

Can CVS Health make a comeback from a near failed venture?

Chapter 2

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Literature Search

CVS is recognized because of its retail stores, which formed 23 percent of its overall profits, it also has an increasing segment in a different industry, the health industry, which brings 77 percent of its profits, this exploded when CVS acquired Aetna, an insurance provider. The merger between CVS and Aetna is one of the largest, on the history of mergers, the goal of such merger is to change the plane field of how the insurance industry is viewed. A merger between two companies in the same industry is by nature either vertical or horizontal, however, the merger of CVS and AETNA was both vertical and horizontal, “Vertical mergers enable myriad channels that can actually heighten competition although there is still a risk that completion be lessened at some point on the value chain”. (Shimizu, 2022) In vertical mergers, two companies or entities that operate in the same industry, have different levels of production, these entities provide and produce similar products and or services, the purpose of vertical mergers is to create efficiency in certain parts of operations in the company, to ensure tighter quality control, to reduce the cost of operations, to better control the flow of information throughout the supply chain, to increase profits while expanding the business revenues streams. For example, “On December 19, 2017, US health insurer Humana Inc. and two private equity firms—TPG Capital and Welsh, Carson, Anderson & Stowe—agreed to buy Kindred Healthcare for a total cost of approximately \$4 billion, which was finalized in July 2018”, (Parikh, 2019). One of the advantages this merger is increasing efficiency and decreasing overhead costs by integrating Humana health care facilities with insurance programs. By uniting Humana and Kindred Health care, these companies extended their reach on customers. By having a bigger client access which results in a bigger client base for the merged company, one of the biggest road blocks that currently exist for vertical mergers is the possibility of monopolizing the power of an entity in an

industry, since the merger of two different competitors might result in a greater bargaining power against other competitors in the industry. “Vertical mergers raise concerns that one or both firms may be the other’s most likely potential horizontal rival. After all, two vertically related companies know much about each other’s businesses and may well represent the most likely entrant into each other’s domain” (Economides, 2020). For example, the recent merger of AT&T and Time Warner, in this instance the combination of these AT&T would monopolize the media content of Time Warner by using AT&T existing distribution media systems, which in return would increase prices and deny competitors access to Warner’s media content. The drawbacks of vertical integration are, increased risk when markets are uncertain, concentration of resources on one approach, high cost of coordination strategy and risk of additional debt. Although creating models of how markets interact under uncertainty, it is necessary to present a theory of how a market operates under uncertainty and how the equilibrium price is determined, In markets, “prices do not adjust at each instant of the day to keep supply and demand in balance, firms never feel they can sell all they want at the going price and production cannot occur instantly” (Carlton, 1979). Therefore, companies have to know the demand of a product or service, however, due to high fluctuations in the markets the companies can run the risk of either overproducing or underproducing it products. For example, in 2020, Covid 19 uncertainty levels in the market were high and although companies prepared for the fluctuations in the markets the high demand of products which created shortage in supply of products, in the health care industry. “In recent years changes in concentration have increasingly been used to argue that the intensity of competition is falling, that the growth of large firms with high market shares is driving up profits, damaging innovation and productivity, and increasing inequality.” (OECD 2022), concentration of resources goal is to acquire as much of the existing market to sell the

existing products, generally this goal is done through marketing campaigns. “Coordination is the unification, integration, synchronization of the efforts of group members so as to provide unity of action in the pursuit of common goals”. (MSG 2022), the culture, the environment and the strategic goal of both merging companies is different, when a merger occurs a new strategy and a new culture needs to be developed to ensure the merger will succeed. When two companies merge all the current assets as well as the current liabilities are passed down to the new company, some of the liabilities include existing contract obligations, account payables, bank loans, property financing debts and employment contracts as well as any undisclosed or unforeseen liability, for this reason the companies have to do their due diligences before merging, since the companies have acquired and resolve any liability either company had previous to the merger.

