

# NONFOODSTRATEGIES

## Supervalu Moves to Unified Rx System

By WENDY TOTH

### FRANKLIN PARK, III.

— Supervalu Pharmacies here has designed its own unified computer system to manage the pharmacy systems in over 900 stores.

The new ARx technology is expected to be in every Supervalu pharmacy by the end of this month, Cassie Richardson, pharmacy spokeswoman for the retailer, told *SN*. It replaces four separate pharmacy management systems the chain was using as a result of previous mergers and acquisitions. All of the existing systems were built with “dated technology,” she said.

The system will streamline pharmacy workflow and operations across all of Supervalu’s pharmacies. “But more importantly, new technologies and processes are introduced,” she said, “such as imaging [on-screen product images used for clarity during processing] and electronic prescribing, which provides a safer, more efficient method for prescription delivery.”

On the patient-service level, the ARx system is designed to provide a common platform for insurance claims reporting, business management operations, pharmacy workflow management and customer satisfaction. “ARx was developed using new technologies which allow us to respond quickly to changing compliance and regulatory needs,” Richardson added.

The implementation comes as Supervalu is working to make pharmacy a priority, Kevin Tripp, See *Supervalu*, **Page 48**



## NO MONEY, NO PROBLEM

If the economy goes south, upscale hair and skin products may be some of the last items that consumers cut back on

By DAN ALAIMO

It will take a lot more than economic uncertainty to stop consumers from buying their favorite upscale hair and skin products.

It’s too early to predict consumer behavior during the slowing economy, some cautioned. However, while shoppers may cut back on some big-ticket purchases, or trade down to private label or lesser qualities on certain commodity items in hard times, it’s another issue when it comes to taking care of their appearance.

Most people feel there’s no room for compromise, and if there were, it wouldn’t be worth it anyway, retailers, wholesalers and other experts told *SN*.

Consumers won’t skimp on a preferred hair care product that has proved its value, or on a skin item that helps diminish blemishes or wrinkles. In any case, they will look at a price point that, although

high for the category, is still within reach, and regard that purchase as a “small indulgence” or “affordable luxury,” sources told *SN*. This is increasingly true for men’s products, as well as women’s.

Meanwhile, they may stick with pricey natural or organic products for reasons of conscience, conviction or preference.

Because of the economic uncertainty, people are “a little nervous and scared,” said Debbie Leland, natural and specialty foods buyer, Kowalski’s Markets, Woodbury, Minn.

“They might not take that trip to Europe, they might not buy that new car, and they might not make a major purchase, but people are willing to treat themselves to what we call ‘small indulgences.’ They will spend a little more for themselves on something that is very, very special, such as a really good skin or body care product,” Leland said.

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# No Money, No Problem

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"When it comes to her personal appearance, a woman will spend the money on it," said Terry Cerwick, senior category manager, non-edibles, Bi-Lo, Greenville, S.C. "Even if she may not be able to afford certain other things, she will make sure that she still takes care of herself."

Women may change what they spend their money on, "but if they are happy with a professional hair care product or some other higher-end item, she's going to continue to buy it. She may give up driving two or three different places to get what she needs just because she can't afford the gas — or the time — but she is always going to go back to making sure that she's buying what she feels is best for her," Cerwick said.

## FEW TRADE DOWN

Past economic downturns have shown that consumers do not abandon their "small indulgences" until their personal situation becomes dire, said Diane Garber, president, In Sight Communications, Buffalo Grove, Ill. "Very few people trade down." This is the same for women and men, she noted.

"How you present yourself with better HBC items defines to an extent who you are and how you feel about yourself," she said.

"Once you have been exposed to a new shampoo that actually makes your hair softer, silkier, or gets out the dandruff — whatever it is, a high-performance, higher-priced item — very little, short of being on unemployment for some time, will cause you to sacrifice that. Once that has become your standard brand, trading down doesn't happen," she said.

No item is completely recession proof, but such products will do better in an economic downturn than something like a large-

screen, plasma television, she said.

Frequently purchased items are more impacted in an economic downturn, said Jim Wisner, president, Wisner Marketing Group, Libertyville, Ill. "You may change to a less expensive brand for awhile, and if it performs equally well, you may stay switched," he said.

Products with a longer purchase cycle, like a skin care product that may last many months or a year, will be less affected, he said.

## SALON PRODUCTS WORTH IT

In a recent report on the U.S. shampoo and conditioner market, Mintel International Group, Chicago, reported that 28% of respondents believed salon products were worth their premium price, noting that the total shampoo and conditioner market was worth \$4.1 billion in 2006, with shampoos accounting for 60%. However, conditioners grew more than twice as fast as shampoos from 2004 to 2006 and still have a higher potential for growth, the Mintel report said.

Food channel numbers from Information Resources Inc., Chicago, for the 52 weeks ending Dec. 30, 2007, showed the dollar volume of shampoos flat, down 0.04%, and units down 3.9%. Conditioners, meanwhile, were up 2.5% in dollar volume, and down 0.9% in units.

