

BUYING AND MERCHANDISING OPERATIONS RESEARCH EVENT

Walgreens

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I. EXECUTIVE SUMMARY

Purpose Statement

The objective of the following proposed initiative is to develop an innovative 5-step plan (**VITAL**) to attract younger audiences while addressing challenges faced by both consumers and employees. Employee satisfaction is strongly linked to consumer satisfaction, so addressing both is essential to maximizing Walgreens' revenue. The strategic plan focuses on integrating artificial intelligence and improving existing procedures within Walgreens based on primary and secondary research.



BUSINESS OVERVIEW

Walgreens was founded in 1901 and has since grown to the second-largest drugstore chain in the United States, earning \$147.7 billion in 2024. They distribute prescription drugs and sell a variety of goods like food, beauty merchandise, health products, and more. In November of 2023, Walgreens pharmacists staged nationwide walkouts. These walkouts resulted in extensive, negative media coverage. While these protests have ended, Walgreens workers remain overworked. Walgreens' average customer is aged 57-75, earns over \$80,000 a year, and is Caucasian American. The typical patient is 48.1 years old with several chronic conditions like hypertension, Type 2 Diabetes.



The demographic in the Rochester Hills area, where our local Walgreens is located, is well-educated, high-income, diverse, and young. The Rochester Hills location was chosen mainly for its younger population to expand Walgreens' customer base. Walgreens currently uses predictive AI to predict demand trends and reduce unnecessary inventory. They also use AI for supply chain management and data collection. Walgreens does not use generative AI, but is open to adopting it when the company is ready.

RESEARCH METHODS

We employed a **Four-Phase** multifaceted research procedure in order to gather quantitative and qualitative data

Phase 1: Secondary Research

Online Reviews



Articles/Industry Research



Phase 2: Primary Research

Walgreens Employee Interview



Consumer/Employee Survey



In-Person Observations



Phase 3: Competitor Research

CVS Employee Interview



Competitor Consumer Survey



Phase 4: Analyzing Research

CVS and Walgreens In-Person Observations Comparison



Focus Groups: Gen Z Millennials Gen X Baby Boomers



KEY FINDINGS

Secondary Research

- Walgreens has received backlash for overworking employees in the media. This was known as "Pharmageddon."
- The local Walgreens locations have many negative ratings, with some calling the pharmacy a "joke" and saying that they have "horrible customer service."
- CVS plans to implement an AI-driven customer service model, as stated by their Health Chief Technology Officer, Tilak Mandadi.

Primary Research

- Walgreens employees are overworked and have low employee satisfaction, as seen in in-person observations, employee survey, and interviews.
- Walgreens' target market is older. The focus group revealed that Gen Z and Millennials prefer to shop at CVS, while Gen X and Baby Boomers often shop at Walgreens for prescription medications.
- The Walgreens and CVS consumer surveys indicate that Walgreens receives lower ratings than CVS for the overall shopping experience.

CONCLUSIONS

Conclusion 1: Walgreens should utilize AI to improve their customer service by effectively answering customer and patient concerns

Conclusion 2: AI can be used to improve the in-person customer shopping experience

Conclusion 3: Walgreens should target a younger demographic to increase their revenue

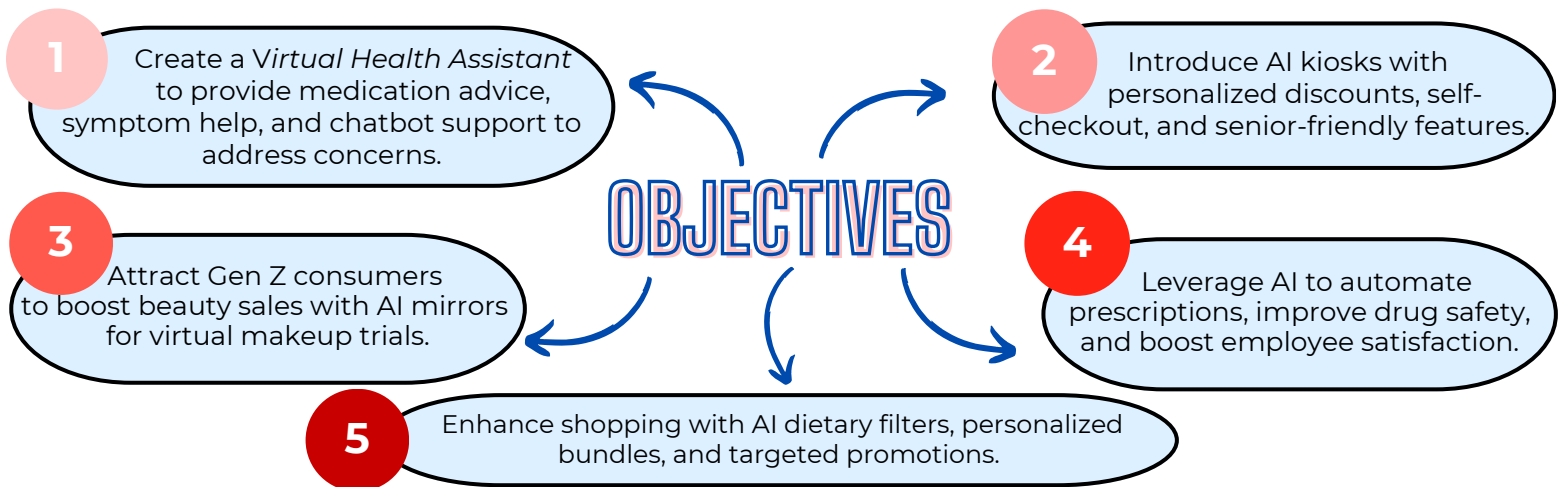
Conclusion 4: Walgreens should use AI to improve pharmacy efficiency and patient care

Conclusion 5: AI can be used to personalize the customer shopping experience at Walgreens

S Strengths <ul style="list-style-type: none">Popular pharmacy8,441 locationsOpen to integrating AI2nd largest drugstore chainDiverse product selection	W Weaknesses <ul style="list-style-type: none">Employees are overworkedFrequent stock shortagesPoor ratings at local locationsLow employee satisfaction
O Opportunities <p>Can use AI for:</p> <ul style="list-style-type: none">Inventory managementWorking conditionsCustom promotionsIncrease customer demographic to Gen Z and MillennialsImprove pharmacy	T Threats <ul style="list-style-type: none">Currently has an older target marketLow consumer ratingsNegative coverage in mediaEmployee strikes and backlash due to poor working conditions

OBJECTIVES

Using our conclusions, we set 5 objectives as benchmarks. Each objective corresponds to a specific conclusion number.



PROPOSED PLAN

VITAL is a 5-step plan to drive sales, engage younger customers, alleviate burnout, and enhance AI at Walgreens



V - Virtual Care

Integrating an AI chatbot powered by OpenAI into the myWalgreens app, branded as a *Virtual Health Assistant*, with features such as answering FAQs, providing personalized recommendations, offering health advice, conducting drug analysis, and enabling voice activation to alleviate consumer concerns.



