

FRONT-END OVERHAUL

Take a lesson from Prilosec OTC

by Gabe Trahan



There are signs that in the near future there will be an increase of prescription drugs transitioning to over the counter. This trend will continue to raise the importance of the front end, bringing additional cash sales. To prepare, look back to the time when Prilosec was introduced as an OTC item.

The best approach in preparing for an influx of new OTC items is to first understand your point-of-sale system. When Prilosec OTC hit the shelves, many stores inadvertently priced all three sizes of the product at Manufactured Suggested Retail Price, a retail that was much higher than the competitors in all trade classes. Shortly after that, the price was updated to lower competitive retail. (Tip! Before placing and pricing what promises to be a popular OTC item, first shop your competition!) You do not need to be the lowest price in town, and you don't need to match the dollar store(s) down the road, but you do need to be within reason of other pharmacies near your location.

If doing OTC price changes is not on your priority list, then you will find yourself sending a message that your store is expensive to shop. Price changes don't always mean price increases – at times they are adjustments made to keep you competitive. I know of stores that left the MSRP

on Prilosec for more than a year, and the top-selling product just sat on the shelf attracting only dust. Confirm today with both your point-of-sale provider and wholesaler on what the time lapse is for applying a competitive retail price to a new item. Many medications, when first introduced as an OTC item, will be shipped in a counter or floor display. Be aware that most product shipped in a display will come with incorrect retail stickers or no price stickers!

The best approach in preparing for an influx of new OTC items is to first understand your point-of-sale system.

Set a policy for how your team is going to handle competition and/or manufacturers coupons on new OTC items.

Be prepared to introduce new items into the correct category. Planograms are updated once a year, and it will be up to you to make room to place the

product where it goes. For example, if the digestive category is updated in June and the new product for that category becomes available on July 13, unless there is a special update, you won't be instructed as to where to place that item until the following year! Merchandisers put their effort into creating the space needed to display product in its proper place, not simply put it where there is room. I have found Prilosec OTC on the bottom shelf of an antacid laxative section next to the Fleet enemas, simply because there was room there.

And don't forget the signs. Be sure to order your "New Item" signs! New items signs do two jobs. They bring attention to a new entry, and they signal to customers that the store is keeping up to date with new products. Welcome new items with competitive pricing, proper placement, and signage. Your POS is one of the best profit-making tools you have, so keep it updated, and use it wisely. ■

Gabe Trahan is NCPA's senior director of store operations and marketing. Gabe uses more than 40 years of front-end merchandising experience to help NCPA members increase store traffic and improve profits. Visit www.ncpanet.org/feo to watch videos, read tips, and view galleries of photo examples by Gabe. Follow him on Twitter @NCPAGabe for additional tips.