Health and wellness is one of those things — it’s like a waterfront. How do you define it, how do you get it down to the granular level? [DSN] went out into the street last fall with a video camera and we asked consumers, “Hey, what does health and wellness mean to you?”

These people didn’t know I was coming; they didn’t know they were going to be engaged in a dialogue around health and wellness. But when you ask them to define health and wellness ... you get a lot of different answers, and they all seem to dance around the answer. ... It’s exercising; it’s nutrition; one guy told us it means not eating too much Chinese food. And if you heard about some of the things they were talking about — the emotional and spiritual aspects; it’s a holistic approach — you heard the word holistic.

What their answers should tell you is they don’t have a good definition, and they’re looking for help.

And just before we really jump into it, I have a couple of quick data points to further tee up the discussion and get our panelists thinking.

So how are consumers defining health and wellness? And this comes from a piece of research commissioned by Boiron, the homeopathic company, and conducted by the Hartman Group:

- 46% of shoppers successfully have used a natural alternative OTC product in the past year — you heard a couple of the consumers in the video mention, “I’m trying to stay away from taking too many drugs”;
- 37% are interested in trying a natural al-

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temporary OTC product;
• 79% want to limit their usage of traditional
OTCs;
• 64% are concerned about purity, chemicals — “irritant-free” is important to them; and
• 54% are dissatisfied with traditional OTC
cough-cold offerings.
That kind of gives you a sense of where consumers’ heads are right now. They read things in
the news; they get little bits and pieces of information, and I think what you really see — more so in
the video — is that they don’t have a good answer.
Craig, let’s start with you. Do you think that
the consumers’ definition of health and wellness
has changed? Do we need to reassess the way we
think about health and wellness to better align
with the way consumers think about it?

There’s never going to be one definition of health and wellness; it’s going to be individually led. And I think what causes the change is when things happen to people that inhibit them or makes it necessary that they change their behavior — a lifestyle event.” — Craig Stacey, Supervalu

CRAIG STACEY, SUPERVALU: I think what you saw [in the video] is exactly true and it’s always going to be true. There’s never going to be one definition; it’s going to be individually led. And I think what causes the change is when things happen to people that inhibit them or make it necessary that they change their behavior — a lifestyle event; discovering that maybe they’re necessary that they change — a happen to people that inhibits them or make it

I think what causes the change is when things happen to people that inhibit them or makes it necessary that they change their behavior — a lifestyle event.” — Craig Stacey, Supervalu

JOANNE LEONARDI, AHOIL: I agree with Craig; I think health and wellness is going to be different [depending on] who you are. It depends on the person that you are, your background, where you come from, your genetics, your lifestyle. It means something different to everybody.

One of the advantages in a grocery store that
I think all of us here understand — especially those with a pharmacy — is that it’s probably the only place where you can really relate almost everything in one location. So I think we all, as an industry, have to take a really good look at that and determine:
• How do we make it easy for the customer to understand what they want for health and wellness? [and]
• [How do we help them navigate] through the plethora, or the overabundance, of information available on the Internet?

Everybody’s either telling them something different or they’re telling them something that [the consumer has] to figure out themselves. Becoming a place that makes [all of] that easier for them is something that we all need to represent to the consumer, because I don’t think they [have the answers] sometimes.

The pharmacist is the second [most-trusted]
person, other than a doctor. Unfortunately, most people assume they go to a pharmacist when they’re sick, and … in my opinion, [they have to] be more proactive about prevention and not just fixing things after the fact.

EDER: I’d like a supplier’s perspective. How can we help better align the working definition of health and wellness in the store with what the consumer is thinking — and … how can suppliers help?

JEFF VERNIMB, INSIGHT PHARMACEUTICALS: The big word that comes to mind in all this is collaboration. I think we have a huge opportunity in front of us, and that’s to bring our resources together in an effective, collaborative manner that will make existing programs stronger and create even better solutions in the future.

The retailers on this panel have diverse, impressive programs in place. Suppliers are doing a lot of research and investing to identify meaningful shopper insights. In our case, Insight is

“Our employee health programs and the programs that we bring to our consumers [are] interrelated — they don’t exist on their own. If you can get your employees on board, and if your employees can be touched by your pharmacists and dietitians, they actually become your best advertising.” — Helen Eddy, Hy-Vee

HELEN EDDY, HY-VEE: I think what we’re seeing is not that Iowans know more than the rest of the country, but that the time is right. This is something that people have been talking about for a while, and I think it’s the passion to really start to make that change [that you’re starting to see].

I think we need to understand that health and wellness is a journey for people, and people are in different points in that journey; and that our stores, with in-store dietitians and pharmacists, can have those kinds of trusted experts there that can help guide them through that journey.

I think it’s understanding where those consumers are. Some are just starting that journey — we all say it starts with one step. What’s that one change that you’re going to make? And then really looking at how we can help not be reactive, like Craig mentioned, but how we can help consumers make sustainable changes in their habits that will move them through health and wellness and help them obtain their goals.

EDER: Helen, Hy-Vee [is] hell-bent to make Iowa the healthiest state in five years. What do Iowans know that the rest of the country doesn’t know about health and wellness?
activating health and wellness in the supermarket environment

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Investing heavily in women’s care. By working together, we can create programs that are even more meaningful to the shopper.

However, to be truly successful, we’ve both got to make sure we are getting deep into shopper insights to understand what motivates a consumer to think about health and wellness. For example, was it a disease-state situation that drove her to start thinking about her weight? Was it something [that] happened with a parent? Or maybe she went for a run and felt winded. Once you get this figured out, you have to deliver real value.

What we hear over and over — and it doesn’t matter what category you’re in or who you are speaking to — when you’re talking about health and wellness, you [have] to provide it to the consumer, particularly a female shopper, straight up. No smoke and mirrors; give her what she’s looking for, tell her why she needs it, make it easy to understand and you can start making progress. It’s a big challenge and a challenge I think we can tackle more successfully by collaborating than [doing it] on our own.

