

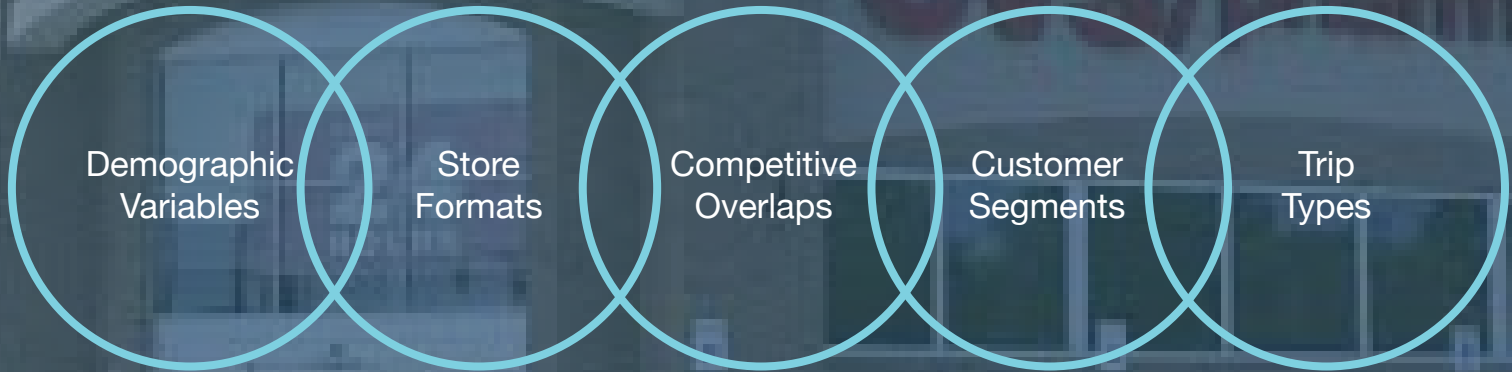
want to

learn

from your products?

CVS/pharmacy® - Test & Learn

With over 7600 stores across the United States CVS/pharmacy provides a broad range of testing capabilities



In store testing provides learnings and insights not readily available with other retailers

- Trip Types - Market Basket
- Store Formats - Adjacencies
- Loyalty Customer Information
- Competitive Overlaps
- Strong Brands
- Varied Demographics
- Assortment
- New Items
- Wide Array of Products
- Signage

Test & Learn: The 6 Phase Process



Propose

- Overview & objectives
- Success criteria
- Implementation date



Plan

- Test markets and stores
- Logistical details
- Scalability



Implement

- Reset test stores
- Control store selection
- Reporting criteria



Test

- Monthly dashboard reporting
- Store Manager feedback



Report

- 12 and 24 week insights
- Item level analysis
- Opportunity store analysis



Summarize

- Go forward recommendations
- Exit strategy



Case Study #1:

Cross merchandising drives 59% item sales increase

Hypothesis

- Cross merchandising women's foot care products in the beauty quadrant will drive sales and conversion of beauty shopper

Test

- A powerwing with nine footcare sku's was placed in the beauty quadrant

Results

- Sales increased 59% and scan margin increased 49%
- Using CVS/pharmacy **extracare** data, a unique store profile was developed for potential high performing stores
- Program rolled out to 3,000 stores resulting in \$3.4M incremental sales



Case Study #2:

22% sales increase by adding interactive product samples to the planogram

Hypothesis


- Providing electric toothbrush samples on shelf will drive conversion from manual toothbrushes and grow category/segment sales

Test

- Three electric toothbrush samples were placed on shelf

Results

- Electric toothbrush sales increased by 22%
- Using CVS/pharmacy **extracare** data, a unique store profile was developed for potential high performing stores
- Program rolled out to 4,600 stores resulting in \$2.7M in incremental sales



Case Study #3:

Inventory reduction by leveraging assortment analysis

Hypothesis


- A sku optimized mix provides:
 - Increased sales and conversion
 - Improved shopability
 - Inventory savings

Test

- Removed 104 items (22%) of the category assortment and added educational/navigational signage

Results

- Inventory goal was achieved, but sales deteriorated by -1.7%
- Completed post test analysis and identified segments that were negatively impacted
- Identified 38 non-substitutable items and 13 highly substitutable items
- Developed and implemented a modified test based on findings



Case Study #4:

Test introduction of natural product option into the feminine planogram

Hypothesis

- Adding an all natural product to the planogram provides a solution not readily available to the CVS/pharmacy consumer

Test

- Eight all natural items were added to the feminine care planogram in 485 stores
- The items were brand blocked to differentiate the natural brand to the customer and improve the shopping experience

Results

- Segment sales increased 2.4% and scan margin increased 3.5%
- Using CVS/pharmacy **extracare** data, a unique store profile was developed for potential high performing stores



Loss Prevention Tactics

Products

Fixture

Assortment

Improve out of stocks

Price

Promotion

Dual placement

Planogram Layout

Product Location

Kiosks

Category Adjacencies

Markdown

Reduce inventory costs

New Product Testing

Increase Productivity

Test & Learn Benefits

The test and learn process provides valuable insights into the specific impact of your product or program while providing the opportunity to explore your idea for maximum effectiveness and target its rollout for optimal returns.

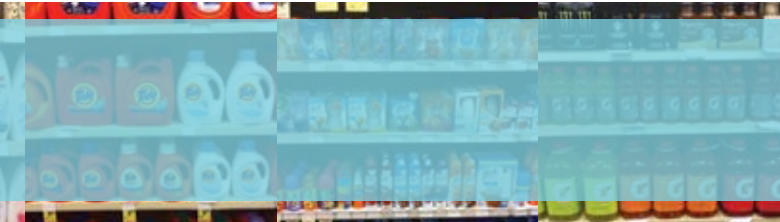
Live Testing: In-store testing gives your product or program maximum exposure while providing customer driven results

Standardized Process: All tests are designed to ensure CVS/pharmacy and vendor partner alignment on objectives, success criteria, execution and reporting

Robust Reporting: Dynamic dashboards deliver customized results to your inbox. Full insight presentations at 12 and 24 weeks identify driving forces behind test results

Opportunity Store Analysis: Based on the dynamics of successful test stores a group of opportunity stores is identified that are likely candidates for program expansion

Volumetric Impact Analysis: Given the test results and opportunity store analysis a net volumetric impact is calculated to judge return on investment



thank you

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