I - Intelligent Savings

WalPerks is an AI-driven kiosk for myWalgreens members that offers personalized discounts, real-time price checks, and simplified coupon scanning. It streamlines shopping with a Smart Cart, voice activation, and fast prescription refills, boosting efficiency for both customers and employees.



T - Tech-Driven Beauty



Walgreens can utilize an *AI-Integrated Mirror* with AR for virtual makeup trials and personalized recommendations. It targets younger customers, reduces labor costs, and boosts foot traffic, helping Walgreens compete with CVS in the beauty market.

A - Automated Pharmacy

AI-driven scheduling at Walgreens will reduce pharmacist burnout, improve accuracy, and enhance drug safety by automating tasks and optimizing prescription workflows. This system helps prevent fatigue, ensures timely medication access, and supports employee well-being.



L - Lifestyle Personalization

WalYou is an AI-powered system integrated into the Walgreens website as a subsection that helps customers with specific dietary and health needs easily find suitable products. It creates personalized product bundles based on individual preferences such as keto diet, vegan, low-sodium, and more. This service simplifies shopping and ensures that everyone can find the products they need.



EXECUTIVE SUMMARY

TIMELINE

- Research AI Health Assistant
- Begin development of *WalPerks* Kiosks and software
- Research AI beauty and begin trials
- Plan and develop automation process systems
- Design and develop *WalYou*

Months 1-3

- Launch AI Health Assistant
- Add self-checkout and AI deals to *WalPerks* Kiosks
- Launch *AI-Integrated Mirror* marketing campaign
- Optimize pharmacy workflow
- Finalize *WalYou* and launch

Months 7-9

Q1

Q2

Q3

Q4

- Install *WalPerks* in pilot and 25 stores
- Test *AI-Integrated Mirror* in 20 locations
- Test automated pharmacy in Michigan and automate prescription notifications
- Test *WalYou* and collect user feedback

Months 4-6

- Add and optimize loyalty rewards
- Gather customer feedback to improve AI Health Assistant
- Track *AI-Integrated Mirror* and evaluate impact
- Improve efficiency and finalize pharmacy automation

Months 10-12

KEY METRICS



Conclusion Alignment: Conclusion 1

20% reduction in support inquiries, reducing wait times, and boosting customer satisfaction.



Conclusion Alignment: Conclusion 2

Achieve **40%** adoption among myWalgreens members in the first year, cutting manual coupon processing time by 55%.



Conclusion Alignment: Conclusion 3

Maintain a **4.2+** star rating in post-surveys asking customers if they'd choose Walgreens over CVS for beauty products.



Conclusion Alignment: Conclusion 4

Reduce pharmacist turnover rates by **37%** and prescription mistakes by **25%** in six months post-integration.



Conclusion Alignment: Conclusion 5

Increase *WalYou* usage by **55%** in six months, boosting satisfaction, purchases, and repeat business.

BUDGET

Proposed Budget

Activity	Cost
V	\$66,500
I	\$23,043,000
T	\$27,130,600
A	\$36,000
L	\$16,500
Total cost to implement the VITAL initiative on a national scale	\$50,292,600

Campaign Cost Distribution

V I T A L



Proposed Return on Investment(ROI)



$$\frac{\text{Amount Gained} - \text{Amount Spent}}{\text{Amount Spent}} \times 100 = \frac{\$4,744,180,000 - \$50,292,600}{\$50,292,600} \times 100 = 9,333\%$$

EXECUTIVE SUMMARY

II. INTRODUCTION

A. DESCRIPTION OF THE BUSINESS OR ORGANIZATION

Walgreens was founded in 1901 by Charles Rudolph Walgreens and has since grown into the second-largest pharmaceutical store chain in the United States. They have almost 9,000 locations, 155,000 employees, and 85,000 healthcare service providers. Walgreens made \$147.7 billion dollars in 2024 and 63% of those sales are from the pharmacy section. However, they also sell food, nonprescription drugs, beauty products, to over 8 million people per day. Their vision statement is to be “My Walgreens” for all Americans and their first choice for health-related goods/services.

Towards the end of 2023, Walgreens received backlash for how they treated their workers, specifically those working in the pharmacy. They were criticized for overworking pharmacists, inhumane conditions, and low pay. This employee unrest and issues were prevalent in companies like Walgreens, and RiteAid, with RiteAid shutting down partly due to these issues. Pharmacy employees united to start a wave of employee protests and walkouts, earning the name “Pharmageddon.” These protests, as seen in Figure 2.1, resulted in lower customer satisfaction and decreasing sales. While these protests have died down, Walgreens employees still feel burnt out.



Figure 2.1 - Walgreens employee protest



Figure 2.2 - Local Walgreens located in Rochester Hills, Michigan

The research and proposed plans are for the Walgreens located on 2050 S Rochester Rd, Rochester Hills, MI 48307 (Figure 2.2). This location was chosen specifically for the younger, educated, and higher-income population in Rochester Hills. Currently many customers at this location are older, so it does not represent Rochester Hills community broadly. Therefore, the following proposal aims to better engage the underserved, younger population in Rochester Hills and increase overall revenue.

B. DESCRIPTION OF THE TARGET MARKET

Demographics

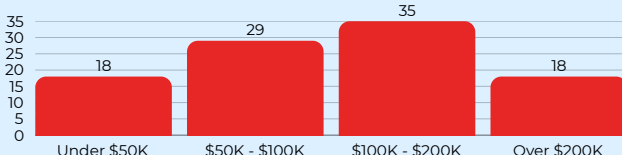


The average Walgreens consumer is Caucasian, aged 57 to 75, college-educated, earning over \$80,000 annually, a U.S. citizen, and living in the suburbs. Health-related services or goods attract 27.7% of Walgreens customers. The average patient age is 48.1, with common diagnoses including medical exams, hypertension, and Type 2 diabetes. On average, Walgreens' patients are 9.6 years older than those at CVS.

Income

The median per capita income for residents in Rochester Hills is \$50,744, which is \$7431 more than the United States' median. The median household income in Rochester Hills is \$105,784, which is \$28,065 more than the country's median household. Additionally, 53% of the Rochester Hills population earns more than \$100,000.

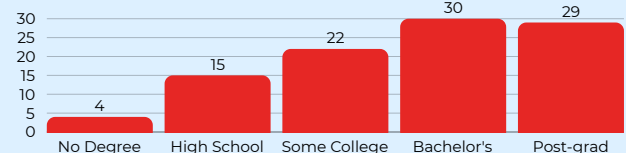
Population By Household Income Percent



Education

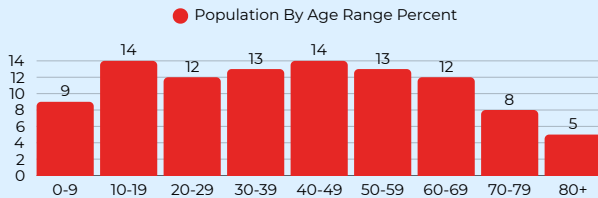
Overall, the Rochester Hills population is well-educated. 59% of Rochester Hills residents over the age of 25 have a Bachelor's degree or higher, compared to 36.2% in the United States. 29% of people within this area have a postgraduate degree, which is significantly higher than the United States' 14%.

