

Business

Advertising

Receive **FREE**
MOVIE TICKETS



BOOK N

NO PURCHASE NECESSAR
To play and for official rules, visit AmeriSi

2006 Eppy Winner -- Best multimedia
Providence, R.I., Monday November 27, 2006
3:59 p.m. CST

Welcome, Randy! Visit Member Center | Log Out
RSS feeds | Customize projo.com | Make this your home page | E-mail
newsletters | MySpecialsDirect

Search Site

Search Archives



Home

Rhode Island

Business

In Memoriams

Lifebeat

Multimedia

Nation/World

Obituaries

Opinion

Pagina Latina

Sports

Weather

Your Turn



Subscribe

Newspaper In
Education

Advertise with Us

Guide to requesting
coverage

Stories | Impact 50 | MoneyLine by Neil Downing | John
Kostrzewa | Business roundup |

Print it | Discuss it | E-mail it to a friend
| Most e-mailed stories

Franchises boost independents

03:58 PM EST on Wednesday, November 1, 2006

BY PAUL GRIMALDI

Journal Staff Writer

The consolidation of the drugstore industry pushed hundreds of independent pharmacies out of business during the last 20 years.

Unable to fight off bigger competitors, many pharmacists running neighborhood shops closed their businesses or sold their prescription files to one chain or another.

But some independent pharmacists continued on, competing against the big chains just as business owners do in other retail sectors.

The independents dispense 1.6 billion prescriptions annually, about 42 percent of all prescriptions, according to the National Community Pharmacists Associations, based in Alexandria, Va.

But independent-minded people in some retail sectors — such as the restaurant, automotive and hotel industries — have an alternative to going it alone that hasn't always been a viable option for pharmacists:

Advertising

Sign up
now
and
get up to
\$100 in
free
clicks.*

Microsoft®
adCenter

newspaper ads
Search newspaper ads
and weekly inserts

franchising.

Franchise networks give otherwise independent businesses the power of volume. They can buy inventory in bulk, combine back-office functions and share advertising costs.

If you want to run a coffee shop, you can open a Dunkin' Donuts or a Honey Dew Donuts franchise.

Like getting your hands greasy? You can open an AAMCO Transmissions garage.

You're a fitness nut? Try Curves, to round up customers.

Like animals? You can be best friend to man's best friend by owning a Pet Butler unit.

But as their industry consolidated, pharmacists haven't had many options for joining a franchise.

The Brooks drugstore chain started as the subsidiary of Canadian drugstore franchiser The Jean Coutu Group. But Brooks never adopted the model here.

There are two active drugstore franchise operators in the United States: Health Mart and Medicine Shoppe International Inc. Both are owned by health-services corporations. McKesson Corp. owns Health Mart; Cardinal Health Inc. owns Medicine Shoppe.

"It's in McKesson's best interests to maintain the strength of the independent," said David Whalley, whose Newport Prescription Center became a Health Mart affiliate shortly after he opened his business 23 years ago.

This year, a decade after acquiring Health Mart as part of a purchase of another company, McKesson began bulking up the drugstore franchise operation. The company expects to have more than 1,000 franchises by the end of the year, up from just over 200 last year.

McKesson says it has 14 Health Mart franchises in Rhode Island.

In a phone interview from McKesson's San Francisco headquarters, Health Mart executives talked about the initiative, which added 140 units in an August campaign.

from **The Providence Journal**
Cardi's Furniture
Benny's
More advertisers...

shop & subscribe

Shop and subscribe among a variety of services

Archives
Front Page
Store

My-Netlink
Ticket Center

"Our vision is that Health Mart can drive the thinking and the implementation of a new care model," said Stefan Linn, president of Health Mart. "As we look at the health-care marketplace — where that's going is pharmaceutical care is going to become more complex."

Independents, he said, can provide personalized services that help people manage their medications and help them navigate the health-care system.

"If you think of that model, what is the strength? It's that relationship with their patients," Linn said. "Having that personal relationship really helps customers get the best care."

Health Mart offers services the independents need to compete with the chains: store-opening programs, operations manuals and training, store design and layout formats, automated drug-dispensing units, profit analysis, financing, merchandising — and marketing muscle.

Health Mart can push franchisees into the lists of choices for managed-care providers, driving business to the doors of otherwise marginalized small businesses, he said.

Whalley, the Newport druggist, said Health Mart's goal of creating "a branded identity" for independents "gives us some presence with insurance companies and third parties."

To make franchising viable, Linn said, the California-based company is trying to keep costs down. Franchise fees are \$350 a month per store for a basic set of services. There's also a catalog of services that can be bought à la carte.

"If we can get a dozen stores in Rhode Island to pool [money], we can do some serious advertising," Whalley said. "Image is everything. You have to be perceived as being a player in the marketplace."

More headlines...

Investors may get a boost from dealmaking

Staying in the game

Profit becomes taxable gain when mutual fund

shares are sold

Don't fret if you missed those sales on Black Friday

Lobstermen say new rope rules too expensive

More...

-ARTICLE TOOLS: [Print it](#) | [Discuss it](#) | [E-mail it to a friend](#) | [Most e-mailed stories](#)

-ARCHIVES: Search for related articles:

Search

Get The Providence Journal delivered to your home or office. [Subscribe now.](#)

Advertising

Table of Contents

[Home page](#)

[PROJOCLASSIFIEDS](#) | [PROJOCARS](#) | [PROJOHOMES](#) | [PROJOJOBS](#) | [OBITUARIES](#) | [IN MEMORIAMs](#)

[Rhode Island News](#) | [Business](#) | [Lifebeat](#) | [Multimedia](#) | [National / World news](#) | [Opinion](#) | [Sports](#) | [Weather](#) | [Your Turn](#)

[Help Center](#) | [Contact Us](#) | [Terms of Service](#) | [Privacy](#) | [Advertising](#) | [About Us](#)

News tip: (401) 277-7303 | Classifieds: (401) 277-7700 | Display advertising: (401) 277-8000 | Subscriptions: (401) 277-7600

© 2006, Published by The Providence Journal Co., 75 Fountain St., Providence, RI 02902.

