

To be a banner or not to be a banner: is that the question?

As with every significant business decision, choosing whether to join a banner or stay independent is not one to be taken lightly.



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There's an incredible amount of traffic in and out of banner groups due to the strong and compelling potential benefits of a brand. Unfortunately, if the expectations aren't met pharmacy owners quickly find themselves feeling they are paying out for no return.

So, why join a brand?

From a marketing perspective, brands are an efficient communication delivery method. A brand represents a value proposition and means you don't have to expend the time and effort elaborating on that. They can readily create a perceived quality or constancy of offer that can directly affect a customer's choices.

Brands are meant to be memorable, creating a retained set of values and associations that feed and direct subsequent purchasing decisions. Customers are more likely to be loyal to a positive brand, regardless of whether they have actually purchased from the brand before, creating a familiarity that can have great worth.

Within pharmacy, branding can help customers 'self select' the right option for them, for example Pharmacist Advice branding should be attracting clientele who are more interested in professional assistance than low prices. Priceline branding primarily attracts younger women after beauty products. When the branding messages are matched by a consistent product, customers are reassured they are 'in the right place'.

Joining a banner group can give you access to complex infrastructure that is often too expensive for a single store. A good banner should give you access to:

- Better buying deals through mass buying power;
- More systematic buying;

- Promotional plans;
- Planograms and store layout;
- Marketing strategy and execution;
- Economies of scale of marketing;
- Systematic store branding and identity;
- Easy access to uniforms, collateral etc;
- Market data and its interpretation;
- Staff and supplier training;
- Shared knowledge.

There is also the benefit of knowing you are part of a subset of peers who have the same aims and are using the same methodology. Both the banner and the member stores can offer support and advice to individual stores from retail location and layout to insurance.

A banner group also gives you a pre-set sense of culture and approach for staff so that everyone involved can effectively support the brand/business goals. All this gives you the structure and plan to focus on other aspects of the business.

Is joining the right choice for you?

Although there are plenty of compelling reasons to join a banner, investigate and weigh up the options.

Joining a banner group means that you are giving up some independence. Compliance is an increasingly key element so, frankly if you are not interested in following mostly reasonable and sound compliancy requirements, you will be battling from the outset. Cherry-picking deals and promotions rarely works in the long run. Some people are naturally opposed to running with the pack and thinking that you can make a square peg fit a round hole can be stressful and unrewarding.

Another issue can be banners are often only as strong as their weakest link, so if there is no compliance with regard

to in-store layout, product offering and marketing initiatives then consumers will quickly lose confidence with the brand.

Let's face it, many banner groups are owned by a commercial entity, often with shareholder return requirements, so there may be a conflict between their business aims and your store's requirements. Sometimes products are pushed that are the result of supplier negotiations rather than consumer demand. This can result in stockpiles of unsellable stock (channel stuffing).

Uniformity is key to a banner group, but no size fits all in pharmacy. Your store size, layout, location and competitive set all create a unique set of variables. Local knowledge can be a strong determinant of a successful strategy or campaign.

There are often significant barriers of entry into a brand. Once you commit to fees, signage, fitout, uniforms etc, you are committing to a significant outlay. Often pharmacists bemoan the fact that they would have left a brand earlier if they didn't have to change the carpet!

Finally, do you want to be a shark or a whale? Is the banner quick and agile or more of a big fish, clearly recognisable with warm brand connotations associated with it but an ungainly animal out of its normal habitat?

When considering joining a banner group, gather as much information as you can and talk to other members of the banner groups to get a real feel for what their experiences and thoughts are about the pros and cons of their particular banner. Arrange to see samples of the marketing, category plans and store communications. And importantly, ask yourself whether you would suit a banner group model – strength in numbers is predicated on compliance! **RP**

Do you want to be part of buying group that helps increase your sales as well?

Buying

- Improve GP by up to 5%
- Key supplier management
- Retail promotional program



Retail

- Increase turnover in targeted categories
- Access additional retail services
- Retail health check



Marketing

- Customer loyalty program
- Store branding
- Coop marketing campaigns
- Marketing strategy & calendar