



**NEW ZEALAND PHARMACY  
BENCHMARKING SURVEY 2025**



**MOORE** Markhams

# PHARMACY INDUSTRY - A DEEPER LOOK

I expect that not many readers of this report will have been around when Lewis Carroll's famous novel *Through the Looking-Glass, and what Alice Found There* was first published in 1871. What does that have to do with Pharmacy businesses in New Zealand over 150 years later, I hear you ask? Well, while I concede that Alice's adventures where she becomes a pawn on a giant chessboard, travels across the board and becomes a Queen, and meets characters like Tweedledum and Tweedledee, Humpty Dumpty, the Lion and the Unicorn along the way, might seem a far cry from modern, busy, bustling dispensaries, it is Alice's encounter with the Red Queen that I think sums up the state of New Zealand's community pharmacies as accurately as it could have been put when the Red Queen said **"Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"**

This is the key finding that is apparent in the data collected from our 2025 National Pharmacy Benchmarking Survey, the 13th annual version of this report. The data is predominantly collected for financial periods from April 2024 to March 2025 which included several key events that impacted the financial results of the included businesses as the community pharmacy sector in 2025 continues to evolve in response to changing healthcare needs, economic pressures, and the lingering effects of the COVID-19 pandemic.

The first of these was an underlying sluggish (that's probably too kind) economy that has led to an extremely difficult retail environment.

A major factor was also after the first quarter of the financial year, from 1 July, the reintroduction of targeted Co-Payments for specific patients. Interestingly, despite the reintroduction of these charges, the influx of patients and scripts into community pharmacies that arrived when those charges were first removed a year earlier, there were little or no noticeable reductions when the

charges reappeared and in fact, the total patient numbers and script numbers for community pharmacies has continued to rise and has done so at a faster pace than ever before.

Why was this the case? A little research leads us to believe that this is a result of a combination of the excellent care delivered to these patients that are engaging with community pharmacies and the fact that the majority of the patients (particularly those with high needs) are still not required to make any co-payments as they are exempt either by age or community service card status so there is no price barrier to collecting their prescriptions from their local pharmacies.

In terms of challenges, a continued shortage of available pharmacists, particularly outside of the main centres, was another significant factor identified. This has continued the stress on the already overworked pharmacists and pharmacy owners and has resulted in wage rises, almost across the board. This year's survey factors in a working owner's salary of \$110,000 for a full-time working owner, adjusted proportionally to reflect an owner's contribution to the business.

Other notable adjustments to previous years were a reduction in COVID related income and while this income still contributes to the profitability of many businesses, it no longer represents as significant a portion of the income for pharmacies as it did over the last few years. Income from a number of other new services were often identified throughout collecting data for this report.

A combination of these factors and others leads to the results of our survey showing that despite being busier than ever before, there was often little or no change in profitability and in many cases, pharmacies were not so lucky to remain as profitable as in previous years.



# KEY PERFORMANCE INDICATORS

Number of Pharmacies	196	190	202	178	170	150
Overall KPIs	2025 %	2024 %	2023 %	2022 %	2021 %	2020 %
Gross Profit	34.4	34.6	34.3	33.3	35.3	35.2
Mark-up	53.9	54.2	53.4	50.9	55.7	55.3
Dispensary Sales	85.6	82.4	77.8	79.6	77.4	75.8
Retail Sales	14.4	17.6	22.2	20.4	22.6	24.2
Cost of Sales	65.6	65.4	65.7	66.7	64.7	64.8
Advertising	0.4	0.5	0.4	0.6	0.5	0.6
Computer Expenses	0.5	0.6	0.6	0.6	0.6	0.5
Interest Expenses	0.6	0.7	0.7	0.6	0.7	1.0
Occupancy Costs	3.1	3.6	3.9	3.9	3.7	3.5
Salaries, Wages & Locums	19.7	20.3	20.3	20.2	19.4	19.2
Subscriptions & Licences	0.5	0.4	0.4	0.5	0.4	0.4
Other Expenses	2.8	2.9	3.5	3.3	3.6	4.1
COVID-19 Related Income	0.1	0.3	0.3	1.2	1.7	-
COVID-19 Vaccination Income	0.2	1.1	1.5	4.6	-	-
Net Profit Before Tax	7.1	7.0	6.3	9.4	8.1	5.9