MAUREEN MURPHY, PRICE CHOPPER: I just want to make one comment, simply because we feel that the idea of “healthy” is something that can be overwhelming to a customer. They may feel that they can be doing better, but they don’t necessarily feel they can obtain that “healthy” state.

The other thing, too, is the perception that healthy food doesn’t taste good. Now see, in the supermarket, we sell all types of food; we believe what we’re really there for is to provide options to customers, let them make informed, better food choices. And again, it’s about the “feel good, look good” strategy; we tie our [health and beauty care] in. [HBC] is now part of the pharmacy, along with the nutrition component.

And I think we need to position ourselves to help [consumers] feel good and look good overall, and that it’s not just about the food. We’re in a unique place because we do have the food, we do have the pharmacy, we do have the HBC; we’re in that position.

EDER: And I guess the next logical question is how do you make that statement in the store?

BRET MIRERELL, GIANT EAGLE: You know, the collaboration part [that other people talked about] is absolutely critical. When you look at retail grocery, you have health and wellness; you have food; you have dietitians that are all pushing it and trying to deliver a message. But then you have the merchandising team trying to deliver the product for sale. So manufacturers need to bring them operational programs; programs that they can execute, things that will work. And a lot of times, these are not specifically just products. So manufacturers need to think more about category management as they are thinking about health and wellness. That is, what other products deliver [the same health benefit] and how can I go in and create a vision around a bigger promotion? My product can be part of it, but it [may] never really stand alone in an individual promotion. How can we do a program or develop a theme that will come to life in the store? And there may be a health benefit that we all fall under — for instance, heart health, and what else can you leverage against that ...

And so I think the collaboration really has to be big picture/big vision, manufacturer-retailer programs that go beyond any one specific product.

LEON NEVERS, H-E-B: So we’ve been working on that for about the past four, five years, and currently have about 10,000 healthcare professionals now at H-E-B in only about 230 stores. So we have good coverage now in the stores for healthcare professionals to engage with our customers.

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You are exactly right in the fact that when I first started, I had a core group of them and we’d get together initially and we said, “OK, what are we going to do? What are the initiatives we’re going to do and reach the public?” And initially I used the term “salesman,” and I honestly thought they were going to fall out of their chairs. The pharmacist and other healthcare professionals are not interested in being salesmen.

What we have found that has been wildly successful — now we’re in several years of trying it; it’s been really successful this year especially — is bringing education to the staff and trial to the customer. So if you can convert a healthcare professional with a healthy product by trial and by showing the clinical benefits or the nutritional benefits, and then including value in that proposition, we have been wildly successful, and they will recommend the product. And it’s not so much salesmanship; it’s more the professional adviser type [of] relationship. And even in the community events that they attend — of course they all live in the community — and when they go out and play soccer, coach basketball, they will continue to recommend those products even in a community setting. So it has a long-lasting benefit far beyond any promotions that we could do.

I agree with Leon: I think a lot of it is education. Interesting that we have the experience — myself and my category manager for supplement/vitamin — our department talked to [our dietitians and nutritionists], and we asked them about vitamins and supplements, and they’re kind of [of the mindset] that they don’t want anything to do with [vitamins and supplements] because you don’t need those things if you eat right [they believe]. And the first thing I asked was, how many of you are taking vitamins? Five-out-of-six of them raised their hand. So I think it’s a matter of everybody understanding that as a consumer, it’s not about one or the other; it’s about a combination of everything.

And I think the more we educate them in the front of the store, or the nonperishable side, or the food side of the store, about what they should be recommending to somebody who has a chronic disease — just as we have recommendations that we share with the pharmacist, ... it’s breaking down those silos that seem to exist in all aspects of retail.

Everybody’s got their own little silos that they work in, and it’s very hard to get everybody to work together. I mean, why can’t we merchandise produce in front of pharmacy? ... How do you get consumers to think of your store as more [than] a place to go to just when you’re sick? Your whole strategy has to be [aimed at breaking down the silos between the different parts of the store].

LEONARDI: It’s an interesting dilemma because pharmacists, while they’re clinically based and they’re practice-based, they don’t traditionally like to come out from behind that counter. And then you have nutritionists and dietitians, on the other hand, who aren’t taught about supplements as a part of their education. Neither is food part of a pharmacist’s education, but to the people [shopping] in the store, they sell food. So trying to get all of these people together to work together for the customers [is a huge challenge].

VERNIMB: Joanne said something I was going to say. To get strong implementation at the store level, it’s important that the direction come from the top down. This is really critical to driving alignment and strong execution. ... And the other point I would make is, if the retailer is aligned around a common objective, this creates a tremendous opportunity for the suppliers to really bring some value to the table.

Take a company like Insight, or Brian’s company, or whoever it may be. Suppliers have resources retailers don’t commonly have within their organizations or look to leverage. So start to think about us in a different way. If you’re looking to train your nurse practitioners, your pharmacists or physician assistants, ask us if we can provide meaningful content, be it clinical data, disease state expertise, consumer insights and so on.

If we can make this the norm, I think retailers will see the supplier community becoming more engaged behind what they are trying to accomplish. And it won’t just be the sales people getting involved. Suddenly it’s the marketing group, market research and [research and development] staff getting a bit of religion, sort of a category religion. And now the supplier and retailer relationship becomes a lot less about me pushing my brand and more of a category growth discussion.

“THE pharmacist is the second most-trusted person, other than a doctor. Unfortunately most people assume they go to a pharmacist when they’re sick, and in my opinion, they have to be more proactive about prevention and not just fixing things after the fact.” — Joanne Leonardi, Ahold

JULY 2012

“‘We’ve got to [dig] deep into shopper insights to understand what motivates a consumer to think about health and wellness. Was it a disease-state situation that drove her top start thinking about her weight? Was it something that happened with a parent?’” — Jeff Vernimb, Insight Pharmaceuticals

BRADLEY: Joanne mentioned the pharmacist, and she’s exactly right. A recent Gallup poll ranked the pharmacist as the No. 2 most-respected professional. So it’s always going to be a winning situation to get these influencers out in front with the consumers. I know it’s not that easy.