Population By Highest Level Of Education Percent



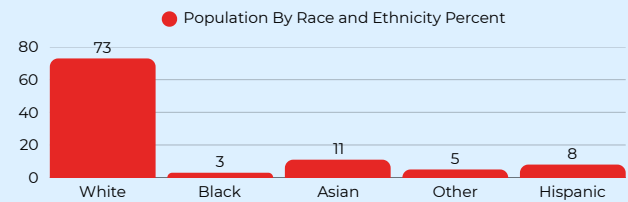
Age and Generation

Rochester Hills, Michigan has a median age of 40.6. They have a large young population with approximately 48% being under 40 years. Therefore, a significant amount of Rochester Hill's population is Generation Y/Millennial and Generation Z.



Race and Ethnicity

Rochester Hills is 73% White, 3% Black, 11% Asian, 8% Hispanic, and 5% other. Compared to the United States' percentages, there are significantly more White and Asian populations and less Black and Hispanic populations.



Psychographics



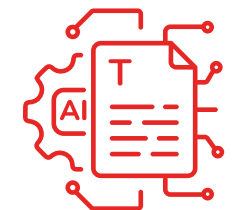
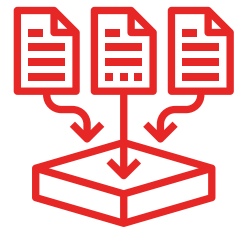
Walgreens customers usually live in the suburbs, lead an urban lifestyle, watch local news, and are active on social media platforms--often FaceBook. A study surveying over 2,700 people found that Walgreens customers tend to read online reviews prior to purchasing goods. The survey also found that parents are 33% more likely to shop at Walgreens. Many Walgreens consumers have health issues requiring them to purchase medications--which is why pharmacy-related goods makes up 63% of Walgreens' revenue. Rochester Hills, Michigan is predominantly Christian, but it also home to many diverse religions such as Hinduism, Islam, Judaism, Sikhism, and more. Overall, Rochester Hills is politically diverse and does not lean strongly toward any political group.

C. OVERVIEW OF THE BUSINESS OR ORGANIZATION'S CURRENT ARTIFICIAL INTELLIGENCE STRATEGIES AND USAGE

Since 2017, Walgreens has been looking for ways to predict patterns and demand forecasting. They looked at the impact of many external factors such as weather, social media, and local events. In 2022, Andy Kettlewell, Group Vice President of Inventory and Analysis, partnered with Zebra/Antuit.ai to implement artificial intelligence in Walgreens locations--winning him the 2022 Retail Innovator Award. Kettlewell states that Walgreens now "forecasts what our approximately 9 million daily customers are going to buy across 200 million products, and then navigates how inventory will flow from our 4,000 manufacturers and suppliers." Walgreens currently implements AI through supply chain management, inventory management, and more. They collect large amounts of data and within their database use it to identify patterns and make predictions. This allows them to plan for busier months, like flu season or holidays.

Walgreens mainly utilizes predictive artificial intelligence (using previous data to predict future data) to forecast demand trends. As a result, they can reduce out of stocks and unnecessary inventory. According to Tracey Brown, Executive Vice President and President/Walgreens Retail and Chief Customer Officer, Walgreens successfully reduced out of stock products for "consumers by 15% and reduce inventory by 5%."

Walgreens is yet to use generative artificial intelligence (creating new data/content) due to privacy concerns, changing existing work conditions, and because Walgreens is not ready. They believe that generative artificial intelligence should not replace jobs, but assist them in various ways like marketing, merchandising, supply chain, and product development. They are open to the idea in the future but are waiting to prepare and position the company to accommodate assistance from generative AI.



III. RESEARCH METHODS USED IN THE STUDY

Research Objective

Identify the limitations of Walgreens' current artificial intelligence strategies/practices and analyze the implementation of new procedures to address existing challenges.

Research Procedure

To initiate the research process we utilized a **Four-Phase** research procedure in order to gather quantitative and qualitative data.

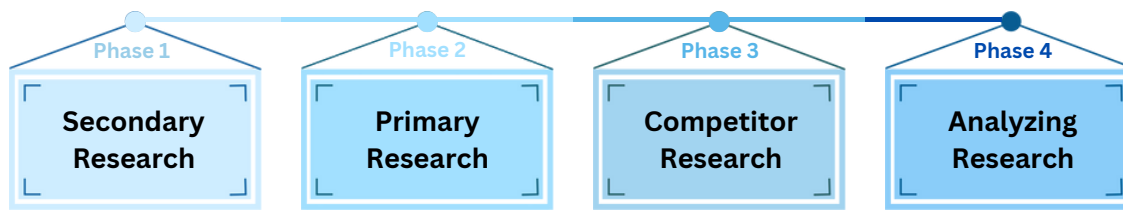


Figure 3.1 - First Walgreens location

A. DESCRIPTION AND RATIONALE OF RESEARCH METHODOLOGIES SELECTED TO CONDUCT THE STUDY

Secondary Research

Online Articles/News Reports: Research was conducted into Walgreens' current artificial intelligence practices by examining advancements outlined on their website. Additionally news reports about Pharmageddon crisis were examined. Both articles and reports provided valuable insights into Walgreens' ongoing efforts to integrate artificial intelligence.

Online Reviews: We analyzed reviews from multiple Walgreens locations throughout Rochester Hills. By categorizing these reviews about artificial intelligence, we identified gaps related to shortcomings and traced them back to their root causes. We used platforms such as Google and Yelp for research.

Industry Research: Leveraging credible sources and analyzing the Walgreens Boots Alliance website, we conducted research on how pharmaceutical chains integrate artificial intelligence into the experiences of both consumers and employees. The findings highlighted opportunities for Walgreens to implement solutions and increase foot traffic across the country.



Phase 1

Primary Research

Walgreens In-Person Observations: We began Phase 2 by conducting in-person observations at our local Walgreens store (Figure 3.1). To reduce biases from focusing on just one store, we also examined consumer behavior and employee procedures at a second nearby location (Figure 3.2). These observations gave us a direct understanding of the consumer purchasing process. Observations were then converted to a score utilizing our checklist (Figure 3.4).

CLICK HERE: [Quantifiable Checklist Scale for In-Person Observations](#)

Consumer Survey: To gain a deeper understanding of Walgreens target demographic and to identify opportunities for growth among new consumers, a consumer survey (Figure 3.3) was conducted to collect quantitative data for the strategic plan. This approach ensures that consumer voices are acknowledged, while also revealing Walgreens' minority demographic-- Generation Z. The findings from this data were essential in developing foundational AI solutions that target younger consumers.



Figure 3.2 - Another local location



Figure 3.3 - Consumer Survey

Phase 2

RESEARCH METHODS USED IN THE STUDY

Employee Survey: The employee survey is aimed to collect a nationwide perspective on how Walgreens employees use artificial intelligence in their daily routines. It also identified ways AI can reduce stress and concerns while enhancing benefits for both pharmacists and store employees. With 170 respondents, we gathered crucial quantitative data that served as a foundation for integrating AI solutions in our strategic plan.



