



The Best Cure for an Ailing Front End Is to Know Its Value

by Gabe Trahan

Sales reports and profit and loss data offer important numbers for any business owner, but numbers can deceive. Data that points a finger at OTC and front-end sales as a perceived value of 5 percent or less of total store sales will cause a few to ponder whether they should give it up or step it up. More extreme: those who do not recognize the value of a front end may say “board it up.”

Before you make a decision, let's look at some other numbers: the Centers for Disease Control and Prevention (CDC) reports that 5-20 percent of the U.S. population comes down with the flu. Even more try desperately never to get it. The CDC also tells us adults have an average of 2-3 colds per year and children have even more. The American College of Allergy, Asthma, and Immunology estimates that nasal allergies affect approximately 50 million people in the U.S. The American Academy of Pain Medicine states that every year, millions suffer from acute or chronic pain. A recent Healthline.com report found that in a 12-month period, 60 percent of the adult population will experience some type of gastroesophageal reflux disease, and 20-30 percent will experience weekly symptoms. You get the idea.

All of this data tells us that an undeniable large number of customers suffer from the flu, colds, allergies, stomach ailments, pain, and bumps and bruises. They will turn to their pharmacy and the pharmacy's OTC section for relief. Customers forced to go elsewhere to finish purchasing their needs will go to the competition to do it; there, the competition waits with open arms. A well-managed front end will keep customers out of your competitor's aisles and away from its pharmacy counter. There is some value to that.

A healthy-looking front end will add value to the perceived operation of your pharmacy. A properly stocked (not to be confused with overstocked), well-managed front end will



shine a bright and positive light on the pharmacy area. There is some value to that as well.

Step it up! Position the OTC categories neatly into two sections: health-related products and personal care products. Ensure your health care departments are an ample size to meet customers' needs. Going too small will disappoint customers; going too large will discourage revenue. Identify and stock no fewer than four each of the 10-15 best-sellers in each category, with no fewer than two each of the remaining inventory. Have a balanced offering of brand name and private label products.

If your front end accounts for less than 5 percent of gross sales, it's time to reassess your method of inventory control and your pricing strategy. Review your retail zone pricing and ensure you are competitive. When pricing product, either go stickerless or place the price tag on the back or bottom of the package. Place an OTC order every day.

Giving up means boarding up. Stepping up means staying alive. I hope you choose the latter. ■

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