I want to take you through a personal story that happened to my family at a local food store in New Jersey. My daughter is a Celiac, and she is one of 2 million Celiac patients in the United States. We consulted with a supermarket dietitian on a food regimen for her and that was greatly helpful, which also built a ton of loyalty with that food store.

This retailer also has a robust gluten-free section, and now we can purchase foods that don’t taste like cardboard or cost an arm and a leg. And that is really a health and peace-of-mind benefit for my family. The driver of this positive experience was a dietitian, who was instrumental in designing a regimen of what you can eat, what you can’t eat, and [it was] very, very helpful.

EDER: Helen, ... you guys are really doing some very cutting-edge things with your own employees and engaging them with your pharmacists.

EDDY: I would say first that we see our employee health programs and the programs that we bring forth to our consumers [as] interrelated — they don’t exist on their own. Sometimes we initiate things with our employees, sometimes we initiate things with our customers, but we use them both places. And actually, if you
can get your employees on board, and if your employees can be touched by your pharmacists and your dietitians, they actually become some of your best advertising. They’re in the store, they’re familiar with the customers and the customers see the impact and the change that’s happening in those employees’ lives.

For our employees, we have a very active Hy-Vee healthy lifestyles program that involves biometric screenings [and] health risk appraisals, and then they have to complete two healthy lifestyle events every year. And actually, many of those healthy lifestyle events — and I’m going to look at my team of dietitians out there — are administered by the store dietitians. They’ll do lunch-and-learns; those employees will come to smoking-cessation classes ... and they have great results.

Some of the more formal programs that we do for our employees and for our customers [include] behavior-modification weight loss, called Hy-Vee Begin; we have a number of dietitians, about 25 of them now, that are certified in food-sensitivity testing and providing those services to both customers and to employees. And so when you start to have people engaged in those kinds of programs, it’s the word of mouth that starts to spread. But really our employees can be some of our best cheerleaders and best advertising for the services that we have.

EDER: Maureen, you guys are doing some guided tours in the stores.

MURPHY: We have our dietitians, our team of community dietitians, who actually go out and do community events, but they also do guided tours in the store. We do gluten-free tours and ... we realize the challenges of living gluten-free, so [we identify] products right at the point of purchase.

EDER: How are you engaging those customers? Is it starting at the pharmacy counter?

MURPHY: With ... people who have Celiac disease, it tends to be not necessarily at the pharmacy counter, although we are tying our pharmacy in as well. [However] a lot of times that will be as a result of [who] our dietitians are connecting with — perhaps the local Celiac support group. We’re heavily involved with several of the local Celiac support groups in the different market areas that we’re in.

Coming up, we’ll actually [be doing] a big gluten-free food festival [in one of our marketing areas], where we will bring in many of our trade partners with their gluten-free products so Celiacs can sample the products and talk to our dietitians. We have on our website a gluten-free product list; we’ve gotten some videos up there, too, so that people can go on there and see, for instance, how to make their own bread-crumbs if they’re living gluten-free, so they can make gluten-free Thanksgiving stuffing.

But in terms of the pharmacy and Joanne’s comment about the importance of breaking down silos, we actually do a ‘produce of the month’ promotion with pharmacy; the produce item is selected and we display it in the pharmacy department. And we include — getting back to the whole part about value — a coupon with it, along with the nutritional information. [We] try to make it as comprehensible a program as we can, tying in suppliers. We’ve done promotions with Bare Naked granola and Kashi cereals. So it’s the importance of, like you said, bringing everything together and breaking down those silos.

EDER: I think that’s terrific. I think the idea of the food fair festival is wonderful, because Brian, you mentioned in your comment that when you’re diagnosed with Celiac, it’s a hell of a thing to live with. So how do you elevate that experience? How do you have, instead of making it this ‘sick care’ thing ... how do you make health and wellness an experience or an event?

MURPHY: It’s making it positive, really, and saying that gluten-free is easy at Price Chopper, not saying that living gluten-free is easy. Living gluten-free is easy, rather, at Price Chopper; we’ve got the different resources that can help make it less challenging.

“I love the sharing of some of the common themes I hear across the conversation here. And ... it has to start at the top of the company. Really our whole company is engaged around not just being a grocery retailer that sells food but really transforming ourselves to be a wellness company that happens to sell food. So that is really the culture we’re trying to embed with our associates and colleagues at [the] store level. It’s going to be a path that’s going to take a lot of steps to get there, but having that vision is going to make a difference.

A second point I’d like to add is that we collaborate with our vendor suppliers and really share what our strategic missions are. As we do that, they know what we’re marching forward with. One of the examples I’d like to point out is we have what’s called Simple Nutrition, and we have mapped the ingredients across national brands, as well as our own store brands, for the products we sell throughout the store. It calls out key nutritional attributes, making it easier for the shopper to shop. It points out low fat, high fiber and specific call-outs that can help [shoppers] make easier choices at shelf with an easily identifiable tag.

And we’ve shared that [goal] to become an overall wellness company, and we have shared those strategic initiatives with our vendor suppliers. ... And then we make our colleagues and our associates at store level the most important component of the whole story that we’re going to be telling. That’s going to lead us down the path and those are the extra steps that are going to get us there in the wellness space.

STACEY: A couple of thoughts. First of all, we know about 80% of shoppers are thinking about their weight or a health condition when they’re shopping for groceries, but when they shop for groceries, they don’t think of it as a health-and-wellness visit. So that’s on us in this room — we have to rethink the whole customer experience. That has to change. So, we have to innovate as an industry.

I think that’s really important along this journey, and I think we also have to think about keeping it easy. It has to be an easy choice. If we don’t make the healthy choice the easy choice, we’ve totally lost the shopper.

VERNIMB: There was a study released [in March]. Millard Brown had done a 10-year survey, [I think it included] 50,000 brands — a huge number of brands. As it relates to health and wellness,
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a couple of points came out of it that I think are relevant to this discussion. First, the successful brands are the ones that changed people’s lives. If you were to include a retailer in that cluster of brands defined as having successfully changed a person’s life, that’s really a nice fit, and I think a great way to think about what success could look like in the health-and-wellness arena.

