



# Pharmaca aims to put a new drugstore on nation's corner

## Capital infusion has Boulder chain planning to open 78 more outlets

By Joyzelle Davis

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Just like Whole Foods re-imagined the grocery store and Restoration Hardware revamped home improvement, Pharmaca Integrative Pharmacy is betting that the corner drugstore is ripe for a makeover.

At the Rite-Aids and CVS stores of the world, "you feel like you're inside a microwave oven, the lighting is so bright," said Barry Perzow, Pharmaca's founder and CEO. "It's not the kind of place that you want to hang out."

To encourage lingering, Pharmaca traded the fluorescent track lighting for tropical fish tanks, a tea room and bamboo flooring. But the revision goes far beyond aesthetics. Pharmaca offers homeopathic medicines and organic beauty supplies alongside over-the-counter staples like Advil and Crest toothpaste. The clerk vacuuming the floor is likely a naturopath, aesthetician or other resident expert.

Now the 8-year-old Boulder chain is spreading its sensibilities across the country. With \$20 million of fresh venture capital funding, Pharmaca plans to open 78 more stores at a pace of roughly 12 a year. In the past month, the company has opened California stores in Monterey and Oakland and made plans to open four more in Southern California, Oregon and the Seattle area.

Markets like Monterey, where Pharmaca recently had its biggest opening sales to date, are tailor-made for the chain: affluent, health conscious and environmentally aware.

"They understood the model and just embraced it," said Steve Preston, director of marketing.

The latest financing round was led by former Staples CEO and founder Tom Stemberg's Highland Capital Partners, with Physic Ventures and Brooke Private Equity participating. It's Stemberg's firm's second investment in Pharmaca, and he has joined the board.

Stemberg, whose firm has invested in companies that include lululemon athletica, Sybase and Lycos, learned about Pharmaca in 2005 after being asked to invest in a potential rival. After researching the market, he decided Pharmaca had a better model. He cold-called Perzow and asked if he could invest. So far, he's invested more than \$10 million.

Retail sales and consumer confidence are sputtering, but Stemberg believes that's one of the best times to expand.

"In this kind of environment, only the really, really good companies thrive," he said. "In times like this, you separate the wheat from the chaff."

The privately held company won't disclose annual sales, but Perzow said that same-store sales - a measure of stores open more than a year - are in the "double digits." That tracks the growth of the overall natural and organic body-care market, which had a 13 percent sales increase in 2007.

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**About the company**

\* **When founded:** 2000, first store opened in 2002

\* **Number of stores:** 22, with three in Boulder

\* **Employees:** 462, with 55 at Boulder headquarters

\* **Of note:**

Offers a full-scale pharmacy as well as compounding, which is custom-blended medicines. Stores feature over-the-counter medicines along with alternative, herbal and homeopathic remedies.

### **A sample of Pharmaca prices**

#### **Supplements**

\* Pharmaca Coenzyme Q10 - 60 gels **\$14.99**

\* Natural Factors Coenzyme Q10 - 60 gels **\$16.99**

#### **Soap**

\* **Pre de Provence organic soap bar** \$4.29

\* **Dove 2-pack of soap bars** \$3.89

#### **Toothpaste**

\* Crest toothpaste 4.6 ounces **\$3.39**

\* Auromere herbal toothpaste 4.16 oz **\$5.29**

#### **Pain reliever**

\* **Advil - 50 ct.** \$6.29

\* **Nutribiotic Relief herbal - 60 ct.** \$7.99

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Lisa Frost, right, an aesthetician on duty at Pharmaca in Boulder, chats Monday with customer Irene Sullivan about natural and organic cosmetic products.

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Anne Mudgett, of Boulder, sniffs some of the natural and organic products Monday at Pharmaca in Boulder. Pharmaca targets health- and environmentally conscious customers.

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