Horizontal integration is a strategy used by companies to strengthen their position in an industry, companies that use this type of strategy generally acquire or mergers with another company that is in the same production stage. Although CVS is already one of the top three pharmaceutical in the industry, one of the reasons it merged with Aetna is to increase its consumer base. According to the American Medical Association, “In horizontal mergers, two competitors combine, and CVS-Aetna are significant competitors in numerous Medicare Part D geographic markets and also with respect to pharmaceutical benefit management (PBM) services (AMA. 2022)”. The goal of this strategy is to increase product differentiation, achieve economies of scale, reduce competition, access new markets, and grow a company. Some examples of horizontal integration are Marriot and Starwood Hotels, Marriott acquired Starwood in 2016, this merger created the largest hotel company in the world, the reason these two hotel companies merged was because they wanted to diversify its portfolio of properties. Before the merger Marriot had already been established in the resort, convention, and luxury segments, and

Starwood had a strong international presence in those segments. The merger allowed consumers to have greater choices nationally and internationally, as well as opportunities for employees, after the merger was completed, the companies had a combined total of 1.1 million rooms and 5,500 hotels worldwide. Another example is Walt Disney and 21st century fox. This merger goal was to increase Disney entertainment options and its content as well as to expand internationally while growing the direct-to-consumer offering, including Disney plus, ESPN plus.

Some drawbacks of horizontal integration are; reduced flexibility for the new company, high levels of scrutiny from the government, creation of a monopoly. "Business sizes are becoming more complex and more challenging to manage. It makes companies less flexible in introducing new products to the market or dealing with competition and market demand dynamics". (Nasrudin 2022). Once merger occurs the goal, culture, vision, mission, and the management style of the company changes, with the added complexity of the new size of the company making it challenging to manage. Horizontal mergers are widely scrutinized by The Department of Justice (DOJ), which enforces the law to prevent companies from monopolizing the industries by merging. For example, the integration of Facebook, Instagram, WhatsApp, and messenger, all these companies were independent social media platforms, over the years all these platforms were integrated and now are part of Facebook Inc, according to the Federal Trade Commission, "explained that Facebook not only possesses monopoly power, but that it has willfully maintained that power through anticompetitive conduct. "(McLaughlin, 2022). Which has resulted in a monopolistic powerhouse for the social media platform, which is in violation of the Sherman Anti-trust Law. Another example is Google, the Department of Justice and the along with 11 State Attorneys General, filled a lawsuit to stop Google in the District of Columbia, from maintaining monopolies in its advertising market strategies in which Google

monopolizes exclusionary practices in the search of information, the civil antitrust lawsuit was filed in the U. S. District Court. Therefore, the Department of Justice (DOJ). Is always vigilant when two major competitors merge.

Corporation's Structure

It is essential to form an effective corporation as an instrument to achieve set objectives, after defining the goals and strategies selected to execute the goals. In this case, the corporation appears as activity management that is often done by the planning and design organizations. It is necessary to mule over how to organize a corporation with low costs and increasing efficiency. According to Božinović (2013), the organizational structure of a corporation represents the relations between factors of production and the relationship between these factors. The relationships represent organizational resources schedule and are established to take on specific functions (Božinović, 2013).

The structure of the corporation involves the totality of the relationships and connections within each factor of operations or production as well as the totality of relationships and connections between all the factors of production. The structure of a corporation is usually categorized into three dimensions, integration, formalization, and centralization. Formalizing is an important part of the organizational structure as it is linked with the complexity of the organization. It refers to the level of standards, measures of employee behavior, and degree of prescription per the prescribed procedures and rules. As such corporations with a relatively high degree of formalization have prescribed the correct rules and procedures whereas corporations with low formalization provide employees with freedom in dealing with the demands of their relevant tasks and hence experience job behaviors that are relatively unstructured (Kumareswaran, 2018).

For the combined company of CVS and Aetna to achieve their target of 1,100 MinuteClinic walk-in clinics, 9700 CVS pharmacy stores and about 4000 CVS Health clinic and home care nurses the corporation should employ a high degree of formalization in its structure to prescribe the correct rules and procedures. Centralization refers to the positioning of the decision-making authority in the higher levels of hierarchical relationships (Božinović, 2013). Centralizations bring about a non-participatory environment that minimizes commitment, involvement, and communication with projects and tasks among participants. CVS should determine the appropriate number and importance of decisions to be made at lower levels. If there are significantly important decisions made at the lower levels, then the structure is decentralized while little or no effect indicates a centralized structure of decision making (Kumareswaran, 2018).

