtained discounts or promotions were asked how they negotiated with the producer (from a prompted list). Pharmacies used a variety of negotiation tools, with some saying they used other producers' prices (see chart below). These customers were then asked which other producers' prices they used in negotiation, and 33% of Omnicell and 25% of Surgichem customers *who obtained discounts in this way* mentioned they used the other party's prices as a negotiating tool (it should be noted that the number on which these percentages are based is less than 30 for both parties)

Figure 12: % using negotiating tool



Base: All who obtain discount/promotion when buying directly (Omnicell = 43*; Surgichem = 77)

* Low base

C8. Which if any of the following do you use when negotiating a discount or promotion from party?

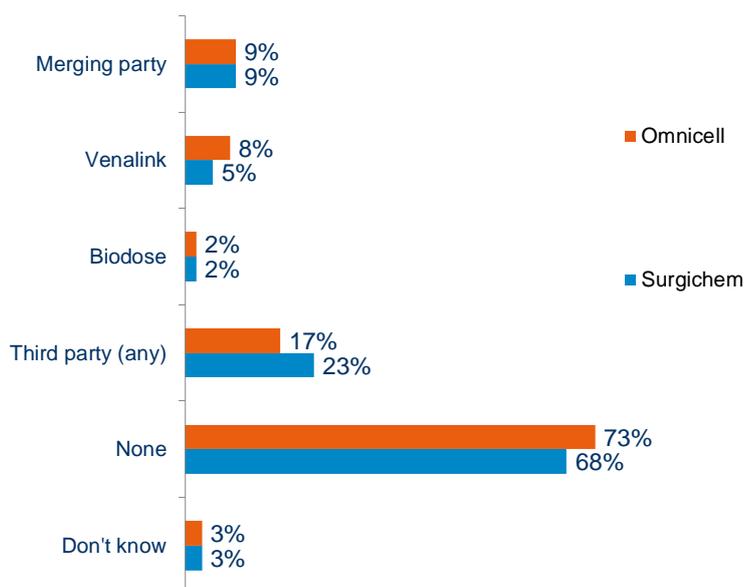
42. Less than one in ten were reimbursed, either in part or wholly, through the NHS Scotland framework agreement for each unit of adherence packaging they dispensed (8% of Omnicell and 9% of Surgichem customers).

4.3 Choice of Provider

43. This section looks at pharmacy awareness, consideration and usage of other producers.

44. The chart below shows the proportion buying from the merging party, any third party, and also the most frequently mentioned of the third parties that they bought from (the 'Third party (any)' figures in the charts *include* mentions of Venalink and Biodose). The majority of pharmacies did not buy from any other producers of adherence packaging, and only a few (just under one in ten) bought from the merging party. Venalink was the most frequently used of the third parties.

Figure 13: Current use of other producers

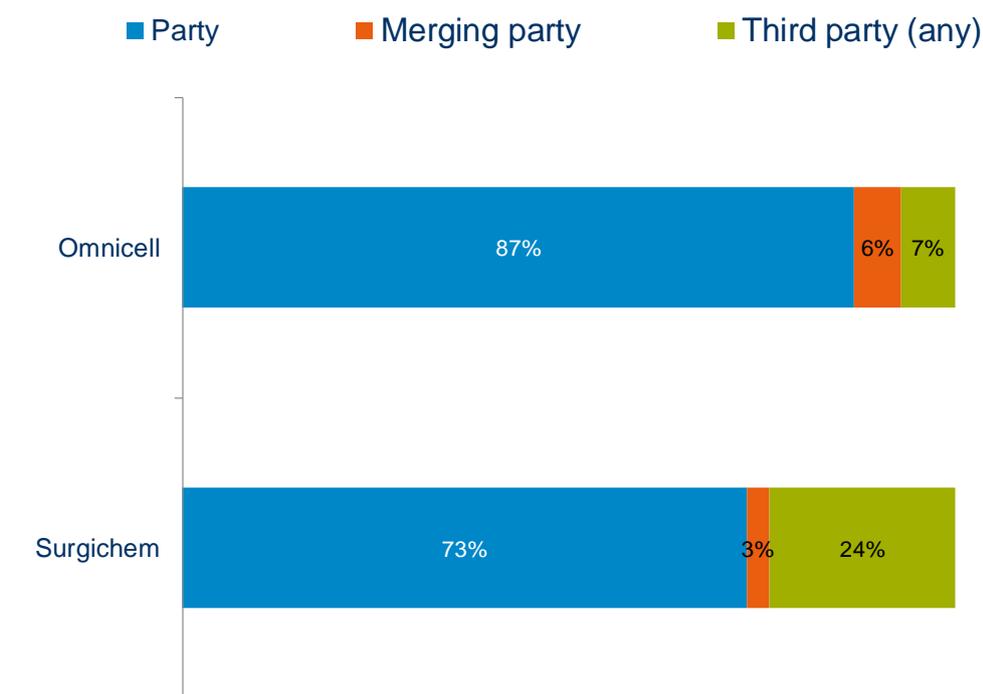


Base: All (Omnicell = 145; Surgichem = 278)

D1. Which other producers of adherence packaging if any do you currently use?

45. Based on the known spend with the party and the pharmacist's estimates of spend with other producers, the majority was spent with the party: 87% of Omnicell and 73% of Surgichem customer spend. Most remaining spend from Surgichem customers went to a third party rather than to Omnicell.

Figure 14: Share of adherence packaging spend by producer



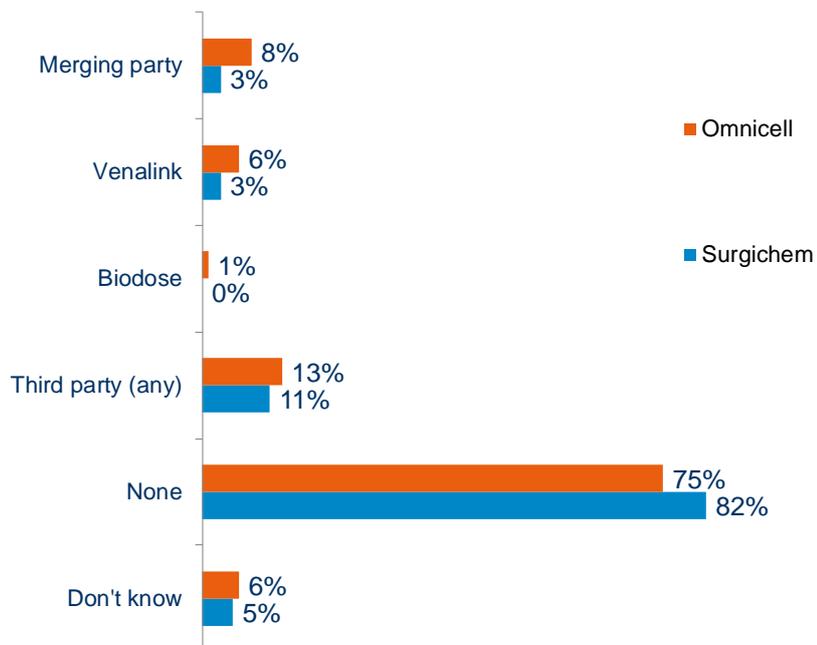
Base: All (Omnicell = 145 ; Surgichem = 278)

Sample spend

D7. Roughly how much did you spend on adherence packaging from (other producers used at D1) in 2013?

46. Only a minority of pharmacies had switched producer of adherence packaging in the last three years. Switching between the merging parties was unusual.