Walgreens Employee Interview: During our in-person interview with Jasmine, a Walgreens employee with 6+ years of experience (Figure 3.6), we asked a range of questions about employee and consumer usage of artificial intelligence. She shared valuable insight on how the integration of AI can benefit both groups. Drawing on her prior experience at CVS, Jasmine offered a comparative perspective on how these two leading pharmaceutical chains implement AI. In addition, we also interviewed Jin Yu (Figure 4.2), a Walgreens employee with 3+ years of experience. The findings provided substantial insight onto what employees seek for improvement and how AI can play a crucial role in addressing these challenges.



Competitor Research

Competitor In-Person Observations: By visiting the CVS located near our local Walgreens, we gained firsthand insight into how AI is integrated into the shopping experience. This allowed us to compare the different applications and explore how Walgreens could attract a larger audience by adopting the strategies employed by CVS. We utilized a checklist to quantify results into scores (Figure 3.4), offering a comparative measurement shown within the checklist.

$$\frac{\text{\# of check marks selected}}{\text{\# of total check marks available}} \times 10 = \text{Evaluation Score}$$

Figure 3.4 - Score Calculation Formula

CLICK HERE: [Quantifiable Checklist Scale for In-Person Observations](#)

CVS Employee Interview: After the completion of Phase 2, to initiate Phase 3 we traveled across the street to CVS which is currently the #1 leading pharmaceutical chain in the US, and interviewed Riya (Figure 3.5), a CVS employee with 4+ years of experience we asked the same questions to Riya that we did to Jasmine (Figure 3.6) to provide a comparative measure for how both locations' employees and consumers operate. Findings showed significant gaps that Walgreens is lacking in the artificial intelligence sector.



Figure 3.5 - Interview with our local CVS Employee

Competitor Consumer Survey: To provide comparative data, the competitor consumer survey offered us valuable insights into the demographics of companies like Rite Aid and CVS. By quantifying our observations using various Likert scales, we can effectively capture the contributions of AI to its fullest potential and generate actionable results for improvement.



Analyzing Research



Figure 3.6 - Interview with our local Walgreens Employee

The final phase focused on verifying our understanding and interpretation of the research, piecing together the data and observations to draw conclusions. Most of our findings largely relied on primary resources, while secondary resources helped clarify what we discovered. Upon completing our research, we returned to our local Walgreens to share our findings with Jasmine (Figure 3.6) and explain our proposed solutions for integrating AI into both employee and customer experiences. Additionally, during our visit to CVS, we spoke with a CVS employee and learned how they leverage AI to identify emerging trends, selecting products for their stores and determining marketing strategies, as illustrated in the section of the store "TIK TOK VIRAL" (Figure 3.7)

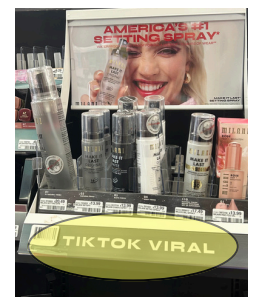
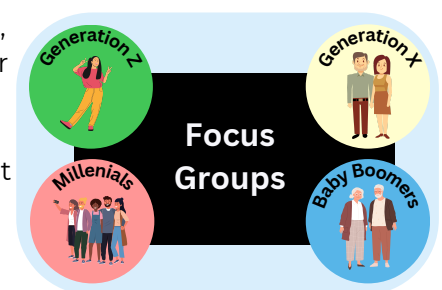


Figure 3.7 - CVS In-Person Observation

Consumer Focus Group: To ensure consumers' perspective was recognized, we organized four focus groups composed of individuals from the Rochester Hills community. During the study we discussed our AI-integrative strategic plan, their shopping habits, and actively listened to their feedback, which is essential for tailoring our plans to effectively resonate with Walgreens' target audiences. The four focus groups allowed for a comparative analysis among Generation Z, Millennials, Generation X and Baby Boomers, enabling us to develop solutions that ultimately lead to enhanced customer satisfaction.



B. PROCESS USED TO CONDUCT THE SELECTED RESEARCH METHODS

<i>Method of Research</i>	<i>Date Conducted</i>	<i>Process Used/Rationale</i>
Interview with Store Employees (3)	October 17, 2024	<ul style="list-style-type: none"> In early September, we contacted our local Walgreens to request an interview. We scheduled individual discussions with employees. To collect data efficiently, we developed a set of free-response questions (included in the appendix). With the employees' (Walgreens: Jin Yu, Jasmine, and CVS: Riya) verbal consent, each interview was recorded, enabling us to extract quotes and review the conversations during Phase 4.
Competitor Research	September-December 2024	<ul style="list-style-type: none"> We examined both in-person and online processes to understand how artificial intelligence is integrated, conducting in-person observations, and one-on-one discussions with employees. We researched AI implementations in companies such as CVS and Rite Aid.
Employee Survey (170)	October-December 2024	<ul style="list-style-type: none"> In early October, we distributed our survey that included various questions related to how AI contributes to the employee experience. By utilizing social media platforms such as Facebook and Twitter to join several Walgreens employee Facebook groups, we were able to garner 170 responses. These responses provided valuable insight into what is currently being used and what gaps could be bridged to further enhance the employee experience through AI usage.
Focus Groups (Generation Z, Millennials, Generation X, Baby Boomers)	December 17, 2024 December 21, 2024 December 30, 2024	<ul style="list-style-type: none"> Conducted a simple random sample (SRS) of consumers in the Rochester Hills community from those who responded to the survey. Reached out to each participant and obtained verbal consent to use their quotes. Notified each participant of the scheduled meeting date. Ensured each focus group included individuals from diverse racial and socioeconomic backgrounds.
In-Person Observations (At Walgreens and CVS)	October 26, 2024 November 11, 2024	<ul style="list-style-type: none"> To conduct first-hand research, we visited both locations twice on separate occasions. After completing our observations, we obtained verbal consent from both store managers to use the data and images collected. We also developed a quantifiable checklist scale to establish a standardized measurement for AI integration throughout the consumer shopping experience.
Consumer Survey (61)	September-December 2024	<ul style="list-style-type: none"> In late September, we met with the store manager to explain our initiative. In early October, we visited our local Walgreens, posted QR codes throughout the store, and encouraged incoming customers to take the survey. We leveraged word of mouth and social media platforms such as Facebook, Snapchat, Instagram, and Twitter to reach a wide audience. This ultimately resulted in an impressive 61 responses.

IV. FINDINGS AND CONCLUSIONS OF THE STUDY

A. FINDINGS OF THE RESEARCH STUDY

Secondary Research

Online Articles/News Reports: Walgreens currently uses artificial intelligence to keep track of inventory for well stocked stores. Towards the end of 2023, Walgreens, and many other pharmaceutical chain companies, received backlash for labor shortages, overworked workers, and inhumane conditions. This backlash caused waves of employee walkouts in what was known as “Pharamageddon.” While the employee unrest has died down, much of Walgreens staff still feels burnt out and understaffed.

