

success story



SHOPPERS  
& DRUG MART



Shoppers Drug Mart  
customer loyalty program  
to run on first  
HP Superdome  
in Canada

"HP supplies us with the power and the technical resources that we need in terms of horsepower, and they have also provided us with a framework to manage our resources in a very cost effective manner. We run a fairly lean shop from a personnel standpoint, and HP helps us to provide the service levels that we need, while minimizing the number of individuals that we need to do it."

**Joe Cira, Vice President,  
Technology and Communications**

## gratitude rewards

Prescriptions. Cosmetics. Vitamins. Natural Supplements. Healthcare advice. They all have one thing in common – they are all dispensed by Canada’s largest retail drugstore, Shoppers Drug Mart. In business for over 39 years, this nationwide chain has recently established a special way to say “thank you” to its customers. It’s the Shoppers Optimum Card Program.

Shoppers Drug Mart (Pharmaprix in the Province of Quebec) rewards customers for their business every time they shop, and use the Shoppers Optimum Card, at any of its 830 retail outlets from coast-to-coast. And, by every measurement, since its inception in September, 2000, the program is already considered a huge success. In fact, in the first six weeks, the company achieved its first-year target.

## Shoppers Optimum Card deals the competition a K.O.

The largest retail drugstore group in Canada, Shoppers has successfully demonstrated how it stays on top of the competitive game by offering its customers more than prescription medicines. In Canada, the dispensing of medications is highly regulated and pharmacies can charge only a modest professional fee to cover their costs. In other words, there is no built-in profit margin for selling prescription drugs.

Therefore, to stay ahead of its competitors – food and drug combos, where the pharmacy is not the primary source of business, many of which often discount the dispensing fee as a loss-leader – Shoppers Drug Mart offers value-added products and services.

At Shoppers Drug Mart, the pharmacists break the traditional mold of simply dispensing prescription medication. They administer advice on drug interaction, provide patient counselling on non-prescription drugs from “nutraceutical”

supplements to over-the-counter cold remedies. Plus, women can receive free consultations from trained cosmeticians who offer advice on make-overs and the proper selection of cosmetics and beauty aids.

## online point-of-sale system assures instant rewards

The Shoppers customer who uses the Shoppers Optimum Card is given loyalty points instantly at the time of purchase. According to Joe Cira, Vice President of Technology and Communications, “It’s a fully integrated, online system. Every time a customer checks out and the card is scanned, their current level of reward points, including the points assigned to the purchase they just made, is reflected on their receipt and is registered in our system. The reward points can then be redeemed for discounts on future purchases or even on that same day.”

## a win-win scenario

Not only does the customer benefit from the rewards program, but Shoppers benefits from the data collected on each purchase. This information is accumulated in a confidential data warehouse, which is housed in the newly installed HP 9000 Superdome server. “The real benefit of the Superdome and its immense computational power comes into play when the Shoppers Optimum Card customer purchases are analyzed,” says Cira. “The added capacity provided by Superdome gives our management team the tools they need, not only to spot buying trends, but also to allow the optimal shipment of inventory that is based on special offers and targeted to selected groups.”

Shoppers readily admits that there is a cost for that reward, but it feels the cost is more than offset by the value of the data that the card usage provides. As buying habits and patterns are established, promotional programs are developed to encourage further purchases. “This data can also help us forecast inventory needs more accurately,

## industry

### retail

## challenges

- **additional processing capacity needed to operate the data warehouse**
- **future consolidation of servers to reduce support costs**

## solution

- **HP 9000 Superdome for hosting the nationwide loyalty card program data warehouse**
- **planned Superdome consolidation servers: replacing multi-systems**

## results

- **management team now has the tools they need to spot buying trends**
- **Superdome performance processing permits optimal shipment of inventory that is based on special offers and targeted to selected groups**
- **the data helps forecast inventory needs more accurately, evening-out the peaks and valleys, thereby increasing revenues and profitability**
- **in the near future, with server consolidation, Shoppers will be able to significantly reduce its support costs and provide a balanced workload between other servers**

even-out the peaks and valleys, thereby increasing revenues and profitability," explained Cira. "Plus, eventually, we'll be marketing directly to the individual customer based upon his/her needs and wants."