Figure 15: Previous use of other producers (lapsed)

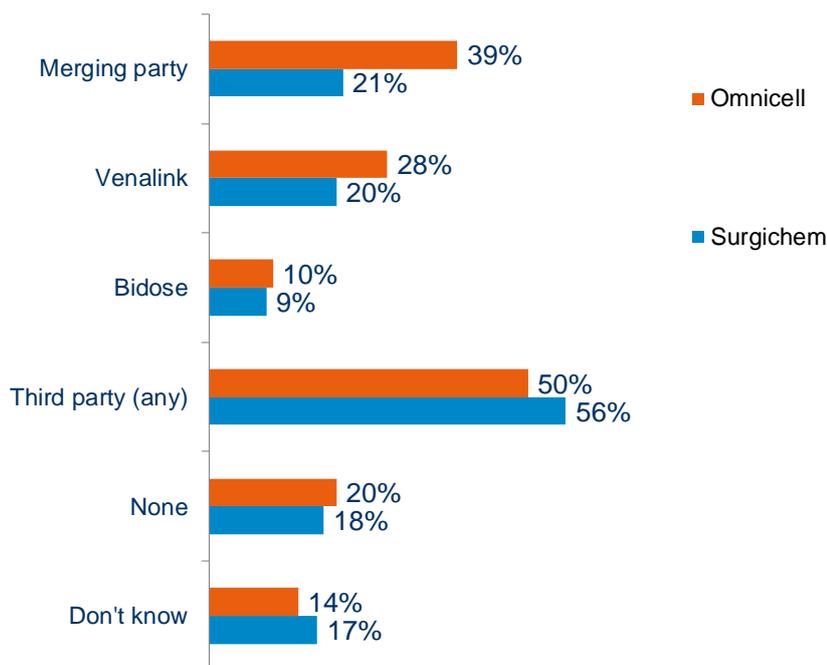


Base: All (Omnicell = 145; Surgichecm = 278)

D4. Which producers if any have you used in the last three years but do not currently use?

47. Only a minority were aware of the other merging party, and Surgichem customers were less aware than Omnicell customers. About one in three were unaware of any other producers of adherence packaging (% saying 'None' or 'Don't know').

Figure 16: Awareness of other producers (apart from party)

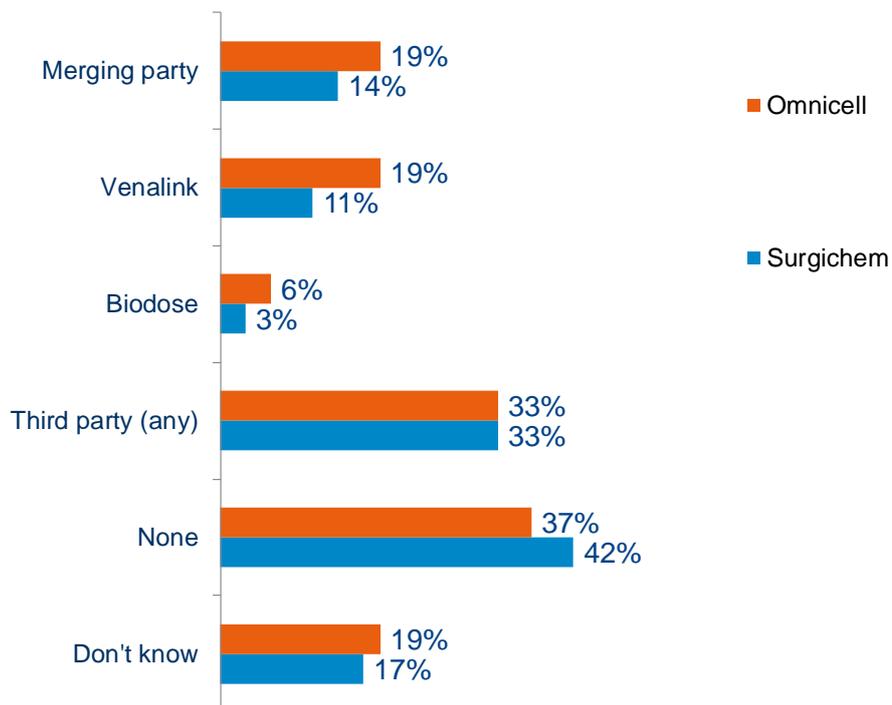


Base: All (Omnicell = 145; Surgichem = 278)

[D3... Which other producers of adherence packaging are you aware of?](#)

48. The chart below shows the proportion that said they would consider using another producer (the percentages include those who buy from another producer). When asked what other producers they would consider using, pharmacists' responses in part reflected a lack of awareness, over one in two did not name any other producers. Only a minority indicated they would consider the merging party (less than one in five), whilst one in three would consider a third party.

Figure 17: Consideration of other producers



Base: All (Omnicell = 145; Surgichem = 278)

D2. Apart from those you use, which other producers if any would you consider using?

4.4 Motivations and Influences

49. Customers were asked why they used the party rather than another producer of adherence packaging. Answers were captured spontaneously but probed to existing pre-codes. The table below shows the proportion mentioning a specific reason, and the mentions of any particular theme (highlighted in orange) with the main constituent mentions of that theme plotted immediately below.
50. Choice of provider was driven by a number of reasons, but notably by aspects to do with the quality of the product and the pharmacy's own customers being familiar with the product. Other key influences were the reliability of service having dealt with the producer for a long time, and price.

Figure 18: Reasons for choice of provider (spontaneous)

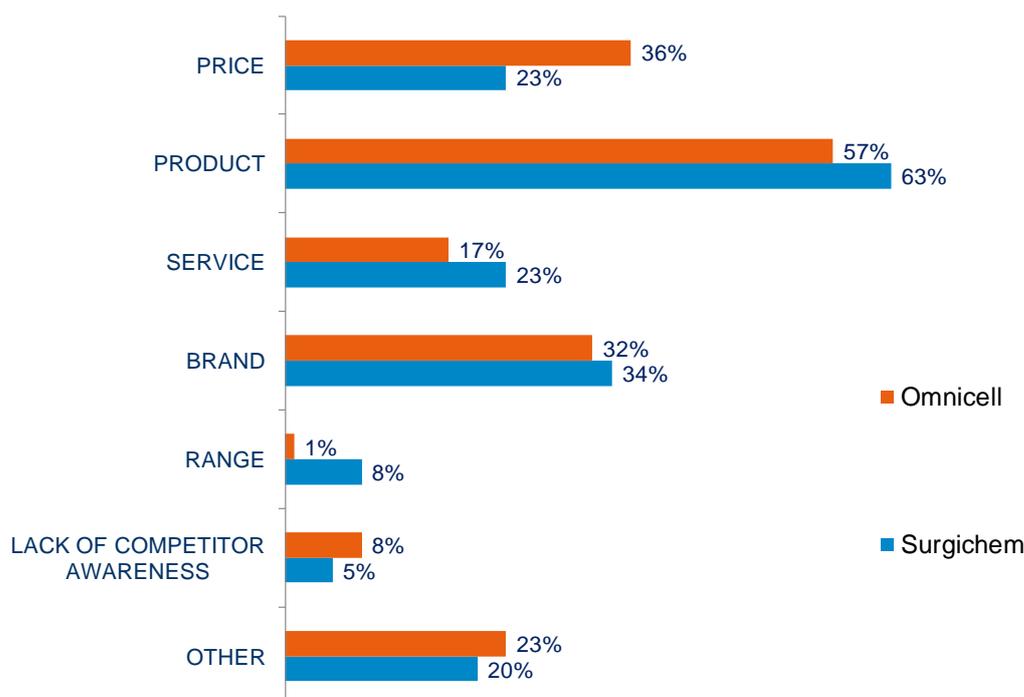


Base: All (423)

E1. Why do you use {Omniceil/Surgichem} rather than any other producers of adherence packaging?

51. Similar patterns of response were evident for each party, the only significant difference being that Omnicell customers were more likely to mention price as a reason for choice than Surgichem customers.

Figure 19: Reasons for choice of provider (spontaneous) – net mentions



Base: All (Omnicell = 145 / Surgichem = 278)

E1. Why do you use {Omnicell/Surgichem} rather than any other producers of adherence packaging?

52. Having described their reasons for choice spontaneously, respondents were then asked to say how important features were in their decision about which producer to use, using a 4-point “essential, very important, somewhat important, not important” scale. The chart below shows the proportion describing each feature as essential.

53. The four key influences (when prompted) were: product quality, the ease of filling and dealing with the packaging, their customers’ preferences, and price. The same hierarchy was evident across customers of each party.

Figure 20: Reasons for choice of producer (prompted) - % indicating essential



Base: All (Omniceil = 145; Surgichem = 278)

E2. I am going to read out a list of features, and for each one I'd like you to tell me how important it is when deciding which producer of adherence packaging to use.