Integration on the other hand refers to the level of interrelation between several subdivisions of a corporation. For CVS to effectively achieve its goals, it should allow its employees access to the broadest variety of knowledge for problem-solving and work. An interactive work structure would provide its employees with opportunities to learn from their colleagues (Kumareswaran, 2018). CVS should therefore utilize both functional organizational structure and divisional organization structure since the functional structure focuses on the business functions and tasks while the divisional structure is a consequence of the complexity of operations and focus on the service or product. The combined company should utilize both structures to appropriately achieve its goals (Božinović, 2013).

CVS should also consider certain elements of organizational structures such as the means of production. The element of the means of production is considered an essential condition for the establishment of the organization in general and involves the proper use and management of

equipment. The activity of the individual corporations involved largely affects the decisions on the purchase of equipment (Kumareswaran, 2018). Due to the high level of technology developments in various corporations, CVS ought to select equipment that leads to automation of certain parts of the business which are expensive and sensitive hence inappropriate handling could greatly affect the final results of the business. CVS should also consider the element of human resources in the organizational structure. As such, the division and redistribution of tasks, structure, and integration of the collective, the working atmosphere in the corporation as well as the problems that arise from these such as frustration, motives, training, passion for work, etc. have to be considered (Kumareswaran, 2018). The management of human resources is of significant value to the success of the corporation. It manifests in the corporation as the position of specific departments who are professionally engaged in human affairs on one hand and as the involvement of managers in the carrying out of personnel management functions (Božinović, 2013).

For the corporation to exist and effectively completed its economic objectives and tasks ought to be the employees, as long as individuals participate actively in the corporation, the means of production are passively participating in the production (Kumareswaran, 2018). However, CVS has to ensure that they establish a successful organization of the human resources in a manner that satisfies both the personal and common interests. CVS should ensure the entire collective work has a systemization of jobs to define and describe in detail all the expected goals and the tasks at the specific workplace (Božinović, 2013).

Expansions Of New Markets

Corporations compete to produce the highest sales, gain the largest customer base and obtain leading market share in their industry. Corporations that dominate markets and hold

supremacy are no longer based in a single location but are instead multinational corporations with various locations around the globe (Sakarya et al., 2007). Globalization has allowed this international expansion phenomenon by forging exchange and integration of money and products as well as cultural activities (Yoder et al., 2016). Tight integration of economies, as well as rapid technological advancements such as cellphones, internet, computers, high speed trains and planes and high-capacity cargo ships, have facilitated globalization. However, although expansion into new markets is necessary for large corporations to remain competitive and is extremely alluring, it is accompanied by significant risk (Sakarya et al., 2007).

As such, not all the expansions into new markets are successful and some may lead to headline-making failure. Several factors contribute to failed endeavors in new markets such as supply chain issues, not understanding consumer preferences, doing too much too fast, bad timing, and not listening to the consumer's voice. According to Yoder et al., (2016), oftentimes a combination of different components leads to failure as opposed to one single factor. One of the recent high-profile examples of an expansion failure is the withdrawal of Target from the Canadian market. Although the corporation had had overwhelming success in the United States and was in direct competition with Walmart, its expansion to Canada was not a success. Target invested over \$4.4 billion into the expansion with expectations of rapid recoup of its investments. Internal analysis of the Canadian operation suggested Target could not effectively make profits in the market in the foreseeable future (Yoder et al., 2016).

Consequently, Target abandoned the Canadian market and announced it would close its stores in a planned manner. Several reasons led to the failure of Target in Canada. Firstly, Target opted to buy 133 pre-existing stores from Zellers, a Canadian department store chain rather than elect to build its facilities in carefully chosen locations. The purchase of pre-existing locations

proved to be a major issue for Target although it sounds in theory like a great way to save money and cut costs (Yoder et al., 2016). The stores provided by Zellers were not ideal since they required extensive refurbishing and expansion and were much smaller than Target's American stores. These costs turned out to be more costly than originally anticipated by Target. In addition, the pre-existing stores were not conducive to attracting consumers since they were off the beaten path hence it was an inconvenience to purchase products from the stores. The locations were also not favorable in regards to distributing products from the Target distribution centers (Sakarya et al., 2007). Target locations in Canada were hit with empty shelves due to a lack of merchandise with which to stock the shelves. The failure was brought about by the corporation trying to do too much too fast coupled with the ineffective computerized ordering system that encountered a wide array of glitches leading to empty shelves while inventory sat overflowing in the Target's warehouses (Yoder et al., 2016).