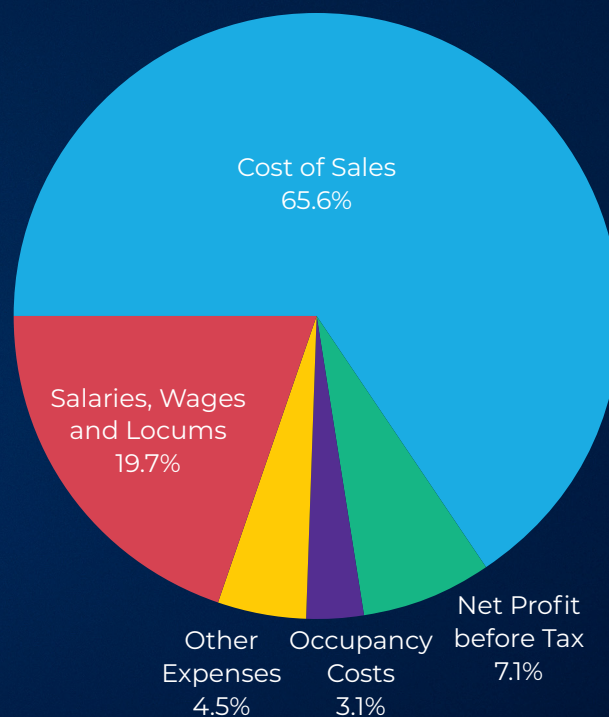
The table above shows these overall results for the 2025 year.

Noticeable trends from this summary include the average retail sales reducing to under 15% of total revenue, continuing the clear and ongoing shift towards dispensary-based revenue, with retail sales as a proportion of total revenue declining steadily. This reflects broader industry trends, including increased prescription volumes, expanded clinical services, and possibly reduced foot traffic for retail products due to online competition. Pharmacies are increasingly positioning themselves as healthcare providers rather than traditional retailers.

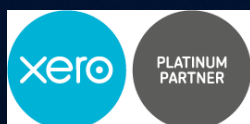
Gross profits have remained stable despite the changes to medicine costs, reduced retail and increased competition, indicating that pharmacies are adapting to new cost structures and managing margins more effectively.

COVID related income has dropped to very low levels and as a result there was no longer the disparity between the financial results of those pharmacies that offered vaccination services compared to those that didn't, which is a stark contrast to the previous few years.

The bottom line profit before tax remained very similar to the previous year.



The chart above shows average expenses and profit as a percentage of revenue



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“Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!”

– Lewis Carroll

## BREAKDOWN OF REVENUE

In order to achieve these similar profits, businesses are working harder, dispensing more medicines and only achieving very marginal returns on the additional effort. The table below shows there was a jump in average number of scripts dispensed and a rise in average number of LTC patients. The amount of revenue coming directly from the government increased to 77% as we observed retail sales drop for the 2025 year.

