

Panelists George Coleman, vice president of healthcare and business planning at CVS Health; Jill Turner-Mitchael, former senior vice president of health and wellness at Sam's Club; and moderator Dan Mack of Mack Elevation

MISSION CRITICAL

Meeting consumer needs through purpose is key to staying competitive

BY SETH MENDELSON

Faced with competition from other traditional retailers, as well as a growing number of digital players — who admittedly often play by a different set of rules — mass retailers are becoming much more cognizant of the fact that they must create a unique environment for their shoppers if they wish to continue to convince them to use their stores.

The mission is simple, many say. Brick-and-mortar retail units must become more exciting and relevant to today's more demanding and elusive shopper in order to survive the changing environment. And, individual chains must immediately take the proper steps to ensure that they do all they can to capture the consumers' ever more fickle attention span.

At the same time, retailers cannot avoid the digital revolution that is taking place, and they must undertake online strategies that make the consumer both more aware of their own websites and willing to shop there as opposed to with the dozens, if not hundreds, of online competitors.

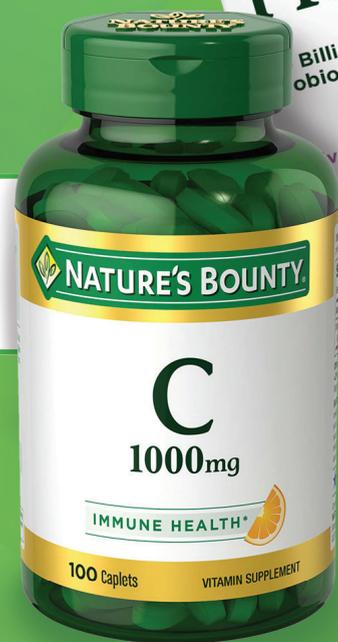
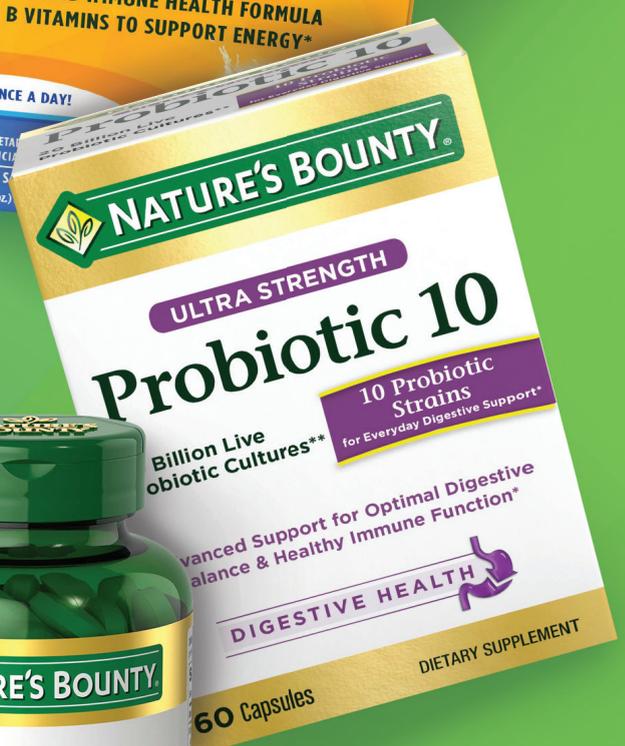
A contingent of some of the most influential retailers gathered for a seminar, hosted by industry guru Dan Mack, to discuss these issues at the recent *DSN* Industry Issues Summit in New York City, confirming that today retailers must take action on many different fronts if they want to remain relevant and ultimately be successful.

"Facebook, Google, Amazon, Apple — they make up almost 30% of the S&P 500, and they have changed business, changed how we market," Mack said to the retailers. "They change how you go to market, how you think about things, how you do life, how you do relationships, how you communicate with each other. They have transformed everything. Some of it has been amazing, some of it has not. I think they've made business more personal and more transactional at the same time. So I want to challenge you as we think about this relationship, sales and partnership and partnership and sales and marketing — how do we get the best out of the relationship?"

"At Target, there's a lot in the works in terms of developing our omnichannel," John Peine, senior divisional merchandise manager at Target, said. "Anyone who doesn't believe that digital influence is alive and well in retail can just go out to the street and see what is happening. It's absolutely critical to any success, and we've invested in a number of technologies to stay on the front lines."