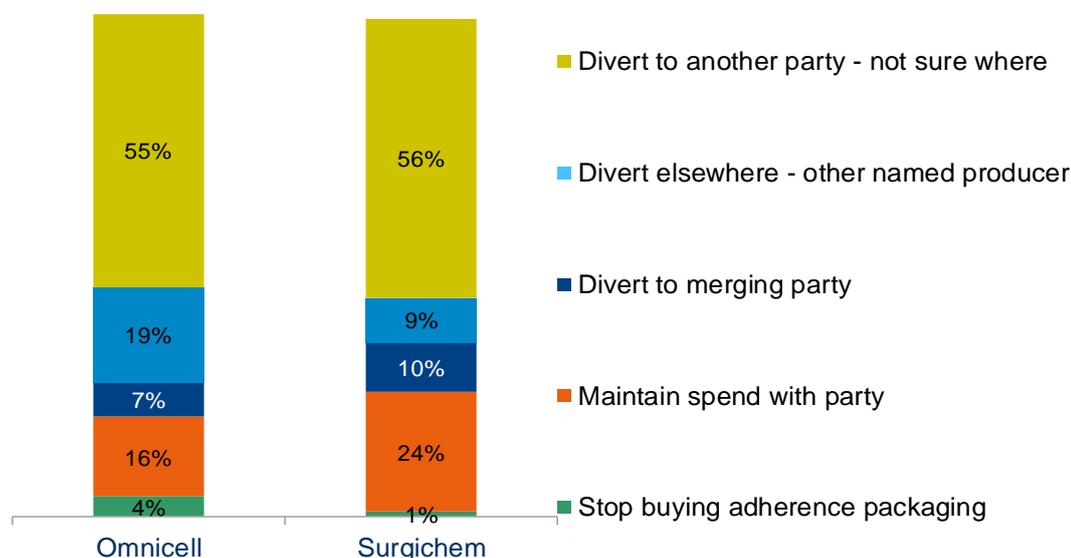
4.5 Diversion

54. This section reports respondents' choices in the hypothetical event of: 1) a 5% price increase and; 2) a scenario where the party had closed down. The results are revenue weighted, based on the customer revenue with the party as supplied with the sample.

55. Customers were asked first what they would have done if the party had increased its prices by 5% and all other producer prices had remained the same: whether they would have stayed with the party, switched some or all of their spending to another producer, or stopped buying adherence packaging. Those who would have switched their spending were then asked what proportion they would have switched, and how this would have been allocated across other producers.

56. The chart below shows how customer revenues would have been allocated with a 5% price increase from the party. The majority of spend would have diverted to another producer, but in the majority of cases the respondent did not know which other producer they would have gone to instead, reflecting the generally low level of awareness and usage of other producers. Omnicell customers were more likely than Surgichem customers to have gone elsewhere, but spend was more likely to have gone to a third party than the merging party. The split between Surgichem revenue diverting to a third party and to the merging party was more even.

Figure 21: Price Diversion



Base: All Revenues except "DK" at F1 (Omnicell = 120,460; Surgichem = 335,507)

Revenue weighted data

F1. Suppose that {Omnicell/Surgichem} was to increase the prices it charges you by 5% on a non-negotiable basis and other producers maintained their prices at current levels. Would you

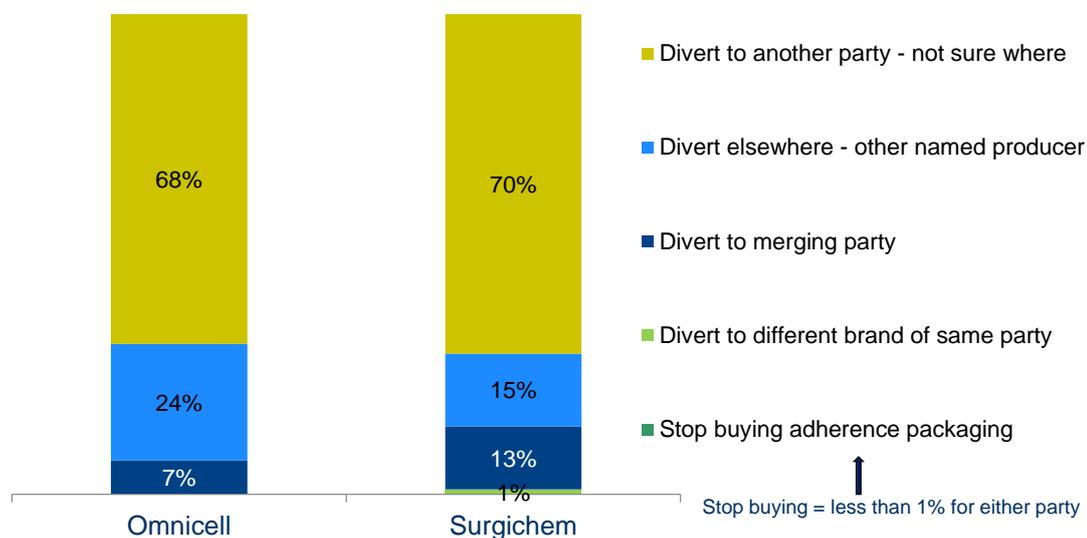
F2. What approximate percentage of your current spend with {Omnicell/Surgichem} would you switch to other producers?

F3. Which other adherence packaging producers would you consider using instead?

F4. Please tell me what approximate percentage of the switched amount you would allocate to each of these producers.

57. All customers except those who said they would divert all their spending to another producer were then asked what they would do if the party had closed down. The chart below shows how revenue would have been allocated in this forced diversion scenario (it is assumed that response to forced diversion among those who would switch all their spending if faced with a 5% price increase would be the same as their response to the price increase). The diversion pattern is similar to the price increase scenario, with the majority of spend going to another producer but not one that could be named by the customer. (Note that the proportion of revenue that would no longer be spent on adherence packaging was less than 1% for each party's customers, and that a small proportion of Surgichem customer revenue would have been switched to Nomad, a brand owned by Surgichem or Dispex, a distributor for Surgichem's products).

Figure 22: Forced Diversion



Base: All Revenues except "DK" at F5 (Omnicell = 128,922; Surgichem = 364,915)

Revenue weighted data

F5. Suppose that {Omnicell/Surgichem} had closed down. Would you have

F6. Which other adherence packaging producers would you consider using instead?

F7. Please tell me what approximate percentage of the switched amount you would allocate to each of these producers.

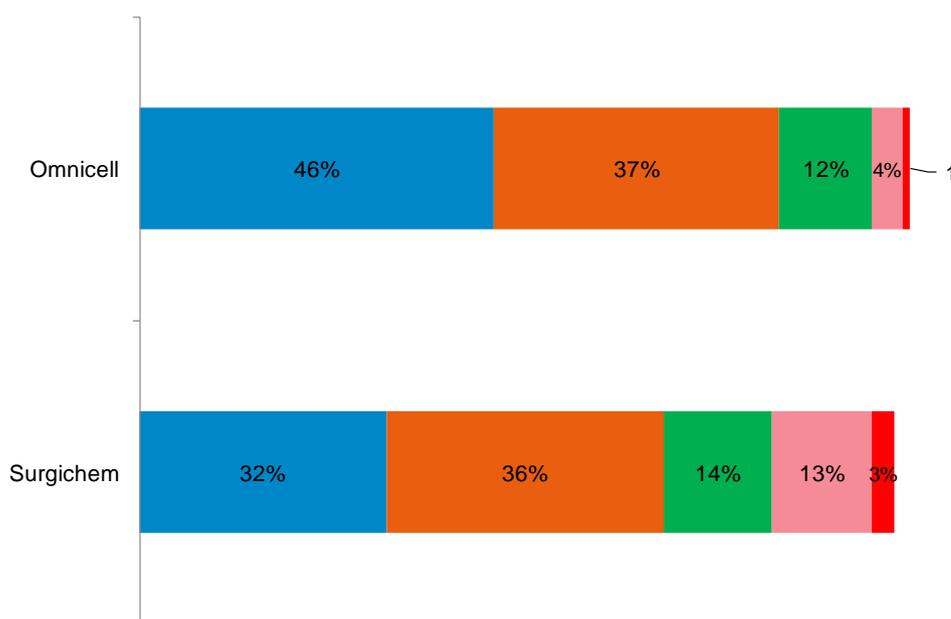
4.6 Switching

58. In this section we look at customer perceptions of how easy or difficult it is to switch to another producer of adherence packaging, the reasons why consumers have not switched if they think it is easy to do so, and customer consideration of potential new entrants into the market.