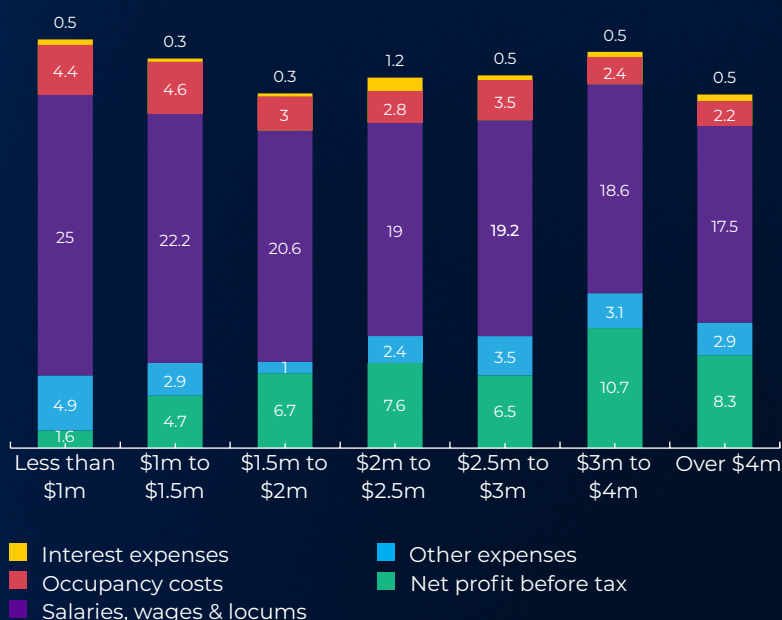
	2025	2024	2023	2022	2021	2020
Retail Sales	14.4%	17.6%	22.2%	19.2%	22.5%	24.2%
Script Batches and Other Dispensary Revenue	58.8%	56.0%	50.2%	53.5%	48.6%	47.7%
Patient Charges	8.2%	7.8%	10.0%	10.4%	11.2%	12.0%
Core Services Revenue	14.5%	14.1%	13.1%	13.0%	14.3%	13.2%
LTC Service Revenue	2.3%	2.2%	2.1%	2.0%	2.1%	2.2%
APAS Revenue	1.8%	2.3%	2.4%	1.9%	1.3%	0.7%
	2025	2024	2023	2022	2021	2020
Average Number of Rx Dispensed	93,621	84,711	79,844	73,609	76,762	74,691
Average Number of LTC patients	222	196	166	155	157	173
Average revenue per Rx (including drug cost)	\$24.97	\$24.87	\$22.99	\$23.31	\$20.60	\$22.13

## KEY TRENDS: 2025 VS 2024

The earlier summations are also supported by the following analysis that shows the changes in key performance metrics for pharmacies who had data in both our 2024 and 2025 surveys. You will see that there has been a substantial increase in gross profit, increases to wages and other costs, reductions to COVID income and only a minor increase in the overall profit from year to year.

Average Change in:	2025 vs 2024	2024 vs 2023	2023 vs 2022
	\$	\$	\$
Gross Profit	83,657	69,224	35,832
Interest Expense	-2,988	1,006	-343
Occupancy Costs	5,503	3,210	1,272
Wages	38,314	41,055	26,465
Other Expenses	14,128	9,852	38,103
COVID-19 Related Income	-6,562	-2,207	-7,388
COVID-19 Vaccination Income	-16,289	-2,092	-39,948
Net Profit	5,848	9,801	-77,001

## PERFORMANCE BY TOTAL REVENUE



Changes to the revenue make-up and cost structures have also resulted in the continued difficulties faced by smaller pharmacies and the turnover criteria for where pharmacies struggle to make sufficient profits is now greater than ever before. Previously, pharmacies with revenue below \$1m were considered small and having difficulty to generate sufficient profits compared to larger competitors. However, the threshold for achieving an acceptable net profit margin has now shifted closer to \$1.5m. Pharmacies earning between \$1m to \$1.5m perform only marginally better than those earning below \$1m, and still significantly worse than those with revenue above \$1.5 million and when compared against the survey average.

## REGIONAL TRENDS AND DISTRIBUTION

Looking at pharmacies in various locations/different premises types, the table below shows the average wage percentage for Auckland pharmacies has dropped back to below the rest of the country compared to the previous year where it was the highest. This is likely reflective of the cost that pharmacies outside of Auckland are having to pay to recruit staff either on a permanent full-time basis or as a temporary locum. Despite having lower wages, the overall profit for Auckland pharmacies is the lowest as other cost pressures like rent are higher than in other regions.

Rural pharmacies continue to significantly outperform urban pharmacies due to lower costs. Often these are larger businesses which allow the costs to be spread over a greater pool of income.

