NACDS TSE DAY 3 TAKEAWAYS

- The annual National Association of Chain Drug Store (NACDS) Total Store Expo (TSE) brings together retailers and suppliers for four days of interactive discussions, presentations and exhibits. Billed as the industry's largest gathering, TSE attracts more than 5,600 retailers, suppliers and attendees.
- On the penultimate day of the event, the Fung Global Retail & Technology team attended sessions that covered community-based point-of-care testing, telehealth, consumer-driven healthcare and the impact of digital marketing on the path to purchase.
- With more insured individuals and fewer primary care professionals than ever before, community-based pharmacies provide an accessible healthcare option.
- Telehealth gives anyone, anywhere access to physicians from the best healthcare systems. The convenience, accessibility and cost of telehealth are superior to that of traditional delivery practices.
- Healthcare is one of the main drivers of retail growth. As such, there is a large opportunity for retailers who can capitalize on the health and wellness market.
- Although marketing is increasingly fragmented, digital media is a key influencer on the path to purchase. Digital marketing often provides consumers with key information that helps them make their purchasing decisions.

DEBORAH WEINSWIG, MANAGING DIRECTOR, FUNG GLOBAL RETAIL & TECHNOLOGY
DEBORAHWEINSWIG@FUNG1937.COM US: 917.655.6790 HK: 852.6119.1779 CN: 86.186.1420.3016
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Fung Global Retail & Technology is attending the National Association of Chain Drug Store (NACDS) Total Store Expo (TSE) in Boston. The expo began on Saturday, August 6, and runs through Tuesday, August 9. The annual trade show brings together retailers and suppliers for four days of interactive discussions, presentations and exhibits. TSE attracts more than 5,600 retailers, suppliers and attendees. The event also connects a wide-range of retailers, not only drug store retailers.

During the penultimate day of the event, the Fung Global Retail & Technology team attended sessions that covered community-based point-of-care testing, telehealth, consumer-driven healthcare and the impact of digital marketing on the path to purchase. Below we outline the day's sessions and provide details from each.

Community-Based Point-Of-Care Testing: From Innovative Care Model to Common Practice

Brian Bobby, Vice President of Clinical Services at Rite Aid Corporation

Donald Klepser, PhD, MBA, Associate Professor at University of Nebraska Medical Center

Kristen Hutchinson, Pharmacy Account Executive at Scientific Technologies Corporation

Michael E. Klepser, PharmD, Professor of Pharmacy at Ferris State University College of Pharmacy

The decreasing number of primary care professionals has made engaging with retail pharmacies more appealing for individuals.

Community pharmacies are considered the most accessible healthcare destination. Advancements in point-of-care testing provides the opportunity for pharmacies to further engage with local communities and improve access to quality care without seeing a primary care professional. The decreasing number of primary care professionals has made engaging with retail pharmacies more appealing for individuals.

Additionally, as the number of insured individuals increases by several million, there is more and more stress on the already tightly-scheduled primary care health providers. This places pharmacists in a good position to improve patient access to primary care by expanding clinical services.

Benefits of engaging retail pharmacies include:

- Seven-day access, no appointment needed
- No office visit fees
- Immediate access to medication and immunization
- Ninety-three percent of Americans live within 5 miles of a pharmacy
- Three hundred million customers visit pharmacies each week

Point-of-care testing can be used in a pharmacy setting as a screening tool, to educate patients and consumers, to provide acute care to patients in conjunction with a physician, and to help identify

DEBORAH WEINSWIG, MANAGING DIRECTOR, FUNG GLOBAL RETAIL & TECHNOLOGY
DEBORAHWEINSWIG@FUNG1937.COM US: 917.655.6790 HK: 852.6119.1779 CN: 86.186.1420.3016
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and bring patients into a healthcare system to be treated and prevent the spread of infectious diseases.

Trends in Telehealth

Amy Clark, Vice President of Strategic Partnerships at MDLIVE

Atul Singh, Director of Digital Health at Walgreen Co.

Very few people in the general public are aware of what telehealth is, but once they use it, they want to use it again and again. The Center for Connected Health Policy defines telehealth as, "a collection of means or methods or enhancing healthcare, public health, and health education delivery and support using telecommunications technologies." These services can include virtual doctors visits, remote monitoring and 24/7 access to a pharmacist.

Telehealth gives anyone, anywhere access to physicians from the best healthcare systems. The convenience, accessibility and cost of telehealth are superior to that of traditional practices.

While ninety percent of patients are healthy, up to 80% of adults end up going to the emergency room for non-emergency care. On top of that, there are 62 million Americans who have insurance but lack access to care. In this situation, patients often delay care, which leads to costly complications or readmissions. There will be a shortage of 45,000 primary care providers by 2020. Combined with rising healthcare costs, this presents a real challenge for healthcare providers.

Telehealth gives anyone, anywhere access to physicians from the best healthcare systems. The convenience, accessibility and cost of telehealth are superior to that of traditional practices. Adoption of telehealth has been strong; 74% of large employers offer telehealth services to their employees and almost all states provide Medicaid reimbursement for telehealth services.

Telemedicine can reduce overall healthcare costs by $300 billion and provide patients with expert care and valuable convenience.