Therefore, CVS has to put into consideration certain factors before endeavoring into new markets. The combined company has to understand consumer preferences, find solutions to supply chain issues, ensure the timing is perfect and listen to the consumer's voice (Sakarya et al., 2007). CVS also has to look beyond its traditional competitors and identify small local businesses that are highly appealing to the target consumers to avoid underestimating its competition. It should therefore not underestimate the appeal of smaller stores when selecting the location for their structures (Yoder et al., 2016). Moreover, choosing shortcuts just to cut costs might prove costly as in the case of Target since the choices might prove inconvenient to some consumers. CVS should also take steps to ensure it takes up geographic space since dispersed and slow expansion may spread marketing resources too thin. The corporation should also ensure that its growth is controlled and not too rapid while also not too slow (Sakarya et al., 2007).

Impact of Covid 19

When the entire world was brought to a standstill by the pandemic and every sector suffered a huge setback including a double-figure reduction in the major stock markets. Economies of various countries were severely affected due to the closure of universities, schools, retail shops, bars, and restaurants to diminish the spread of the virus (Zou et al., 2020). The need to self-isolate, increased risk of infection among pharmacy workers, and the resulting staff absences due to illness brought about the biggest challenge in the provision of healthcare services besides the already abysmal impact on every other sector (Koster et al., 2021). The pharmaceutical sector was one of the victims of the global health crisis although the impact on the sector could be seen from two perspectives.

On one hand, the pandemic brought long-term and short-term detrimental effects on the sector in general. On the other hand, it increased the demand for prescription medicines, medical devices, and vaccines and was regarded as a century's opportunity for the pharmaceutical industry (Koster et al., 2021). Short-term impacts of the pandemic on the sector included, supply shortages, fluctuations in demand, regulatory changes, panic buying, and stocking, and a shift of promotions and communication to remote interactions through research, and technology and development process changes (Zou et al., 2020). These actors directly influence the growth and expansion of CVS in the short term and hugely hindered the progress of creating and implementing health hubs. In addition, the pandemic also had long-term impacts such as approval delays, slow down in industry growth, drifting towards self-sufficiency in the pharmaceutical-production supply chain, and possible changes in consumption trends. According to Zou et al., (2020) although most firms were able to maintain their overall stability and

operations, many faced closure or experienced a halt in operations due to various reasons such as shortages of stock and materials.

The firms experienced several pressures during the pandemic namely, rent, employees' salaries and insurance, payments of accounts payable, loss of orders as well as loan repayment. Several corporations faced a shortage of materials or lack of supply and barely maintained production while other firms could not sell effectively due to canceling domestic orders as well as overseas orders. CVS also recognized the problems and devoted its efforts to innovation and adaptation (Koster et al., 2021). However, the pandemic slowed down the launch of new products including the creation and implementation of its 1100 new health hubs. Moreover, the pandemic drove CVS corporation to consider cutting wages, reducing the number of employees and postponing recruitment until the effects of the pandemic are over (Zou et al., 2020). This factor also greatly slowed down the opening of new health hubs since it reduced the number of available personnel to be deployed in those areas. Corporations experienced sharp increases in operating costs such as delayed delivery, cancellation of orders, and production stagnation.

Zou et al., (2020), suggest that some corporations had to deal with compensation for breach of contract and insolvency in addition to the pressure on employees' salaries, rent payments, insurance, loan repayment, and settlement of accounts payable (Zou et al., 2020). CVS Health also has to establish remote business negotiation models, remote recruitment, and remote offices as well as digitization and informatization to improve its ability to respond to a major crisis. For CVS to realize its goals, the corporation has to deal with the supply chain links - the production and processing of raw material parts, logistics, etc. that were influenced by the epidemic situation in various regions (Koster et al., 2021). CVS Health ought to develop a strategic plan to recover from the financial losses faced during the epidemic so that it can

concentrate on moving forward with the development of viable Health Hubs in affluent locations (Koster et al., 2021).

Technology in the Retail Health Care Industry

Recent challenges throughout the World have encouraged big corporations to tackle technology in ways not seen before. The ultimate goal for any businesses in the Healthcare industry is to improve the health of its customers/clients. Many Retailers have begun crossing into the healthcare provider space and using technology to do it. The Drugstore giant CVS is targeting growth by introducing new health products, services and technologies is one example of retail's shift into providing healthcare solutions. "The future of consumer technology is directly connected to the future of healthcare," said Deborah Di Sanzo, president of Best Buy Health.

