



---

August 10, 2009

## Pharmacy loyalty programs spur sales

By Christine Blank, Contributing Editor

Sales at drug stores will continue to increase in the future, in part because of their increasingly effective use of loyalty rewards programs, according to a new study.

Kelly Hlavinka, partner in Colloquy (Courtesy Black Star/Jason Cohn) Colloquy, a loyalty marketing research and education firm based in Cincinnati, Ohio, has found that, despite the fact that sales are declining in most retail sectors, retail pharmacy sales increased 1.5 percent last year. "Drug store operators have consolidated and now realize that the loyalty program is the best device for tracking individual behavior," said a statement from the Colloquy organization.

The drugstore industry is strong and will continue to see growth because of the aging of the U.S. population and the rise of chronic conditions, such as diabetes and high blood pressure, said Kelly Hlavinka, a partner in Colloquy.

In addition, membership of drug chains in retail rewards programs now accounts for the largest share of all U.S. loyalty programs, outpacing those of the travel and hospitality sector and the financial rewards sector. Membership in drugstore rewards programs grew to 73.9 million members by the end of 2008.

In addition, 32 percent of loyalty program members said rewards programs are more important to them at this time, during the recession. "They have allowed them to stretch their limited budgets further," Hlavinka said.

Another 42 percent said they have the same perception and use of rewards programs during a recession. In other words, those customers are using rewards just as often as before the recession and are not likely to use them less, according to Hlavinka.

Most major drug chains are realizing the value of rewards programs to expanding sales of both pharmacy orders and in-store products.

Walgreens' Prescription Savings Club, for example, surpassed one million members by the fall of 2008, and executives plan to continue building the program. "In this economy, people aren't just looking for low-cost alternatives; they're searching for the best overall value. We're offering patients a way to stretch their dollars without sacrificing safety, service, or convenience," said Kermit Crawford, senior vice president of pharmacy services for Walgreens.

The Prescription Savings Club, which carries a fee of \$20 per year for individuals, offers customers discounts on approximately 4,000 brand-name and generic prescriptions, and a choice of 400 generics priced at \$12 each for a 90-day supply. Walgreens encourages its pharmacy customers to visit other areas of its stores: the Prescription Savings Club program offers 10 percent discount on purchases of


Walgreens' branded products and its photofinishing services.

In addition, Walgreens executives said in a recent company conference call, they "intend to really grow their loyalty programs and enhance their customer service," according to Hlavinka.

Kelly Hlavinka, partner in Colloquy (Courtesy Black Star/Jason Cohn)



---

 2009 Advanstar Communications Inc.. Permission granted for up to 5 copies. All rights reserved.  
You may forward this article or get additional permissions by typing [http://license.icopyright.net/3.7503?icx\\_id=617021](http://license.icopyright.net/3.7503?icx_id=617021)  
into any web browser. Advanstar Communications Inc. and Modern Medicine logos are registered trademarks of Advanstar  
Communications Inc. The iCopyright logo is a registered trademark of iCopyright, Inc.