

## Case Study: Improving the Conversion Rate for Pseudoephedrine at CVS/pharmacy® Stores

### The Challenge

With a high “walk rate” for pseudoephedrine (PSE) products, CVS was losing significant revenue on these high-value goods. The merchandise team responsible for these products recognized that there was a huge opportunity to improve sales, and asked for assistance to investigate the issue and lead the charge on finding a solution.

### The Background



Since federal law requires that all decongestant products containing PSE be sold only from the pharmacy, CVS – like many other retailers – developed a “shopper card” system for displaying the products on-shelf. With this system, a customer who wants to buy an item selects a shopper card from the pocket on the shelf and takes it to the pharmacy to collect the product.

Store associates are supposed to return the shopper cards to the shelf each day so they’re available for customers to buy the products, but oftentimes...

- They wait until the shelf pockets are completely empty before replacing the cards – and then have difficulty matching up the price tag with the right card to know where each card should be placed.
- In some stores, pharmacy staff consider the cards as one-time-use items and discard them – until eventually there are no cards left.



### The Solution

Recognizing the potential for making a real difference in this area, I determined to work on a solution to this two-fold problem.

- **The first step was to engage the right people.** Meeting monthly, I led a collaborative group in identifying possible causes for the inconsistent staff treatment of the cards, and in brainstorming both short- and long-term solutions.
- **Now it was time to do our homework.** Researching costs, identifying approvals that would be needed, and solidifying the team’s collective recommendations prepared us for the next step and ensured buy-in from our group.
- **Next on the agenda was securing management approval to proceed.** Taking advantage of an unexpected opportunity to meet with upper levels of the organization, I presented several of our group’s ideas, and received rave reviews – and encouragement to move ahead.

- **Now, it was time to execute.** We immediately worked to execute two elements of the plan:

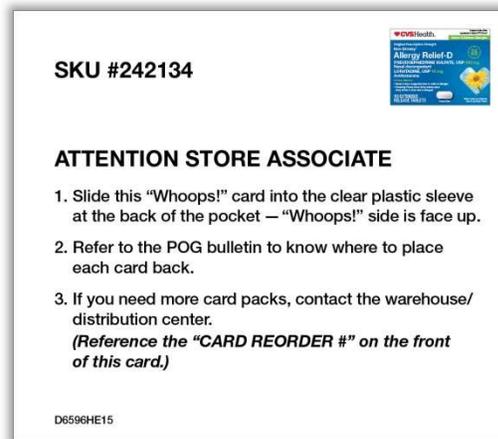
- **Collection bin:** Provide a place in the pharmacy for the returned shopper cards so pharmacy staff know that these are intended for re-use. To make using the bin even easier, plastic dividers would be customized with the five categories of cards (Allergy, Asthma, Cold, Cough, and Sinus).
- **Out-of-stock card:** Design a distinctive card which will live permanently in the shelf pocket so that store staff can easily know where each card should be placed. Going further, we included clear, specific instructions for the store associate so they would know how the out-of-stock card should be used.



*Out-of-Stock Card (front)*



*Out-of-Stock Card (back)*



### **The Result**

Because these elements have only recently been deployed, specific sales results are not yet available. It's anticipated that a post-launch survey will be conducted to collect input from store and pharmacy staff regarding their experience with execution and customer response.

Feedback from the team involved – which included in-house experts for these products and store operations team members – was overwhelmingly positive. In addition, further enhancements to the on-shelf treatment of PSE products are slated for development in 2016.