



Publix's conveniently located pharmacies, as well as its attentive, customer-driven pharmacists, have made it Wilson Health Information's No. 1 ranked supermarket pharmacy.

By AMANDA BALTAZAR

Publix's pharmacies are very hard to avoid and the convenience factor has been largely responsible for their success.

Pharmacies are just inside the stores, consistently on the left. "It's how they're positioned in the store," said Jim Wilson, president of Wilson Health Information, whose annual survey recently named Publix the No. 1 supermarket pharmacy in customer satisfaction for the fourth consecutive year.

One of the reasons for the success in Publix's pharmacies has been the attention the pharmacists pay to their patients. "Our pharmacists invest

Publix focuses on offering convenience

their time and we make sure we hire informed, customer-driven people," said Maria Brous, a Publix spokeswoman.

Another reason is simply ease of use. The chain has an efficient drop-off service and a large number of customers choose to do their grocery shopping while their medications are being prepared.

It's a relatively simple strategy, but it is one that, based on customer

and sales results, Publix appears to be executing almost flawlessly across its 675 pharmacy counters.

Playing on that success, Publix has opened 12 clinics in partnership with The Little Clinic in the past year, and anticipates opening more in 2007 to finish up with around 30 by year's end.

"We're all so busy; we don't always get sick with a cold, need an annual physical or need to receive vaccines Monday [to] Friday, eight-to-five, when most doctor's offices are open. The Little Clinic allows our customers the flexibility of extended night and weekend hours," Brous said.

Publix now is going one step fur-

ther in its health and wellness endeavors by opening four Publix GreenWise Markets—the ultimate in offering customers a way to look after themselves. The first GreenWise, a 39,000-square-foot store, is scheduled to open in late summer. "There's an emphasis on healthy, natural and organic foods and prepared foods," Brous stated.

There are no plans for pharmacies in these stores yet, although "it would make some sense, particularly if paired with an apothecary type offer," said Neil Stern, senior partner with consulting firm McMillan Doolittle. "It seems that pharmacy would be one of the edges they could bring," he added, since similar operations such as Whole Foods and Wild Oats don't.

Publix's other new store format, Publix Sabor, does feature pharmacies, however. Publix currently operates two of these Hispanic-themed supermarkets and has two more in the works. The pharmacies in these stores are not solely oriented toward Hispanics, so as not to isolate other shoppers, said Brous, although each features a bi-lingual pharmacist at all times.

It's not just pharmacy that Publix does well. This 900-store retailer, the sixth largest supermarket chain in the

United States, does everything well. "I'd be grasping at straws," said Ted Taft, managing director of Meridian Consulting, when asked by *Drug Store News* to name something Publix doesn't do well.

It's not just Publix customers who are voting with their minds and wallets—its Publix's own employees, too. Publix has been named one of *Fortune* magazine's "100 Best Companies to Work For in America" in each of the last 10 consecutive years. And it appears the regional supermarket powerhouse may have a lock on the next 10 years. Fully owned and operated by its 142,000 associates, the company recently launched a pay-for-performance program that rewards its best employees.

Publix	Headquarters: Lakeland, Fla.
	2006 sales: \$21.7 billion
	% change vs. 2005: 5.2%
	No. of stores: 901
	No. of stores with Rx: 675
	Avg. store size: 27,000 sq. ft. to 61,000 sq. ft.
	Rx sales: \$1.13 billion
	% of sales from Rx: 5.2%
Sales per store: \$24.1 million	
<small>*Source: Drug Store News, company report</small>	

Pharmacy helps Sam's Club broaden appeal

By MIKE TROY

Modest overall sales growth aside, pharmacy and the adjacent departments of health and beauty care are becoming increasingly important components of the value proposition at Sam's Club.

The warehouse club division of Wal-Mart already operates pharma-



Pharmacy is playing an increasingly important role at Sam's Club.

cies inside virtually all of its 579 clubs that typically are positioned at the end of long rows of low-profile warehouse fixtures loaded with bulk packages of the same health and beauty care items found in much smaller quantities at the nation's drug stores. Those categories made a powerful contribution to overall sales that grew 4.5 percent last year to reach a record \$41.6 billion and operating profits that grew 9.2 percent to reach \$1.5 billion.

