Bari Harlam
Vice President, Marketing Intelligence, CVS, Inc.

“Our group is responsible for analyzing the purchasing data we have on our customers and developing programs and promotions that increase CVS’ share of wallet. These customer relationship management activities drive off the data we collect from the 40 million active customers enrolled in our ExtraCare® program. Customers in the program earn ExtraBucks® -- 2% on most in-store and online purchases and $1 for every two prescriptions purchased -- that can be used when shopping in our stores or online. ExtraCare® customers also receive emails and direct mailings with helpful health and beauty insights, new product information, and valuable coupons in addition to free merchandise when they have special vendor promotions.

By analyzing the buying behavior of our ExtraCare® customers, we discover interesting opportunities for cross-promotions. For example, about two-thirds of our customers buying toothpaste did not buy toothbrushes from us. To encourage these customers to buy toothbrushes as well as toothpaste, we target these customers for a special toothbrush promotion.

We also use targeted special promotions to increase the average size of a customer’s market basket. For example, we offer $4 coupon when customers with an average market basket of $15 buy $25. Customers who normally purchase $25 of merchandise get a $10 coupon if they make a $50 purchase.

Each quarter we distribute over five million messages to our customers. These messages contain information and offers tailored to the customers’ buying behavior. Like most drugstore chains, over 20% of our sales involve some form of promotion. These promotions increase sales but can lower our gross margin. We experiment with different messaging and offerings and then analyze customer buying behavior to determine which promotions are more profitable.

We are very concerned about our customers’ privacy. Our program is an opt-in one and therefore we only send mailings to customers who give us permission to do so. At times, we use outside processing companies as our agents to help print and send mailings. But these agents never receive any personal customer information beyond name and address. We value our customers’ privacy and never give or sell any specific information about them to any manufacturer or direct marketers.”

Ms. Harlam earned a Ph.D. in Marketing from the Wharton School at the University of Pennsylvania. Prior to joining CVS, Bari was a marketing professor at the University of Rhode Island and Columbia University's Graduate School of Business.