Another key insight that came out of that study was brands that are strongly associated with ideals create more resonance with consumers. As stated in the study, “Consumers perceive these brands as being different not in a functional way but in the meaning of the brand, which drives equity and choice. It’s a very nice demonstration that if you stand for something, if you have a higher meaning, people will come to your brand.

So I think it’s very important, really with the brands, to work at a level that the retailer wants to work at, first of all. So when you come in to present to a retailer, you have to think about where the retailer is on a continuum of health and wellness for one thing. You have to really listen to them and kind of understand what their abilities are and what they’re good at, and then try to fit into that. Because if you come in with a canned program for one-size-fits-all, chances are the execution’s not going to be that great. It’s going to be better if you let the retailer embrace it and run with it — at the top level and the bottom level of the organization, to run completely with it.

I think that brokers play a part in this, too. I’ve had success, believe it or not, with a lot of different companies, and I don’t mind naming them — some of them are here. McCormick, Dannon — believe it or not, in pharmacy, you think about the logistical problems of promoting an item like that through pharmacy. People thought I was crazy, we just roll out coolers — those little box coolers on wheels — we just roll them out there during our events in the pharmacy. So you see an 8% to 10% lift in sales on the days of those events, and the next thing you know, I’ve got the guy from dairy who wants to promote other milk products in the pharmacy, or spices, or tortillas, or whatever it is. The point is, if you build it, I think that they will come. The problem is that you have to kind of customize it to the retailer’s abilities.

EDER: I want to get one more retailer’s perspective to tell these brand guys how they should be doing it, and then I’m going to let them talk. We’ll go to Jewel because I keep leaving her out.

HUNT: Obviously each brand has its own brand identity and what it stands for in the consumer’s mind. I think the way to connect here is to connect to affinity to the store. And one of the things we do is a promotion — as we’re working to build awareness for health and wellness with our consumers — called Well and Good.

Multiple brands participate in it and it’s a message we send out [through our] advertising and then we market it in the store. And that starts to [make an impression in the] consumer’s minds: ‘I think there are some better choices for me and these brands might actually be able to help me out.’ So it’s a way to tie the brands together and then have a common platform and strategy to bring it all together.

EDER: Jeff, give us the manufacturer’s perspective. How can you help these guys?

VERNIMB: A lot of good thoughts, I’ll probably be a little bit redundant here. It comes down to understanding what your core objective is and what you fully want to accomplish, and then aligning our strategies with yours.

I’ll give you an example from a number of years ago, it was in the drug class of trade and I was with a different manufacturer, Warner Lambert, who had a large portfolio of healthcare products. At the time, presenting programs to retailers was something like this, ‘[Mr. Retailer] we’re doing an FSI on Sept. 12. ... We’re going to do a sweepstakes over here.’ You know, a lot of tactical things.

But then a transformation occurred. We started having conversations at a more strategic level. As an example, we engaged with one retailer who shared a specific big issue they were challenged with: For every two Rx consumers who come in to get a prescription filled, one walked out the door without buying anything else.

So you start to think, ‘OK, market basket, there’s some opportunity here to really collabrate with the retailer.’ This was a big deal; we had to build the market basket. Our solution was to come back with a disease-state platform. It happened to be for diabetics — the Warner product line you might remember consisted of oral care products, sugar-free cough drops, GI solutions and so on. ... There were probably 10 brands that fit into a diabetic platform, and the beauty of it was we went from a tactical conversation with a retailer to becoming a strategic partner.

Now what happened inside our company was also pretty interesting — it changed the way the marketing group thought about the business. Suddenly when a piece of brand research was to be fielded, maybe seeking learning among diabetics, there was a larger retail component to it. Marketing came to the sales organization and asked if there were questions that they wanted to include based on the con-
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versations they were having with retailers. And it just totally changed the way we went to market, and I think that can happen a lot more.

BRADLEY: I read something recently: Gen Y, Gen X, boomers and seniors all rank ‘healthy living’ in the top two if they’re going to spend extra on health and wellness. So that’s an ROI. There’s a good reason to do it. And I think when the brands go back and look at the brand architecture, they have to take into consideration that there’s a financial reward for really going after wellness.

I also believe there has to be alignment at the top on the retailer side with the supplier community to ensure the best SKU assortment and promotional opportunities are executed. I also see a lot of great progress with destination-type areas in the stores that really call out wellness. At H-E-B, and Leon knows this, they have a complete men’s section that has a lot of healthy type products within that section. ... So it’s a matter of communication, alignment and collaborating with the retail partners to really get the message out on wellness.

EDER: Before we move on to the next question, because I want to make sure that we move through and keep the discussion going, are there any other retailers that want to weigh in here?

LEONARDI: It’s no different than what some of the other people on the panel have said. I really think that [for] a brand, [it] is important to align with consumers’ objectives; understand what they’re looking for and how your brand ties into that — not only what does it do for your brand, but what does it do for the overall category? What does it do for the consumer?

I would understand the consumer group of the retailer you’re calling on, because a consumer group in the North may react differently from a consumer group that’s out in the Midwest, versus a consumer that’s down in the Southwest. You can’t take a strategy that you have and expect all the retailers to understand it. You really have to know your consumer and the retailer that you’re calling on. And utilize your consumer data if you have it, because that will help, that will help the retailer tremendously.

EDER: I really appreciate that point, Joanne, because I just wrote a column in the issue that’s here about more or less the thing you just said. The point was, sometimes in Drug Store News, we write about very heady healthcare issues, and sometimes a lot of front-end guys who I know very well come to me and say, ‘That’s great, Rob, that’s terrific. Healthcare reform, it’s all great, but how is that going to help me sell more product and cases?’ You know how it’s going to help you? You need to know your retailer first and what their challenges and what their issues are before you can understand where your brand fits in. So you have to find your sweet spot and you have to know what their challenges are.