Medical Centre pharmacies continue to be the most profitable pharmacies with the gap growing when compared to pharmacies located elsewhere. Pharmacies positioned within Shopping Malls have been disproportionately affected by the reductions in retail sales, impacting both volume and margin percentage.

Number of Pharmacies	84	66	46	44	152	95	13	88
Overall as a percentage %	Auckland	Other Nth Island	South Island	Rural	Urban	Alone	Mall	Medical Centre
Gross Profit	34.6	34.3	34.3	33.9	34.5	34.1	34.0	34.8
Mark-up	54.3	53.4	53.7	52.0	54.3	52.9	51.8	55.2
Dispensary Sales	84.9	86.2	88.0	83.2	86.0	84.8	65.8	89.1
Retail Sales	15.1	13.8	12.0	16.8	14.0	15.2	34.2	10.9
Cost of Sales	65.4	65.8	65.7	66.1	65.5	65.9	66.0	65.2
Advertising	0.4	0.3	0.2	0.3	0.4	0.3	0.8	0.4
Computer Expenses	0.6	0.5	0.4	0.5	0.5	0.5	0.4	0.5
Interest Expenses	0.7	0.5	0.6	0.6	0.6	0.6	1.2	0.5
Occupancy Costs	3.6	2.4	2.9	2.3	3.3	2.9	4.3	3.0
Salaries, Wages & Locums	19.6	19.8	19.9	19.0	19.9	20.7	18.8	18.9
Subscriptions & Licences	0.5	0.6	0.5	0.7	0.5	0.7	0.4	0.4
Other Expenses	3.0	2.4	3.0	2.0	2.9	2.6	3.7	2.8
COVID-19 Related Income	0.1	-	-	-	0.1	0.1	-	-
COVID-19 Vaccination income	0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Net Profit Before Tax	6.6	7.8	6.9	8.6	6.7	6.1	4.6	8.5

So what are those businesses that are “running twice as fast” and heading “somewhere else” doing? Well, several things, with one important factor being the ability to maintain wages at or under industry average levels. This is difficult of course, however often the key indicator of whether a business has a higher-than-average net profit or a lower-than-average net profit is whether the wage percentage is above or below the average wage percentage.





## AUTOMATION AND OWNERSHIP STRUCTURE

One very noticeable trend is the increasing number of robotic dispensing machines seen in New Zealand's community pharmacies. These machines have been around for over a decade now however we have seen their use becoming even more prevalent over the last few years with nearly half (46%) of pharmacies in the survey having at least one such machine. Automated dispensing cabinets, robotic pouch inspectors, tablet counting systems, and others, have often become the difference between running an efficient profitable pharmacy business and struggling to reach industry average results. This can be seen in the table below that shows the average wage cost being lower for pharmacies with a robotic dispensing machine and the average net profit being higher at 9.1% of

revenue compared to 5.3% for those with no robot. Part of this is a direct reduction in wages but it also frees up hands for pharmacists and technicians to deliver other services which contribute in boosting the profitability of the business. With the increased tax incentives - such as the Investment Boost write off where you are allowed to claim 20% of the cost on a new asset immediately and then continue to depreciate the balance over time - these are becoming even more appealing. However, other considerations such as the size of the business should be taken into account before committing to such a significant purchase. This is an area where opportunities to change the way you deliver your services exists and should be examined closely.

