



'EasyEST': different, not cheap

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'Being your best is not so much about overcoming the barriers other people place in front of you as it is about overcoming the barriers we place in front of ourselves. But it does have everything to do with having the vision to dream, the courage to recover from adversity and the determination never to be shifted from your goals.' KIERAN PERKINS

My June and July '09 articles were written about leadership and the rewards that result from broaching cultural change, entrenched thinking and ingrained organisational silos. A related issue is making employed pharmacists more productive, thus justifying increasing salary rates by working not harder, but with a different model.

My May '09 column ('Road to success requires directions') outlined that model, including the easy dispensary strategies that can, if taken seriously, justify relevance to government and reduce impact of PBS profit claw-backs.

But let's now turn to the retail departments, including S2 and S3, because these represent the greatest area of opportunity to:

- **compete with warehouse and grocery;**
- **replace falling dispensary profits; and**
- **present relevant healthcare to customers and government.**

MOVE OUT OF THE 'RED ZONE'

If you are losing script numbers, customer numbers, sales and/or worried about imminent PBS profit cuts then your pharmacy is in a 'red zone' (see Figure One: Adopt 'EasyEST' retail). I offer a road map and a starting point on the path towards commercial safety and away from the 'red zone' in the May, this and next month's articles.

To compete with warehouse ('CheapEST' cost and price and

'BigEST' range) you have to move to one of the remaining three positions—'HotEST', 'QuickEST' or 'EasyEST'.

I explained in my April '09 article why most pharmacies must adopt the EasyEST position ('Easiest route to success'). As a reminder the essence of EasyEST retail is 'Health solution-oriented service'. This attracts customers not totally obsessed by price by offering the following elements:

- **provide assurance;**
- **solve problems;**
- **be information rich;**
- **employ and train knowledgeable employees; and**
- **develop and maintain efficient processes.**

'EASYEST' FORMULA

It's vital to understand that these elements must be offered throughout the business and involve every department using the following formula:

Widest range + big shelf space allocation + information present + trained expert available to solve problems = 'EasyEST' success.

Some important basic points apply:

- **stop trying to be everything to everyone while meaning little to anybody.**
- **always be in stock—brand leaders are vital;**
- **remove clutter, obstructions, irrelevant offers;**
- **improve customer flow and navigation aids; and**

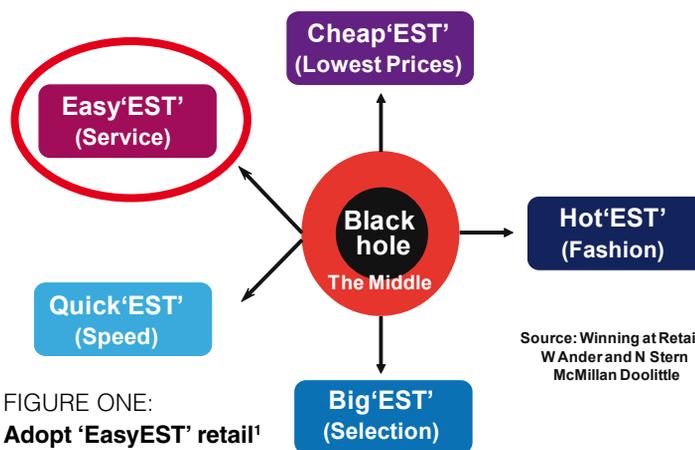


FIGURE ONE:
Adopt 'EasyEST' retail'

- **market the health solution/offer and not just products.**

Stand at the front of the pharmacy you work in or own. Have a look at what the retail space presents to a customer. Is it a jumble of stuff, impossible to see what you think is important and difficult to get around, or is there an attractive healthcare offer clearly discernable by customers?

IT'S ALL ABOUT EXECUTION

Delivering the formula is all about execution, discipline and consistency.

Below are the latest results for one of our suburban strip clients who did all three well:

Script sales growth	9.5%
Retail sales growth	34.5%
Script volume growth	7.7%
Customer no. growth	6%
Retail lines/transaction	1.3
Retail sale \$/customer	\$14.42
Growth	27%
Gross profit dollar growth	27.2%

The results outperformed all the JR Pharmacy 2008 indicators for similar pharmacies. Of particular

note is the growth in retail sales resulting from both customer number growth and, critically, customers spending on average 27% more than they did before.

Compared with our client average retail sale \$/customer average for similar located pharmacies of slightly more than \$10, this pharmacy outperformed it by more than 40%!

In dollar terms, this pharmacy is able to generate \$420,000 higher retail sales than the average store just by having an 'EasyEST' offer. The owners tossed out cosmetics, gifts, jewellery, fragrance, chocolate and some other lines that didn't fit with a health solution-oriented service offer. They made the 'brave' decisions, challenged one of the ingrained silos, and yet still grew retail sales by 34.5%!

The retail section offers enormous opportunities to replace falling dispensing incomes, drive a competitive customer position not based on price, and present a stronger healthcare image to customers and government. ■

1. Ander W, Stern N. Winning at retail. McMillan Doolittle, 2004.