A recent Mintel report on the U.S. body care market reported on the impact of aging Baby Boomers, with the number of people 45 to 54 years old growing 9.7% from 2002 and 2007, and those 55 to 64 years old growing 23%. Meanwhile, the Mintel study said men were increasing their participation in the body care market. Also, it noted that the "masstige" trend — high-quality products moving from department and specialty stores to mass retailers — is blurring the distinction between the mass and premium segments of the body care market.

The IRI 2007 food channel numbers showed the "body anti-aging" category increasing 11.3% in dollar sales and 4% in units. "Facial anti-aging" jumped 16.9% in dollars and 12.8% in units. Depilatories, facial cleansers, facial moisturizers and acne treatments also saw dollar sales growth last year, IRI reported.

## TOO SOON TO TELL

While most sources contacted by SN were optimistic about how upscale hair and skin products would do in an economic decline, many said it's too early to say how they will fare as a result of current conditions.

"We have seen a movement towards premium and upscale products in the past few years, but it's too soon to say how the recent talk about a recession will affect this trend," said Anna Wang, senior consultant, Kline & Co., Little Falls, N.J.

"If these categories are immune to bad economic times, it could result from their relatively low price compared to other products, like consumer electronics. Splurging on a nicer shampoo or face cream could be considered a small luxury." Professional products in hair and skin care are the biggest trend now, she said.

"It's probably still a little early to tell," said Dan Spears, director of HBC and GM, Ingles Markets, Asheville, N.C.

"In the year ahead, I think it is going to be a lot of wait and see what happens. We are in an election year and the economy is going to be on everyone's mind. The people who are truly dedicated to having what they want will continue to get it as long as they can. They have to be the ones to decide when they have to scale back. We won't scale back on our offerings. I don't think it's time to do that," Spears said.

"I believe feeling beautiful will remain a priority with all female customers," said consultant Bill Mansfield, president and chief executive officer, VIP International, Garland, Texas, and a former supermarket execu-

# Moving Up Organically

Natural and organic hair and skin care products fit right in with the upscaling trend in these categories.

"Natural is expanding and consumers are looking for more natural products in the skin care segments," said Tony Harrington, business manager, HBC, Topco Associates, Skokie, Ill., a privately held cooperative providing procurement and other services to its member-owners. "Consumers are definitely looking to return to a more natural way of living, including taking care of their skin and hair."

While price and technology are drivers of the main hair and skin categories, "the emphasis on health and wellness will be an overriding theme for all lines, particularly natural/organic products," said Larry Ishii, general manager, GM/HBC, Unified Western Grocers, Commerce, Calif.

"We are starting to see more interest in organic skin care," Debbie Leland, natural and specialty foods buyer, Kowalski's Markets, Woodbury, Minn. "People realize that what they put into their skin is absorbed into their bloodstream, and just also an overall concern for the environment. They want products that are clean, that are produced in a clean way and they feel good about using."

Kowalski's carries organic skin care, lotions, body wash and shampoos, as well as a private-label salon line of natural items that are not 100% organic, she said. "We partnered with a local salon owner, and used his formulas," she said. The salon continues to sell the products under its own name. The 18 stockkeeping units include green tea body lotion, and lavender shampoos and conditioners, she said.

Retailers need to be careful about positioning products as 'organic' if they are not certified, said Dan Spears, director of HBC and GM, Ingles Markets, Asheville, N.C. "Those consumers are not going to be fooled. The true organic customers know organic when they see it."

The uncertain economic times will show how dedicated these customers are, he noted. "If people have made the choice to go organic, then we'll just have to wait and see if they follow through with that, or scale back," Spears said.

Bi-Lo, Greenville, S.C., carries natural and organic hair and skin care products, said Terry Cerwick, senior category manager, non-edibles. "We've seen good gains in those categories and we are looking to expand and incorporate them into our regular sets," as the retailer has done with oral care products. "You will probably see more and more of that going forward. It will become more mainstream," he said.

The Clorox acquisition of Burt's Bees reflects how the natural/organic market is going mainstream, said Jim Wisner, president, Wisner Marketing Group, Libertyville, Ill. — D.A.

tive. "These may be the last two categories affected by an unhealthy economy."

However, trends may be different for the hair and skin categories, he said. Following informal interviews with low- and middle-income shoppers, Mansfield found that in hair care, consumers prefer name-brand and upscale products. In skin care, both upscale and value brands have their place. For example, customers interviewed will purchase private-label products for body hydration and upscale

brands for facial needs.

"Price is still very important for many retailers and consumers. I do not see that going away," said Larry Ishii, general manager, GM/HBC, Unified Western Grocers, Commerce, Calif. "The economic conditions could make this a stronger factor for a while."

Premium, upscale, and natural and organic brands will continue to be the greatest source of growth. "The emphasis being put on health and wellness will help to drive this trend," he said.