Telehealth services for both customers and employees are also becoming an increasingly popular in the healthcare industry among retailers. Amazon and Walmart are major participants in the retail telehealth space.

Best Buy, the consumer electronics giant recently entered into an agreement to acquire the Current Health platform, a U.K. care-at-home technology platform that brings together remote patient monitoring, telehealth, and patient engagement into a single solution for healthcare organizations. Their goal is bringing quality healthcare into the home. This allows patients better quality of life while reducing costs. (Best Buy, 2021)

Retail pharmacies such as CVS are the most common distribution channel for customers to receive prescription medications. According to CVS.com, U.S. consumers spent nearly \$540 billion on prescriptions in 2020. For this reason, retailers invested in advanced prescription technologies and services. Services that include same-day prescription delivery services. CVS

has even piloted rapid delivery of prescriptions via drone and self-driving car in some areas. (CVS, 2021)

CVS even make prescription labels more readily accessible to visually impaired customers with a feature called “Spoken Rx.” This was developed in collaboration with the American Council of the Blind. Spoken Rx allows visually impaired customers to have their prescription information read aloud, at no extra cost. The CVS Pharmacy app allows users to use voiceover for IOS or Google Assistant on other smart phones to read a RFID label that is affixed to the prescription label. (CVS, 2021)

Global Threats and Challenges to the Retail Healthcare Industry

Covid-19 has been the driving force of the improvement and implementations of Retail Healthcare Technology. It is not surprising that the COVID-19 pandemic is the driving force behind the scenes of the Healthcare retails continued effort to improve access to consumers through technology. Many different retailers digitized a wide variety of health care services offered in their stores across the world. Albertsons, a supermarket retail giant, administered more than 6 million COVID-19 vaccinations nationwide and partnered with Google Business Messages to provide customers with real time information about the availability of the COVID-19 vaccine. COVID-19 created the perfect opportunity for retailer giants to develop and/or improve their technology offerings.

Many retailers offered free digital vaccine records that could be saved and/or downloaded to a device for future use Albertson’s offered a discount with the rideshare company Lyft on rides to and from any of their retail locations with pharmacies for those persons getting vaccinations. Albertsons also collaborated with Moderna and sponsored a vaccine map. This map was features on the Next-door social platform; it was designed to help individuals looking for a

Vaccine to locate nearby places offering appointments. Customers were redirected from the Next-door website to the Albertsons scheduling tool where they were able to set up a vaccine appointment, receive a confirmation, and get the second dose scheduled.

Consumer Trends with Health Care

Consumers are now using several different faucets to determine where they will go for their healthcare needs. They used to look for health care systems that were convenient. Now consumers are considering patient data access, range of specialist available, hospital affiliations and physician communication. Considering more factors changes the way consumers choose to receive care. A survey of about 29, 000 households of people who received care since 2020 revealed that a wide range of specialist and staff was at the top of the list of desired services ("How Consumers Choose Brands," 2021). Nearly half of the surveyed indicated that they chose hospitals and health systems that offered a variety of staff and specialties.

A small percentage indicated the importance of access to records. Although, access to medical records via electronic means have become a staple in the healthcare industry only a small percentage of the survey considered that when choosing where to go for their healthcare needs.

While healthcare organizations often struggle with data integration, the future of healthcare is suggesting that data integration is more important than ever, especially for the retail healthcare sector. This is the age of personalized, organic customer experiences and data is required in order to select target audiences. Outreach strategies have become more individualized and the importance of having a HIPAA compliant customer data platform to drive a more personalized experience is key to delivering on expectations, ensuring privacy, and providing trusted, compliant communication. It is important that the retail health organizations adhere to

rigid compliance requirements related to patient privacy and manage the volume and velocity of data growth by harmonizing various sources and categories of data. (Vogenberg FR, Santilli J. Healthcare Trends for 2018. Am Health Drug Benefits. 2018 Feb;11(1):48-54. PMID: 29692880; PMCID: PMC5902765.)

SECTION II. Comparative Company Analysis

CVS Health has evolved from being a company that caters to beauty and health products into one that now offers a pharmacy and soon walk-in clinics. CVS Health has expanded even more with its recent merger with Aetna. With this merger, CVS Health can find ways of redefining its position in the healthcare industry and still remain profitable. The hopes are to have CVS Health stores able to provide accessible healthcare.

