

The Story Behind The CVS Movement

Riding The Crest

When you can't compete with the huge advertising budgets which the national brand product companies have at their disposal, then you do the next best thing and ride the crest of a wave....if one happens to be handy.

Very handy these days is the spreading wave of "consumerism" and bent on riding high atop the crest is Consumer Value Stores.

Founded in New England in 1963, C.V.S. is a division of the Melville Corp., Thom McAn's parent company, which operates nearly 100 discount health and beauty aids stores in states from Maine to New Jersey with two trial locations in Texas.

During 1970 the chain opened stores at the rate of one every nine days with five new locations in downtown Boston within a period of five months.

During its seven years of discount retailing, C.V.S. has come to the conclusion that you can't merely cut prices on brand name items and then throw in a private label product just to have something cheaper on the shelf.

Ron Young, the 27-year old ad director at C.V.S., finds that you "can't sell people on price any more" and also

responsibilities of the advertising department.

He points out that studies which C.V.S. have conducted indicated, "that the main reason people are apprehensive about buying private label products is that they usually have found them to be inferior to the nationally recognized brands. We've changed that." Young went on saying that C.V.S. private label products, "will always be as good or better than comparable brands."

Operating under the name of Consumer Value Labs, there are to date 83 products on C.V.S. shelves under this label. According to Young, the "premise of the whole line is that the product is a value to the consumer"

This he says is accomplished by keeping the active ingredients of each product at the same, or nearly the same, level as do the brand names. In some cases the percentage of active ingredients is even

Although this may sound expensive, Young points out that the consumer actually pays more for the national brand product itself than the manufacturer does, because, "what they pay to make the product is small compared to what they pay to sell it."

"The cost to us is very nominal, a fraction of a cent," he continued, "and the benefits to the consumer will be fantastic. Even though we will be spending a bit more to make the best possible products, our overall profit will remain the same, and even a bit higher than many of the national brands....since we will be making profit in two ways."

"First, we'll still be earning the profit our stores usually make for selling products, and second, we'll be earning some of the profit the national brand manufacturers usually make."

According to the C.V.S. theory, the brand name manufacturers have "several expenses" which the private label packers do not. "One of these is advertising," Young said noting a nationally known hair preparation which costs 78¢ to produce, but which he says has to sell for \$1.59 in order to cover the cost of advertising the product.

"They have been successful in isolating a market through communications," Young says of the national brand manufacturers even though they "do not listen to the needs of the consumer".

As part of its "communications program" which is administered in conjunction with its agency, Bo Bernstein of Providence, C.V.S. plans to be in "all media in 1971 except magazines". This will include radio and some trial T.V. spots.

Terming the recent "mass movements of consumerism" as necessary to fill a "void left by companies which have not been responsive to the interests of their customers," Young points out that it makes more sense to "harness the consumer movement's interest and energy on a product rather than against it".

He cited the ban on cyclamates, placement of seatbelts, awareness of insecticide hazards and standards of meat

packing sanitation as "victories of concerned consumer groups and the unnecessary defeats of business."

"Business should be in the forefront of these improvements," he said noting that consumer interest in these areas is "strong enough to attract national attention" beyond comparison to the "advertising budget of most national brands."

In order to remain competitive in the face of vast sums of money being spent today in advertising national brand products, the ingredients of which in most cases are under federal regulation and differ only slightly from one another, C.V.S. has undertaken the education of its employees and its customers as to the efficacy of the C.V.L. products.

Each month a different C.V.L. product is selected as "product of the month". A gift-wrapped sample is sent to each of the 1300 C.V.S. employees at their homes with a fact sheet explaining the product, its background and what makes it do what it does as well as how the product stacks up against its nationally-known counterpart.

The theory behind this move is that if the employee knows the product, he is better able to assist the customer and can honestly recommend the C.V.L. brand.

As far as educating the customer goes, C.V.S. will distribute free of charge via its outlets a new monthly publication entitled the "C.V.L. Report".

The magazine which will be available by subscription, "with perhaps a minimal charge for postage," will also be aimed at a "product of the month." The "Report" will include pros and cons of the particular product under discussion as well as information regarding its manufacture, comparison to brand-name items, and the product's preparation and use.

Summing up the C.V.S. direction, Young said, "You've heard about Ralph Nader and his Raiders. You've heard a lot about the public's new spirit of 'consumerism' and you're going to be hearing a lot more about it. From us."



Ron Young, the 27-year old ad manager at Consumer Value Stores in Newton, Mass., believes his company is doing the things necessary to satisfy the shopper as the wave of "consumerism" continues to mount.

notes that packers' label products are "basically inferior".

In view of this, C.V.S. is embarking upon a program of quality private label products which will continue to be sold at reduced prices when compared to the national brands.

Young, who has been with C.V.S. as Director of Special Projects for more than a year, recently took over the added

higher than some national brands.

"The best and best-selling national brand products will be used as minimum standards. They'll be laboratory tested, analyzed, and often improved upon. For example, if a leading shampoo has been found to have 28% active ingredients, we may increase the percentage to 30 or 31%.