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CVS Caremark Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Deborah Weinswig - Citi

Deborah Weinswig - Citi

Tom you had talked about improving the returns of MinuteClinics and one of the aspects of that was needing to leverage CVS's advertising spend to drive awareness of MinuteClinics, since you obviously don't have MinuteClinics in every market can you mention some of the details there.

Tom Ryan

We actually operated MinuteClinic separately, they have a separate marketing team and we were marketing in different magazines and different media outlets, and really not leveraging the amount of spend we have in our circulars and our TV advertising and radio advertising for CVS pharmacies. So it was really a matter of simply leveraging that investment that we've made on the CVS retail side.

So its basically that simple. We have the clinics across 25 states already and if you look at, its interesting to see just the flu alone, the flu shots that we did to have that many done in the clinics, it was significantly more then the previous year.

Deborah Weinswig - Citi

With regards to the extra care cards, it sounds like not only for your PBM customers but for your retail customers that that's continuing to drive traffic and ticket, any changes there, are you seeing a greater spend with regards to promotions on the extra care card.

Tom Ryan

The extra care card has been a win win, a win for our customers and a win for us as far as margin and unlike, we can track obviously our extra care card customers and traffic is up and ring size is up with our extra care card customers. We actually focus, they're our most loyal customers, and we focus our attention and spend on those customers. So we've been able to manage our promotional margin better using the extra care card.

And then the extra care health card that is going to PBM members or going to all customers continues to be a real benefit for us also.

Deborah Weinswig - Citi

So it would be fair to say that not only are you gaining new extra care cardholders but also getting a greater share of wallet from existing cardholders.

Tom Ryan

Yes, around the extra care cardholders certainly, yes.

Deborah Weinswig - Citi

And then last question is can you talk about your outlook for prescription drug growth in 2009.

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