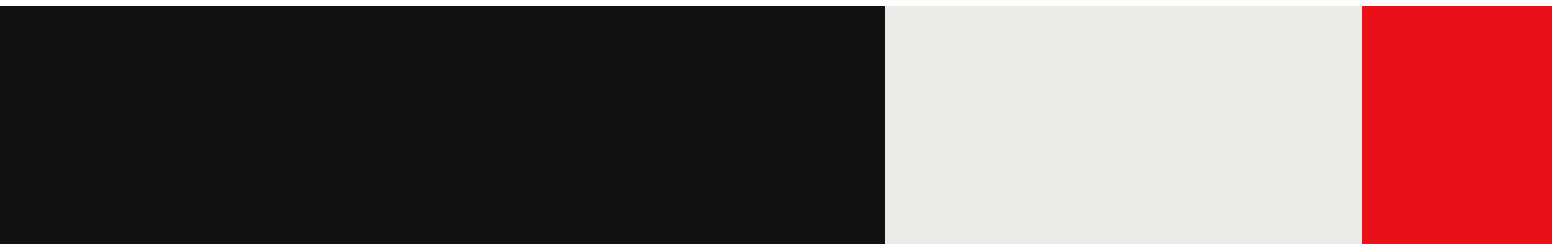



# Walgreens' biggest healthcare moves in 2024

Article



**The trend:** Walgreens contended with significant operational pressures across its retail, pharmacy, and healthcare segments in 2024. In hopes of a financial turnaround, the company turned to a range of cost-cutting measures and is actively exploring all available options, including a possible sale.

**Here's our take on Walgreens' 3 biggest healthcare moves in 2024:**

**1. Walgreens announced plans for significant US store closures.**

In an interview earlier this year, CEO Tim Wentworth noted that nearly 25% of Walgreens' 8,600 US stores were unprofitable. As part of an ongoing cost-cutting strategy, the retail pharmacy chain disclosed plans to close 1,200 stores, or about 14% of its [physical footprint](#), over the next three years. Some 500 closures are expected to occur by October 2025.

**Why it matters:** The retail pharmacy business is facing numerous headwinds, including lower reimbursement rates for filling medications, store theft, lower foot traffic, and increased competition from online players.

**Our take:** Walgreens will focus on getting its retail pharmacy business back on track. It will need to provide a superior consumer experience that matches the likes of Amazon and other emerging online players in the space.

## 2. It reduced its stake in VillageMD and is no longer its majority owner.

Walgreens poured over \$6 billion into the [primary care startup](#)—but that investment turned into a disaster. The retail pharmacy chain recorded a \$5.8 billion impairment charge earlier this year related to [underperforming VillageMD clinics](#). Further, Walgreens has said it's no longer interested in investing in brick-and-mortar medical offices. All told, Walgreens has already shuttered 140 VillageMD clinics and plans to close 20 more.

**Why it matters:** The retailer is fully changing course on how it wants to deliver patient care, going from committing to in-person health clinics to doubling down on telehealth.

**The final word:** To that end, Walgreens decided to [expand its direct-to-consumer virtual healthcare services](#) to reach consumers in 30 states. The retailer launched [Walgreens Virtual Healthcare](#) last year in nine states.

## 3. Walgreens is considering a sale of the company to a private equity firm.

The announcement comes as Walgreens closes out 2024 with a net loss of \$8.6 billion—a 177% YoY increase. Meanwhile, the company's market value plummeted from over \$100 billion not even 10 years ago to under \$8 billion today. Per a December WSJ report, Walgreens has been in discussions with **Sycamore Partners** over a potential deal that could close early next year. Sycamore, which bought Staples in 2017, specializes in [retail and consumer investments](#).

**Why it matters:** A take-private deal with Sycamore could include a sell off of some pieces of Walgreens' business, such as **Boots**, the company's UK pharmacy chain that has been in talks

to be sold multiple times over the past few years.

**Looking ahead:** It would also likely indicate layoffs and an acceleration of its planned store closures—further threatening consumers’ access to needed prescription medications.

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