

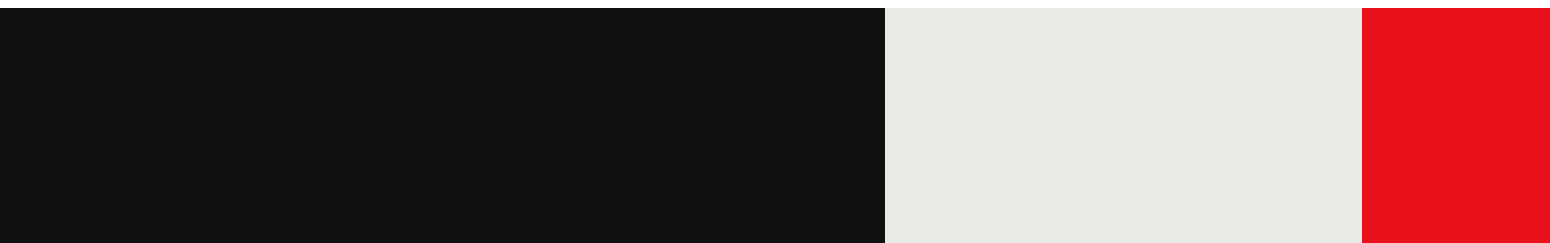
CVS is testing smaller stores that only sell medications

Article



The news: CVS is experimenting with a new store format designed around its pharmacy services rather than front-of-store household items and snacks, according to a WSJ report.

The smaller-format stores will be less than half the size of CVS' standard locations and will focus on prescription drugs and over-the-counter health products. CVS is initially rolling out



12 of the smaller stores, prioritizing areas in the US where pharmacies aren't as accessible, per WSJ.

Driving the news: Declining retail sales have caused many prominent retail pharmacy chains to close stores.

Walgreens is in the process of closing about 14% of its US drugstores, while CVS is shuttering around 10% of its pharmacy locations.

- Walgreens' retail sales in 2024 dropped 6.2% from the year prior.
- CVS' front-of-store sales fell 4.2% over the same period.
- Both pharmacy chains cited waning consumer demand for products sold in the front of the store.
- Declining retail sales were also a key driver for [Walgreens' recent sale to a private equity firm](#).

Yes, and: A worsening customer experience at brick-and-mortar pharmacies is driving more business to online merchants such as **Amazon**.

Many retail pharmacies lock up items to prevent theft—an action that frustrates shoppers and causes some to abandon in-store purchases.

- [Drugstore shoppers](#) wait an average of 7 minutes for items to be unlocked by staffers, according to data from RDSolutions cited by Retail Brew.
- 27% of shoppers say they would rather switch retailers or abandon their purchase than [wait for assistance for a locked-up item they need](#), per a November 2024 Numerator survey.
- Walgreens CEO Tim Wentworth candidly acknowledged in the company's last earnings call, "When you lock things up...you don't sell as many of them."
- Locked-up products at drugstores are pushing more people to **Amazon Pharmacy**, CEO Andy Jassy said on an earnings call last year.

Will pharmacy-focused store formats pay off? It's a very small sample to start, but pharmacy-focused store concepts should help drugstores become less dependent on front-of-store customer traffic while requiring less overall real estate.

Walgreens has similarly experimented with small-format stores that supply more Walgreens-brand health and wellness products and fewer consumables. As of last year, the company had

plans to expand its small-format store footprint, per Mass Market Retailers.

Doubling down on the steadier business—medications—is a savvy play. CVS and Walgreens [rank first and second in US pharmacy size](#) as measured by total prescription revenues, per Drug Channels data.

What's next? The retail pharmacy business model as we know it is ripe for change. Key players in this space will need to weigh how much of their pharmacy business should move online against how many pharmacy-focused stores to open. What's clear is that selling snacks, greeting cards, and household items will be much less of a priority.

Where US Adults Purchased Their Prescription Medications, April 2024

% of respondents

In-store pharmacy	88%
Online pharmacy	34%
—Club store pharmacy website/app	17%
—Mail-order pharmacy provided by their insurance	16%
—Amazon Pharmacy	13%
—Drug store chain pharmacy website/app	12%
—Mass merchandiser pharmacy website/app	6%
—Independent online pharmacy/app	4%

Note: among those who purchased any drugs for themselves in the past 12 months
Source: M3 MI/Kantar Media Healthcare Research, "2024 MARS Consumer Health Study,"
May 2024

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 **EMARKETER**