Interview with Juan Medina Staines , General Manager, Spar Todopromo Mexico

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In 2011, Todopromo decided to join forces with Spar, an American company specialized in merchandising and points of sale solutions. After remaining for many years as a self-run company, how did you experience this new joint venture?

It has been great and we are proud to be part of a company which has presence in 10 different countries all over the world. Spar has developed a very unique system capable of controlling the field work, including the one of our sales' representatives and merchandisers. We can track their positions at all times, and retrieve all the key information from each purchase point throughout Mexico. This allows us to transfer all the relevant information instantly to our customers. This system also permits to work paperless which for us has been a real improvement. Finally our system enables direct training of our sales force. After having worked and seen different systems, I have to acknowledge that our new system is very impressive and covers everything we need.

We feel privileged to be part of Spar given the number of competitors in the market. Spar interviewed more than 20 different merchandising companies in Mexico before choosing us. They saw an opportunity in our company and deeply acknowledged our solid business model and our client base. For us it was a blessing to meet Spar at that time. We were looking to develop a new system and thinking of contracting a third party, and Spar was the perfect match.

What is the breakdown of your services and which services have the most potential?

Our strength relies on our ability to provide our customers with a nation wide coverage. Our system is developed to provide our clients with instant relevant information from representatives in each purchase point throughout the country. We can provide our customers with both quantitative and qualitative information. We can even monitor the end customers at the point of sale with unlimited photographs so that our clients know exactly what is happening at all times. The information may be retrieved for one specific store, area, region, channel, store format or chain, so our possibilities are infinite. All this information may be filtered to fit the clients' needs. Compared to our competitors, our ability to filter and target the valuable information is a clear advantage compared to our competitors. Moreover, we include our system within our company fees compared to other agencies who charge this service separately and at higher prices than us.

Private label brands are becoming the reference here in Mexico, and represent an important part of your business. What would you say are the main advantages of private label brands in the pharma industry?

Clearly, the main advantage is the price. In other words private label brands products have the exact same benefits than other branded products with a substantial price benefit.

Three years ago, customers were only buying drugs they were familiar with as they were not sure about the quality of private label products. Since then, private label products have improved and made an impact on the customer's buying habits. Doctors participated to this improvement by prescribing active ingredients instead of the branded product. As long as the doctors keep prescribing the active ingredient and not the specific product, brand or laboratory, the market for private label products will prosper.

Even though large laboratories conduct marketing campaigns for their products, with displays, POP materials, brochures and other advertising options, their advertising power is insufficient if you don't have a specific point of sale strategy and we are here to help them. Thanks to advertising, the customers look for a specific brand, but if they can't find it quickly at the point of sale, they might go for a competing product, and that is where our work brings results. Statistically, 75% of a customer's decision to purchase a product takes place directly inside the store. Our well-designed exhibitions for OTC and private labels trigger the customers' purchase.

The rise of large pharmacy chains is starting to hit the industry in a big way. How do you adapt your point of sale strategy for the pharmaceutical industry?

We work for private label products for the largest retail corporation and as well for GlaxoSmithKline, and other Big Pharma companies. Our line of business is only focused on OTC products and not on prescription products.

Since pharmacy chains are growing at a fast speed, large pharmaceutical companies do not have the capacity and resources to cover all of them them effectively. Therefore they rely on us to provide them with nation wide coverage – even single stores in the most remote areas.

Our strategy is adapted to every pharmaceutical company as their expectations are different. The products sold are handled accordingly to the guidelines of both the pharmaceutical company and the pharmacy chain.

GlaxoSmithKline is one of your partner for which you provided in-store merchandising and demonstrations for 6700 locations throughout Mexico. How conclusive was this partnership?

These locations include supermarkets, independent pharmacies and pharmacy chains. Our partnership with GlaxoSmithKline was contracted after partnering with Spar. GSK was looking for a merchandising company with a very developed system, and after our partnership with Spar we were able to fulfill GSK's demands. As they were not able to cover all the country's locations they requested our help. Finally with us they managed to gain more control over their OTC sales and gather very accurate information.

What do you still have to achieve in the next five years?

Transitioning from a small family owned company to becoming part of a huge publicly traded North American Company is not an easy task but has brought very good results in terms of efficiencies.

For example, in the operational area, the system allows us to be more efficient in terms of cost controlling. Our system allows paying merchandisers on an hour basis and insures that the work has been completed properly. Ever since we started working with a paperless basis we became much more efficient than before.

Right now we are only using our system at 50% of its full capacity. Once we implement the rest of the system, and reach full potential our clients will be even more satisfied by our services.

Bottom line, it is important for every single company to be well located, merchandised and exhibited in the best way as possible, and at Spar Todopromo we are able to fulfill these tasks. For all these reasons, as a merchandising company we have to create, negotiate and improve product exhibitions to benefit our customers while insuring maximum product visibility at all times.

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