

CVS and Walgreens go toe-to-toe with new retail clinic strategy

Article

The news: CVS announced a **\$1 billion** plan to shutter **900** of its retail stores over the next three years (nearly 10% of its US locations)—and convert its remaining stores into primary-care offices with services like diagnostic testing, mental health services, and hearing exams.

3 driving factors: Retail clinic giants like CVS have seen a nearly **10%** bump in consumer adoption over the past two years, likely driven by these three key factors:

1. **COVID-19 vaccines.** CVS' foot traffic to its existing health and wellness services shot up thanks to consumers' vaccine appointments. It's given **43 million** COVID-19 vaccines to date—a figure which will likely continue to balloon as it is now offering the vaccine for pediatric consumers aged 5 to 11.
2. **Low-cost and transparent pricing.** Retail clinics are a far less expensive options than traditional primary care practice visits, especially for the uninsured. CVS' current walk-in Minute Clinic appointments cost **\$89** for a general medical exam, while traditional primary care visits can run **up to \$600** without insurance, [per](#) PlushCare.
3. **Digital convenience.** Unlike most traditional primary care practices, entrants like CVS offer easily accessible online scheduling on their websites, which consumers value: **About 78% of consumers** say they want to be able to schedule their own appointments online, [per](#) a 2021 Experian Health report.

What's next? Over the next few years, the race to acquire and retain healthcare consumers will likely heat up between CVS and **Walgreens**—which have both taken on a similar strategy to mirror traditional doctors' offices to gain consumer trust.

In October, Walgreens [announced](#) a **\$5.2 billion** investment in its retail clinic partner, **VillageMD**—and at the same time, indicated its care model will resemble traditional doctor's offices since its clinics will be primarily physician-led, unlike retail clinics like **Walmart**.

Shortly after, in November, CVS indicated it's adding more doctors to its primary care network, likely a play to keep up with Walgreens and boost its credibility among consumers:

About **16% of consumers aged 35 to 44** say they place trust in retail clinics to receive the best care, while **56% of consumers in the same group** say they trust their primary care doctor, [per](#) an April to May 2021 Morning Consult survey of 2,200 US adults.

Go deeper: Check out our "[Retail health clinics are banking on the COVID-19 bump](#)" note to learn more about retail clinics' strategies to acquire consumers.

US Adults' Trust in Retail Health Clinics, by Demographic, May 2021

% of respondents in each group

	A lot	Somewhat	Not much	Not at all
Gender				
Female	13%	58%	21%	8%
Male	18%	57%	20%	6%
Age				
18-34	13%	54%	22%	11%
35-44	16%	57%	21%	6%
45-64	14%	58%	21%	7%
65+	19%	62%	17%	2%
Total	15%	57%	20%	7%

Source: Morning Consult, "National Tracking Poll #2104152," May 10, 2021

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