Dr. Walmart: Coming Soon to a Store Near You

Walmart is now in the healthcare business, and that could spell big opportunity—if you can understand and ride with the trend.

A few years ago if anyone had told you Walmart would get into the business of caring for the sick in society you would have laughed—loudly. You’ve been a medical manufacturer, distributor or manufacturer’s rep for a while now, and you know the difference between an esteemed medical center and—Walmart. Sure, you might pop into Walmart and mingle with the rabble to pick up toothpaste or Tylenol, but when you need real medical care you can count on? Never! That’s when you want to be in a glass-and-steel medical center peopled by intelligent-looking doctors and nurses and administrators in designer suits. The last place you want to be is in Walmart, rubbing elbows with patrons and salespeople who look like they’ve never seen a bar of soap or washing machine.

Well, my friend, we have been out-of-step with reality, isolated in our own ivory towers of the past. And while we weren’t looking the world was changing. Retail health clinics are cropping up everywhere, with chains like CVS, Walgreens and Target opening them faster than you can say Obamacare (more on that later), with CVS now counting more than 600 MinuteClinics and estimating it will open another 900 in the next four years. And there’s good reason CVS is continuing its MinuteClinic expansion. According to a statement by CVS CEO Larry Merlo in early February 2013, MinuteClinic sales had surged 38 percent in the last quarter of 2012, when compared with the fourth quarter of the previous year, and patient visits had reached record daily levels. And CVS, like the other retail health giants, boosts pharmacy and over-the-counter medicine sales by bringing non-urgent care to its shoppers.

A Late Bloomer

In 2007, Walmart announced it was joining the party and estimated it would soon be the proud parent of 2,000 clinics nationwide. That scenario hasn’t exactly proven true. In fact, Walmart now operates only some 130 clinics, with plans to close some of those. (Analysts blame a lack of promotion and long pharmacy waits for the unhealthy performance by the Walmart clinics.) So you might think you can count the retail giant out. Think again. Walmart management has stepped back to re-evaluate its clinic strategy, but the sleeping giant won’t be snoring for long—and with good reason.

Economists say that the U.S. is the only developed nation in which healthcare spending will soon surpass retail spending—making it an even bigger business than Walmart’s core business. What better place to find likely clinic users than in a Walmart store? Recent estimates show that 150 million Americans visit Walmart every week, each spending an average of 50 minutes in the store. And how about this for an interesting statistic: Roughly one in ten Walmart shoppers indentifies herself as a caregiver for an ill loved one, and caregivers are, of course, often responsible for arranging healthcare services and purchasing medicine and medical supplies for the dependent relative.
And there’s one more factor playing into all of this: Obamacare. In just a few months, a number of provisions of the healthcare reform act will be activated, with millions more Americans jumping onto health insurance rolls. So, as more people seek primary-care physicians, the already-serious shortage of PCPs will become critical, with the newly insured scrambling for care. Many of the newly insured have low or marginal incomes, making them typical Walmart shoppers. It only makes sense they’ll turn to a place they know for the care they need and can’t find elsewhere. And, with many stores in rural locales where the physician shortage is particularly serious, Walmart is in an ideal position to capitalize on the need.

**What This Means to You**

How can manufacturers and distributors ride this trend? First and foremost, we need to change our mindset about what a *typical* customer looks like. It’s no longer—necessarily—a traditional medical center. Maybe it’s Walmart or CVS mini clinics and stores, set to supply millions more consumers with a wide range of medical products. Secondly, we need to offer the products and pricing that the retail giants can comfortably offer to their patients/customers. Maybe it’s time to assume a Walmart mindset: Isn’t it better to sell one million units of Product X at $10 than one thousand units at $15?

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