

# H HARMONY

pharmacy & health center



Jaspal Kumar, pharmacist and store manager, Harmony Pharmacy & Health Center, San Francisco International Airport



A unique airport-based retail chain with high-end beauty products plans to expand online, and eyes more brick-and-mortar sites.

by Liz Barrett

Photography by Andre Hermann

**H**ave you ever arrived at the airport and realized that you forgot your shampoo, your favorite body wash—or worse yet—your medication?

These were just a few of the dilemmas that the people behind Harmony Pharmacy & Health Center ([www.harmonypharmacy.com](http://www.harmonypharmacy.com)) were aiming to resolve when they opened their first boutique, health center and pharmacy three years ago inside Newark Liberty International Airport in New Jersey. With additional locations at John F. Kennedy International Airport in New York and San Francisco International Airport, Harmony Pharmacy & Health Center has quickly established itself as the only airport-based retail pharmacy in the United States offering high-end boutique beauty products. Inquiries continue to flood in from airports across the country desiring future locations.

Recently, the head of corporate operations for Harmony, Martha Frommert Kausch, spoke with *Beauty Store Business* about the heretofore untapped world of high-end beauty retail inside airports.



The San Francisco International Airport store is in Terminal 3 after the security checkpoint and next to the United Red Carpet Lounge.

**“Approximately 60,000 people work at JFK, 40,000 at San Francisco ... Airports employ the equivalent population of a small city.”**

**BSB: Where did the idea for Harmony Pharmacy & Health Center start?**

**KAUSCH:** Harmony was founded by Dr. Howard Hertz, who serves as chairman of the board of directors. Dr. Hertz runs a family medicine practice—Babylon Medical—in Babylon, New York. While on vacation in Europe with his wife, Dr. Hertz could not believe the expansive health-care offerings in European airports, including medical centers and pharmacies, as he waited to board his flight. He wondered why it didn't exist in the United States.

After returning home, he immediately began exploring the idea. He envisioned a drug and retailing operation in airports modeled after a boutique European pharmacy that could cater to airline passengers and airport employees, providing a full-service pharmacy and medical center with an eloquent front-end selection. After a round of seed capital financing from MVC Capital Inc. [MVC on the New York Stock Exchange], Harmony Pharmacy & Health Center opened its first store at Newark Liberty International Airport in March 2007. CEO Mike Tavian, a former 27-year Walgreens executive, was brought in to run the management team and execute Harmony's expansion into airports across the country.

**Currently, how many stores are there?**

The company currently operates three stores at leading airports across the country. [In addition to the first store] at Newark Liberty International Airport, Harmony's other locations are in the JetBlue terminal at John F. Kennedy International Airport, which opened in October 2008, and in the United terminal at San Francisco International Airport, which opened in April 2009.

**Why did you choose to make the store airport-based? How has this decision benefited the business?**

We felt airports represented an untapped market opportunity for an upscale European-style pharmacy. Harmony is the first company to combine OTC products, luxury products, prescriptions and medical services in an airport environment.

**Who are your main customers?**

Both airport employees and passengers. Approximately 60,000 people work at JFK, 40,000 at San Francisco and 25,000 at Newark. Airports employ the equivalent population of a small city.

**What are some of the biggest differences between a typical brick-and-mortar store and one based inside an airport terminal?**

The captive customer base at airports is the biggest difference. Whether it's employees who spend 40 hours per week in the airport or passengers who have an average wait time of 90 minutes

**What else makes Harmony Pharmacy & Health Center unique?**

Many of our luxury brands are difficult to find at other retailers or are small brands that are unique and exquisite: Be it Santa Maria Novella, the centuries-old pharmacy in Florence, which began selling its medicinal remedies in 1612. Or, Elizabeth W of San Francisco, which was started by Albert, great grandson to Elizabeth Wightman, who founded a ranch in the 1800s that years later inspired him to create hand-crafted collections for bath, body and home, drawing on his memories from visiting the ranch as a young boy and the scents of the ranch.

During the flu season, we offer in-store and kiosk vaccination locations throughout the airport terminals, including airports where we currently do not have brick-and-mortar locations. We plan to expand this offering during the 2010-2011 flu season by adding the health-and-wellness concept with a broader service offering than what was provided last year.



This is the store's OTC area, which offers many items that are typically in a drugstore—including oral care, cold and cough, vitamins and hair care.

between the security checkpoint and their departures, we have the opportunity to capture that audience.

**How do you market to these potential customers?**

There's a significant grassroots marketing effort within our partner airlines—Continental [Newark], JetBlue [JFK] and United [San Francisco]—with crew member lounges, break rooms and events geared toward the employees.

Additionally, Harmony is constantly holding in-store and in-airport promotions to attract customers to the stores.

**Do you currently have any competition?**

No direct competition. Indirectly, we compete against other retailers at the airports and nonairport-based pharmacies, but there are no other in-airport full-service retail pharmacy and health centers in the United States other than Harmony.

**Is there a brick and mortar you'd compare Harmony Pharmacy & Health Center to?**

Harmony is much closer to a typical upscale boutique pharmacy than any existing pharmacy chain.



**“Repêchage is our largest skincare line and best seller. Founder Lydia Sarfati was traveling and came across our concept.”**

Harmony is the only retailer worldwide that carries Repêchage.