Online Reviews: There are three Walgreens locations in Rochester Hills, Michigan. They have an average rating of 3.03/5. Some ratings are favorable, saying they are “friendly” and “informative.” However, there are many negative comments like, “Walgreens on Crooks Rd, Rochester Hills, Mi. It is a pharmacy without ethics or seriousness, horrible customer service” or “This pharmacy is a joke. I will never use them again.” A consistent trend in all of the locations was that new customers, who were transferred post RiteAid bankruptcy, were dissatisfied, resulting in many negative reviews.



Industry Research: According to CVS’s Health Chief Technology Officer, Tilak Mandadi, CVS plans to make to make an AI based customer service where customers can ask artificial intelligence their questions, rather than go through the typical, tedious process of menu based options. They are also using machine learning to improve pharmacy efficiency in refilling prescriptions and reduce treatment gaps. As mentioned prior, Walgreens currently uses artificial intelligence for inventory management to maintain stock in all locations.

Primary Research

In-Person Observations: At both Walgreens locations, we observed overworked employees, long pharmacy lines, empty shelves, and frustrated customers. Staffing was low, with hiring signs throughout the store and little to no visible AI integration. Most customers were older and used coupons. In contrast, at the CVS locations employees appeared more relaxed. When we asked to interview/talk with employees we found that the CVS employees were more willing. Overall, the stores were better stocked, showed greater AI integration, attracted a wider age range of customers, and featured youth-focused sections like the "TIKTOK VIRAL" makeup section. We also analyzed both stores with the [Quantifiable Checklist Scale](#), as seen in Figure 4.1. Using observations and the checklist, CVS scored a 8/10 for AI usage and 6/10 for employee experience, while Walgreens scored a 4/10 for AI usage and 3/10 for employee experience.

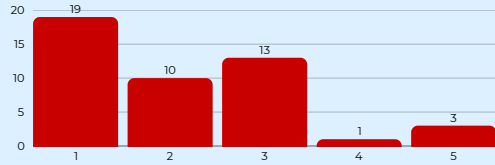
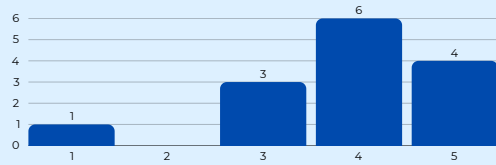
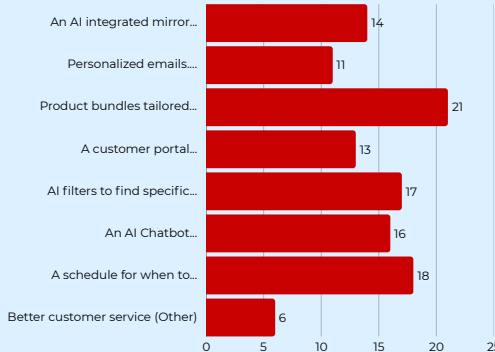
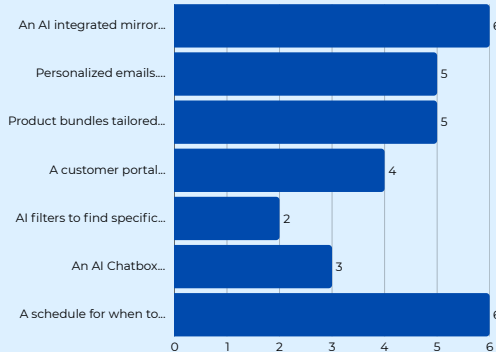
General Observations:	
• CVS: 2/2	
✓ The store has a modern layout with tech features	
✓ Younger customers are using AI and visiting the store frequently	
• Walgreens: 0/2	
<input type="checkbox"/> The store has a modern layout with tech features	
<input type="checkbox"/> Younger customers are using AI and visiting the store frequently	

Figure 4.1 - Filled out Quantifiable Checklist Scale for In-Person Observations question

Consumer Survey:

*Questions evaluated on a scale of 1-5, with 1 being the lowest and 5 being the highest

Survey Questions	Walgreens consumer responses (47 respondents)	CVS consumer responses (14 respondents)																												
How old are you?	<table><tr><th>Age Group</th><th>Percentage</th></tr><tr><td>60+</td><td>4.3%</td></tr><tr><td>Under 18</td><td>21.3%</td></tr><tr><td>19-30</td><td>8.5%</td></tr><tr><td>31-40</td><td>21.3%</td></tr><tr><td>41-50</td><td>10.6%</td></tr><tr><td>51-60</td><td>34%</td></tr></table>	Age Group	Percentage	60+	4.3%	Under 18	21.3%	19-30	8.5%	31-40	21.3%	41-50	10.6%	51-60	34%	<table><tr><th>Age Group</th><th>Percentage</th></tr><tr><td>60+</td><td>5%</td></tr><tr><td>Under 18</td><td>33.1%</td></tr><tr><td>19-30</td><td>18%</td></tr><tr><td>31-40</td><td>20%</td></tr><tr><td>41-50</td><td>9%</td></tr><tr><td>51-60</td><td>15%</td></tr></table>	Age Group	Percentage	60+	5%	Under 18	33.1%	19-30	18%	31-40	20%	41-50	9%	51-60	15%
Age Group	Percentage																													
60+	4.3%																													
Under 18	21.3%																													
19-30	8.5%																													
31-40	21.3%																													
41-50	10.6%																													
51-60	34%																													
Age Group	Percentage																													
60+	5%																													
Under 18	33.1%																													
19-30	18%																													
31-40	20%																													
41-50	9%																													
51-60	15%																													

Survey Questions	Walgreens consumer responses (47 respondents)	CVS consumer responses (14 respondents)
What is your gender?	55.30% were male, 40.40% were female, and 4.30% preferred not to say.	52.10% were female, 37.20% were male, and 10.70% preferred not to say.
How often do you shop at Walgreens/CVS?	82.60% of respondents reported typically shopping in-person and 17.40% said they shop both online and in-person	78.60% of participants said they shop in-person, 14.30% shop both online and in retail stores, and 7.10% shop online
How would you rate your shopping experiences at Walgreens/CVS?*		
How much do you think artificial intelligence(AI) is currently used when shopping?*	41.27% of respondents chose 1, 50.03% selected either 2 or 3, and 8.70% ranked as either 4 or 5	21.40% of respondents chose 1, 64.30% chose either 2 or 3, and 14.20% ranked as either 4 or 5
Do you have any dietary preferences?	31.90% of participants have a dietary preference and 68.10% do not	35.70% of participants have a dietary preference and 64.30% do not
What do you think could improve your shopping experiences if implemented? Select all that apply: <ul style="list-style-type: none"> An AI-Integrated Mirror to help select beauty-related products Personalized emails, promotion, and deals Product bundles tailored to the customer A customer portal for all consumer needs and insights through an AI based platform AI filters to find specific products or for product recommendations An AI Chatbot for customer support A schedule for when to take certain medications created by an AI based software Other 		

Walgreens Employee Survey:

Survey Question	Summary of data (170 respondents)
What is your position at Walgreens?	36.2% are pharmacy technicians and 43.8% of the respondents are store employees
How old are you?	28.8% of respondents are aged 25-34, and 29.7% of employees were aged 40-60
Do you think your workload is reasonable?	28.6% of employees found their workload to be reasonable and 71.4% of respondents did not
How would you rate your employee satisfaction on a scale of 1 to 5?	39.6% of respondents rated employee satisfaction as a 1, 27.9% rated as 2, 22.4% rated as 3, 9% rated as 4, and 1.1% rated as 5

Employee Interview:

Jasmine: At the Walgreens location we interviewed Jasmine, a store employee who previously worked at CVS. She said she felt that CVS would have a younger audience and she felt overworked at Walgreens. She believed that Walgreens does not utilize AI but could benefit from it to “reduce the amount of boring, tedious tasks to do.”

