

# External environment situational analysis: competitor analysis: rite aid pharmacy...

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Analysis of The Rites Aid Pharmacy The Rites Aid Pharmacy is a major drug retailing chain of stores in the US. In this regard, the store is the has the largest drug store chain in the east coast and has attained the third largest drug store in the united states(Breidenbach, 2010). The fortune 500 company has experienced significant transition from being a single store in Scranton in the early 1960s, through mergers and acquisitions, to trading its public shares (which are worth more than \$7 billion) in the New York Stock Exchange. As at 31 December 2014, the company had made more than \$25 billionCore ValuesThe Rite Aid Company is an organization that is based on the core values of improving the health and wellness of all communities by engaging diverse experiences in ensuring that customers are provided with the best possible products and services in an effort to meet all unique medical needs. The mission statement shows how the Rite Aid Company is committed to create superior customer value on its products and services. In this regard, previous analysis of the pharmaceutical industry indicates that the company has majority of its customers from low income earning group. Additionally, the Rite Aid Company has not effectively segmented its stores to meet the different income classes of its consumers (MHL News, 2005).

Resources, capabilities and strengthsThough the Rites Aid Company faces tough competition from Walgreens, which has the largest number of retail location in the US, The Rites Aid Pharmacy has implemented diversification of operation by engaging in sale of prescription drugs and front-end retail sales. The Walgreens Company relies on providing customers with a multichannel, convenient access to consumer goods and services as well as prescription drugs. Currently, the Rite Aid Company has implemented a

competitive strategy of introducing the WELLNESS+ and LIVING MORE customer royalty programs, private band and formation of a strategic alliance with the General Nutrition Corporation in providing vitamins and other nutritive supplements. The strategies have significant impacts in improving customer satisfaction and loyalty as well as attract new customers and ultimately gain more market share (Colliver, 2009). Additionally, the Rite Aid Company has expanded its operation over the years through increased revenue growth and acquisition of smaller pharmacy chains, the Gray Drug chains and the Trifty PayLess Company. The company has implemented policies regarding to maintenance of hygienic environment in all its outlets. Moreover, the company has advanced vision of integrating online services where its products can easily be sold online, as well as introducing an organizational website in order to maintain company's electronic presence to customers (Colliver, 2009)

**Weaknesses**The company has also experienced huge financial deficits after acquisition of Brooks Eckerd by debt financing to pay the \$2.3 billion obligation. This has increased the company's indebtedness resulting in overlapping stores and increased interest payments. Due to increased competition from bigger retailers, increasing preference for generic drugs and economic dynamics, some stores have limited sales growth and low sales margins. Although the company has maintained adequate cash flows to service the \$2.3 billion debt, it has limited its ability to improve its operation and the debt has caused numerous quarterly losses. As a result, shareholders have lost more than \$2.9 billion in stock value and over \$10.9 billion in value due to the accounting scandal. The management has been criticized for failure to provide quality leadership,

effective strategies and poor execution of organizational policies (Breidenbach, 2010). Works Cited Breidenbach, Michelle. "How Carl Paladino built his Rite-Aid empire in Syracuse." The Post-Standard Syracuse Media Group. 10 October 2010. Web. 25 February. 2015 Colliver, Victoria. "Rite Aid Selling its S. F. stores to Walgreens." San Francisco Chronicle. 7 February 2009. Web. 25 February. 2015 MHL News. "Rite Aid lowers its costs by automating its global supply chain transactions." mhlnews. com. 18 January 2005. Web. 25 February. 2015 < <http://mhlnews.com/transportation-amp-distribution/rite-aid-lowers-its-costs-automating-its-global-supply-chain-transac>>