LEONARDI: I will tell you from a retailer’s perspective, nothing makes us more happy than a supplier who comes in and has data, has factual information, can provide information to us, helps support us through the category. I heard the term collaboration used here today. And it totally is about collaboration — we’re all here for the consumer; we can’t forget what we’re here for. And yes, you have ROI and you have to grow your sales, and I get that, but it all starts with understanding the retailer that you’re calling on, and understanding the consumer they are selling to.

EDER: That’s important because I think the brands understand their customer, but they have to understand your customer. I think that’s important.

EDDY: I would just add that the brands need to understand the retailer’s brand — we all have our own brand.

STACEY: First of all, I think one thing that will help us as retailers in working with our brand partners is to understand how to position with the merchandising communities. We always have to balance the consumer need with the sales opportunity. So having that data and that backdrop to make those discussions within the company is very important. We have to think about this as joint value-creation, so both the retailer and our manufacturing brand partner move along with mutual gains when we think about solving these issues.

EDER: OK, let’s move on to the next question. I think it’s important because it relates to one of the key pillars of the FMI Health and Wellness advisory, and it’s about simplicity. And we’ve heard it a couple of times in some of the comments that were made earlier — shoppers are really looking for simplicity. There are a lot of categories in the store, particularly in health and wellness; a lot of products; a lot of information, and consumers want help navigating all that. So how can we make health and wellness easier for customers?

STACEY: There are a few specific areas that I think we can work with our brand partners on and try to help in this particular area. First of all, food expenditures at home are going up 3% over the last year, but people don’t know how to cook. ... We can help reclaim the dinner table. So I think education around nutrition, budgeting, meal planning and cooking skills are in great need. And what that looks like within a retail setting, I don’t know. But I know that we can help and we should be working with our partners to solve that.

Another area that I think plays into simplicity, and also in changing the conversation, is around kids. I think developing solutions and programs for kids is a great start. There’s no better peer pressure than kids on parents. I’ve got a 13 year old and a 12 year old, and when I try to pop a Diet Coke at dinner, I get busted. You know, where’s the water? Where’s the milk? And so I think teaching and empowering kids to make healthy choices is a great place to start.

And again, it’s very overwhelming for moms and for families, so if we can simplify that and bring that to light. When we do our Healthy Eaters tours, we educate more than 20,000 children a year in helping them make better choices, and I think those are two areas that [retailers and suppliers] can really work on.

EDDY: I think for us it’s really utilizing those professionals that we have at the store level. They have such credibility with our customers that we encourage our dietitians to call out the products specifically that they personally would recommend. So we scatter all of the departments, all of the aisles with our ‘dietitian picks’ signs on particular products, and a lot of our customers use that to navigate through the store. For us, a part of every conversation we have is the NuVal nutritional scoring system — that’s the system that we use ...

Our dietitians are very proactive about getting out in the schools. I’m with Craig — when you teach those kids, they teach their parents. So, when our dietitians go into the schools, they talk to the kids about nutrition, they do great activities with them, but they also teach them about NuVal.

To the cooking point, one of our newest initiatives that we’re actively engaged in, is adding chefs to all of our stores. So it’s that dietitian-chef combination where the dietitians focus on the nutrition, but the chef puts on the show. Because chefs aren’t necessarily about healthy cooking, Continued on page 8
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but when you bring the two of them together, the chef can put on a show and make healthy cooking and healthy meals look fun [and] exciting, and it gets over that taste barrier — they taste great. So, those are just a couple of the things.

EDER: That’s awesome, when did you guys start doing that?

EDDY: In the last year. We’re up to about 75 chefs in our stores.

HUNT: I think that to make the message simpler for the consumer today, you really have to understand the consumer. Consumer insights can really help you out from both your vendor partners as well as we have [our] own team [at Safeway] that does it backstage for us. And you have to understand the mindset of what’s in it for [the consumer]. What type of [need-profile] are they trying to get to? Is it the single-household shopper or is it the family shopper? And how can we focus on those needs and still make a message that responds to that for them. So understanding what they’re looking for, asking them the questions and then responding back to that.

EDER: Leon, … how do you make it easy? I think it’s interesting to ask you because H-E-B serves a huge Hispanic population. Many of them are speaking English as a second language, if at all, right? So how do you make it easy?

NEVERS: So one of the big things with navigating our stores — and we have some big ones, [more than] 100,000-sq.-ft. stores — is people really don’t look at it by item, I still believe that. You have a shopping list, it has items on it, but really what they’re looking for is they’re looking for dinner that they can afford and that’s easy to make.

One of the big issues is people just don’t cook at home enough. And there is a misconception now, of course, that it’s cheaper to eat out and faster and that whole thing. So what we’ve done over the past few years is come up with Meal Deals. We call them “Combo Locos” because of the Hispanic flair. So some of them make sense, honestly, but some of them make absolutely no sense. Like we have milk and paprika, or something that really just doesn’t go together. But people love that because it makes them think about, ‘What could I make with this?’ Or we have Healthy Meal Deals — frozen tilapia fillets, you get free corn low-fat tortillas and low-fat refried beans. Makes sense right? And you can get them for free. Absolutely nothing is free in life, so what the suppliers bring to that is the ability to work together to pool the resources so that you can actually afford to give away some free items and continue to make money as a group on the paid items. Customers love those and they’ve been widely successful for us.

MURPHY: We’re like Hy-Vee in the fact that we also use NuVal, and that third-party independently developed [program] really lends credibility to the shopper. And [NuVal is] part of every conversation. We educate our team members on it so that they’re fully aware of it and are using it themselves; that’s really helped. We have our dietitians go out in the communities, teaching people about NuVal, teaming up with community health departments who then are extenders of that. They help to make it simple. And really with NuVal, it is simple; it’s 1 to 100 — the higher the number, the better the nutrition.

And the other thing is the professional resources. We partner with Eating Well Media Group, and we provide them with recipes that inspire healthy eating, with a beautiful photo on the front [of the card], nutritional analysis; it identifies different health criteria, whether you need to be concerned about heart health, diabetes, gluten-free, weight management. And then we also have that information on our website with health center information, depending upon whether it’s a disease condition or just preventive. So the fact that we tie in someone like Eating Well — I think if you tie in someone that makes it an easy solution: If you are in stores, pick up a recipe, go to our website before you’re even making out your grocery list. And it’s the beauty of those easy recipes that do inspire healthy living, and they do keep it simple.