Jin Yu: Jin Yu was a shift lead at the second local Walgreens location. He worked at Walgreens for 3+ years and believes Walgreens’ systems are inefficient; he says mundane tasks like coupons, customer service, and more could easily be taken over/improved through the integration of artificial intelligence. Yu also believes that his workload is too much and can be reduced with artificial intelligence.

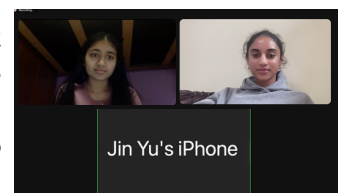


Figure 4.2 - Insight Interview with Jin

Riya: We interviewed Riya at a local CVS location and she said she loves her job as a makeup specialist. She confirmed that CVS has a younger audience, with a lot of them shopping in the beauty/makeup aisles. She said she thinks “artificial intelligence is used to customize promotions and improve shopping experiences for customers” and believes that using artificial intelligence could be used to help customers find correct shades and products.

Consumer Focus Group:

Generation Z: The participants were Peytyn Herron, Jeanne Park, and Raiyan Sonki, with their ages ranging from 15 to 26. After answering the standard questions found in the appendix, we found that they are most open to using artificial intelligence in daily life and feel it could improve their shopping experiences. They also reported shopping more at CVS after having had bad experiences at Walgreens. All the participants said they do not use coupons frequently, but would be open to using them more if customized using artificial intelligence.



Generation Y/Millennials: The focus group participants were Yeseina Lopez, Sachin Reddy, and James Miller and their ages ranged from 31 to 39. There were very similar results among Gen Z and Millennials, as they too were open to AI-driven promotions and a customized shopping experience. They tended to use AI less, but were not against it. Miller complained that it was hard to find food options without gluten, as he had Celiac disease. They shopped both at Walgreens, CVS, and other pharmaceutical chains, but overall preferred CVS to Walgreens.



Generation X: The Generation X focus group participants were Jiang Han, Stacey Brown, and Isiah McKay with their ages varying from 45 to 57. 2/3 of the participants reported using coupons frequently and that they would prefer coupons tailored to their shopping habits. They reported going to both Walgreens and CVS, however they prefer Walgreens' pharmacy and CVS for goods. All the participants believe that AI could improve shopping at Walgreens and may cause them to favor Walgreens' retail over CVS's.



Baby Boomers: The participants were Bonnie Noma, Chuck O' Connell, and Laxmi Patel and their ages ranged from 61 to 73. All of the participants use coupons on a daily to weekly basis and seemed enthusiastic when asked about customized promotions/coupons through artificial intelligence. They are less adoptive of AI, though they believe that with the proper instructions and tools they can benefit from it. Overall, they mainly shop at Walgreens for prescription medications, with all of the participants taking at least 4 different medications daily.



Notable Quotes:



“I would like more help during the busy periods. It is very hard to manage filling prescriptions on an unrealistic schedule.”
-Anonymous Walgreens Pharmacist

“I've found that whenever I need to buy something quick like gum, quick essentials, or drugstore makeup, I usually shop at CVS--going to Walgreens doesn't even cross my mind. The few times I've been in a Walgreens, I was very confused and many products were out of stock.”
-Peytyn Herron



Figure 4.3 - Peytyn Herron
(Generation Z focus group participant)

“My main pharmacy (where I would pick up prescriptions) was at Rite Aid. Until my local Rite Aid shut down I would never shop at Walgreens. After the shut down, my main pharmacy changed to Walgreens and I've only experienced bad service. First, there was only 1 person working the counter and he took over 15 minutes to serve the person in front of us. Then, when it came to our turn he was rude when we asked about their experience with the recent closure of Rite Aid. He mentioned the issues they faced and how they had several new customers that they had to fully transfer over to Walgreens. He seemed very defensive towards Walgreens and was super annoyed with us since we originally associated with Rite Aid. In addition to my experience, the selection in Walgreens is VERY limited. They have a lack of supply of a lot of stuff and I would honestly rather go to CVS. Personally, I've had a negative experience at Walgreens and wouldn't recommend it to anybody.”
-Anonymous Walgreens Consumer Survey Respondent



B. CONCLUSIONS BASED ON THE FINDINGS

Conclusion 1: Walgreens should use artificial intelligence to better their customer service and to effectively answer customer/patient concerns

The anonymous Walgreens consumer respondent, who would originally shop at RiteAid, had many complaints related to the pharmacy. The problem of long wait times and patient frustration would be eliminated if Walgreens utilized an AI driven chatbox instead. Additionally, approximately 34% of Walgreens consumer survey participants believed that an AI chatbox for customer support would improve shopping at Walgreens. Jin Yu, a Walgreens employee, also asserted that his time would be better dedicated to doing other tasks than customer service, which could easily be taken over by artificial intelligence.



Conclusion 2: Artificial intelligence can be used to improve the in-person shopping experience

82.6% of Walgreens consumer survey respondents reported to shopping in-person. Yet, Walgreens' ratings for shopping experience are significantly lower than their competitors. Therefore, improving the in-person shopping experience will improve the average Walgreens customer experience and subsequent ratings. Furthermore, potential younger customers favor utilization of technology while shopping. Utilizing artificial intelligence will not only improve the overall shopping experience for customers, but will expand Walgreens' customer base.



Conclusion 3: Walgreens should target a younger demographic to increase sales

According to the focus group results, Walgreens' customer base is older, as the Gen Z and Millennial participants preferred to shop at CVS. Additionally, CVS targets a younger audience by having beauty consultants and a "TIKTOK VIRAL" section in their makeup aisles. After speaking with Riya, a beauty consultant at CVS, we found that CVS has a younger demographic and prioritizes attracting younger customers. Therefore, Walgreens can increase their revenue significantly by selling to a large, younger demographic by improving their makeup aisles.



Conclusion 4: Walgreens should utilize artificial intelligence to improve pharmacy efficiency and patient care

The employee survey found that 71.4% of Walgreens employees do not find their workloads to be reasonable. In addition, an anonymous Walgreens pharmacist said that they were filling prescriptions on an "unrealistic schedule." This constant trend of overworked and burnt out pharmacists can be reduced by leveraging artificial intelligence to make realistic, safe prescription fulfillment schedules. Furthermore, poor news coverage caused by pharmacist backlash reflects negatively on Walgreens. These problems can be resolved if pharmacists are given a reasonable workload and can improve efficiency in the pharmacy. Improving employee satisfaction, will not only enhance staff well being, but lead to better customer service and consumer satisfaction.



