

CASE STUDY

Rexall

“PITNEY BOWES BUSINESS INSIGHT PROVIDES THE PREEMINENT SOLUTION TO OUR RETAIL GROWTH AND IS TRULY INTEGRAL TO OUR EXPANSION PROCESS AND STRATEGY.”

Dave Bolan, Retail Market Analyst

REXALL NEEDED ADDITIONAL TOOLS TO SUPPORT ITS BOLD CANADIAN EXPANSION STRATEGY.



Challenge

Rexall needed a site selection strategy that was able to support its aggressive expansion strategy and help it retain its status as Katz Group's flagship brand, a true challenge given Rexall's adoption of a unique pharmaceutical concept, complete with drive-thru facilities.

Solution

Rexall works closely with Pitney Bowes Business Insight, leveraging its market optimization application to assess its current portfolio of stores, optimize deployment of capital and real estate resources, improve its site selection strategy and maximize ROI.

SUMMARY

Katz Group, founded in 1990 by Daryl Katz, is the leading integrated retail pharmacy network in Canada and a leading drug store group in North America. Encompassing more than 1,800 pharmacies in North America, Katz Group banners include such renowned brand names as Pharma Plus, The Medicine Shoppe Pharmacy, Guardian and I.D.A, and its flagship brand Rexall. Led by the company's ethos to be “a pharmacy first”, Rexall has adopted a unique model for its pharmacy outlets.

The pride of Dave Bolan, Rexall Retail Market Analyst — as he speaks of Rexall's “New, contemporary (site) prototypes consisting of 11,000 square feet and drive-thru facilities whenever the site allows,” — is evident, comparable to that of an entrepreneur onto a winning formula. Bolan's work on any site project is long-term, with an 18-24 month lead-time to open a new pharmacy. That resilience and dedication to each project extends to the corporate roadmap of the brand too. Bolan states, “We're very focused on the growth of Rexall, with its extremely unique drive-thru concept.”

As part of an industry more closely government-regulated than others, Rexall has taken stringent steps to ensure that it secures and increases its foothold in any given market.

Bolan confidently deems that Rexall has, “A focused, targeted approach to retail site selection.” This confidence has come partly through Rexall's work with Pitney Bowes Business Insight. Bolan explains, “We have come a long way through a progression of steps. Our relationship with Pitney Bowes Business Insight is ever-evolving, a testament to the flexibility and expandability of its wide range of product and service solutions.”

Apart from government regulations, Rexall turned to Pitney Bowes Business Insight for a slew of other reasons, also. Bolan's intimate knowledge of the pharmaceutical business becomes evident when he recites a host of extenuating factors affecting both the industry, and the Rexall chain as one of its main players. “We have to optimize the deployment of our development capital and real estate resources; we need to continually evaluate our portfolio of stores to identify under-performing and high volume stores; we need to identify key marketing, advertising and merchandising opportunities, as well as accurately understand the growth potential across our various brand concepts; and of course we have a commitment to our stakeholders to ensure the greatest possible ROI,” he states.

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Dave Bolan, Retail Market Analyst

RESULT

Optimal Deployment of Resources

Bolan has worked closely with Pitney Bowes Business Insight to hone Rexall’s real estate strategy to what is now a finely tuned science, giving them the ability to prioritize their opportunities provincially, regionally and site by site. “Simply put we are now able to look at our expansion blueprint through the Pitney Bowes Business Insight optimization model and immediately know where we want to go, with a clear focus on markets and sites that have been identified as high potential opportunities,” he states.

Portfolio Evaluation

Rexall depends heavily on Pitney Bowes Business Insight technology and services to align with the demands of the market. Bolan explains, “In the case of an under-performing unit, Pitney Bowes Business Insight enables us to quantify and correlate demand with store performance which gives us the insight and intelligence we need to work with our Operations team to see what’s going wrong with our strategy or in the marketplace.”

Capitalizing on Market Opportunities

“We needed a host of tools to drive contribution and sales,” explains Bolan. Pitney Bowes Business Insight was able to bring location intelligence to the forefront. Rather than simply react to one-off expansion opportunities on an ad-hoc basis, Rexall’s real estate gurus such as Bolan now champion its real estate and market expansion strategy, leading and directing their brokerage and real estate

developers to where the high potential opportunities are located. “This has been a real win for us,” Bolan states.

Maximizing Rexall’s Return on Investment

The true ROI being realized is by using Pitney Bowes Business Insight software and services to provide Rexall’s executives with, as Bolan puts it, “The clear, precise and concise market intelligence we now demand.” He goes on to explain, “We have found real efficiencies with the Pitney Bowes Business Insight optimization model. We can now sift through our real estate opportunities, based on Pitney Bowes Business Insight optimization results, to decide if a site is even worth considering before our real estate committee has to enter the field and go on tour. This translates into great cost efficiencies in both time and money.”

Summarily, Bolan’s intimate knowledge of the industry, coupled with his working closely with Pitney Bowes Business Insight for several years leads him to conclude by saying, “Pitney Bowes Business Insight provides the preeminent solution to our retail growth. Pitney Bowes Business Insight is truly integral to our expansion process and strategy. The question is always ‘What does Pitney Bowes Business Insight say?’ No real estate or drug store acquisition decision is made without being run through and qualified by the (optimization) model set by Pitney Bowes Business Insight, and our partnership continues to grow as we go on to leverage additional software and services for greater expansion on into the future.”

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THE PITNEY BOWES BUSINESS INSIGHT ADVANTAGE

Pitney Bowes Business Insight offers a range of products and services providing mission critical business solutions to enable clients to combine real world customer transaction and sales data, demographics, psychographics, competitive intelligence and spatial analysis to optimize site selection, deploy resource capital most efficiently, maximize market share, mitigate cannibalization, forecast sales potential and increase ROI.