Peine said that over the next three years, more than 1,000 Target stores will be remodeled to help make shopping at Target even more inspiring, while also making it easier. "In a number of stores in the Twin Cities market, for example, we have added a drive-up service to deliver online orders right to the guest's car. It's not just about digital, it's about using the store to deliver the best guest experience,"

**GIVE YOUR CUSTOMERS
THE IMMUNE SUPPORT THEY NEED.***



MADE BY
THE NATURE'S BOUNTY co.
America's #1 Wellness Company[^]

*These statements have not been evaluated by the Food and Drug Administration. These products are not intended to diagnose, treat, cure or prevent any disease.

[^]20 billion active cultures per serving guaranteed at time of manufacture.

[^]Ester C[®] stays in your white blood cells for up to 24 hours, which is longer than regular vitamin C. White blood cells are an important component of your immune system.

[^]Source: Nielsen xAOC 52 weeks ending 1/27/2018 based on VMHS category.

**FOR MORE INFORMATION
CONTACT SALES@NBTY.COM**



Tim Buskey, former vice president of consumer products at AmerisourceBergen; Robert Tompkins, group vice president/general merchandise manager of health and wellness at Walgreens, John Peine, senior divisional merchandise manager at Target; and Eric Savitch, publisher of DSN

he said. “The store is not dead. There’s still a human component to shopping, and how can you translate that love that our guests have for the Target brand. We know that they talk about Target and how they love it. Now we are trying to figure out how we bring that to life in the digital space, and to do it in a frictionless way.”

One way is the new wallet feature in the Target app that allows consumers to load up the credit card, and any coupons and other offers they may have, and receive a barcode. “So instead of inserting the chip, or instead of swiping a card — consumers simply show the cashier the barcode, they scan it and 3 seconds later the receipt is printing out,” he said. It’s not just about the product and how we display it in the navigation, and the data component, it’s about creating a truly frictionless experience. It is about creating the best-in-class experience.”

Jill Turner-Mitchael, who was senior vice president of health and wellness for Sam’s Club at the time of the summit but who has since left the company, agreed that creating less friction in all aspects of the shopping experience will attract more shoppers. One example, she noted, was with the time it took to sign up a new member. In the past, it could take as long as 12 minutes — an unacceptable amount of time given the fact that harried consumers often have so much on their do-to list that they cannot take that amount of time out of their schedules. Memberships were lost, and that hurts the bottom line.

Now, thanks to technology, Turner-Mitchael said Sam’s can get consumers registered in about one minute. “If you think about how the millennial shops today, they want quicker and fast, and the word ‘frictionless’ comes to mind,” she said. “We have gone through and looked at what are all the places that we’re causing friction. So we’re trying to find ways like [membership sign-ups] to really make the experience different.”

There is more. Sam’s has created a game for new members that drives them to various parts of the store for special discounts and allows them to learn about categories and departments they would not otherwise know about. “They may not get a prize, but they can talk to our employees around the store,” Turner-Mitchael said. “For example, the pharmacist can let them know that they are there to serve them and educate them. They can learn about our bakery, which is another huge area for us, and learn what products are gluten-free, among other things.”

Part of the battle is understanding who the consumer is and what he or she wants. George Coleman, the vice president of healthcare and business planning at CVS Health, said it is vital to connect with consumers, but the task may not be that simple. “As we see consumer health care move to self-care, one emerging customer motivation is authenticity,” he said. “Authenticity to a customer is often signaled through brand transparency. Another facet of authenticity is being a positive force in the community, not some distant and faceless corporate entity. The question for national and global retailers is how do we get the benefits of scale, while being able to appeal to locally diverse populations? We’re all pretty large businesses on this panel, so it is something I believe my colleagues are grappling with. At CVS, we’re still working through our answer, but we think you can achieve both aims through a couple different methods,” Coleman said.

“One is item distribution,” he said. Frankly, not all items deserve national distribution, and there may be locally relevant brands that speak to that customer better than some national brands. Another way to get at localization is format innovation. We want to be highly relevant to the rapidly growing Hispanic customer, and so our product mix should be different in Miami in areas that are largely Puerto Rican or Dominican versus western Texas, Arizona or Southern California, where the majority of the Hispanic population may have Mexican



DELICIOUS IMMUNE SUPPORT* NOW IN GUMMIES!



