

Pharma Channel Loyalty Programs: A Practical Guide

How pharma brands reward stockists, distributors and chemists for verified business, stay compliant, and see what happens below the distributor. With results from programs on Xoxoday Loyalife.

142K+

retailers onboarded on one pharma program

94.4%

of app downloads became verified sign-ups

20.5%

of claims rejected automatically

23%

better monthly therapy adherence

SUMMARY

Key takeaways

- Pharma channel loyalty rewards the trade (stockists, distributors and chemists) for verified business. It does not reward prescribing doctors.
- Most brands see sales only up to the distributor. A loyalty program shows what is stocked and sold at the pharmacy.
- Trade schemes drive a purchase. A loyalty program keeps partners engaged between schemes.
- Build the rules in from day one: KYC, claim checks, approval before payout, tax tracking and a full audit trail.
- Programs on Xoxoday Loyalife verified 94.4% of retailer sign-ups and caught 20.5% of invalid claims automatically.

01 · WHAT IT IS

What pharma channel loyalty is

A pharma channel loyalty program rewards the businesses that move a brand's products to patients: stockists, distributors and retail chemists. Partners earn points or rewards for verified actions, such as a genuine purchase invoice, a scan of a product pack or hitting a sales slab.

It is different from a trade scheme. A scheme runs for a fixed window and ends. A loyalty program runs all year, keeps a record of every partner and every claim, and gives the brand a clear view of who is selling what.

It is also different from engaging doctors. Rewards to doctors are restricted in most markets, so pharma brand programs focus on the trade.

WITH XOXODAY LOYALIFE

One platform runs stockist, distributor and chemist programs from sign-up to payout, with every reward tied to a verified transaction.

02 · THE CHANNEL

How the pharma channel works

Most pharma products pass through several hands before they reach a patient. Each one shapes what gets sold.

- Manufacturer:** sets schemes, prices and trade terms. In some markets, a carrying and forwarding agent or super stockist holds stock for a region.
- Distributor or stockist:** buys from the brand and supplies pharmacies. Decides what is stocked and pushed.
- Retail chemist:** decides what is kept on the shelf and, for over-the-counter products and generics, what is recommended at the counter.
- Patient:** buys on a prescription or over the counter.
- Hospitals and institutions:** buy through a separate route.

Where brand visibility stops

Most brands see sales only up to the distributor. What happens at the pharmacy, meaning what is stocked, sold or recommended, is usually invisible. A channel loyalty program closes that gap, because every reward is tied to a verified invoice or scan from the partner.

WITH XOXODAY LOYALIFE

Every invoice or pack scan a chemist submits shows the brand what was bought, by whom and where, so sales below the distributor become visible.

03 · THE GAP

Why trade schemes alone fall short

Most pharma brands already reward the trade through schemes: free goods (such as buy 10, get 1), slab discounts and short spot schemes. Schemes drive a purchase, but they leave gaps.

- No proof.** Claims often run on paper, so duplicate or invalid claims are hard to catch before payout.
- No visibility.** The brand sees what it sold to the distributor, not what the pharmacy stocked or sold.
- No relationship.** When the scheme window closes, engagement stops until the next one.
- Mistrust.** Selective spot schemes and slow credit notes are common complaints from the trade.

A loyalty program does not replace schemes. It runs them on one platform, checks every claim, and keeps partners engaged between schemes.

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Schemes are set up by product, dates and partner group, approved before release, and every claim is checked before payout.

04 · WHO TO REWARD

Who to reward

Start with the partner whose behaviour matters most to your growth. Most programs begin with one group and add the next later.

Partner	Why they matter	What you want from them
Distributors and stockists	They decide what is stocked and pushed to pharmacies	Hit volume slabs, carry the full range, stay loyal after the scheme ends
Retail chemists	They decide what is on the shelf and, for OTC and generics, what is recommended	Verified purchases, steady sell-through, more space for your brands
Pharmacy staff	They talk to patients at the counter	Product knowledge and recommendation of OTC products
Patients, reached through your stockists	Your stockists are the only route to them, and outcomes depend on staying on treatment	Taking every dose, with rewards collected at the stockist

Stocking versus recommending

Paying a chemist to stock a product is not the same as earning a recommendation. Stocking rewards are tied to purchases. Recommendation, for OTC products, is built through training, recognition and tiers.

