

Sansone, Leonardi headline Elevation Forum

By ROB EDER

How is it that some companies seem to thrive in an environment of uncertainty — even chaos — while most others fail? Understanding how the winners are able to embrace the paradox of control and the uncontrollable, and how two leading retail organizations are doing it every day across thousands of stores, was the key focus of the most recent Mack Elevation Forum meeting, held April 20 in Palm Beach, Fla.

Moderated by Elevation Forum creator Dan Mack and presented by The Swanson Group, forum members — which included sales and marketing executives from nearly 20 leading consumer health and consumer packaged goods companies of various sizes — discussed opportunities for value creation with major retailers, mining a brand's hidden assets and what it is that makes some companies successful amid chaos and uncertainty.

But the real stars of the day were retailers Judy Sansone, SVP merchandising and store pricing for CVS Caremark, and Joanne Leonardi, director of HBC for Ahold USA, who came to talk face-to-face with Elevation Forum attendees about how their companies could better engage with their chains.

Sansone talked about CVS' vision for creating personalization for its customers and in the communities it serves, and further leveraging its industry-leading ExtraCare loyalty card program. ExtraCare, now in its 14th year, has 69 million active cardholders. Card members are accounting for about 82% of all front-end sales and 67% of all store transactions.

Key to CVS' segmentation strategy is a store clustering initiative that seeks to better mold its stores to the unique needs of the communities it serves. CVS will look to build each store's assortment based on the key reasons consumers shop there, Sansone explained. For instance, CVS has identified about 400 of its stores that deserve a permanent end display of adult incontinence items to meet everyday demand; however, baby products do not perform well in these stores and would be de-emphasized, she described.

An early example of CVS' clustering strategy has been CVS' Urban Cluster stores, which fea-



Judy Sansone of CVS Caremark (left) and Joanne Leonardi of Ahold USA (below) talked face-to-face with Mack Elevation Forum attendees in April in Palm Beach, Fla., about how their companies could better engage with the retail chains.



ture a vastly expanded consumables offering. A new variation will include a greater emphasis on fresh food, and other store clusters are being designed to serve Hispanic neighborhoods, as well as others for top beauty and pharmacy areas.

As CVS continues down this path of greater personalization, it is an area where it will expect continued help from its suppliers. As many as 30% of CVS' promotional offers are currently personalized, and it is looking for greater conversion among its ExtraCare users — another area that it is looking to its suppliers for help with — with an eye toward capturing a greater share of the consumers' wallet.

For her part, Leonardi challenged Elevation Forum members to think of Ahold and its four unique operating divisions — Stop & Shop New York, Stop & Shop New England, Giant Lander and Giant Carlisle — essentially as drug stores, and for vendors to offer its stores the same opportunities they would offer to customers in the drug channel and to play off Ahold's inherent strengths. For instance, Ahold typically is cheaper in health and beauty aids versus the drug channel, and the chain is looking to its vendors to help drive programs and create products that help it earn credit with consumers on pricing.

Important to Ahold, Leonardi explained, is that its vendors create unique products and programs that optimize cross-channel shopping, and that leverage the authenticity of each of its divisions and help them look different from their core competitors. Local adaptation is the key to helping Ahold win in its markets, and vendors need to think in terms of how

they customize their products and programs to match each of the formats it operates.

One program Leonardi challenged vendors to take a greater role in is Ahold's First Rack program for HBC items, and to look to create opportunities in health and wellness to drive customers to their brands and to Ahold's stores.

Private-label growth remains a priority at Ahold, with a long-term goal of 40% penetration by 2016 — last year private label accounted for about 31% of sales — the continued expansion of its Care One health and beauty brand is a great contributor to reaching this goal. The line currently includes more than 800 healthcare SKUs and more than 300 personal/beauty care SKUs.

Attending April's Elevation Forum were Tom Rice of Ansell, Jim McGuinness of Drive Medical, Bruce Montgomery of Fleet Labs, Tim Cleary of GoJo Industries, Jeff Burress of Beiersdorf, Nilda Oyola of Majestic Drug, Ward Lennon of Abbott Medical Optics, Jim Doyle of Sunstar Americas, Bob Ford of Coty, John Kotkosky of Celsius, Mike Huard of i-Heath/DSM, John Kelly of Nature's Products, Dan Quail and Urs Lehmann of Similasan, John Bennett of Pacific World, Jim Beghtol of Lil Drug Store, Darrick Blinoff of Traditional Medicinals, Charles Wachsberg of Apollo Health and Beauty Care, Rich Swanson of The Swanson Group and Wayne Bennett of *Drug Store News*.

The next Elevation Forum was scheduled for June 22 in Denver. Walmart's Carmen Bauza was the special guest retailer speaker.