## it all hangs off an HP Superdome Server

Shoppers did their homework before making the final Superdome purchasing decision. Cira noted, "We conducted our own competitive analysis and looked at HP, Sun and IBM. In the end, HP won out because we needed the large, high availability UNIX-based data warehouse processing capacity and growth potential that the Superdome offers. Plus, HP has more third-party business software packages available for this server, giving us application flexibility while providing guaranteed satisfaction."

Having made the decision to purchase the Superdome for its always-on business needs, the company took advantage of its previous working partnership with HP. According to Larry Rogers, Director of Technical Support and Communications for Shoppers, "In recent years, we've purchased a total of thirteen HP9000s, made up of various K, T, L, N and A-Class servers, which perform multiple functions, including our web site and e-mail operations, managing our pricing systems, front-ending the data warehouse, and inventory management."

Shoppers also employ HP OpenView and OptCenter for systems management control of not only the HP environments, but other UNIX-based systems too. "OpenView and OptCenter allow us detect problems more quickly than we could in the past. These tools also allow us to identify developing problem situations so that action can be taken to correct them before they impact production," noted Rogers.

The decision to purchase the Superdome was based on two needs. The first dealt with the immediate additional processing capacity necessary to operate their data warehouse. Superdome allowed for the growth potential Shoppers was seeking. Secondly, the acquisition of the Superdome with its partitioning feature will allow Shoppers Drug Mart to consolidate, to a single box, at least two servers that are being used for the data warehouse front-end and financial reporting. The consolidation is of great importance to Shoppers, given the number of large servers already in use. Shoppers will be able to significantly reduce its support costs and provide a balanced workload between other servers, contributing to a reduced cost of ownership.

## a measurement of success

Shoppers operates one of the leading distribution centers in Canada, and with the assistance of HP information technology for always-on business, the Shoppers warehousing systems are now averaging approximately eighteen turns a year. However, Shoppers does not look just at hardware and applications alone, but examines how they fit into the success of the overall business model. "The back-end data analysis that our HP tools provide is essential in determining the return on individual promotions and whether or not a program was successful," commented Rogers.

Since usage of the Shoppers Optimum Card began last September, Shoppers has already witnessed the benefits of this program. Cira

## customer at a glance:



**company:** Shoppers Drug Mart Inc.

**headquarters:** Toronto, Ontario, Canada

**years in business:** 39 years

**type of business:** retail

**number of store locations:** over 830 stores located across Canada

**number of employees:** headquarters and regional offices: 1200-1400; including all store employees, 35,000

**corporate phone number:** 416-493-1220

**URL:** [www.shoppersdrugmart.ca](http://www.shoppersdrugmart.ca)

**primary business:** Operates Canada's only national drugstore group of full service pharmacies, which also offer healthcare advise and beauty aids

## technology highlights

- **HP 9000 Superdome running the data warehouse**
- **3 HP 9000 K-Class deployed in the distribution centers**
- **4 HP 9000 K-Class hosting e-mail, store polling and front-ending the data warehouse**
- **1 HP 9000 N-Class running Financials**
- **1 HP 9000 T600 for inventory management**
- **1 HP 9000 L-Class for development**
- **2 HP 9000, one L-Class and one A-Class for Internet services**
- **HP OpenView and OptCenter for systems management**

[www.shoppersdrugmart.com](http://www.shoppersdrugmart.com)

went on to explain, "We knew that we had to have timely information, and with the data mining activities we planned for the future, relying on our existing systems would have been a real challenge, if not impossible. We would not have been able to conduct a program of this magnitude were it not for the size, capacity, reliability and flexibility of the Superdome."

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