In this section, an analysis of CVS Health's competitors will be looked at. The competitors being looked at are Walgreens, Cleveland Clinic, and Teladoc. Each competitor may be different from the others but all are within the healthcare industry. The objective is to come up with a plan CVS Health can use in the development of viable Health Hubs in different locations. These hubs will be designed to attract new customers and entice current CVS Health customers to their one-stop-shop-designed mini-clinics.

Walgreens

Walgreens, one of the nation's largest pharmacy stores, was founded by Charles Walgreen in 1901. The success of these stores is a result of Mr. Walgreens' ability to differentiate his pharmacy store from others in the market, allowing Walgreens to open multiple stores across the United States. Over the years the national healthcare policies changed pertaining to the pharmacy business, and these forced Walgreens to invest in technology and the implementation of new initiatives to face their growing competition in the industry. Walgreens increased its range of services to make consumers' goods more accessible and affordable while

providing health and wellness support. Walgreens sought to maintain its leadership in the pharmaceutical industry by improving employee training and engagement and establishing a superior leadership module (Bhatnagar, 2014).

Following the COVID-19 pandemic, many factors that drove consumers to visit drug stores have faded. More consumers prefer to have prescriptions delivered to their homes, fewer people visit the doctor, and there is less demand for over-the-counter drugs for colds and flu. However, following the challenges presented by the pandemic, Walgreens has looked for alternative ways to face competition and drive growth. Walgreens has decided to add more healthcare services to its stores. The company has started administering vaccines at nursing homes and other healthcare facilities. The company plans to offer vaccination at its stores, which would increase their revenue and direct traffic towards their stores, which would lead to other purchases. These visits will prove the company's relevance and improve its growth potential (Repko, 2021). Walgreens' decision to drive traffic to its stores by offering vaccination is an example of a strategy to convert traffic into sales which is vital to the company's financial health.

Cleveland Clinic

Cleveland Clinic, a nonprofit healthcare organization, is ranked among the best in the United States several times in both adult and pediatric care. Cleveland Clinic has medical centers in Ohio, Florida, and Nevada and international operations in United Arab Emirates, Canada, and the United Kingdom are renowned worldwide for their quality of health care. Cleveland Clinic is focused on traditional medical specialties to place patient needs first. When Cleveland Clinic expanded its international footprint, it shifted its focus from traditional medical specialties to

placing patient needs first. This aimed to improve the value of its services for patients (Porter & Teisberg, 2009) and to improve clinical care.

Teladoc

Teladoc is a company that provides virtual care by using the internet to connect patients who live away from medical professionals, Teladoc is able to do this by partnering with a network of healthcare providers around the globe to deliver telehealth services that help patients manage their healthcare needs from anywhere in the world by phone or video chat. Teladoc became the first company to receive a Medicare reimbursement code for online services. The company has launched an expansion plan to enter new markets in Europe and Asia. Specializing in providing specialty telephone services, Teladoc services are grouped into three unique service areas: Tele-dentistry, Tele-pharma, and Tele-radiology. Tele-dentistry provides academy-trained professionals who offer medication advice and align a patient's health plans with their needs. Tele-pharma allows providers of telehealth services to patients certified to prescribe medication at home. Tele-radiology is a telehealth service that allows doctors the ability to provide radiologic services. Teladoc offers these services as virtual providers collaborating with a primary care practice. Teladoc partners with more than 4,000 health care providers, including physicians, physician groups, and hospitals.

Concentra

Concentra is a healthcare company that provides healthcare services, particularly health improvement solutions, including physical therapy, urgent care, occupational medicine, tests, and screening. The company has grown by acquiring healthcare provision facilities across the country. The launch of its urgent care initiative in 2007 required the company to have a consistent platform for providing cost-effective solutions and change its business model to adapt

to the changing healthcare industry (Healthcaredesign, 2008). This industry shift required a shift in focus from occupational medicine to urgent care.

Concentra's strategy to maintain its image as a provider of occupational medicine products and a provider of urgent care products presented challenges to its brand image. The company needed to shift from an industry-centered company to a consumer-centered one (Healthcaredesign, 2008).