LEONARDI: I think you need to use all of the means you have to communicate to consumers to make it simple for them and make it consistent. Whether it’s a website, whether it’s the mobile technology, whether it’s circulars. … One of the opportunities that I think we have in the supermarket with the nutritionist, with the pharmacist … [is for] those [who] are diabetic, those [who have] high cholesterol — whatever it is — putting a theme together, making something that’s easy that they can go to, whether it’s an endcap or a dedicated area in the store, they can go and they can get what they need without having to think about. …

Because not only do we have to make it easy, we have to think about time, too. There’s a time commitment [involved]; everybody is stretched so thin in the world today, and we have to make it simple and we have to make it efficient. So I think it’s a combination of both of those, and I think in the grocery environment, we have an opportunity to make that, and we have an obligation, in my opinion, to make that easier for people who need to get healthy, fast and quick.

EDER: Alright, so next question, and it’s kind of like the 800-lb. gorilla in the room. As we sit here talking about how supermarket pharmacy can better engage their customers around health and wellness, traditional drug stores are moving further and further into fresh, more deeply into consumables, and in some areas want to be seen as a resource for that. Well now the question is, how does that change the way customers think about shopping all these different channels for health and wellness?

LEONARDI: It’s a very interesting dynamic coming from that world and going into the grocery environment. I think they realize that we’re health-and-wellness destinations … because that’s the first thought for consumers. How many people [in the video] mentioned health and beauty on their list? [Food] is the one thing that [the drug stores] miss. They already have that credibility in the consumers’ minds for health and wellness, and certainly pharmacy, and in many cases OTC, but they’re missing the food aspect. The opposite side of this on the grocery side, they have the food, but they’re missing the pharmacy piece.

So I think [drug stores are] in a rush really to get there and will be taking consumers from the food channel, in my opinion, based on what I have seen. If anybody hasn’t seen the Duane Reade in New York City, it’ll give you a very...
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Drugs, we’re going to change consumers’ perception and the consumers’ idea of where they want to go not only to get their prescriptions filled, if I have them, to get my medications and my lotions and my shampoo and my toilet paper, or whatever it is, but oh, by the way, while I’m there, I can get bananas, I can pick up milk, I can pick up bread, I can pick up a lot of other things. And it’s taking trips away from the grocery channel. I think that we all have to pay attention to where consumers are going and make whatever we’re doing very believable in the consumers’ mind, because I think that that channel has been very quick to pick up on.

EDER: Those Duane Reades that you saw in New York are a lot like the Walgreens that are opening in Chicago and Boston.

LEONARDI: They’re very impressive; they really are. And I think that we can learn a lot from that industry on the health-and-wellness side, like they’re trying to learn on the food side from grocery. And I think we have to do that; this industry has to do that.

EDER: Some other thoughts from the retailers. I know this is a scary question a little bit. You guys are trying to eat your lunch.

STACEY: I think Brett said it right. Focus on some of the things we do excellent and keep continuing the game there. Produce. And I think that is an area that we can focus on and really help our shopper through their health-and-wellness journey through some of those solutions that they’re looking for. We can give them an amazing produce experience to keep them connected to our stores.

EDER: I think where you guys really have the edge is, Brett, like you said, people are really into food now all of a sudden. And just like you said, Craig, that’s a nice offering but it’s a basic offering.

MURPHY: Well I think supermarkets that are using nutrition professionals and dietitians can instantly leverage that, because they’re there in the supermarket talking to the customers. They’re also going out into the community. But I think we can leverage that because unless these drug stores are going to go into that arena, and again, they’re offering a basic offer. Like Brett said, when we go about the food experience, they need to up that game if they’re going to really take away a bigger piece of that pie.

NEVERS: I’ll take it the other direction. I really embrace it. I think it’s good that there’s a big net we can cast and a big ocean of health and wellness. And honestly, if you can get a few people hooked over at the drug store and they go ‘Wow, this is really good for me, I feel better when I take it, or when I consume it,’ and then they look for more, they’re going to come to the grocery chains because that’s where ‘more’ is. So honestly what I always try to tell my suppliers is, I don’t want to cut up the market share. I want to make the pie bigger. Because the pie really is huge.

HUNT: I think that I’d like to add in that it’s great to have healthy competition with other retailers. As you think about food, drug and mass, think about the channel blurring that’s happened over the past few years. And we can learn from each other, and really at the end of the day provide the consumer with what they’re looking for. And if we learn from each other, it only makes us better.

EDER: Let’s move on. Really cool topic: Technology. Mobile, the Web in general. I think about particularly the way the next generation of consumers the way they engage with brands and the way they engage with life. They’re gamers, right? The first thing that comes to mind is, is there an app for that? Is there an app that makes health and wellness a game? But the current generations, too — Gen X, Gen Y, Boomers — everybody’s got their smartphones, their iPads. So is there a way to better engage with the consumer using technology? It could be in the store; it could be a QR code on a product, could be social media, it could be Facebook or Twitter. Is there a better way to engage with the consumer around health and wellness, and could technology help us here?

HUNT: Technology is a great way to enhance our knowledge base. I think that the many types of media that are out there can all help us out. If you’re blogging with your community and you know what they like and what they dislike, you can learn what they dislike and do things differently, you can learn what they like well and do it better. And also, you need to be in tune with the shopper that is shopping in your stores, from the different generations that we have — you just mentioned all of them, X, Y, Boomers, millennials, etc — you need to understand how they look at it and where they’re coming from in order to satisfy their needs.

Technology is changing so fast. It’s very hard to keep up with and be relevant in this space without hitting white noise. Because you don’t want to be the white noise, you want to be the destination.