59. The majority thought it would be easy for them to switch producers, with Omnicell customers particularly likely to think this.

Figure 23: Perceived ease of switching provider

■ Very easy ■ Quite easy ■ Neither easy nor difficult ■ Quite difficult ■ Very difficult

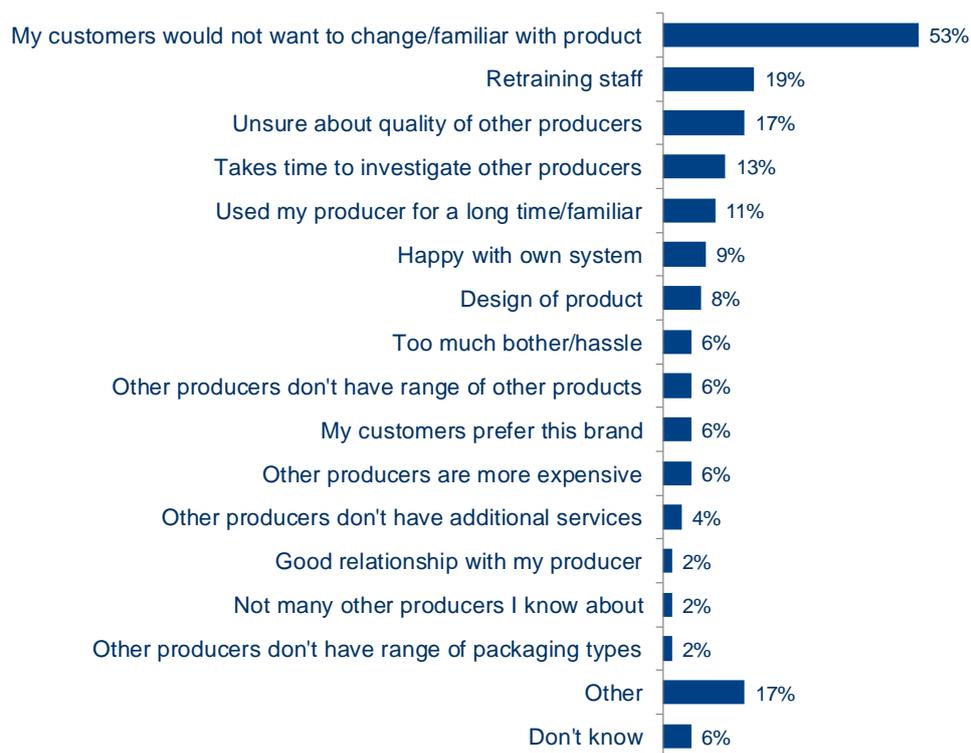


Base: All (Omnicell = 145 ; Surgichem = 278)

G1. How easy or difficult do you think it would be for you to switch producers of adherence packaging. Would you say ...?

60. Over half of the 53 pharmacies who thought it would be difficult to switch gave as a reason that their customers would not wish to change to an unfamiliar product.

Figure 24: Reasons why switching considered difficult

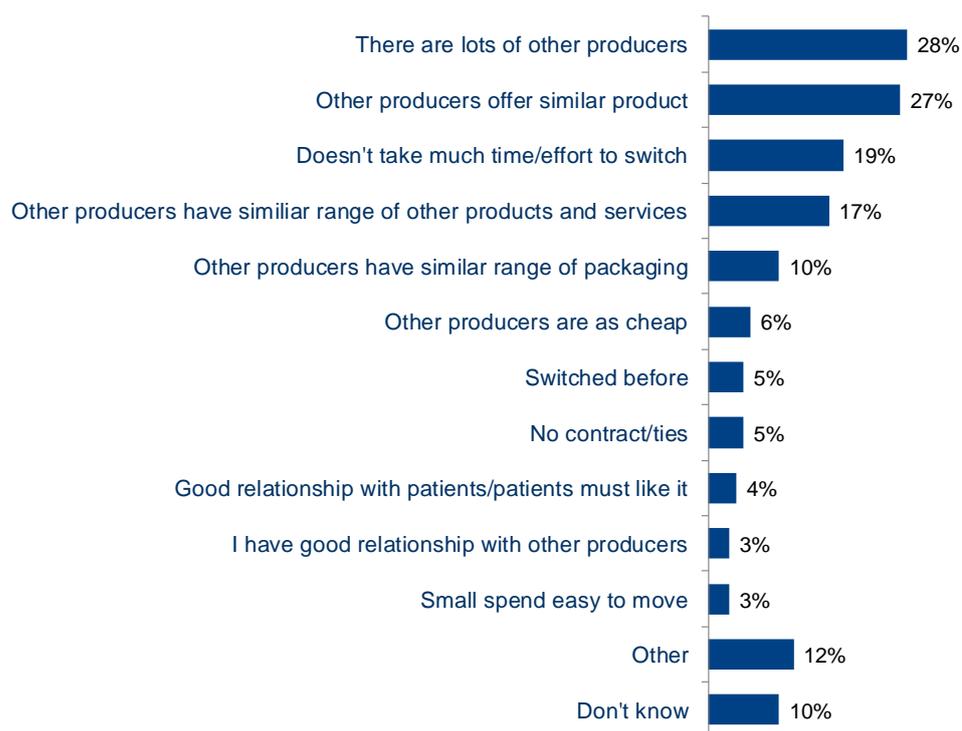


Base: All who think switching is difficult (53)

G2. Why do you think it would be difficult for you to switch producer?

61. Those pharmacies who thought it would be easy to switch in the main expected there to be other producers in the market who made similar products, and therefore it would be easy to switch producer. The pattern of response was consistent between the customers of the two parties.

Figure 25: Reasons why switching considered easy

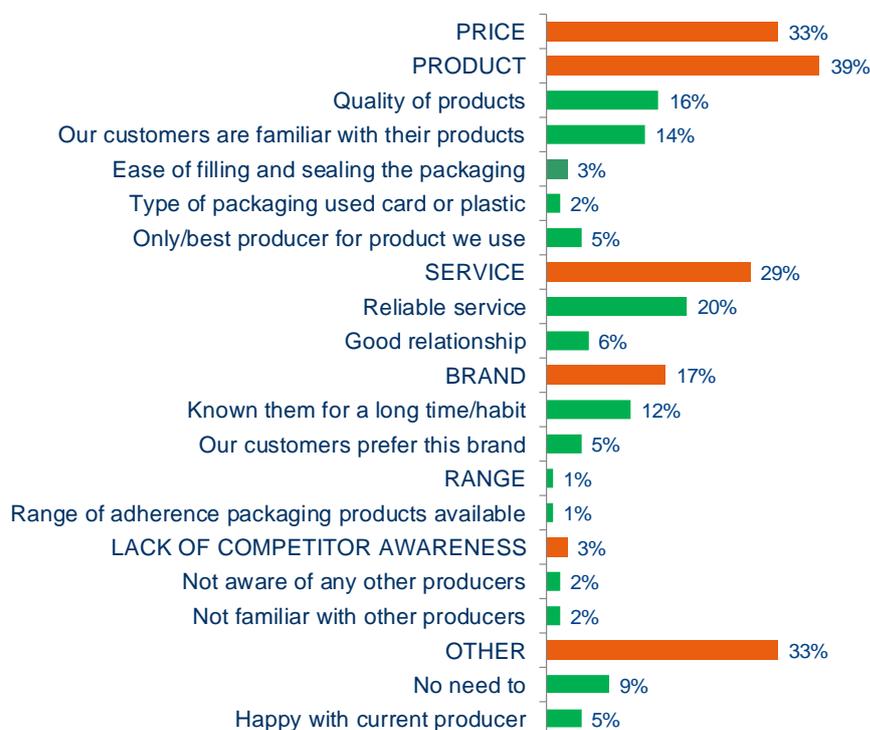


Base: All who think switching is easy (311)

G3. Why do you think it would be easy for you to switch producer?