Conclusion 5: Artificial intelligence can be used to personalize the customer shopping experience

Survey responses indicate that over 30% of Walgreens consumers have dietary preferences. Additionally, focus group participant James Miller, who has Celiac disease, also reported that it was "hard to find anything" he could eat that was gluten free. Given the wide range of dietary restrictions due to religion, health conditions, and the growing popularity of vegetarianism, veganism, and other diet trends, it's essential for Walgreens to accommodate the diverse needs of its consumers. In the consumer survey, customized product bundling was the most selected option for what could improve the shopping experience.



Strengths

- Walgreens' pharmacy is preferred and popular among older customers
- Diverse product selection
- More stores than competitors with 8,441 locations
- Open to artificial intelligence integration
- Second largest drugstore chain in the United States

S

Weaknesses

- According to the employee interview and survey, Walgreens employees are overworked
- Frequent stock shortages, which were reported in the focus group and through an anonymous Walgreens survey respondent
- Negative ratings at local locations
- Low employee satisfaction

W

Opportunities

- They can use artificial intelligence to improve inventory management, employee workloads, customized coupons/promotions, and to improve the pharmacy
- To improve employee working conditions using artificial intelligence
- Focus on increasing customer base to Gen Z and Millennials to maximize their revenue and serve a larger market

O

Threats

- Walgreens mainly serves older customers, while CVS attracts a younger crowd.
- Customers rated the shopping experience at CVS higher than Walgreens
- Negative coverage in the media due to employee strikes and backlash
- Negative brand perception from poor ratings at local locations
- CVS plans to integrate AI and machine learning to boost customer service.

T

V. PROPOSED STRATEGIC PLAN

A. OBJECTIVES AND RATIONALE OF THE PROPOSED STRATEGIC PLAN

Plan Objective:

The objective is to create an innovative 5-step strategic plan (**VITAL**) to attract younger audiences while addressing challenges faced by both consumers and employees. Since employee satisfaction strongly influences consumer satisfaction, strategically improving both is key to maximizing Walgreens' revenue. This plan focuses on integrating artificial intelligence and improving existing procedures based on the research findings.

V

Objective #1: Virtual Care (AI Health Assistant)

Implement a robust virtual health assistant that provides medication guidance, symptom-based recommendations, and chatbot support to alleviate concerns.

I

Objective #2: Intelligent Savings (WalPerks Kiosks)

Relieve some responsibility and stress on employees by implementing AI-powered kiosks that provide tailored discounts, self-checkout, and features to assist older demographics.

T

Objective #3: Tech-Driven Beauty (AI-Integrated Mirror)

Attract Gen Z and boost beauty sales with AI-integrated mirrors that offer virtual makeup trials and provide a competitive edge over Walgreens's competitors.

A

Objective #4: Automated Pharmacy (Pharmacy Integration)

Automate prescription management, enhance drug safety, and improve employee satisfaction through AI-driven scheduling and inventory tracking.

L

Objective #5: Lifestyle Personalization (WalYou Platform)

Enhance the customer shopping experience by offering AI-driven dietary filters, personalized product bundling, and targeted promotions.

B. PROPOSED ACTIVITIES AND TIMELINES

By using our objectives as a guideline, we created a campaign tailored to address our local Walgreens' challenges of declining sales. Our aim is to engage the Gen Z audience to boost sales, improve the shopping experience, alleviate employee burnout, and address concerns related to the Pharmageddon crisis. The strategic campaign, known as **VITAL**, specifically targets the retail pharmacy sector and can be implemented across all Walgreens locations, benefiting a larger community. This initiative primarily emphasizes the integration and enhancement of current artificial intelligence processes.







Virtual Care

Our health is our future and it's natural for questions to arise. Walgreens is committed to supporting its customers 24/7. However, the current FAQ is not only hard to access, but causes distress for older customers who cannot read small text and find specific answers they need. For our campaign, we incorporated a **Virtual Health Assistant** into their existing app, leveraging Walgreens' current partnership with Microsoft. This allows consumers to obtain answers effortlessly.

With 95 million+ myWalgreens members, it is crucial to adapt a system into the platform that allows all demographics to alleviate concerns at their convenience.

Description of Plan: Walgreens' current partnership with Microsoft (shown in   Figure 8.1 in appendix) allots for a seamless opportunity to incorporate OpenAI into the myWalgreens app.

Coined as a *Virtual Health Assistant*, the integration of OpenAI allows for customers to get answers to any questions regarding the different services Walgreens offers to their customers. (Figure 5.1)

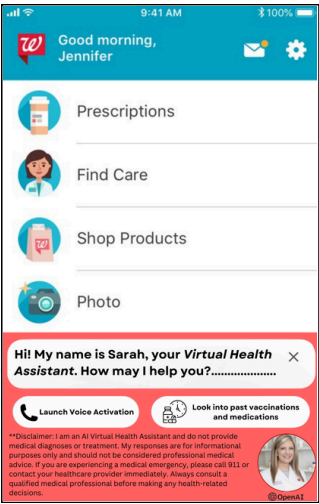


Figure 5.1 - Mock pop-up of the Virtual Health Assistant through the myWalgreens app.

Features:

- **Customer Service:** Quick and reliable answers to common questions, such as store locator, order support, and more.
- **Personalized Recommendations:** Suggests products based on previous purchase history.
- **Hiring Questions:** Provides details on job applications and company policies. Streamlining the hiring process.
- **Health and Wellness Advice:** Personal care, nutrition, household essentials, and more.
- **Drug Analysis Explanation:** If a consumer is taking multiple medications and experiences a negative reaction, the chatbot can analyze the interactions between the drugs to identify potential causes.
- **Appointment Scheduling:** Vaccinations, Health Screenings
- **Promotions and Loyalty Program Information:** Information about ongoing sales, coupons, and special offers.
- **OTC Suggestions:** Consumers can ask about medication details, dosage instructions, and potential side effect explanations through health portals, along with personalized over-the-counter (OTC) medication suggestions that avoid allergens.

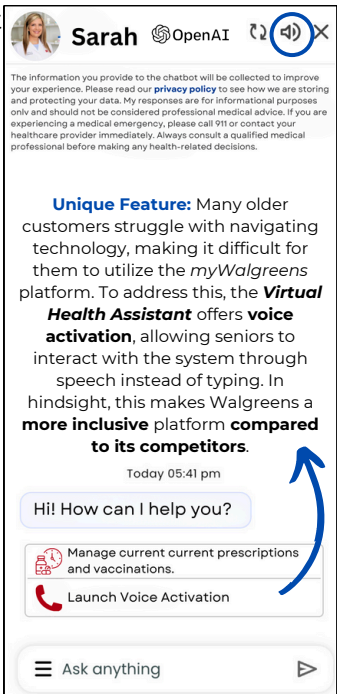


Figure 5.2 - Full-screen chat view with disclaimer at the top and adjustable volume and speak button highlighted in a blue circle.

