



AT WORK – IN THE PHARMACY

Supplementing revenue

<INTRO>With revenue from PBS scripts falling, the importance of complementary medicine as a pharmacy retail stream increases. **Hilary Kahn** explains how can you ideally position it for better sales.

The landscape has changed in the way complementary medicines (CMs) are sold. To check it out, visit the new-look Terry White Chemists Group nutrition areas. I worked with them to conceive and design the nutrition wall, with invaluable technical input from Gerald Quigley, a well-known pharmacist and CM specialist. According to Terry White Chemists, the result has significantly increased sales without any increase in staffing levels.¹ This is due to the merchandising element of a comprehensive selling system not totally dependent on staff. Well-trained staff add to it, however inexperienced staff have a simple template to give significant advice. The customer is left in control — the single biggest trend at the moment in the US.

It's always been impossible in the CMs shop area to allow customers to buy a total outcome or solution. For the most part, it has been the traditional brand blocking and alpha stacking that prevented this, but the technical language of the category hasn't helped either.

The most critical element missing in the old paradigm is the customer: what makes sense to him or her? Numerous pharmacists tell me, 'Even though I live with the product day in and day out, I can never find them, let alone know what things are for. If not for the naturopath, I wouldn't have a clue. Problem is, I've only got one naturopath three times a week who may need 30 minutes with a customer. There are times when I've got 50 customers in the pharmacy. Who speaks to them? What do I do when the naturopath isn't working?'

If the pharmacist can't find (or understand) what he or she needs, how can the customer?

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At Terry White Chemists, a much simpler shopping experience – easier to find, easier to buy, good advice

Become the customer

Good retailing is about establishing a pharmacy where your customer feels confident, comfortable and secure to shop. Let them know where things are and put everything they want together so it is easy to find, and give advice. Don't oversell, don't be pushy, don't bankrupt your customer. Ensure that your customer leaves with a shopping experience that ensures they have received the right advice and products. Ensure that there is a system (as opposed to a wish) in place that will get that customer, and his or her friends, to return to you for more, and depend on you in other areas.

If this doesn't happen, then your average sale and revenues will be nowhere near what they should be, your profit is less than it could be; lines per transaction are too low. Not enough customers are having a powerful

shopping experience or desire to return to you next time. The reason is that the staff are carrying too much of a burden for making huge sales. The marketing and merchandising system could take a lion's share of the burden. For many staff, selling takes too long and is too pushy, so they worry about customer backlash. And why give the advice when the customer will simply buy the product cheaper in the supermarket?

There is an enormous but totally logical change in mindset to make: become the customer. Easier said than done? Well let's review the potential in the quit-smoking category. Fill in the following table — it's a standard in the training programs that I provide to sell my sales navigation system.

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Making the business case

Fill in the following table in the category of Stopping Smoking.

1. What is the desired outcome?	To stop smoking.
2. How many actual customers per year do you have in your business? (average ~50,000)	___
3. How many of your customers smoke? (average ~25%)	___
4. Quit says it takes about 10 weeks to quit. Say a packet of patches (or the preferred product) retails at \$30. If each of your smoking customers bought 10 weeks' supply of patches, what would the revenue be?	\$__
5. All smokers have cravings but how many are told about chromium*? If you sold chromium (or alternative) to reduce cravings to every customer, what would the revenue be?	\$__
6. All smokers feel anxious/nervous during withdrawal but how many are told about Rescue Remedy? If you sold Rescue Remedy or alternative to every customer, what would the revenue be?	\$__
7. Add up the totals:	
Patch sales:	\$__
Chromium sales	\$__
Rescue Remedy sales	\$__
Total	\$__
8. Now divide it by 3, or 4, just to be conservative	\$__
What does this new total represent? Are you doing this now?	

Many pharmacists have difficulty completing this questionnaire. They don't know their customer numbers, nor how many smoke, and seldom explain or are asked about what else can be used to help. In short, they don't really know these customers. The advice is often simply restricted to the one packet of patches, gum or lozenges that the customer asks for. How much do pharmacists know about their customers in other conditions?

Now, let's look at how the 'navigation panel' works. Please note, this is currently being updated.

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The outcome is clear.
The customer value proposition is clear
What type of smoker the customer is, and the products they need, is clear.
The support for cravings and anxiety is clear.

How to retain customers and stop them shopping for cheaper products elsewhere

There is a take-away pamphlet that will support, reinforce and add to what is said on the panel. It gives further tips, identifies external support, such as Quit, company websites etc. It also includes a weekly call-back mechanism that links in to your loyalty system or your rewards system during the 10 weeks. Negotiate

with your suppliers, provide additional support groups, and have a launch of the Quit Smoking campaign and system and celebration of the outcome. In addition, you will ideally have an Internet-based back-up monitoring progress with customers, sales, reactions and community support.

Apply the same 'navigation' principles in other categories, such as weight, arthritis, women's health, cold and flu, stress, energy, digestion and heart, diabetes, asthma, and the list goes on and your store would communicate to customers and be significantly more relevant, profitable, and differentiated. Customers would then have reasons to shop with you, not the supermarket or even the pharmacy down the road, where the advice is patchy, inconsistent and dependent on not being too busy.

In 2005, nicotine-replacement products at retail sell, on average, about \$19,000 per pharmacy. My Quit Smoking 'navigation' stand was developed in 2002 for a short trial of 20 pharmacies, and many that have retained it are achieving in the region of \$90,000 p.a., with a couple over \$120,000 p.a. The worst performer is around \$50,000 p.a.

Become a personal coach

Even if your quitting customers chose not to use nicotine-replacement therapy but popped in every week to discuss how they were going and you sold nothing but CM to help with cravings and anxiety, they would trust you and buy more from you. They would welcome your assistance to achieve another outcome in another area. Good retail is about habit, revisit and confidence in you and your advice.

Q & A

Q In how many categories should you navigate to outcomes?

A In core categories that are the most relevant to your customers

Q What is the impact on branding?

A Outcome navigation and brand can mix. There's no reason why you couldn't do both, except for issues of stock duplication. There are other opportunities for brand presence.

Q Do you use more, less or the same space?

A Space would increase because of the need for information but, on the other hand, the focus on key products needed typically narrows the range and increases stock turn.

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Q What are the implications in terms of merchandising and fittings?

A Merchandising panels and space would need to be purchased to accommodate the information.

Q What are the implications on staff?

A Our results show that morale, enjoyment, interest lift. With great training, so does confidence and compliance.

Peak times matter most of all – if the pharmacy doesn't work then, it doesn't work!

When the store is busiest, the customer always should get great advice, but condensed to the critical essence. Train the staff to support and add to the navigation system rather than just sell product, and the experience for the customer will improve. Add focused and timely marketing and you will achieve four keys of great retailing:

1. customers leave satisfied
2. they want to return
3. they tell their friends about the experience
4. they spend more, visit more.

In short, retailing is turned on its head because we come from the position of the customer.

Can a great staffer sell as much? Of course, in the right way, when he or she is there (but possibly not at peak times and not in as little time). One of my favourite pharmacists was almost single-handedly selling \$15,000 per week in vitamins alone. He left the business to go to another, had trained other staff, but within six weeks of his leaving, sales per week had dropped to \$9,000. The customer experience and expectation dropped even more. Find ways to make your store talk. There's a huge prize if you can.

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