62. Those pharmacies who had not switched producers in the last three years but thought it would be easy to switch were asked why they had not switched producer. Answers were captured spontaneously but probed to existing pre-codes. The table below shows the proportion mentioning a specific reason, and the mentions of any particular theme (highlighted in orange) with the main constituents of that theme plotted immediately below. A variety of reasons were cited, including the quality of the products and their customer's familiarity with the product, the reliability of service experienced having known the producer for some time, and price.

Figure 26: Reasons why have not switched producer (if considered easy)

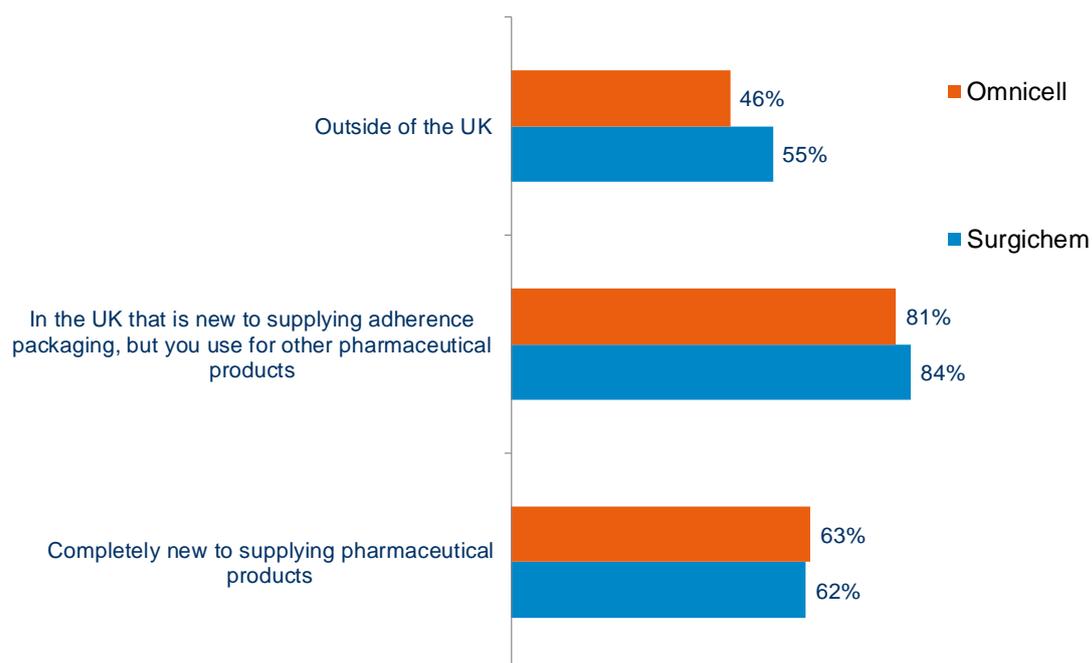


Base: All who have not switched producer for adherence packaging (in the last three years) and think it is easy to switch (243)

G4. Can you tell me why you have not switched your producer for adherence packaging (in the last three years)?

63. Pharmacies were asked whether they would consider switching producers in different scenarios. About half would consider switching to a well-established producer from outside of the UK; four in five to a UK supplier that they used for other pharmaceutical products but was new to supplying adherence packaging, and two in three to a completely new producer of adherence packaging.

Figure 27: % would consider other supply options



Base: All (Omnicell = 145; Surgichem = 278)

G5. Would you consider switching to a well-established producer of adherence packaging from outside of the UK, or not?

G6. Would you consider switching to a producer in the UK that is new to supplying adherence packaging but you use for other pharmaceutical products, or not?

G7. Would you consider switching to a producer who is completely new to supplying pharmaceutical products, or not?

64. The minority who would not consider switching to a producer that is completely new to supplying pharmaceutical products were asked why not. Answers were captured spontaneously. The main concern was that without a track record there might be quality and reliability issues:

“Simply because of the lack of experience they might have in the field. They might not understand our needs properly. Their service or availability - can they supply on time? How good is their delivery? Some take two to three weeks when they've promised it on Monday”.

“They would be unproven quality wise”

“It's very rare that a new company into the market is fully understanding of the needs.”

“Don't know how long they will last”.

65. In addition there were concerns that the pharmacists' customers would not be familiar with new types of adherence packaging, and for a few it was felt that this might compromise patient safety:

“We would want one with some reputation. A track record. It would need to be a similar product to what we use. We would want something similar to what the patient is familiar with”.

“The product should be tried and tested. You should know that our customers are comfortable with it.”

“For security reasons, and to maintain safety amongst patients”

66. Some would not consider a new entrant simply because they were happy with their current arrangements:

“I am happy with the suppliers I have at the moment”.

4.7 Reaction to the Merger

67. Only a minority were aware that Omnicell was proposing to take over Surgichem (26% of Omnicell and 12% of Surgichem customers).

68. Those aware of the merger were asked what impact if any it would have on them. Some did not expect much change as a result of the merger.

“Not a lot of impact”.

“None - I'd imagine the same product that Surgichem provided would still be available”.

“None, unless they review their product range, they might rationalise it. I don't know.”

69. Others expressed concerns about possible price increases, although in some cases there was a caveat that the respondent did not really know what would happen with prices.

“It will reduce competition between them and I don't know if long term that's good for pharmacies. It will narrow it down and prices will go up”.

“Service will probably get worse and prices will go up”.

“Don't know. A monopoly can control price and that is not good. Competition brings the price down”.

“I don't know, if the price is going to change I would be unhappy”.

“They could end up with the monopoly which might put the prices up so we would have to see. They might even come back and drop the prices”.



APPENDIX - QUESTIONNAIRE

OMNICELL-SURGICHEM MERGER

CMA – SURVEY QUESTIONNAIRE

Final: 22 April 2014

A Introduction and screener

Good morning/afternoon. Please could I speak to ... {IF NAMED CONTACT}/ the person responsible for deciding which suppliers of pharmacy products to use? {IF NO NAMED CONTACT) Interviewer: If necessary ask for the pharmacy department

My name is from GfK NOP the market research company. We are carrying out an important survey of Pharmacists on behalf of the Competition and Markets Authority, which is an independent public body.

ADD REASSURANCES AS NECESSARY

- Everything you say is confidential and no responses will be attributed to you.
- There will be no attempt to sell you anything, either during or as a result of the survey.
- The survey will take about 10-15 minutes to complete
- The Competition and Markets Authority is an amalgamation of the Competition Commission and the Office of Fair Trading
- The Competition and Markets Authority is conducting an Inquiry into the adherence packaging market, details of the Inquiry can be found on their website
- Your contact details were provided to us by the Competition and Markets Authority.
- The Competition and Markets Authority received your contact details from one of the companies involved in this Inquiry
- Because of the Competition and Markets Authority statutory powers, data sharing is permitted with us
- The interview will be recorded but this is for our own quality assurance purpose and will not be kept.



This survey is about the purchase of adherence packaging by Pharmacists. Adherence packaging is used to repackage a patients' pharmaceutical medicine requirements to help the patient take the correct medicine at the correct time.

A 1 Are you responsible for deciding which suppliers of adherence packaging to purchase from?

1. Yes
2. No
3. DK

ASK A2 IF NOT RESPONSIBLE OR NOT SURE. REST GO TO A3

A 2 Could I speak to the person who is responsible for these decisions?

TAKE REFERRAL TO OTHER PERSON, AND START AGAIN AT A1

ASK ALL

A 3 According to our records, you buy adherence packaging from ...
{PARTY NAME FROM SAMPLE}, is that correct?

1. Yes
2. No
3. DK

CLOSE IF DO NOT BUY FROM PARTY NAME ON SAMPLE (CODE 2 OR 3 AT A3). REST CONTINUE.