“...Our consumers really want to have empowered choices around health and wellness. They don’t want it to be difficult to understand; they want easy solutions, but at the same time, they want to be in charge of what those choices are.”
— Jewel Hunt, Safeway

BRADLEY: I read an article, and I don’t know if this is going to be exactly what you’re looking for here, but it was about a social gaming website and it goes by the name of Keas. It’s all about making health fun. So what they’ve done is put together this website and they’re selling it to companies. Basically it creates a competition amongst the employees where they get a point for eating vegetables; they answer questions, they get a point; they exercise, they get a point; and they create competitions within that employee group. And I thought it was kind of fascinating.

One of their taglines is ‘Smaller bottoms, bigger bottom lines.’ What they put in there was for every dollar that’s invested in this type of activity, the employer saves $3.27 per employee. So I think it’s really out front and I think it just kind of weaves into what you’re talking about here, using that as a tool.

MURPHY: Now we’re testing out QR codes in our weekly ad, leading people to one of our Eating Well recipes for instance. So ... if we don’t have room in the ad for the whole recipe, we’re testing out the QR code to see how that’s working and maybe looking toward doing it on a product as well, as you said. And it’s something we’re looking at because sometimes displaying recipes going in the store presents a challenge in terms of execution, so QR codes on a product is

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something that could help.

EDER: It’s kind of cool because it keeps them in the store — they’re watching the video now. And there’s stuff in that recipe that they have to get in the other aisle.

MURPHY: That’s right. And one thing to mention — what Brett just said about the older population — I’m amazed by the number of older people, seniors in their 70s who are on Facebook and Twitter. I mean my mother, God bless her, who’s gone now, but I can’t imagine her ever being on there. But again, you do have to have a little bit of a mix, but I’m surprised by the senior population that’s engaged in social media.

NEVERS: We had one. I don’t know about you, but I’d never heard of a flash mob until maybe a year ago. ... So a wild idea we had was let’s beat a world record. So Oprah Winfrey has the world record for flash mobs. We beat Oprah’s record in February just by putting it out on Facebook, Twitter and our website to have a flash mob. They all did the Cupid Shuffle. We had more than 200,000 people involved in that in our stores.

EDER: Hey, you know what? You just involved your brand in their lives in a way that goes beyond going to the store to buy something.

EDDY: We just launched our mobile app and looking at how to enhance it. Right now it allows people to make grocery lists; find a store; navigate through the store; they’re working on adding the pharmacy refill component to it. ... But I think it’s listening to the consumer, and saying not just do you have an app, but do you have an app that really solves a problem for me and makes life easier for me? And we’re just getting into that, but we’re getting lots of comments back from our consumers that they like it. You can actually walk into a Hy-Vee store and it’ll take you on a little map and point you where the actual product is. So it’s great.

And we’re also using Facebook to send out health messages that our dietitians are already writing and using in traditional newspapers and things, but we’re also putting those out to our Facebook [followers].

EDER: And I think that’s going to be where I’m going to do our last question, it’s going to be about cost and ROI. It was mentioned [a couple of times], the idea that there’s a misconception out there, mostly because people can’t cook — they don’t know how to cook at home — that health and wellness and eating healthy is expensive.

And then the flipside of that is that to do all of the things you’re talking about here, to have a dietitian, develop an app, do all this stuff, you’re investing considerably and making a huge commitment in people and technology and other kinds of resources. So you’ve got a lot of skin in the game in this.

So you’re looking for ROI, and on the other side of the plate, consumers are looking for ROI out of their shopping experience. ... And at the same time, let’s not pretend, let’s not kid ourselves here, there’s still a lot of economic uncertainty out there. Consumers are still worried. So, how do we balance all of that?

NEVERS: Part of my job is to meet with the suppliers on a daily basis, and literally, I have three rings, they go together, and where there’s the intersection is the sweet spot that we’re talking about. One ring is the customer, one ring is the supplier and the other one is H-E-B. And if any of the rings don’t intersect — and I’ve seen a lot honestly that don’t. ... There are a lot of presentations that I have from suppliers where obviously they’re going to be just fine, because otherwise they wouldn’t be sending it to me. H-E-B, honestly, we do pretty well in most cases, but the customer in some cases may or may not come out OK. So if all three of those don’t intersect, then honestly we don’t move forward. And it’s just that simple.

And when I say move forward, I mean there has to be something in it for all of us and the customer has to have value. We’re in a value market; like you said, it’s a bad economy — I think we’re all in a value market right now. Nobody wants to waste money, and so you may try something, but if you’re going to go try something, it better bring something that differentiates itself from other products in your life.

And so that’s kind of checkbox 1 for me is the value to the consumer. And it doesn’t have to be economic value; there are some higher-cost items out there that are just fine if they have higher antioxidants. And people don’t understand what an antioxidant is or what it does, the benefits, and some trial will actually help them improve their lives and the supplier can fund the trial, no problem, let’s go. As long as H-E-B has a decent gross profit. So we can’t do some-

thing where we’re going to lose money, because one of the things we have to do and realize, for all of us, is profitability equals sustainability.

It’s not a magic formula but I think that it’s important to make sure that all three are taken care of.

STACEY: Well it’s interesting, I wrote down one of the same things — the customers have to get something to get that value. So that’s really important in helping them understand what the benefit is and what they’re getting for what they’re paying. I think another thing we can think about when we talk about health and wellness and pharmacy is to reframe the ROI discussion: it’s not a promotional sales opportunity, it’s about getting shopper loyalty along with the sales. So looking at how those shoppers perform that purchase health and pharmacy products versus maybe others who don’t. How do those shoppers’ baskets look as far as their trips, their frequency? And we also talk about brand equity — what do they think about our brand? Are we seen as a leader in health and wellness? Are we giving them health-and-wellness solutions? I think that’s a very big change for retailers to have brand equity discussions — I think those typically happen at CPG companies like Coca-Cola and Procter & Gamble, but not always at retailers. So, we try to take a holistic look not only from the short-term sales but try to look at it holistically with that customer’s purchases over their life cycle and how well they perceive our particular stores.

MURPHY: Just to say something in addition to what has already been said, we also rely on Nu-Val because that actually helps identify products that might bring that customer better value. It’s easy to look at the score of the product and compare it to the price tag and see what might be a better value.

