

Walmart dives into virtual care, decelerates clinic expansion

Article



Walmart [announced](#) it's snapping up telehealth provider **MeMD** to give Walmart consumers access to virtual urgent, mental health, and primary care nationwide—while also complementing its in-person care options at Walmart's Health Centers. The deal is expected to close in the coming months, according to the retail giant.

By buying into telehealth, Walmart gets another avenue to grow its healthcare business nationally without needed to invest more in brick-and-mortar stores.

- **Earlier this year, Insider [reported](#) Walmart is likely slowing down on its original plan to build 4,000 clinics by 2029.** It still plans to open up 22 clinics in addition to the 15 it already has, but its original aggressive expansion strategy likely won't come to fruition thanks to leadership changes and "competing business priorities" that arose from the pandemic.
- **MeMD gives Walmart an opportunity to tap its loyal customer base and lure them to telemental health services—an area of telehealth that's in particularly high demand.** While telehealth adoption for primary care began to [drop off](#) over the past month, telemental health usage remains high as US residents' mental health crisis worsens alongside the pandemic. We think MeMD's mental health services fueled Walmart's interest: MeMD [offers](#) psychiatry services in addition to virtual therapy for both adults and kids (a relatively [unexplored](#) space by other telehealth vendors).
- **So, it appears Walmart isn't muting its healthcare presence, despite its decelerated clinic expansion.** Walmart's plan could be to grow greater mindshare among health consumers with a low-cost telehealth business so that when it's stores eventually open, it already has a receptive consumer base to lean on.

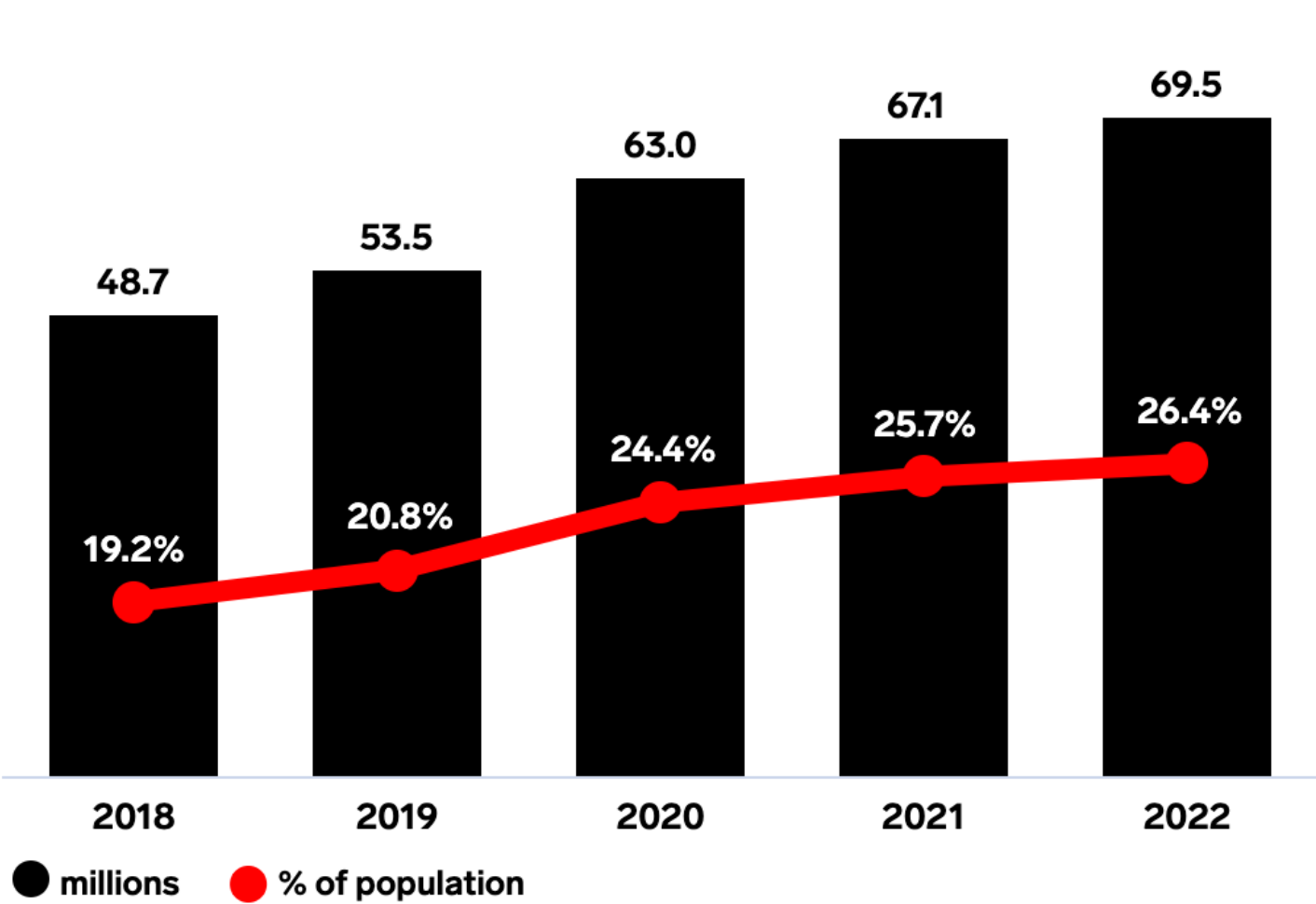
Walmart's move into telehealth underscores a trend: Retail giants like CVS are entering the virtual care space, and their in-person clinics may give them a competitive edge over telehealth-only vendors:

- **Walmart and CVS are also diving deeper into telehealth—and since they already have physical clinics, they'll appeal to an increasing number of consumers interested in hybrid care.** For example, CVS says its piloting mental health services in stores in addition to [leaning](#) more heavily into its e-clinic telehealth solution. This strategy should help lure in new consumers: As the US adjusts to a post-vaccine "new normal," many consumers will likely prefer flexibility to choose between in-person and virtual care when needed, [per](#) Amwell's 2020 Physician and Consumer survey.
- **This means telehealth vendors like Teladoc that a physical clinic presence could have a tough time competing.** Unlike Walmart, vendors like Teladoc have yet to offer traditional in-person care—not having this option could cause patients to move toward Walmart, CVS, and eventually Amazon for their virtual care services instead: Although Amazon's clinics aren't on the same widespread scale as Walmart and CVS, it does have some employee clinics in

[partnership](#) with Crossover Health, for instance. This could be a further blow to virtual-only companies like **Teladoc**, whose management has already [revealed](#) it expects little growth in membership this year.

Retail Clinic Patients

US, 2018-2022



Source: eMarketer, January 2021

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