

Walgreens Pharmaceuticals

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# WALGREENS PHARMACEUTICALS 1

## Industry Analysis

Walgreens falls into the drug store and pharmacies industry. It is the biggest drugstore in North America with over 8,200 retail stores. The Company manufactures drugs and distributes them all over the world. The Company also helps other pharmacy companies that want to establish control over their own medicine. Walgreens Wholesale Division runs its business through the Alliance Healthcare brand and participates in supply of the medicine to over 140,000 pharmacies, doctors, health centers, and hospitals. The Drug Store industry is dominated by Walgreens, Rite Aid and CVS but the former is still maintaining its dominant position ("Pharmaceutical Wholesale").

## Customer Value

The company has over 8,200 drug stores in 50 US states, District of Columbia, the U.S Virgin Islands and Puerto Rico. Its customer network is 82 million. The following are its customer core values:

**Dedication:** They work with vigor, agility and simplicity to satisfy customers. A company that does not demonstrate commitment to its customers fails to realize its full potential and Walgreens' CEO did not want to take chances.

**Innovation:** The Company continues to take pride in their innovations. The expansion of the supply chain by partnering and merging with other valuable companies like Madison Dearborn, WIS, AmerisourceBergen, and Alliance Boots among other important stakeholders shows how innovative toward strategic management Walgreens is.

## WALGREENS PHARMACEUTICALS 2

**Trust:** candor, respect, and integrity are the guidelines of all actions Walgreens take. Do the right thing and wait for loyal customers. Disappointing one customer might lead to the loss.

Morality and integrity facilitate customer retention and trust.

**Care:** Walgreens gets its inspiration from commitment and will to serve customers. It is the good customer service that keeps pulling everyone in. The quality of a given company is evaluated using its customer care desk (“Vision, Purpose and Values”).

### Network Design

Walgreens network design comprises distributors and 3PL (Third Party Logistics) firms. To broaden its horizon of operation, Walgreens merged with AmerisourceBergen and Alliance Boots. Walgreens had a private independent company called Walgreens Infusion Services (WIS) – a company with 89 infusion stores and 110 alternative treatments bases in 40 American states. Majority stake of WIS was sold to Madison Dearborn. Now, selling majority shares of WIS enabled Walgreens to primarily concentrate with accelerating its core distribution and specialty business.

Walgreens have also partnered with Valitas, Ikaria, Kaufman, National Mentor Holdings, Sage Products, and Team Health to smoothen the supply chain management. Moreover, Walgreens’ globalization strategy involved partnership with the Medicare’s Shared Savings Program (MSSP). This makes it possible for the company to distribute drugs worldwide. The MSSP consists of Scott & White Healthcare Walgreens Well Network (Texas), Advocate Walgreens Well Network (New Jersey), and Diagnostic Clinic Walgreens Well Network (Florida). Drugs can reach people in over 50 states, Europe and other countries courtesy of the

MSSP complex. More generally, Walgreens is so innovative and daring in terms of network design (Cahill, 2013).

### Pricing Management

Francis (2013) enthuses that Walgreens is applying a differential pricing strategy. With competition wind blowing from Walmart, CVS, and Rite Aid, Walgreens determines which drugs to be low price leaders in which stores, and increases prices on other commodities where they have permission to do so. The pricing policy of Walgreens is based on convenient. Extremely convenient retails are priced higher. For instance, if a customer buys drugs from a baby medicine store, he or she has to pay higher. This method of increase if you can and reduce if necessary has helped Walgreens enjoy a much larger customer base (Francis, 2013).

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