**What are some of your best-selling brands?**

Repêchage is our largest skincare line and best seller. Founder Lydia Sarfati was traveling through Newark Liberty International and came across our concept. Due to our unique high-end pharmacy concept, niche market and professional customer service, Lydia contacted us to discuss an opportunity for Repêchage within a pharmacy and airport format that would also include skincare clinic days with licensed estheticians to add to the

professional atmosphere. Harmony Pharmacy was enthusiastic about Repêchage’s offerings. The line is carried in spas and resorts globally, but we remain the only retail outlet in the world that sells Repêchage.

Creative Hairtools was founded 20 years ago by Jacob Guttman. It currently manufactures more than 300 hair tools and 30 haircare products. Guttman noticed [that some hair-tool] manufacturers were using glue and inferior materials to produce tools. As a small company, the executives were out in the field dealing with salons and discussing the issues with [these] products. Creative is the pioneer in developing the method of manufacturing brushes without the use of glue. It developed tools that are new to the industry and created patented designs limiting stress to hands and shoulders, offering results with less work. For its haircare products it invested its money in high-quality ingredients rather than

advertising to produce a superior product at an affordable price.

Organic Fiji was started by Bob Rogers who, while on a family vacation in Fiji, discovered the secret to the Fijian islanders’ beautiful skin and hair: certified-organic coconut oil. Organic Fiji still uses a unique 400-year-old tradition to create an organic face and body cleanser free of harsh chemicals. Organic Fiji is USDA-certified organic, supports the South Pacific islands’ communities by practicing fair trade and operates a sustainable business model with a minimal carbon footprint.

Anjolie Ayurveda was formed by the mother-and-daughter team of Cary and Meryl Gabeler out of their love of exotic scents and soaps. Anjolie Ayurveda is a

line of handmade, all-natural ayurvedic soaps infused with nourishing oils, potent organic herbs and exotic essential oils that leaves skin soft, moisturized, radiant and rejuvenated. Wrapped in beautiful handmade paper with shimmering gold foil, the soaps impart an enchanting spa experience. Ayurveda is an ancient holistic medicinal practice that began thousands of years ago in India and uses healing herbs, spices and plant oils to achieve health and longevity through a natural lifestyle. The soaps are manufactured in India by women-owned enterprises under ayurvedic license. Fair-trade practices ensure that Anjolie Ayurveda's soaps give the local community a fair and equitable income. They are available in exotic scents, such as Sandalwood Saffron, Indian Lotus, Seven Spice and Royal Saffron Almond Milk & Honey.



The ElizabethW of San Francisco brand is inspired by the owner's memories of visiting his great-grandmother's ranch.

## “We expect the full Web store to be up and running sometime in the fourth quarter of 2010.”

**How would a manufacturer go about getting its product into your stores?**  
Harmony is always looking for unique brands to complement our current bouquet of luxury products. Any manufacturer that is interested in having its brand at Harmony can email me directly at [info@harmonypharmacy.com](mailto:info@harmonypharmacy.com).

**Are there some manufacturers that initially don't want to be involved in an airport-based business?**  
No, we have not had anyone decline simply because we are in the airport.

**How does the pharmacy section of the store work?**  
Our full-service pharmacy works exactly like one you would find in any of the national pharmacy chains. We run a full-service pharmacy.

If a passenger should happen to forget his or her prescription on a day of travel, he or she can simply walk into a Harmony Pharmacy and have the prescription filled on the spot. Our pharmacists will contact the individual's regular pharmacy and follow the necessary steps to refill the prescription as the passenger waits.

**What types of services do you offer in the health centers?**  
Our services vary from location to location. They include, but are not

limited to, vaccinations, blood-pressure screenings, minor wound care, glucose screening, etc.

**Other than flu season, what is the average percent of people who take advantage of Harmony's health services?**  
We don't currently monitor foot traffic at store locations for any of [their] business lines. Thus, it's hard to provide an average percent of customers who take advantage of the health services on any metric besides sales.

I can say that based on demand Harmony has revamped its seasonal flu program to offer a more broad array of healthcare services to airline passengers. Due to our success at the stores and with our kiosk program, several airlines and airports have requested Harmony consider opening clinics dedicated to this specific audience. These requests are under review as we continue to develop our growth plans.

**What has been the biggest challenge of selling beauty products in an airport setting?**

The overall economic downturn and tightening consumer spending have been significant challenges, which we are proud to have survived. Decreased air travel and continued conservatism on the part of the consumer have contributed to a difficult airport retail market. We look forward to future

periods of economic expansion and the increase in consumer spending that will come along with it.

**Do you have plans to extend your reach to the online consumer?**  
Harmony is currently in the process of building out its ecommerce capability. Customers repeatedly inquire about how they can purchase products away from the airport. Each store location receives calls daily from past customers asking about products they purchased on a recent trip. Based on this demand, Harmony is in the process of developing a full Web store. We expect the store to be up and running sometime in the fourth quarter of 2010. This is an exciting growth initiative for us.

**Do you have plans to expand with a brick and mortar outside of an airport?**  
At this time we are focused on [expansion within] the airport market. However, we will always continue to evaluate other expansion avenues as they become available.

**How many more locations do you plan to open in the next few years?**  
We don't have a specific store count because we want to maintain flexibility and be able to adjust to market conditions, but achieving a 10 to 20 store build-out in the next three to five years seems reasonable. Harmony's development team is contacted regularly by airports inquiring about when we can open a store in their locations. ■

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