Number of Pharmacies	86	92	81	106	115	72
Overall as a percentage %	Robot	No Robot	Single Pharmacy	Multiple Pharmacies	Single Owner	Multiple Owners
Gross Profit	34.0	34.8	33.8	34.8	34.6	34.2
Mark-up	52.4	55.0	52.7	54.8	54.0	53.6
Dispensary Sales	87.6	83.7	82.9	87.2	85.6	85.5
Retail Sales	12.4	16.3	17.1	12.8	14.4	14.5
Cost of Sales	66.1	65.2	66.2	65.2	65.5	65.8
Advertising	0.4	0.4	0.3	0.4	0.4	0.3
Computer Expenses	0.5	0.6	0.5	0.5	0.6	0.4
Interest Expenses	0.5	0.6	0.5	0.7	0.6	0.6
Occupancy Costs	2.5	3.6	2.9	3.2	3.1	3.0
Salaries, Wages & Locums	18.6	20.8	19.7	19.8	20.2	19.0
Subscriptions & Licences	0.4	0.6	0.6	0.4	0.6	0.5
Other Expenses	2.4	3.2	2.6	3.3	3.0	2.9
COVID-19 Related Income	0.1	0.0	0.0	0.1	0.1	0.0
COVID-19 Vaccination income	0.2	0.2	0.2	0.2	0.2	0.2
Net Profit Before Tax	9.1	5.3	6.9	6.9	6.5	7.7

There is often a perception that owning multiple pharmacies can lead to increased efficiencies and improved scaled returns however the data shows us this is not really the case. With increased workloads and pronounced staffing shortages, multiple business ownership has become more difficult than ever, particularly where there is just one owner. The net return for owners that had multiple businesses was identical to the return where the owner held more than one pharmacy business.

Similar results were also noticed for businesses where there was more than one independent shareholder in that specific business. There were only slightly better results in situations where multiple owners were able to share the workload between themselves, largely resulting from reduced wage expenditure so presumably this means less expensive locums being required.



## RATIOS

Ratio	Return on Assets	Current Ratio	Stock Turn	Interest Cover	Leverage Cover
Formula	$\frac{\text{Net Profit}}{\text{Total Assets}}$	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{\text{COGS}}{\text{Closing Stock}}$	$\frac{\text{EBIT/EBITDA}}{\text{Interest}}$	$\frac{\text{Bank loan}}{\text{EBIT/EBITDA}}$
Median 2025 Result	19.44%	1.02	12.50	6.28	0.97
Median 2024 Result	19.01%	0.93	10.84	6.89	1.16
Median 2023 Result	16.22%	1.40	10.46	7.94	1.05
Median 2022 Result	18.72%	1.14	10.29	9.79	1.14
Median 2021 Result	18.59%	1.02	10.16	8.39	1.33

Similar overall profits have resulted in similar median financial ratios compared to previous years. There is a slight increase in return on assets and a slight decrease in interest cover and leverage ratios.

The current ratio still sits very close to 1, indicating cashflow remains extremely tight where there are just enough short-term assets to meet short-term debts, although this year's result of just over 1 is a

better result than just under 1 where it sat last year.

There is an increase in stock turn ratio meaning there is less stock sitting on shelves not being turned into cash, which should be helping with cashflows. This may be related to reduced retail sales and related stock holdings as this stock tends to turnover slower than dispensary stock.

## PHARMACY BUSINESS SPECIALISTS

At Moore Markhams, we are privileged to work alongside many of New Zealand's pharmacy business owners every day. While each pharmacy is unique, their owners share common qualities: a strong commitment to their businesses, their communities, and the wider pharmacy sector. Our dedicated Pharmacy Business Development Unit reflects this same passion and takes pride in supporting an industry that has delivered exceptional services, particularly in recent years.

Through our annual survey, we capture valuable data that enables us to anticipate trends and deliver proactive, tailored solutions. We currently partner with approximately 150 community pharmacy owners, providing timely, accurate information and practical advice to help them manage and grow their businesses with confidence.

Our focus is on empowering owners to concentrate on what they do best—building successful businesses. To achieve this, our team of specialists offer a comprehensive suite of accounting and advisory services, including:

- Financial forecasting and financing assistance
- Strategic business consultancy and advisory
- Business valuations and due diligence
- Mergers, acquisitions, and business restructures
- Sale and purchase negotiations
- Accounting and taxation services
- Preparation of financial statements and income tax returns

We are committed to working collaboratively with pharmacy owners to develop and implement strategies that unlock growth opportunities and strengthen their businesses for the future.

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The Moore Global network covers 114 different countries and is the 11th largest professional services network across the world.

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