

Hi-Health aims to grow with vitamins

Ariz. chain adds products, expertise

By Max Jarman

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Hi-Health was at the right place at the right time in 1972, when founder Sy Chalpin opened his first store in Sun City.

Chalpin's vitamin superstore caught the cusp of the public's growing interest in vitamins and healthier lifestyles, which he parlayed into one of the state's largest privately held retail chains.

With the death this year of the high-profile Chalpin, the company has regrouped around a new management team led by Mitch Chalpin, the founder's son.



Sy Chalpin

While the approximately \$30 billion-a-year U.S. vitamins and supplements industry continues to benefit from people relentlessly pursuing healthier lifestyles, it also has been assaulted by a string of reports questioning the effectiveness and side effects of some of the products.

Retail chains such as Hi-Health also face growing competition from drug and general merchandise stores and online retailers that sell an increasing number of vitamins and supplements.

"Competition comes from all different places," Mitch Chalpin said.

To meet the challenge, Hi-Health reorganized its management team.

Longtime employee Jay Chopra was promoted last year to chief operating officer and Lise Horvath was hired as vice president of marketing. Dr. Decker Weiss joined the company in March as senior medical adviser.

"We wanted to take the business to a higher level," Chalpin said.

Hi-Health intends to put a greater emphasis on proprietary products such its popular Ocular Nutrition vision vitamins and AL-10 aller-

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Hi-Health executives Jay Chopra (left) and Mitch Chalpin oversee a string of 46 retail stores, including 44 in metro Phoenix and two in Prescott. MICHAEL SCHENNUM/THE REPUBLIC

Hi-Health

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gy supplement, to set itself apart from its competitors. The company also has been growing its online sales. Hi-Health has a revamped website with a "Wellness Center" where customers can chat live with a sales associate. Last year, the company started selling its products through Amazon.com.

"Online is a growing part of Hi-Health," Chopra said, noting its website, www.hihealth.com, ranks first on Google search results for supplement stores. Yet because most consumers generally want information about the vitamins and supplements they buy, Chopra believes that retail stores will be a key component of the company's business for the foreseeable future.

Hi-Health currently operates a string of 46 retail stores, including 44 locations in metro Phoenix and two in Prescott. The company added two locations in the past year, the most recent at Hayden Road and Thompson Peak Parkway in Scottsdale.

Employee expertise

Hi-Health stores are staffed by a core of some 300 employees, many with long-time tenure. New employees undergo a training program that includes two weeks in a classroom and then training on the floor. The aim is to produce a workforce that is highly knowledgeable about the company's products and the vitamins and supplements in general.

"Our employees set us apart from our competitors," Chopra said.

Alex Bardaweel of Phoenix has worked for the company for five years and has a degree in nutrition from Arizona State University. He started out as a part-time sales associate while in college and now manages Hi-Health's largest store, at the Town & Country shopping center in Phoenix.

"It's a good company to work for," he said. "I always found an opportunity to move up."

Steve Price of Phoenix regularly shops at Hi-Health for products to help with his gym workouts and to manage his cholesterol. He said he has tried other chains but found the selections limited and the employees not as knowledge-

able as those at Hi-Health.

"I've never had a question they couldn't answer," he said.

Hi-Health stores range from 3,000 to 6,000 square feet in size, depending on the location.

"There is no cookie-cutter format to what we do," Chalpin said, noting stores are tailored to their locations and demographics.

Phoenix shopping-center developer Jim Pederson, who is a Hi-Health customer and the company's landlord at four locations, said, "They are very innovative with their stores and products."

The stores are significantly larger than those of national competitors GNC and Vitamin World and display about 3,000 products, or SKUs. The products are grouped according to their

use or benefit.

About 300 are private-label or proprietary products that have been developed by Hi-Health, such as its line of Just Deee-licious nutrition bars. Weiss was brought on to spearhead the development of new proprietary products, Chalpin said.

'A natural thing'

Sy Chalpin sold appliances in the New York City area before moving his family to Arizona in 1970 to get into the real-estate business. The real-estate venture didn't work out. After trying his hand at selling other products, including eggs, Chalpin hit on vitamins, his son said.

"He had always been interested in good health," Mitch Chalpin said of his father. "So it seemed like a natural thing."

The first store was larger and carried more inventory than other vitamin outlets in the Phoenix area, but its location proved the key to its initial success. Chalpin located the store in the Sun City retirement community, an area with a large population of people with health on their minds. The Sun City store was a success and was followed by a Scottsdale location a year later, in 1973. By 1980, Hi-Health had 32 stores.

Chalpin said the company has weathered a number of economic downturns, with the recent recession being particularly difficult.

"We had to struggle through the tough economy," Chalpin said. "That's something that being around for 40 years teaches you how to do."

HI-HEALTH

What is it: Retail vitamins and supplements chain.

Founded: 1972.

Headquarters: Scottsdale.

Number of stores: 46.

Employees: 300.

Revenue: Does not disclose.