B Pharmacy characteristics

- B 1 Are you an independent pharmacy or part of a chain?
1. Independent
 2. Part of a chain
- B 2 How many stores does your pharmacy have/does your chain have in the UK? INTERVIEWER: TYPE IN NUMBER. ASK FOR ESTIMATE IF NECESSARY.
- B 3 Which of the following types of adherence packaging do you buy for prescription pills? INTERVIEWER: READ OUT AND CODE ALL THAT APPLY
1. Card based - disposable
 2. Plastic based -disposable
 3. Single dose - disposable
 4. Multi-dose - disposable
 5. Reusable packaging
 6. Pouches
 7. None of these
- B 4 Do you buy adherence packaging for liquid prescriptions?
1. Yes
 2. No

CLOSE IF DO NOT BUY ANY ADHERENCE PACKAGING (CODE 7 AT B3 AND CODE 2 AT B4). REST CONTINUE

- B 5 Roughly what percentage of the prescriptions you dispense have adherence packaging? INTERVIEWER: TYPE IN % OR CODE DON'T KNOW
- B 6 Do you serve customers in care homes, or domiciliary customers in their own homes, or both types of customer? SINGLE CODE ONLY
INTERVIEWER NOTE: IF CUSTOMERS ARE PEOPLE WHO ARE CARED FOR BUT LIVE IN THEIR OWN HOME, CODE AS DOMICILIARY
1. Care homes only
 2. Domiciliary (own homes) only
 3. Both



ASK B7 IF SERVE BOTH CARE HOME AND DOMICILIARY CUSTOMERS (CODE 3 AT B6). REST GO TO B8

- B 7 Roughly what percentage of the prescriptions with adherence packaging that you dispense are for customers in care homes, and what percentage is for domiciliary customers? INTERVIEWER: TYPE IN % AGAINST BOTH OR CODE DON'T KNOW. ASK FOR ESTIMATE IF NECESSARY. NOTE TO SCRIPTWRITER: MUST ADD TO 100%

ASK ALL

- B 8 Which if any of the following additional products do you obtain from producers of adherence packaging? INTERVIEWER: READ OUT AND CODE ALL THAT APPLY
INTERVIEWER NOTE: IF RESPONDENT MENTIONS RING BINDERS CODE AS HANGERS

1. Sheets for recording patient prescriptions
2. Hangers
3. Labels
4. Platens or templates
5. Rollers for pressure-sealing or replacement blisters
6. Automated machines to help with placing of drugs into the packaging
7. De-blistering machines
8. Trolleys
9. Cabinets
10. Fridges
11. None of these
12. DK

ASK B9 IF BUY ADDITIONAL PRODUCTS (CODES 1 – 10 AT B8). REST GO TO SECTION C.

- B 9 Do you obtain these additional products from {PARTY NAME FROM SAMPLE} or from another producer? INTERVIEWER: PROBE TO PRECODES. SINGLE CODE ONLY
1. Only obtain from {PARTY NAME}
 2. Only obtain from other producers
 3. Obtain from both {PARTY NAME} and other producers
 4. DK



C Buying Power

C 1 Do you buy any adherence packaging from a wholesaler, or not?

1. Yes
2. No
3. DK

C 2 Is your pharmacy {IF INDEPENDENT}/chain of pharmacies {IF PART OF A CHAIN} part of a buying group, where another organisation purchases or negotiates prices for adherence packaging on your behalf?

1. Yes
2. No
3. DK

ASK IF PART OF A BUYING GROUP (CODE 1 AT C2). REST GO TO C4.

C 3 Which of the following describe the role of your buying group?
READ OUT. MULTICODE.

1. They negotiate prices with producers
2. They provide a list of approved producers to us
3. They buy products for us
4. They deal with invoices from producers
5. None of these (DO NOT READ OUT)
6. Don't know (DO NOT READ OUT)

ASK ALL

C 4 Do you buy any adherence packaging directly from a producer without going through either a wholesaler or buying group, or not?

1. Yes – buy directly
2. No – do not buy directly

C 5 'I'm going to read out four options, please tell me what percentage of your adherence packaging that you buy from each?':

- I. From a producer where the prices are negotiated by a buying group
- II. Directly from a producer without going through either a buying group or wholesaler
- III. From a buying group rather than a producer
- IV. From a wholesaler

INTERVIEWER CODE % OR TICK 'DON'T KNOW'



ASK C6 IF PURCHASE BOTH DIRECTLY AND THROUGH A BUYING GROUP (>0% AT C5 (II) AND >0% AT C5 (I) OR C5 (III)). REST GO TO INSTRUCTION BEFORE C7

- C 6 Why do you buy some adherence packaging directly from the producer, rather than through your buying group? INTERVIEWER: DO NOT READ OUT BUT PROBE TO PRECODES. MULTI-CODING ALLOWED
1. Better deal/price if buy direct
 2. Better service if buy direct
 3. Desired product/supplier not available through buying group
 4. Prefer to talk direct to producer/happy to negotiate
 5. Have good relationship/trust producers
 6. Only use buying group for large purchases
 7. Other (Write in)
 8. DK

ASK C7 IF BUY ANY PRODUCTS DIRECTLY FROM PRODUCER (CODE 1 AT C4). REST GO TO C10

- C 7 When you buy adherence packaging directly from {PARTY NAME ON SAMPLE}, do you normally get a discount off the list price or any other kind of discount or promotion, or not? INTERVIEWER: DO NOT READ OUT BUT PROBE TO PRECODES. MULTI-CODING ALLOWED.
1. Discount off list price
 2. Other kind of discount
 3. Free products/services
 4. Other (Write in)
 5. Nothing offered
 6. DK

ASK C8 IF OBTAIN SOME KIND OF DISCOUNT/PROMOTION (CODE 1 - 4 AT C7). REST GO TO C10

- C 8 Which if any of the following do you use when negotiating a discount or promotion from {PARTY NAME FROM SAMPLE}? INTERVIEWER READ OUT: ORDER TO ROTATE. MULTI-CODING ALLOWED
1. Other producers' prices
 2. Volume of business placed
 3. Goodwill of our relationship
 4. Other (Write in)
 5. DK



ASK C9 IF USE OTHER PRODUCERS' PRICES TO NEGOTIATE (CODE 1 AT C8). REST GO TO C10

C 9 Which other producer's prices do you use when negotiating? PROMPT: Which others? INTERVIEWER: DO NOT READ OUT. MULTI-CODING ALLOWED

1. Alzproducts
2. Biodose
3. Bunzl
4. Care Fusion
5. Dispex
6. Dosebliss
7. Easyblast
8. HD Medi
9. Mach4
10. Manrex
11. Marsoft
12. Medepharm
13. Medication Systems Limited
14. Medimax
15. MTS/Omniceil
16. Nomad
17. Numark
18. Pillmate
19. PivoTell Ltd
20. Protomed Limited
21. Qube
22. Robotik
23. Sepha
24. Sigma
25. Shantys Limited
26. Surgichem
27. Venalink
28. W&W Medsystems Ltd
29. Other (specify)
30. None specifically
31. DK

ASK ALL

C 10 Do you pay for each unit of adherence packaging you dispense, or are you reimbursed through the NHS Scotland framework agreement? IF REIMBURSED: Is that in part, or for all the products you buy?

1. No – not reimbursed by NHS Scotland
2. Reimbursed by NHS Scotland – in part
3. Reimbursed by NHS Scotland – in whole
4. DK



D Producers

The rest of the questions in this survey are about adherence packaging producers. Do not think about any wholesalers or buying groups you know or use, just think about companies that produce adherence packaging. Also, when giving your answers, please only think of adherence packaging, not other associated products or services.

- D 1 You mentioned earlier that you use ... {PARTY NAME FROM SAMPLE}
Which other producers of adherence packaging if any do you currently use? INTERVIEWER PROMPT: Which others? PROMPT TO NEGATIVE. DO NOT READ OUT, MULTI-CODING ALLOWED

List of producers except party

1. Alzproducts
2. Biodose
3. Bunzl
4. Care Fusion
5. Dispex
6. Dosebliss
7. Easyblist
8. HD Medi
9. Mach4
10. Manrex
11. Marsoft
12. Medepharm
13. Medication Systems Limited
14. Medimax
15. MTS/Omniceil
16. Nomad
17. Numark
18. Pillmate
19. PivoTell Ltd
20. Protomed Limited
21. Qube
22. Robotik
23. Sepha
24. Sigma
25. Shantys Limited
26. Surgichem
27. Venalink
28. W&W Medsystems Ltd
29. Other (specify)
30. None specifically
31. DK



D 2 Apart from those you use, which other producers if any would you consider using? INTERVIEWER PROMPT: Which others? PROMPT TO NEGATIVE. DO NOT READ OUT, MULTI-CODING ALLOWED

