

Max-Wellness Plans To Market High-End Supplements As Value Buys

A founder and former CEO of OfficeMax tries his hand in the wellness and prevention space, targeting well-heeled customers ready to pay for the benefits of premium dietary supplements and other health products.

Cleveland-based Max-Wellness will open four prototype stores before the end of 2009 in what CEO and co-founder Michael Feuer describes as higher-income areas – two in the Cleveland area, one in Sarasota, Fla., and one in Naples, Fla.

About 25 percent to 30 percent of the product mix in a Max-Wellness store will be vitamins and supplements – mostly higher-end brands, Feuer said.

He declined to name specific products or brands, though he said Max-Wellness eventually would have its own label for certain products.

Feuer said he is confident that consumers will define value in terms of efficacy relative to price.

“Value doesn’t mean cheap – value means it has to be what it says it is, what it does and it has to provide a solution,” he said in an interview.

“I’m not as hung up on going low. I think that will be a mistake.”

Targeting Boomers, Their Parents And Their Kids

Feuer founded OfficeMax in 1988 and led it until 2003, when he sold the company to Boise Cascade Corp. for \$1.3 billion.

His new retail concept primarily will target baby boomers, but also will cater to elderly people – who Feuer said are “really not treated very well in retailing” – as well as consumers in their 20s and 30s who want to maintain their youthfulness.

Feuer declined to reveal much of what else will fill Max-Wellness shelves, but said the stores will offer some OTC mainstays as a convenience for shoppers.

“We’re going to be playing up our uniqueness, but there will be parts of the store where we say, ‘Not unique, but certainly necessary.’ And in there we will have the aspirins and the *Tylenols* and stuff like that because that’s going to be a pickup item,” he said.

Feuer revealed the stores additionally will carry personal care products, such as higher-end tooth-whitening systems, and durable medical equipment.

Max-Wellness staffers will go through extensive training and use an electronic device to access a knowledge base for advising customers on purchases for minor medical issues, he said.

He explained the firm’s medical advisory board will assist with developing the knowledge base and selecting the supplement stock based on efficacy and safety.

In the store, customers will have the option of sitting down in an isolated area to discuss sensitive health issues with a qualified employee. Also part of providing what Feuer called the “dignity factor” will be non-transparent bags that will allow shoppers to discretely bring intimate items to the register.

Feuer has been successful and understands retail enough to make the wellness and prevention concept work, said Will Ander, a senior partner with retail consultancy McMillanDoolittle in Chicago.

Wellness and prevention, along with the "green" eco-friendly lifestyle, is one of the top trends in retail, Ander observed. Baby boomers are a "perfect target" for Max-Wellness, while people in their 20s and 30s also are conscious about disease prevention, he said.

Still, Max-Wellness faces "the challenge of making it work in a single store," Ander added.

Facing Down Retail Giants

Feuer does not plan to compete with drugstores in terms of offering clinical services or pharmacies in Max-Wellness.

"In due respect, I think Walgreens and CVS and Rite Aid and all the other big guys are very good at what we want to do, and that would be a bad fight for us to fight," he said.

In recent years, however, major drugstores and supplement retailers have become more like Max-Wellness aims to be – expanding their own wellness offerings, medical expertise and personalized services.

Both CVS and Walgreens offer in-store health clinics, where consumers often receive recommendations for OTC products in addition to medical care, usually administered by physician assistants or nurse practitioners ("The Tan Sheet" June 16, 2008).

GNC has mini-stores inside some Rite Aid locations. GNC also partners with WebMD to help consumers pinpoint their health issues online or in-store and identify supplement products that may be beneficial ("The Tan Sheet" July 14, 2008).

In a recent interview, GNC's President and Chief Marketing and Merchandising Officer Beth Kaplan talked up the Pittsburgh-based company's focus on customer service and associates' ability to help shoppers plot out nutritional regimens.

"They're not trained nutritionists, per se, they don't have degrees or Ph.D.s in nutrition," she said. "But people who work in our stores often times have an inherent interest and have either been trained or have just done their own kind of education in nutrition and sports nutrition."

Even drugstore.com is tailoring its Web presence to zero in on consumer interests. The e-retailer announced it is launching category-specific microsites to enable "a more targeted shopping experience" ("The Tan Sheet" Aug. 10, 2009).

Part of the challenge for Max-Wellness will be to differentiate itself enough from existing retailers to achieve its expansion goals. According to promotional material, the company plans to become a national chain by 2012 and eventually grow by 150 stores a year.

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