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Each partner type (stockist, chemist or patient) gets its own rules, rewards and app experience, all on one platform.

05 · WHAT TO REWARD

What to reward, and how

Reward actions you can verify. There are three common ways to capture them.

How partners earn	How it works	Best for
Invoice upload	The partner photographs the purchase invoice; the platform reads it and checks it before approval	Chemists buying through stockists
Pack scan	The partner scans a code on the product pack	Brands with codes already printed on packs
Distributor data	Purchases flow in automatically from the distributor's billing or DMS software, so partners submit nothing	Distributors whose software is already integrated with the platform

Common earning rules

- Points by product:** set different rates for priority brands, new launches or slow movers.
- Slabs and tiers:** partners move up as they buy more, with better rewards at each level.
- Launch boosters:** extra points for a set period when a new product goes out.
- Targeted schemes:** run a scheme only for chosen regions, partner groups or products, with approval before it goes live.
- Non-purchase actions:** reward training completed or display audits.

Rewards that work

- Wide choice for the trade:** a catalogue of 10M+ options, including gift cards, prepaid cards, vouchers, merchandise and experiences, with instant redemption. Partners pick what suits them.
- Recognition:** tiers, badges and leaderboards for top partners.
- For patients:** health-linked rewards such as supplements, diagnostics and devices, not cash.

Show partners their progress at all times, so every scheme is clear and the same rules apply to everyone.

WITH XOXODAY LOYALIFE

Partners earn through invoice reading on the phone or QR scans, the scheme builder handles points by product, tiers, multipliers, caps and targeted schemes, and partners redeem from a catalogue of 10M+ rewards.

06 · THE PLATFORM

How Xoxoday Loyalife does it

Xoxoday Loyalife runs pharma channel programs on one platform, from sign-up to payout.

- Partner app:** partners log in with their mobile number and an OTP, then track points, schemes and tier progress in one place.
- WhatsApp Bot:** partners onboard, submit invoices, check their balance and redeem rewards inside a WhatsApp chat, with no app to install and no portal login.
- KYC built in:** DigiLocker verification, or upload of the drug licence, GST certificate and PAN, reviewed before the partner is activated.
- Invoice reading and pack scans:** invoices captured on the phone and read automatically, plus QR scanning.
- Scheme builder:** points by product, validity dates, tiers, multipliers and caps, with schemes targeted to chosen partner groups.
- Approvals:** maker-checker and multi-level approval, with points locked until a claim is approved.
- Payouts:** points, cashback and instant UPI cashouts, with TDS deduction and reporting handled on platform.
- Rewards catalogue:** 10M+ options across gift cards, prepaid cards, vouchers, merchandise, experiences and charity, in 150+ countries with instant redemption, through Xoxoday Plum.
- Reports:** participation, claims and sales by region, partner and product.

Xoxoday is SOC 2 Type II and ISO 27001 certified.

07 · BUSINESS OUTCOMES

Business outcomes

A pharma channel loyalty program is a growth tool, not just a rewards scheme. Here is what it delivers for the business.

Business outcome	What changes
Revenue growth	More sell-through of priority products and new launches, and more shelf space at engaged pharmacies
Partner retention	Stockists and chemists stay active all year, not just during a scheme
Repeat orders	Partners buy more often and move up tiers to earn better rewards
Wider reach	A verified base of chemists below the distributor, not just a list of stockists
Less spend leakage	Rewards paid only on valid claims, so scheme budgets go further
Lower cost to run	No paper claims or manual reconciliation; faster, cleaner payouts
Better patient outcomes	Patients on long-term therapy stay on treatment

How to measure

Track sales of focus products, monthly active partners, repeat orders, claim rejection rate and time to payout, and record where each stands before launch.