However, several developments late last year suggest pharmacy and health and beauty care categories could play an even more important role going forward as Sam's Club looks to broaden its appeal in the marketplace and focus on mom as "CEO." The shift follows extensive efforts in recent years to tailor product assortments, service offerings and marketing messages to small business owners in nine different industry segments. Additionally, Sam's sought to satisfy the personal needs of its business members and it also served individuals known as Advantage members.

The strategy was good for profits as operating margins reached 3.6 percent last year, but to achieve further growth Sam's intends to retain its focus on business owners while extending its reach to other customers segments.

Evidence of how that strategy will play out could be seen last fall when Sam's Club opened a new prototype near its headquarters in Bentonville, Ark. The 141,000-square-foot club contained numerous design elements and merchandising touches that speak to how Sam's Club intends to broaden its appeal.

Generally speaking, much of the emphasis is on making the club more female friendly with an expanded café menu, a coffee bar, a jewelry department with a stunning assortment of products, a cleaner and easier-to-shop fire department and a deli department that for the first time features prepared foods sold by the pound. The returns process was streamlined and the club even has a covered canopy for loading products that were ordered in advance via fax or the Internet.

The pharmacy and health and beauty care layout also has been modified as space devoted to those categories at the front of the club was expanded to allow for the presentation of the baby category. The new configuration also includes a subtle change that created two positions for floor-ready promotional displays leading to the pharmacy.

In addition to the club layout changes, Sam's has sought to broaden its appeal through direct mail efforts. Nothing specific to pharmacy or health and beauty

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Sam's Club	Headquarters: Bentonville, Ark.
	2006 sales: \$41.6 billion
	% change vs. 2005: 4.5%
	No. of stores: 579
	No. of stores with Rx: 482
	Avg. store size: 130,700 sq. ft.
	Rx sales: \$956.4 million
	% of sales from Rx: 2.3%
Sales per store: \$71.8 million	
<small>Source: Drug Store News, company report</small>	

care yet, but last fall the company distributed its first-ever “fall entertaining and business guide” in advance of its annual holiday catalog. More recently, it introduced a 48-page spring entertaining and outdoor living guide.

About the time the Bentonville club opened and new marketing initiatives were launched, Sam’s was laying the groundwork for changes to the decision-making structure of its merchandising organization. Sam’s Club spent late 2006 reviewing member and consumer data and in January announced its merchandising group would be aligned to focus on eight member behavior segments.

Under the new structure, pharmacy, optical and over-the-counter products and health and beauty care products are part of the health and wellness segment led by senior vice president Charles Redfield and merchandise director Todd Matherly. Redfield previously served as senior vice president/general merchandise manager of fresh and perishables.

Despite some of the changes that create a more compelling pharmacy experience and make new and remodeled clubs more appealing to moms, the focus on small business remains in virtually every product category as many items are individually labeled for resale or packaged for institutional use. It’s just that Sam’s is calling less attention to its business roots as new branding elements intro-

duced at the Bentonville prototype eliminated the use of tag lines, “it’s a big deal,” and “we’re in business for small business,” because they were deemed exclusionary.

Despite these changes, Sam’s record of consistent growth and plans for another 20 to 30 clubs this year, there is a growing school of thought that the greatest growth potential for Wal-Mart’s smallest division won’t be realized until it emerges as a standalone company.

A spin-off transaction is seen by some analysts as a distinct possibility because it would enable Wal-Mart to unlock the value of a large and profitable piece of its business that is no longer a core component of the thesis for owning shares of Wal-Mart.

Sam’s last year accounted for just 12 percent of Wal-Mart’s total sales of roughly \$345 billion and its contribution shrinks every year as more rapid growth takes place at the \$226 billion Wal-Mart Stores USA division and the \$77 billion Wal-Mart International division. These larger operating units also are more profitable and generate higher rates of return on invested capital. By spinning off Sam’s Club, Wal-Mart could create value for its long-suffering shareholders and provide the warehouse club operator greater access to the capital it needs to grow at a rate faster than it currently does.