

## **THE VALUE OF PROVIDING HEALTH AND WELLNESS INFORMATION IN A RETAIL SETTING: RESEARCH SUMMARY**

### **Introduction**

Much attention has been given recently to the emergence of the “self-care consumer” in the United States as individuals have become increasingly self-reliant in the management of their personal health and well-being. An aging baby boomer population, increasing insurance costs, and a greater awareness of health information resources, have all combined to lead more consumers to self-medicate and manage their own health conditions. New research conducted by the Wisner Marketing Group (WGM) addresses the question of whether there is economic value for retailers in providing their customers an in-store resource for health and wellness information.

The Food Marketing Institute, in their annual survey, *Shopping for Health*<sup>1</sup>, indicated that 83% of consumers listed “making nutrition & health information available to shoppers” as a “very [or] somewhat” important characteristic in their “ideal” store. However, the study also points out that only 36% of those consumers rate their current store as “excellent [or] good” in meeting that expectation. In spite of this “gap” of 47 points, retailers have questioned whether making an investment to offer consumer health and wellness information will generate sufficient economic value to their stores.

The research conducted by WGM addressed this issue through a controlled test in which Healthnotes touchscreen health information kiosks were placed in a drugstore setting and measured for impact on relevant item sales, labor productivity, and customer acceptance and use. The Healthnotes kiosks are a consumer-friendly health and wellness resource, with comprehensive information covering common health conditions, prescription drugs, OTC products, vitamins, supplements, herbal products, homeopathy, food and nutrition.

### **Research Protocol**

To conduct this study, Healthnotes touchscreen kiosks were placed in three chain drugstores in May of 2005. Three demographically comparable stores were selected to serve as a control group. Upon installation of the kiosks, Pharmacy personnel in the test stores were given a brief training demonstration, and an informational leaflet was made available at the pharmacy counter for customers. Signage was placed above the kiosk and a limited number of shelf talkers were utilized to create awareness.

To assess customer acceptance, a total of 150 shoppers that were aware of the kiosk (50 in each store) were interviewed in proximity to the pharmacy. Customers were probed to determine how the information was being used, the value they found in having the resource available in-store, and their purchasing behavior resulting from use of the kiosk. Interviews were conducted in July, eight weeks after the initiation of the study.

To determine the impact on labor productivity, 3-4 employees were interviewed in each store to assess how having the Healthnotes touchscreen kiosk available impacted customer interaction with the pharmacist and other store employees.

To look at potential sales impact, customer usage and sales data from three relevant categories were monitored over a 12-week period beginning two weeks after installation. The categories chosen for the test were Coenzyme Q-10 products (depleted in the body of patients on hypertensive medications), glucosamine products (a popular supplement that supports bone and joint health), and the total sales for all vitamin and supplement products. It is important to note that this section was not structured to capture all meaningful levels of change.

## FINDINGS

### Investing in Consumer Health & Wellness Information Generates a Positive Return on Investment

#### Health and Wellness Information Leads to Increased Product Sales

Over 40% of the shoppers interviewed had purchased a product directly as a result of information they had obtained at the Healthnotes kiosk. The products purchased came from throughout the entire store and covered a wide range of categories.

#### SOURCE OF ADDITIONAL SALES

<u>Product Category</u>	<u>% of Responses</u>
OTC items	25%
Vitamin, Mineral, Supplement	25%
Non-specific response	17%
Herbal or Homeopathic Items	9%
Health Food Items	9%
Other Products (Single answers)	4%
Prescription Drug	2%

Analysis of sales data indicated that access of specific topics could be directly reflected in sales response. The most frequently accessed topics were hypertension and cholesterol management. Sales for Coenzyme Q-10, a substance depleted in the body in individuals taking medication for these conditions, was measured to determine a link between kiosk use and product purchases. When compared against control stores, sales of Coenzyme Q-10 *increased by more than 20%, (and unit sales increased more than 9%)* strongly suggesting that exposure to this information was generating new sales. Shopper interviews supported these results. Store employees also felt strongly that customers utilizing the Healthnote touchscreen kiosk were making purchases based upon what they had learned.