The company needed a new growth strategy to create a warm and inviting consumer environment. The company divided its facilities into two halves to address this issue. However, there was always a discrepancy in one half, and there was a need to have a more comprehensive approach. Therefore, the company adopted different approaches and environments in each half.

Concentra has been able to achieve growth through acquisition and organically.

However, the company needed a new strategy to align with its new clinical and professional image. The company decided to adopt a new graphic identity through careful planning and analysis to reinforce its new image. The new brand was reinforced through advertising and publicity initiatives. After rolling out its new physical and digital identity, the company achieved recognition for marketing excellence and consistent revenue growth.

Conclusion

This study aims to come up with a strategic plan to focus on moving forward with the development of viable Health Hubs in affluent locations. Walgreens adopted a strategy to provide vaccines at its facilities to direct traffic, leading to other purchases. Concentra adopted a strategy to develop and promote a new brand through advertising and promotion. On the other hand, Cleveland Clinic adopted a strategy to focus on patient needs rather than traditional specialties. Teladoc adopted a strategy to allow doctors the ability to visit with patients without the patients leaving their home. CVS Health may improve its chances of survival and ensure

growth by combining all three strategies. The organization may adopt a growth strategy that seeks to meet patient needs related to the pandemic to direct traffic that would lead to further purchases. It may also improve its image by changing its brand image to align with its new growth strategy.

Extended Analysis and Summary

There are a few sections for this chapter that talks about the company and what it does. The sections are Literature Search, Comparative Company Analysis. Section One mainly talks about how CVS was formed and what services and benefits they provide. There are many healthcare's that joined hands with CVS, and they want to help people who need it. The health industries for CVS brings 77% of its profits to an insurance provider named AETNA which is the largest insurance industry today. There are vertical mergers and horizontal mergers whereas vertical mergers are the ones that keep everything in check even though there may be risks. Horizontal mergers are used to strengthen any positions taken in the industry and try to improve in every way. As CVS is merged with AETNA, it is attracting more consumers than other pharmaceutical companies as CVS provides more opportunities and benefits for patients. Marriott and Starwood are some examples of hotels as they were chosen to expand the properties. These mergers allowed customers to choose nationally and internationally between products. Why does someone start a company? What are their intentions? In the corporation's structure section, it talks about the importance and why CVS was started. Mainly, a company is formed to achieve certain goals or objectives. A corporation is structured into three stages integration, formalization, and centralization. Formalizing is referred to as how the employees behave, cooperate and follow the rules and regulations. Centralization is based more on the decision-making process. It involves employees, staffs, etc. with certain projects and assignments. A

literature search is something that is used to find the key information of a particular topic or research.

Comparative Company Analysis is mainly involved in banking where investments take place and analyzes the values of a company. Moreover, the mergers of a company control the goals and objectives making sure that they are met. But sometimes it is difficult to manage as a lot of things are involved. To structure a certain company is not easy as there are many aspects to play with like. The relationship and connections between each task or project must be good or else things will fall apart. Integration is a process that shows the inside relationship between different divisions in a company. CVS provides the best way for solving problems and gain knowledge on how to do it. CVS corporation should consider itself a production hall as production is an essential part of the company and it needs to examine and make sure all the equipment's are used properly. Since the level of technology is so high, a lot of the equipment CVS uses are automated and all the sensitive parts are handled with care. Companies always think of expanding so more profits can be made. One example is globalization which starts to establish a business or corporation internationally. To do that, there are ads, posters, videos etc. going on about CVS and how it wants to improve as a company. CVS and Walmart are always going into a competition, but in Canada, it failed.

When COVID 19 started back in 2020, it was hard for everyone to get going as it prevented from stores operating, people communicating. COVID 19 played a huge impact in the society as everything stopped just like that. But, the COVID 19 pandemic did some good things for example, the number of patients increased as the concern for a cure was noted. During the pandemic, it was very hard for CVS to stay in business as it was worried about paying its

employees, staffs, etc. When the Health Hubs were established, it made life a little easier and people got along better.

All the concepts discussed in this chapter are related to the comparative company analysis as it compares other pharmaceutical companies still at large.

Finally, CVS is in competition, and it should be the first to rise high on a business basis as it is not only a pharmacy but a one stop shops where customers can find anything they need. CVS's culture is mainly based on core values such as innovation and collaboration which promotes capabilities and resources that support CVS Health's business structure and strategies to improve convenience and customer satisfaction.