List of producers except party and those used at D1

1. Alzproducts
2. Biodose
3. Bunzl
4. Care Fusion
5. Dispex
6. Dosebliss
7. Easyblist
8. HD Medi
9. Mach4
10. Manrex
11. Marsoft
12. Medepharm
13. Medication Systems Limited
14. Medimax
15. MTS/Omniceil
16. Nomad
17. Numark
18. Pillmate
19. PivoTell Ltd
20. Protomed Limited
21. Qube
22. Robotik
23. Sepha
24. Sigma
25. Shantys Limited
26. Surgichem
27. Venalink
28. W&W Medsystems Ltd
29. Other (specify)
30. None specifically
31. DK



D 3 Apart from those you use or would consider using, which other producers of adherence packaging are you aware of? INTERVIEWER PROMPT: Which others? PROMPT TO NEGATIVE. DO NOT READ OUT, MULTI-CODING ALLOWED

List of producers except party, those used at D1, and those considered at D2

1. Alzproducts
2. Biodose
3. Bunzl
4. Care Fusion
5. Dispex
6. Dosebliss
7. Easyblist
8. HD Medi
9. Mach4
10. Manrex
11. Marsoft
12. Medepharm
13. Medication Systems Limited
14. Medimax
15. MTS/Omniceil
16. Nomad
17. Numark
18. Pillmate
19. PivoTell Ltd
20. Protomed Limited
21. Qube
22. Robotik
23. Sepha
24. Sigma
25. Shantys Limited
26. Surgichem
27. Venalink
28. W&W Medsystems Ltd
29. Other (specify)
30. None specifically
31. DK



D 4 Which producers if any have you used in the last three years but do not currently use? INTERVIEWER PROMPT: Which others? PROMPT TO NEGATIVE. DO NOT READ OUT, MULTI-CODING ALLOWED

List of producers consider/aware of at D2/D3

1. Alzproducts
2. Biodose
3. Bunzl
4. Care Fusion
5. Dispex
6. Dosebliss
7. Easyblast
8. HD Medi
9. Mach4
10. Manrex
11. Marsoft
12. Medepharm
13. Medication Systems Limited
14. Medimax
15. MTS/Omnicell
16. Nomad
17. Numark
18. Pillmate
19. PivoTell Ltd
20. Protomed Limited
21. Qube
22. Robotik
23. Sepha
24. Sigma
25. Shantys Limited
26. Surgichem
27. Venalink
28. W&W Medsystems Ltd
29. Other (specify)
30. None specifically
31. DK

ASK ALL

- D 5 According to our records you spent {REVENUE FROM SAMPLE} on adherence packaging from {PARTY NAME FROM SAMPLE} in 2013. Can I just check whether or not that is correct?

1. Yes – correct
2. No – not correct
3. DK

ASK D6 IF SAMPLE REVENUE IS NOT CORRECT (CODE 2 AT D5). REST GO TO INSTRUCTION BEFORE D7.

- D 6 Roughly how much did you spend on adherence packaging from ... {PARTY NAME FROM SAMPLE} in 2013? INTERVIEWER TYPE IN AMOUNT OR CODE DON'T KNOW AND CODE TO RANGE

1. Less than £100
2. £100 to £499
3. £500 to £999
4. £1,000 to £1,999
5. £2,000 - £4,999
6. £5,000 - £9,999
7. £10,000 -£99,999
8. £100,000+
9. Don't know

ASK D7 IF OTHER PRODUCERS CURRENTLY USED (ANY PRODUCER CODED AT D1)

- D 7 Roughly how much did you spend on adherence packaging from ... {OTHER PRODUCER USED AT D1} in 2013? INTERVIEWER TYPE IN AMOUNT OR CODE DON'T KNOW AND CODE TO RANGE

1. Less than £100
2. £100 to £499
3. £500 to £999
4. £1,000 to £1,999
5. £2,000 - £4,999
6. £5,000 - £9,999
7. £10,000 -£99,999
8. £100,000+
9. Don't know

NOTE TO SCRIPTWRITER: REPEAT D7 FOR EACH PRODUCER USED



ASK D8 IF PRODUCERS LAPSED IN LAST 3 YEARS (ANY PRODUCER CODED AT D4)

- D 8 You mentioned that no longer use ... {PRODUCER CODED AT D4}.
How much did you previously spend on adherence packaging from ...
{PRODUCER AT D4} in a typical year?

INTERVIEWER TYPE IN AMOUNT OR CODE DON'T KNOW AND CODE TO RANGE

1. Less than £100
2. £100 to £499
3. £500 to £999
4. £1,000 to £1,999
5. £2,000 - £4,999
6. £5,000 - £9,999
7. £10,000 -£99,999
8. £100,000+
9. Don't know

NOTE TO SCRIPTWRITER: REPEAT D8 FOR EACH LAPSED PRODUCER



E Choice Attributes

E 1 Why do you use {PARTY NAME FROM SAMPLE AND PRODUCERS CODED AT D1}, rather than any other producers of adherence packaging? INTERVIEWER DO NOT READ OUT BUT PROBE TO PRECODES. PROMPT: Why else?

NOTE TO SCRIPTWRITER CODE FIRST AND OTHER MENTIONS. FIRST MENTION SINGLE CODE, OTHER MENTIONS MULTI-CODE

1. Price
- Product:**
 2. Quality of products
 3. Ease of filling and sealing the packaging
 4. Type of packaging used, card or plastic
5. Our customers are familiar with their products
6. Only/best producer for product we use
- Service:**
 7. Reliable service
 8. Good relationship
- Brand:**
 9. Good reputation
 10. Known them for a long time/habit
 11. Our customers prefer this brand
- Range:**
 12. Range of adherence packaging products available
13. Availability of other products (e.g. trolleys, cabinets and ancillary products)
14. Availability of additional services (e.g. training/marketing)
- Other:**
 15. Not aware of any other producers
 16. Not familiar with other producers
 17. Other (Write in)
18. No other reason (only show on second screen)



E 2 I am going to read out a list of features, and for each one I'd like you to tell me how important it is when deciding which producer of adherence packaging to use. Please use the following scale when giving your answer.

INTERVIEWER: READ OUT EACH STATEMENT IN TURN. REPEAT SCALE FOR THE FIRST THREE STATEMENTS.

SCALE

ESSENTIAL

VERY IMPORTANT

SOMEWHAT IMPORTANT

NOT IMPORTANT

DON'T KNOW (DO NOT READ OUT)

NOTE TO SCRIPTWRITER: ROTATE ORDER BETWEEN INTERVIEWS

Price

Good relationship with producer

Your customers' preferences

Your familiarity with their products

Quality of the products

Ease of filling and sealing the packaging

Type of packaging used, card or plastic

Range of adherence packaging available

Availability of other products and additional services



F Diversion

The next questions are about adherence packaging producers. Do not think about any wholesalers or buying groups, just think about companies that produce adherence packaging when answering.

F 1 You mentioned earlier that you use {PARTY NAME FROM SAMPLE} for the supply of adherence packing. For the hypothetical purposes of this survey, suppose {PARTY NAME FROM SAMPLE} was to increase the prices it charges you by 5% on a non-negotiable basis and other producers maintained their prices at current levels. Would you.. ? READ OUT. SINGLE CODE ONLY.

1. Maintain your spend with {PARTY NAME} at present levels
2. Switch some or all of your spend with {PARTY NAME} to other producers
3. Stop buying adherence packaging
4. Don't know, not sure [DON'T READ OUT]
5. Refused [DON'T READ OUT]

ASK F2 IF SWITCH SPEND (CODE 2 AT F1). REST GO TO F5

F 2 You say you would switch some or all of your spend to other producers. What approximate percentage of your current spend with {PARTY NAME} would you switch to other producers?