The Arthritis & Joints Health Center content in the kiosk was not among the top ten health conditions accessed. Sales differences of glucosamine products between test and control stores were not statistically significant. Due to the small sample size and wide range of category purchases, the sales differences between test and control stores were not statistically significant for the total vitamin category.

#### Providing Consumer-Focused Health Information Can Improve Labor Productivity

Employees interviewed felt that, on average, more than 5 hours per week could be saved from time spent addressing routine customer questions. In the opinion of employees surveyed, most of the time saved would come from the pharmacist, making it possible to redirect efforts towards improved productivity and providing a more thorough customer interaction when needed. This represents a significant labor gain at no incremental cost.

#### Investing in Healthnotes Generates a Strong ROI - Payback Occurs Within 5 months

The Healthnotes test demonstrated that when measured against the total cost of installing and operating the kiosks complete payback would be obtained within five months even if additional sales and labor gains were only *half* of what was measured in the test. Further, the profit from additional sales alone is capable of recovering the cost of the kiosk investment and generating a positive return on investment. As measured in the study, the net present value of purchasing a \$3995 kiosk and operating it for three-years would be \$46,029<sup>2</sup>. Sources of these gains were measured 55% from sales and 45% from labor. Although it is anticipated that results will vary in each store and retail organization, the results from this test are significant enough to suggest that the kiosks would generate a positive ROI in virtually every situation.

## **Shoppers Find Value in Having a Reliable Source of Health and Wellness Information In-Store**

Over 75% of the shoppers who used the Healthnotes kiosk indicated they found the information useful and 64% said they learned something new. Responses covered a wide range of topics. "It gave me examples of what vitamins could be taken with (my) medications," said one shopper. Another commented, "instead of going to the library I can come here and get my information in a matter of minutes." Four shoppers indicated they had discovered a potentially adverse interaction with their prescription medication.

Shoppers were enthusiastic in their feedback on the Healthnotes touchscreen kiosk.

- 90% believe the information is trustworthy
- 97% say the kiosk is easy to use
- 93% believe it is important to have the Healthnotes kiosk in the store

Of those who had used the kiosk, over 80% indicated that they had or intended to mention the Healthnotes kiosk to another person.

Employees also felt strongly about the value of having the health information kiosk available in-store. "Many customers are uncomfortable asking questions of the pharmacist. This [Healthnotes kiosk] would help them find out what they need to know on their own," said one employee. Another employee stated, "Customers would be better informed in the questions they did take to the pharmacists." Employees felt that enabling patients to access and print supplemental information was making a positive contribution to patient care and was complementary to information obtained from the pharmacist.

## **Conclusion**

This study demonstrates that by responding to consumers' interest in obtaining health and wellness information where they shop, retailers can generate increased sales, a positive return on investment, improved labor productivity, and increased shopper satisfaction. Although additional study is warranted, this trial is encouraging for retailers who have previously not had any quantitative support or direct customer feedback regarding the value of the Healthnotes touchscreen kiosk.

## **NOTES:**

<sup>1</sup>*Shopping for Health, 2004.* Prevention Magazine/Food Marketing Institute. 2005.

<sup>2</sup> Numbers used to calculate these returns utilized average purchase price from the test locations, an average gross margin of 38%, derived from OTC/vitamin sales in a three-chain survey, and the actual average number of kiosk users in the test. A sales conversion rate of 41% (as reported by customers) was utilized prior to being discounted by 50% in the final calculation. Labor gains assumed five hours per store per week with 75% from pharmacists and 25% from other personnel. Average wage and benefit rates were \$60/hr. and \$20/hr. respectively.

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Wisner Marketing Group, Inc. conducts research for a wide range of clients interested in understanding the behavior of the self-care consumer in a retail environment.

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