

Healthcare is retail's next frontier

Article

Over the past year, retail has pushed further into healthcare for two reasons:

1. More customers. As consumers grow frustrated with traditional healthcare providers, retailers have an opportunity to offer less expensive, more accessible **healthcare options**.

- Once consumers have entered the retailers' ecosystem, retailers can use loyalty programs and incentives like discounts and special offers to keep customers coming back.
- In-store healthcare services offer retailers the chance to create a one-stop shop, offering checkups, prescriptions, and over-the-counter medications under one roof, not to mention

groceries and other convenience items that shoppers can grab on their way home.

2. More money. Healthcare provides an additional revenue stream for retailers struggling to turn a profit.

- Retail stores have the potential to expand beyond prescriptions and vaccinations; they can serve as a healthcare hub where consumers can get an annual checkup, get blood drawn, consult with a dietitian, or get resources on how to quit smoking.
- And that's just on-site; telehealth offerings can bridge the gap between the physical and digital worlds, furthering retail's role in consumers' lives.

Let's take inventory of the latest moves in the retail healthcare space.

The usual suspects: CVS, Walgreens, and Rite Aid have all made recent investments in their healthcare offerings.

- Last September, **CVS announced it would acquire Signify Health** for \$8 billion. This will enable the pharmacy retailer to expand its in-home services and care coordination, as well as use Signify's turnkey analytics, network, and practice improvement solutions to enable better care for customers.
- In November, **VillageMD** (majority owned by Walgreens) entered an agreement to acquire Summit Health (parent company of CityMD) for \$8.9 billion. This deal expands Walgreens' reach into primary, specialty, and urgent care services.
- Rite Aid is also tackling **underserved communities** with its small-format store program, the first of which opened late last year. These new, smaller-format stores aim to improve access in so-called "pharmacy deserts."

The juggernaut: Amazon rolled out **RxPass** earlier this year, a subscription prescription plan that offers Prime members medication delivery for just \$5 a month.

- The ecommerce giant's healthcare ambitions have been a little scattered. Last year, it both acquired primary care company One Medical (**pending Federal Trade Commission approval**) and shut down its **telehealth service**.
- Still, **all signs point** to Amazon having big plans for healthcare, which will force all the traditional players to keep up.

A piece of the pie: From **Walmart** to **The Kroger Co.** to even **Dollar General**, everyone wants to capture a share of growing healthcare spend.

- US prescription drug sales alone will total \$620.27 billion this year, according to our forecast. Meanwhile, US telehealth users will grow 5.1% this year to reach 105.1 million.
- We estimate 31.6% of the US population (83.7 million adults) will visit a retail health clinic in 2023, growing to 32.8% next year.
- There's a huge opportunity for retail media too, as advertisers beyond traditional retail get in on the game.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).