We also always tie value into the programs that we’re doing. For instance, for Heart Month, we did a pretty comprehensive program that tied pretty much the whole store in — we offered salmon for the entire month of February at a $3.99 value, a 6-oz. portion for $3.99; we had olive oil coupons; a produce of the month — we always tie something back to value because we are a promotional retailer.

EDDY: We put all the decisions we make at Hy-Vee kind of through the same lens, no matter

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what it is. And it’s through our four priorities, which start with customer service; then it’s followed by sales; then ... gross margin; and then ... expenses. And I think when you look at a decision that you make or a program that you’re going to put in place in your store, if you put it through those lenses, in that order, you’re not going to make a mistake.

And when we look at health and wellness for our consumers, we focus on that consumer. What is the right thing for that customer? What’s the right product? When the dietitians make their dietitian pick, it’s the right product for the consumer. Then all those other things fall into place. Oftentimes, it may be a product that has a better margin — Hy-Vee wins. But ultimately, the first priority is that consumer; the rest of the things then fall into place. If you follow that, you won’t make a mistake. And that’s really engrained into us and into the stores in terms of how we make decisions. We believe if you can make a difference, you should make a difference.

HUNT: I think it’s got two answers. One, when you’re talking about value it’s not just the monetary value of what a product costs, but what’s in it in the value for the consumer. And I’m going to be a little more specific here. So, for example, [consumers are] coming in and if we offer services through our pharmacy department that empower them to live a healthier life ... you don’t really see the ROI up front but you see it longer term because they shop the store because you’re helping them with their health and wellness.

And then the second point is — I’m going to tie it back into that food arena — really looking at what is in specific products. I’ll tie into our own consumer brands, sometimes it costs more to put less in a product because you have a healthier product that doesn’t have artificial ingredients or preservatives, but the value is that it helps [consumers] lead a healthier life. So it’s kind of two different ways to look at it.

EDER: And Jeff, how do you help the retailers convey that message?

VERNIMB: In my mind, if I kind of sum it up, ... it’s got to start with the consumer. And I think everybody’s aligned on that. [And then] for the retailer and the supplier, we have to successfully redefine the consumer value proposition.

There are some real opportunities out there if we think about it from the perspective of the core shopper. She’s facing a number of different challenges and likely has many needs. We talked about obesity issues in this country — it’s an epidemic. You’ve got different disease states, all these things. So if we can get her to think about coming to retailer X to better meet what she’s dealing with, we’re kind of through that first screen, and now we’re offering her better choices for her family. It may cost her 3%, 5%, 10% more, but make that increase in spending stand for something. And help her get where she wants to go, that’s going to be a big win.

For us, the suppliers — and again, going back to the collaboration point — we’ve got to come in and understand what you the retailer [is] trying to accomplish, really get into the weeds on it so we can then come back with some solutions and bring our best. And as Joanne said in the very beginning, the retailers kind of set that mission, and that’s reflected in their strategies, and we help that happen. If we can all do that, it’s hard and it’s a lot of heavy lifting, but if we can pull it off.

I look at it from our perspective, OTC [and] HBC. The category growth rates generally are low — we’re talking low-single digits. It’s a battle. We have got to move away from, ‘OK, I’m going to steal so-and-so’s share.’ Why? Because Leon pulls out his chart with the three circles and says, ‘Jeff, get out of here.’ And rightfully so. We’ve got to get out of that. ... ‘I want to be one of those vendors that any one of these guys looks at and says, ‘You know what? Insight Pharmaceuticals comes in and they get where we’re going and they put programs on the table’ — and I love Leon’s thing — ‘and it’s hitting all three of those things. And they do it every time.’ That’s where we’ve all got to get to, because we’ll all win.

LEONARDI: ROI isn’t always apparent right away, especially in health and wellness. I think somebody said it today, it’s a journey. It’s a journey for a lot of consumers and sometimes you don’t see the immediate results in ROI; it may take a year, it may take two years, it may take three years. It’s the propensity of the retailer to stick with it, to do it. And ROI, while it’s numbers-based, there’s also a lot of data that you have to use to measure that — loyalty was brought up and I think that’s an extremely important thing. How do you keep customers loyal? Why are they staying with you? And health and wellness should be a part of that. ...

But I think that health and wellness is a journey and I think that we all have to be in it kind of for the long haul. And ROI — that’s a necessary evil of the business; we all have to have it — but there are some things that there’s just an intrinsic value in for the consumer that can’t always be measured on paper. And a lot of that is shown in the loyalty data, a lot of that is shown if you go on ... Facebook and look at what consumers are saying about you. Because those consumers are people that interact with other consumers and those are the people that are going to say, ‘Don’t go to this place, because ____’ or ‘Go to this place because ____.’

Brian, you brought up earlier your daughter. [Brian’s] going to always go to that retailer now because of what they did to help him. And there’s a lot of intrinsic ROI here that I think we all have to look at as well as the hardline ROI. So the suppliers who can understand that and help us with that, I think we all win in the end in that respect. And I know that when we first went to the nutritionists, it was a real battle trying to get them on board and saying, are they worth having, what do they do to help us? But I think sticking with it and proving the case has shown that they have helped us. And to me, I think you have to be in for the long haul.

BRADLEY: I’m going to answer this more from a consumer standpoint. And I’m going to jump off from what Joanne was talking about and this whole thing about gluten-free. When you think about it, three years ago, there was a lot of frustration with my wife — she had to drive all over to buy a pizza that when you ate it tastes like cardboard. I looked at my daughter, [and] I [was] like, ‘How do you eat that?’ She really didn’t have that much choice.

Now she goes into the store and there’s a bunch of different variety. The competing chain also has a gluten-free section. So what’s happened is there’s more variety and the prices have come down. And, to Joanne’s point, there’s a tremendous amount of loyalty to the first chain that really serviced that need.

So I think it’s safe to say that the health-and-wellness platform is not going to go away, it’s going to continue. So as it expands, Leon mentioned that it’s great to have drug in with food, and I agree. As it expands, I just think from an economic standpoint, the prices are going to come down and the variety is going to be greater.