Telemedicine can reduce overall healthcare costs by $300 billion and provide patients with expert care and valuable convenience. Telepharmacy offers convenient and cost effective access to pharmacists for rural and remote populations. Implementation across the US started in 2000, but models vary by state.

DEBORAH WEINSWIG, MANAGING DIRECTOR, FUNG GLOBAL RETAIL & TECHNOLOGY
DEBORAHWEINSWIG@FUNG1937.COM US: 917.655.6790 HK: 852.6119.1779 CN: 86.186.1420.3016
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Telepharmacy grows market share by offering virtual visits and optimizing the capacity to reduce costs.

MDLIVE offers multiple consumer access points including by phone, by video conference or kiosk, and by mobile app. The kiosk solution works to bring care options to areas that were previously considered "care deserts," such as dormitories and airports. Currently, kiosks offer primarily acute care, such as dermatology and behavioral health services. But telehealth is expanding services and products to include submarkets, healthcare consulting and coaching, scheduling, nurse advice, symptom coaching, and healthcare across chronic care, specialty and behavioral needs. This expansion helps unite healthcare to a single point of contact. According to MDLIVE, there will be a 70% increase in healthcare delivered to the home by 2020.

We believe as mobile continues to grow and consumers embrace the integration of technology into all aspects of their lives, telehealth will bring healthcare to more people, and will significantly reduce healthcare costs.

Consumer Driven Healthcare: A Deep Dive Into How Consumers in a Specific Disease State Shop the Total Store

Jeff Gregori, Group Vice President of Consumer & Shopper Analytics at Nielsen

American consumers today have the mindset that an ounce of prevention is worth a pound of cure. US consumers exercise at least 3 days a week, 49% eat more fruits and vegetables, and 63% try to eat healthier. The leading causes for this change include the increased cost of healthcare, the prevalence of chronic disease and the desire for more "self-care."

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Healthcare is one of the main drivers of retail growth, second only to alcoholic beverages. Health and wellness strategies for retailers includes prioritizing healthy foods, featuring better-for-you brands in the center of the store, emphasizing fresh and perishable foods around the perimeter of the store, training associates and using

DEBORAH WEINSWIG, MANAGING DIRECTOR, FUNG GLOBAL RETAIL & TECHNOLOGY
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dietitians to be more knowledgeable on healthy products, increasing health-related services, and focusing on specific disease categories, such as hypertension or diabetes.

Hypertension, for example, is the fourth leading condition that affects people, according to Jeff Gregory, Group Vice President, Consumer & Shopper Analytics at Nielsen. It affects one in every three adults in the US. People who suffer from hypertension and high blood pressure want preventive help in addition to their prescribed medication.

This presents a large opportunity for retailers who can capitalize on this market. To do that, retailers must take a holistic approach to hypertension sufferers and examine what they eat, how they treat their condition, where and how they seek care, and who and what influences them. With this information, retailers can help consumers find the items they care about based on their condition.

Regulations are also changing and the Food and Drug Administration (FDA) announced changes to the food label that will be in effect by July 2018. These changes will make the information on the label more prominent; for example, the "calories" text is enlarged and the serving size will be adjusted based on the amount expected to be consumed, not 8 ounces, which is the standard today. Labels will also clearly indicate any added sugar in the product.

We believe this trend of focusing on health will continue to grow and retailers will use information about the customer's health—as well as other insights about customer behavior—to personalize the shopping experience both online and in-store, and help the customer make better purchase decisions.

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DEBORAHWEINSWIG@FUNG1937.COM US: 917.655.6790 HK: 852.6119.1779 CN: 86.186.1420.3016
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The Impact of Digital Marketing in Shaping the Path to Purchase

Larry Levin, Executive Vice President of Consumer Insights and Thought Leadership at IRI Worldwide

Digital media is a key influencer on the path to purchase. Digital marketing often provides consumers with key information that helps them make their purchasing decisions. Marketing is increasingly fragmented, however; bloggers and influencer marketing is disrupting more traditional channels. Digital marketing is increasingly shifting to mobile, with an estimated $105 billion in ad spending projected by 2020. We were exposed to 500 ads a day in the 1970s, but today it is 5,000.

Meanwhile, shoppers are more diverse than ever. While 75% of the population is Caucasian, just 60% of millennials are white. Asians make up 4% of the population, but are one of the fastest growing demographics, at 16% growth per year. This key millennial population is very value conscious and digitally savvy, willing to do their research before making a purchase. For example, 69% of beauty products are researched online before purchase and 48% of people say they are unable to function without their smart phone.

YouTube is central to beauty marketing today. Michelle Phan has 1.2 billion total views on YouTube and more than 8.6 million subscribers. According to a 2015 Pixability study, there are a total 45 billion views of beauty content on YouTube. Amazon dominates online beauty, however, with 40% to 60% market share across all categories. Walmart, eBay, ULTA and Sephora are all vying for second place.

We believe brands and retailers must face the new digital reality, one that features dynamic change. There is enormous opportunity to use digital, mobile and social as key drivers to influence the consumer on their path to purchase.

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Deborah Weinswig, CPA
Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

Amanda Byrne
Marketing Associate

Steven Winnick
Research Associate

Gil Dror
Director of R&D

HONG KONG:
10th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 2470

LONDON:
242-246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

NEW YORK:
1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

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