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LIVE WELL



PRESCRIPTION FOR GROWTH: FARMACORP ACCELERATES SALES AND MARGINS WITH REVIONICS

Innovative pharmacy chain leverages leading price optimization solution to exceed business goals

With a heritage spanning three generations, Farmacorp brings a personal passion to serving its customers across Bolivia. The pharmaceutical chain has built a reputation of excellence and growth in the industry, fueled by their commitment to embrace and leverage new technologies. Driven by these core values, Farmacorp pursued a precise price optimization solution that would help them capture an evolving market and reach ambitious growth goals.

Farmacorp

CUSTOMER PROFILE

Farmacorp is a Bolivian Pharmacy chain with over 76 years in business and 70 stores throughout the country

INDUSTRY

Drugstore, Pharmacy

HQ COUNTRY

Bolivia

PRODUCTS

Base Price

Growth born of innovation

Farmacorp distinguishes itself with a fierce focus on customer experience and innovation. They were an early adopter of eCommerce, modern point-of-sales systems, and targeted in-store promotions. This pioneering spirit meant the company was always exploring and adopting new customer-centric technologies to accelerate growth. In addition, Bolivia's strong economy and young population created higher shopper expectations around convenience and personalization. Farmacorp knew it was time to improve their pricing processes and structures in order to stay ahead of the increasingly savvy consumer base.

"Innovation is part of the nature of retail, and technology has been a huge key in driving the industry forward," said Farmacorp Chief Information Officer Andres Valdivieso. "We want to evolve with our markets, which are changing faster and faster."

- **Andres Valdivieso**, Chief Information Officer at Farmacorp

To start, the company laid out their principal criteria for finding the best solution to push them towards their goals for profitability and aggressive expansion. The Farmacorp team sought cloud-based software to ensure fast price recommendations, and to avoid the expense and effort of on-site servers. Agility and usability were also high on the list. The company wanted their business users to get started and be productive quickly on the new tool. For this they would need a platform with a thorough and proven implementation approach, plus an equally mature user interface in both English and Spanish.

A tailored approach to pricing

Farmacorp required a pricing optimization and management solution that would deliver a predictable performance across multiple lines of business. "We wanted to customize and target price strategies for shoppers across our three distinct product lines: pharmacy, convenience and exclusive national brands, down the level of different categories and products in each of those sectors," says Valdivieso. "We engaged with four different vendors to learn as much as we could as fast as we could about the capabilities in the market and how far we could go with targeting at the detailed level."

During the evaluation process, Farmacorp was impressed with the native architecture at the core of the Revionics price optimization solution. It was important for the Farmacorp team to be able to make agile pricing decisions, and Revionics' SaaS structure allows for dynamic pricing recommendations using up-to-date customer and competitor data, plus the ability to optimize prices on a category and product level. With Revionics' robust data analytics and granular pricing precision, the team could improve their competitive position on key items while using less competitive products to balance out margins.

Science-driven pricing brings major results

Farmacorp's implementation approach was to blend the best of two powerful assets: the seasoned and knowledgeable members of their pricing team, and the powerful, science-driven analytics from Revionics. This combination allowed Farmacorp to build in business rules that reflected the team's deep understanding of their customers and market, enabling consistently accurate price recommendations and a more strategic pricing position.



Challenges

Innovate and stay ahead of an emerging market to achieve aggressive growth goals



Approach

Implement a science-based pricing optimization tool with robust analytics for granular pricing precision

As the rollout proceeded, the impressive impact on margins and profit helped ensure successful adoption across the company. Farmacorp was not only meeting their business goals, but also making more accurate forecasts and sales projections. "In our first full year of using optimized pricing, we achieved all of our profit and revenue targets including year-over-year revenue growth of 10%, even though we only opened one new store that year," said Valdivieso. "We not only met but exceeded our profit target, achieving 108% of the profit plan."

With the help of Revionics, Farmacorp saw a quantifiable margin impact in the six figures after implementation of the price optimization suite. "We saw very strong results right from the beginning," said Valdivieso.

"We now consistently hit sales and margin targets and forecasts – and in some cases even surpass them. With structured insights into the impact of various pricing options, our pricing decisions contribute to better margins and profitability."

- **Andres Valdivieso**, Chief Information Officer at Farmacorp

Surpassing targets for secure expansion

Today, the Farmacorp team continues to report month after month of strong performance on sales, margins and profits. With the help of Revionics' price optimization suite, the company's pricing strategy is now a huge driver of success in meeting the company's overall business goals. "Using the Revionics pricing solution, we demonstrate more consistency and organization in managing product categories. The pricing teams are now clearly aligned with the business units – pharmacy, convenience and private-brand."

With an infrastructure designed to scale and stay current with changing market demands, Farmacorp is on track with their expansion plans. Bolstered by Revionics' deep analytics and accurate pricing recommendations, Farmacorp has solidified their position as pricing and innovation leaders in the market.



Results

- 10% YoY revenue growth
- Achieved 108% of planned profit
- Margin impact in the six figures