

Dollar General bets on healthcare—but it won't happen at the drop of a dime

Article

The news: Dollar General's CEO Todd Vasos unveiled more information about the discount retailers' plans to take on the \$3.8 trillion healthcare industry in its latest earnings call.

- Vasos detailed that the chain would focus on offering services like **telemedicine, eye care, and prescription delivery**.
- This comes over a month after [Dollar General first announced its plans](#) to level-up its presence in healthcare, particularly in rural communities. At the time, it announced a newly created Chief Medical Officer role, which was filled by Dr. Albert Wu, a former McKinsey consultant.

Dollar General has a long way to go before it becomes a full-blown healthcare player:

Though Dollar General's healthcare push seems promising at face value, it's still in the planning stage and has yet to get any healthcare operations off the ground.

Figuring out a solid healthcare leadership team will be key to creating a solid healthcare strategy—we've seen healthcare ventures take a tumble because of leadership woes in the past.

- For example, **Haven**—the high-profile JV between **Amazon, Berkshire Hathaway, and JP Morgan**—ended up dissolving partly due to [crumbling leadership](#).
- And **Walmart Health** just had to [slow its healthcare roll](#) because a wave of executive team members dropped off.

What's next? Other large retailers' healthcare plays hinge on brick-and-mortar primary care clinics—but this likely isn't in the cards for Dollar General, at least not any time soon.

Big retailers (like **Walmart** and **Walgreens**) with brick-and-mortar primary care clinics in tow have yet to prove ROI. That's a risk Dollar General isn't in the position to take, considering it's already spending so much on revamping its existing stores and building out new ones: It plans to open over 1,000 new stores and remodel 1,750 this year alone.

Moreover, Dollar General stores are generally small and don't have the space to establish clinics:

- On average, **Dollar General stores are 7,400 square feet**, compared with **Walmart stores at around 178,000 square feet** and **Walgreens stores at 14,500 square feet** on average.

The opportunity for digital health vendors: Once Dollar General does kick its healthcare plans into high gear, it'll be looking out for digital health partners to actualize its goals of making telemedicine and digital pharmacy available to its customers.

Dollar General will likely focus on partnerships—building out in-house healthcare services could make the retailer a day late and dollar short in retail healthcare’s race toward digital health transformation.

A partnership with Dollar General could be invaluable to digital health players trying to expand into rural US:

- **75% of the US population lives within 5 miles of a Dollar General store, and it particularly provides unique access to rural communities.**

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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