WRITE IN % OR CODE DON'T KNOW AND CODE TO RANGE

INTERVIEWER NOTE: ONLY ONE % REQUIRED FOR THIS QUESTION
(NOT A SEPARATE % FOR EACH PRODUCER)

- 1% - 20%
- 21% - 40%
- 41% - 60%
- 61% - 80%
- 81% - 99%
- 100%
- Don't know



F 3 Which adherence packaging producers would you consider switching some or all of this spend to? INTERVIEWER: DO NOT READ OUT. PROMPT: Which others? PROMPT TO NEGATIVE

List of other producers except Party

1. Alzproducts
2. Biodose
3. Bunzl
4. Care Fusion
5. Dispex
6. Dosebliss
7. Easyblist
8. HD Medi
9. Mach4
10. Manrex
11. Marsoft
12. Medepharm
13. Medication Systems Limited
14. Medimax
15. MTS/Omnicell
16. Nomad
17. Numark
18. Pillmate
19. PivoTell Ltd
20. Protomed Limited
21. Qube
22. Robotik
23. Sepha
24. Sigma
25. Shantys Limited
26. Surgichem
27. Venalink
28. W&W Medsystems Ltd
29. Other (specify)
30. None specifically
31. DK



NOTE TO SCRIPTWRITER: IF ONLY ONE PRODUCER CHOSEN AT F3 THEN AUTOMATICALLY CODE 100% FOR F4 AND SKIP TO INSTRUCTION BEFORE F5. IF DON'T KNOW AT F3, SKIP TO INSTRUCTION BEFORE F5.

- F 4 I am going to read out the [number of producers would switch to as coded at F3] producers that you have said you would consider switching your spend to if {PARTY NAME} increased its prices by 5%. Please tell me what approximate percentage of the switched amount you would allocate to each of these producers with the percentages totalling 100%. You may allocate as much or as little as you like to each producer, including zero.

READ OUT ALL PRODUCERS [RANDOMISE] WOULD SWITCH TO (AS CODED AT F3) BEFORE RECORDING RESPONSES. ALLOCATE % ACROSS EACH. FIGURES MUST ADD TO 100%.

ASK EVERYONE EXCEPT THOSE WHO WOULD DIVERT ALL THEIR SPEND IF 5% PRICE INCREASE (ALL EXCEPT 100% AT F2). OTHERS GO TO G1

- F 5 For the hypothetical purposes of this survey, suppose that {PARTY NAME FROM SAMPLE} had closed down. Would you .. READ OUT
1. Switch your spend with {PARTY NAME} to other producers
 2. Stop buying adherence packaging
 3. Don't know, not sure [DON'T READ OUT]
 4. Refused [DON'T READ OUT]



ASK F6 IF SWITCH SPEND (CODE 1 AT F5). REST GO TO SECTION G

F 6 Which other adherence packaging producers would you consider using instead? INTERVIEWER: DO NOT READ OUT. PROMPT: Which others? PROMPT TO NEGATIVE

List of other producers except Party

1. Alzproducts
2. Biodose
3. Bunzl
4. Care Fusion
5. Dispex
6. Dosebliss
7. Easyblast
8. HD Medi
9. Mach4
10. Manrex
11. Marsoft
12. Medepharm
13. Medication Systems Limited
14. Medimax
15. MTS/Omicell
16. Nomad
17. Numark
18. Pillmate
19. PivoTell Ltd
20. Protomed Limited
21. Qube
22. Robotik
23. Sepha
24. Sigma
25. Shantys Limited
26. Surgichem
27. Venalink
28. W&W Medsystems Ltd
29. Other (specify)
30. None specifically
DK



NOTE TO SCRIPTWRITER: IF ONLY ONE PRODUCER CHOSEN AT F6 THEN AUTOMATICALLY CODE 100% FOR F7 AND SKIP TO SECTION G. IF DON'T KNOW AT F6, SKIP TO SECTION G.

F 7 I am going to read out the [number of producers would switch to as coded at F6] producers that you have said you would consider switching your spend to if {PARTY NAME} closed down. Please tell me what approximate percentage of the switched amount you would allocate to each of these producers with the percentages totalling 100%. You may allocate as much or as little as you like to each producer, including zero.

READ OUT ALL PRODUCERS [RANDOMISE] WOULD SWITCH TO (AS CODED AT F6) BEFORE RECORDING RESPONSES. ALLOCATE % ACROSS EACH OR CODE DON'T KNOW. FIGURES MUST ADD TO 100%.

G Barriers to switching

G 1 How easy or difficult do you think it would be for you to switch producers of adherence packaging? Would you say READ OUT, SINGLE CODE

1. Very easy
2. Quite easy
3. Neither easy nor difficult
4. Quite difficult
5. Very difficult
6. DK (DO NOT READ OUT)

ASK G2 IF SWITCHING CONSIDERED DIFFICULT (CODES 4 OR 5 AT G1).

G 2 Why do you think it would be difficult for you to switch producer?
 INTERVIEWER: DO NOT READ OUT BUT PROBE TO PRECODES.
 PROMPT: Why else? NOTE TO SCRIPTWRITER: RECORD FIRST AND OTHER MENTIONS.

1. Not many other producers I know about
2. Takes time to investigate other producers
3. Too much bother/hassle
4. Used my producer for a long time/familiar
5. Good relationship with my producer
6. My customers would not want to change/familiar with products
7. My customers prefer this brand
8. Other producers are more expensive
9. Unsure about quality of other producers
10. Other producers don't have range of packaging types (e.g. card/plastic)
11. Other producers don't have range of other products (e.g. ancillary products)
12. Other producers don't have additional services (e.g. training)
13. Other (Write In)
14. DK
15. No other reason (only show on second screen)



ASK G3 IF SWITCHING CONSIDERED EASY (CODES 1 OR 2 AT G1).

- G 3 Why do you think it would be easy for you to switch producer?
INTERVIEWER: DO NOT READ OUT BUT PROBE TO PRECODES.
PROMPT: Why else? NOTE TO SCRIPTWRITER: RECORD FIRST
AND OTHER MENTIONS.

1. There are lots of other producers
2. I have good relationship with other producers
3. Doesn't take much time/effort to switch
4. Other producers are as cheap
5. Other producers offer similar product
6. Other producers have similar range of packaging types (e.g. card/plastic)
7. Other producers have similar range of other products and services
8. Switched before
9. Other (Write in)
10. DK
11. No other reason (only show on second screen)

ASK G4 IF SWITCHING CONSIDERED EASY (CODES 1 OR 2 AT G1)
BUT HAVE NOT SWITCHED IN LAST 3 YEARS (CODE 27 AT D4).
OTHERS GO TO G5.

- G 4 You mentioned earlier that you have not switched producer in the last
three years, but you think switching is easy. Can you tell me why you
have not switched your producer for adherence packaging?

1. Good/best price from current producer
- Products**
2. Quality of products
3. Ease of filling and sealing the packaging
4. Type of packaging used, card or plastic
5. Our customers are familiar with their products
6. Only/best producer for product we use
- Service:**
7. Reliable service
8. Good relationship
- Brand:**
9. Good reputation
10. Known them for a long time/habit
11. Our customers prefer this brand
- Range:**
12. Range of adherence packaging products available
13. Availability of other products (e.g. trolleys, cabinets and ancillary products)
14. Availability of additional services (e.g. training/marketing)
- Other**
15. Not aware of any other producers
16. Not familiar with other producers
17. Other (Write in)



ASK ALL

- G 5 Would you consider switching to a well-established producer of adherence packaging from outside of the UK, or not?
1. Yes
 2. No
 3. DK
- G 6 Would you consider switching to a producer in the UK that is new to supplying adherence packaging but you use for other pharmaceutical products, or not?
1. Yes
 2. No
 3. DK
- G 7 Would you consider switching to a producer who is completely new to supplying pharmaceutical products, or not?
1. Yes
 2. No
 3. DK

ASK G8 IF WOULD NOT SWITCH TO COMPLETELY NEW PRODUCER (CODE 2 AT G7). REST GO TO SECTION H

- G 8 Why would you not switch to a producer who is completely new to supplying pharmaceutical products? TYPE IN ANSWER

H Final section

H 1 Prior to this interview were you aware that MTS is proposing to acquire Surgichem?

1. Yes
2. No

ASK ALL AWARE OF PROPOSED TAKE OVER (CODE 1 AT H1). REST GO TO H3

H 2 What impact, if any, do you think this will have on you?

COLLECT AND REPORT VERBATIM ANSWERS, OR CODE NONE

H 3 Thank you very much for your help that is the end of the interview. We may be conducting further research on this subject. Would you be willing to be re-contacted by any of the following about this research? READ OUT AND CODE ALL THAT APPLY

1. Competition and Markets Authority
2. GfK NOP
3. Another research agency
4. No – none of these

