

Analysis of the structure and control systems of cvs caremark

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CVS stands for Consumer Value Stores and is an integrated pharmacy services provider. Its merger with Caremark, making the merger CVS Caremark, saw it combining with one of the United States' leading pharmaceutical services companies with the country's largest pharmacy chain. It is large, managing more than one billion prescriptions per year, more than any other prescription benefit manager. CVS Caremark provides pharmacy services through more than 6,000 stores. CVS Caremark Corporation is chartered in Delaware, and its headquarters are in Woonsocket, Rhode Island, with two operating segments; CVS Pharmacy and Caremark Pharmacy Services.

It is one of the nation's leading pharmacy benefit management companies, providing comprehensive prescription benefit management services to over 2,000 health plans including corporations, insurance companies, and government entities among others. It also has disease management programs which have been accredited by the National Committee for Quality Assurance. CVS Caremark is committed to serving the healthcare needs of all customers by being the easiest pharmacy for customers to use, both in its stores and online at CVS.

com. Analysis of the Structure and Control Systems An important determinant of a firm's profitability is its position within an industry through leveraging itself by cost advantage and differentiation in order to gain sustainable competitive advantage. Differentiation is a strategy in which a product offering is different from one or more competitors in a way that is valued by the customers. Successful differentiation strategies generate customer value, provide perceived value and are difficult to copy.

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Current differentiation strategies by CVS include the transformation of the delivery of healthcare services in the U. S. This makes its healthcare products differentiated from those of other organizations. Secondly, CVS has invested in cost-effective generic drugs as opposed to the expensive ones thus making them more widely available. Finally, new drug therapies to treat unmet healthcare needs and reduce hospital stays are being introduced by CVS. These are positive differentiation strategies by CVS that are not being carried out by its pharmaceutical competitors.

Other differentiation strategies include investments in new stores and technology to drive strong future growth both organically and through acquisitions. These acquisitions, combined with its organic growth of between 3% and 4% per year, will propel CVS Caremark's growth in the future. It hopes to deliver unique products and services that are responsive to the needs of employers, health plans and consumers, and do it in more convenient and flexible ways that allow consumers to take more control of their healthcare needs. CVS Caremark Strategy Formulation CVS does not have bad strategy implementation.

This is because the company has managed to uniquely position itself to provide solutions that address current trends and intends to greatly improve the pharmacy services experience for consumers. It is also uniquely positioned to effectively manage costs and improve healthcare outcomes through its more than 6, 000 stores, as well as offer broader disease management, health assessment and wellness services to help plan participants manage and protect against potential health risks and avoid

future health costs. However, today's healthcare delivery system is rapidly changing so CVS Caremark needs to formulate workable strategies.

These include horizontally differentiated products which vary in certain product characteristics to appeal to distinct consumer groups. An important source of horizontal differentiation is geographical location. Thus the successful completion and integration of over 1, 200 Eckerd drugstores, primarily in the higher growth Sunbelt markets of Florida and Texas as well as completing another successful integration as 700 Sav-on and Osco drugstores is a major differentiation strategy. The recent completion of the landmark merger of CVS and Caremark enables it to begin delivering substantial benefits to all its stakeholders.

CVS Caremark will offer end-to-end services, from plan design to prescription fulfillment, as well as the opportunity to improve clinical outcomes, which will result in better control over healthcare costs for employers and plan providers. It intends to improve the delivery of pharmacy services and healthcare decision-making, enabling consumers to benefit from unparalleled access, greater convenience and more choice. Action Plan Approaches that can lead to sustainable differentiation strategy include strategic information systems, thinking globally, being innovative, being customer driven and using unique distribution systems.

Differentiation can stem from a focus on quality or building strong brands, or from other features such as being innovative or customer driven. CVS needs to incorporate all these approaches in their differentiation strategies and especially in being innovative. It should try setting up more freestanding locations at strategic positions such as busy interacting streets. This would

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allow for the store to offer additional conveniences and accessibility as well as longer time services like 24 hours.

In their efforts with differentiation, they could open service stores and others consumer stores so that customers who drop by to buy drugs, can buy other goods. Similarly, those who drop by to buy other goods can find it convenient to buy drugs at its stores. Like its competitor Rite Aid, CVS should think of improving their services by for instance installation of a fully automated prescription dispensing utilizing robotics, barcode scanning and workstation technology. This is a technological area that will be a major differentiator with other competitors.

CVS should try differentiating by opening new stores in new markets instead of concentrating only on acquisitions. This is a strategy that yet one of its competitors, Walgreens is using. More action plans by CVS is the installation of cost-effective and reliable solutions for today's economically challenged healthcare environment, and implementation of quality assured product reconditioning. Other differentiation strategic actions include ethical sales consulting, executive risk-free contract terms and conditions, professional applications training and maintenance options that would result in complete customer satisfaction and referrals.

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