**ENHANCED IMMUNE
SUPPORT FORMULA****
VITAMIN C PLUS VITAMIN D & ZINC



**DAILY
IMMUNE
SUPPORT****



**ENHANCED
ENERGY**
NATURAL CAFFEINE
FROM GREEN TEA* PLUS
3 B VITAMINS & VITAMIN C

EMERGE AND SEE

† Vitamin C & D, zinc and manganese for Immune support ‡ Vitamin C, zinc and manganese help support your immune system*



Walgreens' Robert Tompkins and Annie Walker, vice president of OTC merchandising at Walmart

or Central American heritage. Their brands and product choices are different, and we at CVS, mainly through Navarro stores or our CVS y Más stores, need to reflect that difference,” Coleman said.

Coleman added that in order to do this properly, retailers need to develop flexible operating models to accommodate such geographic and cultural differences. “In developing our process of being more locally relevant, it has meant ceding some control, centrally, to understand how we can become more authentic to local populations,” he said. “We ask the same from our brand partners, as well. We are seeking brands that have that certain specialness about them, that authenticity that often comes from smaller, more local or regional kinds of brands.”

Building a story for the brand also is vital to the success of the company. Annie Walker, vice president of OTC merchandising at Walmart, said her chain’s message has not changed since the days of founder Sam Walton: Save money and live better. But that is not easy, noting that the hard part is figuring out what that means in the eyes of the customer, not just today but also in the future.

“Since [CEO Doug McMillon] took the helm, he did a lot of looking at retail today and in the future,” she said. “What’s going on with our customer and figuring out how we change or anticipate where they are going. We have had to enhance, shift or change to ensure that we stay true to our corporate brand story, and ensure we are delivering what ‘save money, live better’ will mean to the customer in 30 years.”

Walker said the onus is on Walmart officials to make sure the company is properly aligned for the short and long term. “I always tell people that I feel like I’m in the perfect job at Walmart because in the healthcare space, the ‘save money, live better’ slogan completely applies to our customers,” she added. “We are able to live out what

the whole ‘save money, live better’ concept is and bring it to our customers in a way that enables them to have better health care.”

Walgreens’ Robert Tompkins, group vice president/general merchandise manager of health and wellness, made the point that if well-established retailers stay focused on their missions, they can transition through executive change well.

“If you are a retailer who’s been around for a long time, you can succeed through leadership changes and strategy changes,” he said. “We have had leadership changes, and evolved our strategies, as many retailers have, but we never lost the core of who we are. We understand that our purpose is to help people feel good every day in communities across America. I believe that you can train team members on consumer insights, you can train marketing, train merchandizing, but when you have a percentage of people in your organization that have basically dedicated their lives to taking care of people — at a very fundamental 1-on-1 relationship level — a lot of magic comes from that. We call it being “pharmacy led.” Our purpose is really clear. I’ve been with Walgreens for 30 years, and it fundamentally has not changed.”

Tim Buskey, who was vice president of consumer products for AmerisourceBergen at the time of the summit but has since left the company, said his company, the nation’s largest distributor to independent stores, carries out its mission on two fronts. The company not only handles more than 3,000 retail storefronts through its Good Neighbor Pharmacy banner, but also is involved in other aspects of the distribution side of the business — both of which it leverages to keep shelves stocked — and customers happy.

“Our Good Neighbor Pharmacy stores are pillars in their community. They truly are local and they truly want to be. About 80% of our stores serve areas with populations of 50,000 or less, so carrying locally grown, locally loved products is something that really resonates with them.”

Buskey related how AmerisourceBergen employees went to great lengths to make sure that company partners and non-partners had products on-hand during and after hurricane Harvey devastated the Houston area last fall. “We had a number of associates who basically risked their lives to go to work,” he said. “Most importantly, they were able to deliver products to not just AmerisourceBergen customers, but we were delivering to customers who were non-ABC customers just to make sure that patients had access to those products.”

For AmerisourceBergen, keeping a local focus from both a retail and distribution angle is how the company furthers its mission.

“What is our purpose and why do we exist?” he asked. “Well, No. 1 is we don’t view ourselves as a middle man. We truly view ourselves as a marketplace, and our president and CEO, Steve Collis, has called us conscientious connectors. What we mean by that is we’re delivering product to thousands upon thousands of healthcare facilities. Retail is just one aspect of our business, but we’re delivering product every day. So, we truly believe that having access to life-saving medications, whether it’s over-the-counter products that help with symptom relief or whatever that need might be from the consumer perspective, is crucial. But having access to those products that are reliable, that are safe, that are secure and, most importantly, that can be accessed on an everyday basis is critical.” **dsn**