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Kroger Health targets grocery shoppers with convenient care

Article

The news: **Kroger Health**, the healthcare division of **The Kroger Company**, launched a new brand campaign themed "A World of Care Is In-Store." Channels include streaming video, radio commercials, social media posts, and in-store signage.

Behind the curtain: Kroger is a major presence in the US pharmacy space and isn't about to cede ground to rivals **CVS Health** and **Walgreens**—both of which are building out primary care offerings around their retail pharmacies.

- Kroger operates **more than 2,200 pharmacies** and 220 clinics in 35 states.
- Kroger is the **6th largest US pharmacy chain** with $15.3 billion in prescription revenues in 2022, per Drug Channels Institute. That will change in 2023, as the company announced its exit from **Cigna's Express Scripts** pharmacy networks and is likely to lose about $1.2 billion in prescription revenues this year.
- Its **24,000 healthcare practitioners**, from pharmacists and nurse practitioners to dieticians and technicians, serve more than **17 million customers** a year.

The Food as Medicine opportunity: Kroger is the largest supermarket operator in the US with 2,800 stores under the Kroger, Ralph's, Dillons, Smith's King Soopers, and Harris Teeter brands, among others. Tying its in-store healthcare offerings with healthy food programs suggested by its dieticians could increase foot traffic as well as strengthen brand loyalty.

- In October 2022, Kroger announced plans to buy **Albertson's**, the second largest US grocery chain with 2,200 stores (and more than 1,700 pharmacies) in 34 states, for $24.6 billion.

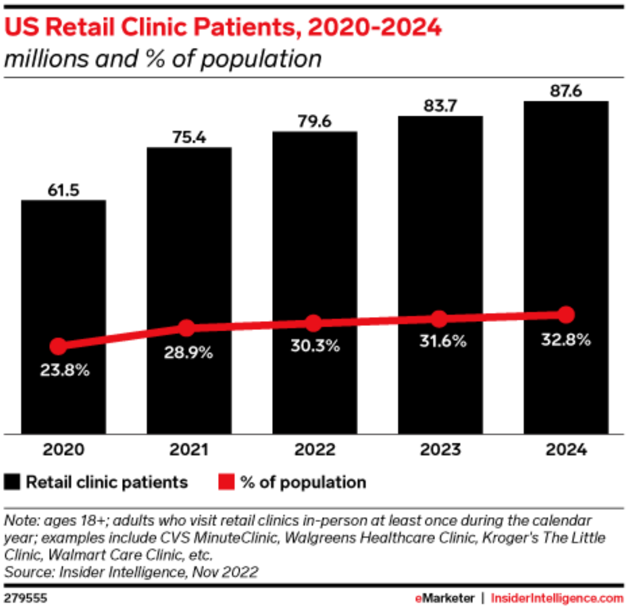
But wait, there's more! Kroger Precision Marketing, the company's retail media network, enables advertisers to access audience intelligence via sales data, as well as to customize video and connected TV inventory.

- Some **90%** **of grocery sales still happen in stores**. That's over $1 trillion in sales that advertisers will be able to target more accurately—if they have access to the right data.

By combining their footprints, Kroger and Albertsons would create one of the largest in-store media channels in the US. Those stores give it an advantage over **Amazon** and **Instacart,** whose retail media networks are primarily digital, and Walmart, which lacks high-quality first-party data from in-store shoppers.

Our take: The US retail clinic population is rising. We estimate nearly 84 million US adults (31.6% of the population) will visit a retail health clinic in 2023. That foot traffic will grow to 87.6 million in 2024 (32.8%).

Kroger's dominance in the US grocery market creates significant opportunities to introduce regular customers to its in-store healthcare offerings—and potentially lure pharmaceutical brands with its trove of first-party data culled from its loyalty programs.



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