



LEO J. SHAPIRO & ASSOCIATES LLC.

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Mega Pharmacy

Wal-Mart is well on the way to becoming the nation's largest healthcare provider. Its pharmacies provide service to nearly one in four American households (23%) who have filled a prescription there within the past 12 months, and for one in eight (12%) it is the primary pharmacy, the one used most by the household. Wal-Mart has recently announced that it is opening convenience care clinics in coordination with local hospitals in its stores. These clinics provide walk-in service for a variety of needs for which patients are now seeing doctors. They will also provide service to the employees of Wal-Mart. Its nearly one and a half million employees make Wal-Mart the largest employer in the U.S. The growth of pharmacy service at Wal-Mart has been given impetus by its \$4 prescriptions of over 200 generic drugs introduced more than a year ago. Its growth is likely to continue as an additional 6% of American households now say they expect to begin using the Wal-Mart pharmacy.

The expansion of healthcare services at Wal-Mart is squarely in the tradition of its service to modest-income Americans. It follows the widely publicized but unsuccessful effort last year to attract more business from affluent consumers. Wal-Mart customers, who are filling most of their prescription drugs at the Wal-Mart pharmacy, have more modest incomes than Wal-Mart customers overall and are less likely to be covered by health insurance. Occasional users of the Wal-Mart pharmacy are more affluent but are also less likely to have health insurance coverage.

Median Household Income and Health Insurance Coverage of Wal-Mart Customers by Use of the Wal-Mart Pharmacy

	Wal-Mart Pharmacy Users				Do Not Use Wal-Mart Pharmacy
	All Wal-Mart Customers*	All	Use Wal-Mart Pharmacy Most	Not Most	
Median Income (\$1,000)	\$48.2	\$46.0	\$37.2	\$53.8	\$48.4
No Health Insurance Coverage	10%	15%	16%	14%	9%

*Visited Wal-Mart past 4 weeks; pharmacy usage based on all U.S. households. February 2008 national phone survey of 450 U.S. households; Leo J. Shapiro & Associates.

Wal-Mart's growing health service stands to enlarge its business with modest-income households that are drawn to Wal-Mart to fill their prescriptions and, perhaps eventually as well, for frontline healthcare in its convenience care clinics.

Wal-Mart's move into healthcare may ultimately go a long way towards providing service for the under- and uninsured. Because Wal-Mart stores sell nearly everything else that households buy, its entry into healthcare should expand its dominance as a supplier to the household. Its growth potential among modest and middle-income households is likely to remain far more attractive than it can be for more affluent households. The move of Wal-Mart into healthcare is profoundly compatible with its formula of success, based on helping Americans to make ends meet as they attempt to live better for less.

*For more information on studies underlying this report,
contact George Rosenbaum at georger@ljs.com*