

# **David and Goliath: How Neighborhood Pharmacists Can Combat Big Chain Competition**

*- Jay Siff*

Local pharmacies have a special place in traditional American society. Neighborhood pharmacists provide expert medical advice, inexpensive prescription drugs, and add to a greater sense of community in residential areas. But, in recent years, the neighborhood drugstore has been under attack by the rise of national pharmacy chains, which have gobbled up market share in areas across the country. In 2003, Congressman Anthony Weiner, NY, filed a detailed report that investigated the proliferation of chain pharmacies in New York neighborhoods. The report found that, on average, chain pharmacies not only charge more for prescription drugs but offer a lower level of quality customer service, with only 58% of pharmacy customers rating their experience satisfactory (compared to 88% of community pharmacy customers).

Despite the obvious differences in quality of service between neighborhood drugstores and chain pharmacies, many local pharmacists have found their businesses struggling to stay alive in an expanding sea of big-name drugstores. In order to preserve both their businesses and the role that these businesses play in their communities, local pharmacists must implement smart marketing campaigns targeting specific customers and should take the initiative to further integrate themselves into their surrounding communities.

## **Local Marketing and New Mover Programs**

Most neighborhood pharmacists do not have any way to compete with the advertising budgets of large chain stores. Trying to “out-advertise” chain stores is and will always be an exercise in futility. Thus, local pharmacists should play to their strengths in order to promote their store and its services. Neighborhood pharmacies offer a sense of community that large chain stores will never be able to provide. And, in order to emphasize that sense of community, local pharmacists should make every attempt to get involved in neighborhood organizations.

Become a sponsor of the local Little League baseball team. Form a cross promotion plan with another local business. Get involved with and contribute to local churches, synagogues, and mosques. When you associate your business with the things that mean most to your neighbors—family, their neighborhood, and community—you raise the standing of your business and help to position your pharmacy as a contributing member of the community in the minds of your customers.

In recent years, large corporations have taken a page out of the book of local entrepreneurs, and have begun to sponsor community groups and events as a way to generate positive publicity and drive up sales. However, large corporations will never be able to take as much of an interest in a specific community as the entrepreneurs who live and work in that community. With that in mind, local pharmacists should take steps to develop creative and innovative ways to combat the local promotional activities undertaken by corporate competitors.

Maybe your big chain competitor's cost/benefit analysis has identified local marketing as an activity that could help trigger sales growth within a community, and has thus begun to sponsor the local high school football team. While many entrepreneurs' initial reaction would be to throw up their hands in despair, smart business owners know there is *always* a way to take a marketing plan to the next level. As a way to show your support for the local team, publicize an offer within the community that pledges to discount specific items based on the margin of the local team's victory over their competitors. Did your team beat their opponents by 21 points? Well then pledge to discount specific items, beverages for example, by 21% the following day. Creative marketing plans will help to show that, regardless of your competitors' corporate publicity campaigns, it is *your* locally-owned business that truly takes interest in the community, its events, and its members.

In addition to grassroots community involvement, local pharmacists should reach out to specific segments in their community in order to expand their customer base. One such customer segment is new movers. New movers are individuals who have recently arrived in a new town or city and are unfamiliar with the area and its local businesses. These individuals can often be disoriented with their new surroundings, and are frequently more adventurous about trying new things than long-time residents. Additionally, new movers typically establish routines within the first few months of arriving in a new location. By approaching these individuals before they have settled into their daily pattern, entrepreneurs can greatly increase the chance that their business will become part of the new mover's daily routine.

Approaching new movers and capturing their attention can be as simple as sending out a welcome letter. Picture this:

*You've just arrived to a new town and you're trying to get accustomed to your new environment—locating the nearest grocery store, establishing a checking account, etc. You open your mailbox and find a letter from a nearby pharmacy, welcoming you and your family to the neighborhood. Inside the letter is a gift certificate for \$20 off your next prescription medicine purchase, and a business card with the pharmacist's name, telephone number, and business address. You make a mental note to switch your prescriptions over to your new address, and put the pharmacist's business card up on your refrigerator for future reference.*

This type of "hook" allows you to capture the attention of new movers and increases the chance that they will become frequent customers at your store. By presenting a "no strings-attached" offer for a discount on a prescription drug purchase, you are convincing new residents to switch their prescriptions over to your pharmacy. Oftentimes once an individual has switched his prescription over to a particular pharmacy he will continue to frequent that pharmacy simply out of habit—thus becoming a valued repeat customer for an initial investment cost of just \$20.

### **Inviting Customers Back with *Loyal Rewards***

Another way neighborhood pharmacists can increase awareness about their stores and encourage repeat business is to establish a *Loyal Rewards* program. When customers visit your pharmacy, ask them to provide their email address so that your business can contact them with special offers or seasonal discounts. Explain that you and your employees consider yourselves part of the neighborhood, and would like to have a method through which you can notify your valued customers of special deals and discounts at your business. Collect email addresses from regular and walk-in customers, and use these addresses to build up a customer database.

Next, think about your customers' needs during specific times of the year. Is Mother's Day coming up? Email your customers a special offer for wrapping paper or greeting cards. Valentine's Day just around the corner? Offer your customers a discount on specialty chocolate boxes or scented candles. The point is to think creatively, anticipate your customers' needs, and then reach out to the individuals you have already established a relationship with. Research shows that repeat customers tend to spend more than first-time customers; use a Loyal Rewards program to ensure that first-time customers will *almost always* become repeat consumers.

Competing with large chain drugstores may seem like an uphill battle, but neighborhood pharmacists should realize that they provide a crucially important service to American families and neighborhoods. For decades, local pharmacists have provided trusted, reliable advice regarding prescription drugs to communities all over the US. Your community and neighbors want your business to survive. All you have to do is reach out to them.

*Jay Siff is the CEO and Founder of Moving Targets™ and Loyal Rewards™ and is a recognized expert on smart marketing strategies. Siff works closely with small business owners to help them attract and retain new customer relationships via targeted new mover marketing campaigns and Loyal Rewards initiatives. Additional information about Siff, Moving Targets, and Loyal Rewards can be found online at [www.movingtargets.com](http://www.movingtargets.com) and [www.loyalrewards.com](http://www.loyalrewards.com).*