

## Gabe Q&A: What To Do With Short-Dated Product

*I received the following question from an NCPA member that I am reproducing here for everyone. Please send me your questions at [gabe.trahan@ncpanet.org](mailto:gabe.trahan@ncpanet.org).*

### **How do you recommend we handle short-dated OTC items? (i.e., Aleve that is expiring in three months)?**

**First**, ask to send it back to your wholesaler, even with the 20 percent penalty you will incur. It is still about the same margin you would get (lose) if you sold the item at half off, but this way it's at least off your shelf.

If that doesn't work, leave the item on the shelf and hang a business card-sized sign that reads, "Short-dated item means big savings! Save 50%."

**There is no need to drop the price below 50 percent off.** When you are close to a month left before the product expires, donate the item to a food pantry. Going below 50 percent or giving a donation may equate to the same kind of write-off for your pharmacy's bottom line. At this point, getting the item out of the store should be the goal.

If you have an item that retails for \$2.00 or less and you need to close it out, then consider moving it to a dollar section. Even an item that has a regular price of \$1.19 seems to enjoy new life in a dollar section. As my old boss used to say, "A dollar section is a great place for an item that normally sells for 75 cents."

**Try to find out why the item is not selling.** First, look at the retail: are you competitive with your neighbors? In some cases, lowering your retails on price-sensitive items by 6 percent may make a world of difference. Remember, OTC is a small percentage of your sales but a big percentage of your pricing image.

*(What do I consider a neighbor? Chains and/or independent pharmacies. I do not recommend that you try to compete with a Wal-Mart or a Dollar Store. They are a different part of the industry that most of the time is not worth competing with.)*

**Is the item not selling because you have too many line extensions of the product?** (For example: 25-count, 40-count, 80-count, 120-count, all in caplets, tabs, gels, etc.?) If so, then narrow down the sizes and shapes. Caplets seem to be the most popular. For example, you might want to carry just the 100-count caplets.

**Is your private label offering more than a 25 percent savings to the consumer, making the brand look too expensive?** If the major brand is not competitive, then perhaps you should raise the price of your private label.

*-- Gabe Trahan, Senior Director of Store Operations and Marketing*