Intelligent Savings

Artificial Intelligence is a household name in 2025--so why shouldn't it be integrated at the store that is the heart of every neighborhood community? To boost in-store engagement and offer an additional incentive for customer loyalty, we are excited to introduce **WalPerks**. This AI-driven kiosk and couponing system is designed to enhance shopping efficiency. Exclusively available for myWalgreens members, these self-checkout kiosks are customized for Walgreens' loyal customers. Targeted towards busy, fast-paced Millennials and Generation X, these kiosks will revolutionize the shopping experience.

Description of Plan: The *WalPerks* system (Figure 5.3) is strategically placed near the store entrance, where customers can easily access it. Upon entering, myWalgreens members can unlock their personalized experience by scanning the barcode in the app, entering their email or phone number, or using their Walgreens card. Once activated, *WalPerks* offers various benefits that enhance both the customer and employee experience. This includes an AI-powered Smart Cart that sync shopping lists with a digital assistant, guiding customers through the store, suggesting budget-friendly alternatives, and applying instant discounts. Additionally, the system scans competitor prices in real time and offers price adjustments and personalized deals. At the kiosk (Figure 5.4), customers can easily insert newspaper or printed coupons. Using AI-powered image recognition, the kiosk validates and applies discounts while discarding the physical coupon, eliminating manual entry.



Figure 5.3 - WalPerks system



Figure 5.4 - Customer utilizing the WalPerks Kiosk.

The integration of WalPerks will also help alleviate employee burnout (Figure 5.7). The VITAL strategic plan aims to connect real concerns to solutions maximizing the impact this AI solution has on both employee and customer experiences.

This is especially helpful for elderly customers who struggle with clipping and applying coupons correctly (Figure 5.6). The kiosk also features a voice-activated assistant for hands-free navigation, particularly useful for those with visual impairments. Designed with a sleek interface (Figure 5.5), the kiosk caters to individuals with fast-paced lifestyles, helping them avoid long checkout lines and retrieve personalized digital coupons. Additionally, it offers express checkout for prescription refills, allowing customers to scan a QR code from their myWalgreens app and pick up medications instantly. This innovation reflects Walgreens' commitment to the idea that time is money and that Walgreens is here to make every visit smoother and stress-free.



"Manually applying coupons for every customer is exhausting. It eats up time I could spend on more efficient tasks like stocking inventory. I wish there was an easier system for this."
-Jin Yu

Figure 5.7 - Walgreens employee expressing his concern.



"I always get confused about where to put my coupons and when they expire I mix up old ones with new ones from the paper. Also, the fine print is hard to read to know if they apply."
-Bonnie Noma

Figure 5.6 - Walgreens elderly customer focus group participant.



Figure 5.5 - Example WalPerks Kiosk.

Tech-Driven Beauty

In Phase 4 of the research plan, discussions with various focus groups and employees reveal that Walgreens is struggling with in-store foot traffic. It has become increasingly challenging to engage younger audiences, with approximately 87% of Generation Z (from survey) stating they prefer shopping at CVS over Walgreens. To effectively attract this demographic, it is essential to identify the competitive advantages CVS is utilizing and explore how Walgreens can compete with them. To draw in younger customers and boost sales, Walgreens should introduce an **AI-Integrated Mirror** in their locations.



Figure 5.8 - Prototype demonstration of AI-Integrated Mirror usage.

Description of Plan: This high-tech feature will give Walgreens a competitive advantage by offering virtual makeup trials, personalized recommendations, shade matching, and data-driven promotions. By reducing reliance on in-store beauty consultants, Walgreens can lower labor costs while increasing foot traffic and enhancing the overall shopping experience. Thus, Walgreens can save approximately \$15.66 per hour per employee. This integration is crucial, as younger customers (Millennials & Gen Z) are more likely to buy on trend items (Figure 3.7) and are eager to buy drug-store affordable alternatives.



Mirror can be placed here in our local store at the center of the aisle.

The majority of CVS sales come from this demographic, emphasizing the need for Walgreens to introduce an engaging experience that drives foot traffic. Users have the option to create custom skincare and makeup bundles tailored to their skin type, selecting products like moisturizers, cleansers, toners, and more. The **AI-Integrated Mirror** analyzes individual skin concerns to recommend the best combinations, ensuring a personalized experience. This interactive process not only enhances the shopping journey but also attracts customers to visit the store for an exclusive, hands-on experience.

This is where the **AI-Integrated Mirror** (Figure 5.8) becomes a game-changer. Utilizing AR (augmented reality), customers step into an immersive and interactive experience by answering a few on-screen questions about their preferences. Within seconds, they receive personalized product recommendations tailored to their needs.

CLICK HERE: [AI-Integrated Mirror Demo Video](#)

This enhanced shopping experience has been shown to drive foot traffic in similar retail environments (Figure 5.9) and has the potential to establish Walgreens as the top neighborhood drugstore for beauty needs.

"71% of consumers say they would shop more often if AR was an option."

Figure 5.9 - Dmitry Kornilov, CEO, and co-founder of FFFACE.ME studio (AR means Augmented Reality).



Automated Pharmacy

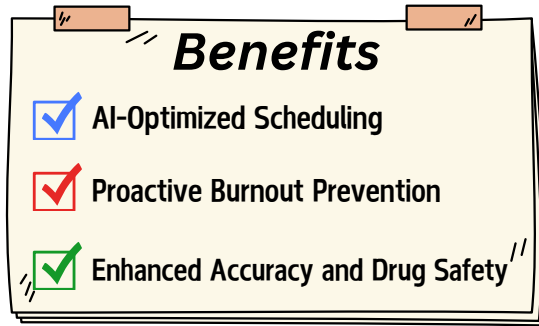
Dubbed as the “Pharmageddon” crisis, Walgreens pharmacists have staged multiple walkouts since November 2023, voicing their concerns about being burnt-out and understaffed. Our local store location employees have expressed concerns about the insufficient use of technology for managing prescription fulfillment and time management. As a result, pharmacists often find themselves working overtime on repetitive tasks due to inadequate scheduling and the immediate demands placed on them by consumers. This situation is leading to employee fatigue and an increase in turnover rates. In response, AI enhancements in scheduling and task automation are crucial for employee satisfaction.

Description of Plan: By leveraging AI in pharmacy operations, Walgreens will enhance drug safety, efficiency, and customer experience. Automated Pharmacy Integration will optimize prescription schedules based on when patients pick up orders and fulfillment times, ensuring timely medication access. AI-driven inventory management will reduce manual tasks, allowing pharmacists to focus on critical healthcare responsibilities. A customized prescription schedule with notifications will remind patients to take medications, preventing missed doses. AI will also double-check for drug interactions to increase patient safety. Additionally, automated employee surveys every three months will assess satisfaction and well-being, ensuring management stays informed and proactive in workplace improvements.



Figure 5.10 - Walgreens Pharmacists on strike

“Rushing a Pharmacist can KILL YOU”



By automating tedious tasks and integrating AI-driven scheduling, Walgreens pharmacists can better utilize their time and enjoy greater flexibility compared to a hectic day filled with back-to-back vaccinations. By implementing this system to track allocated time for various tasks, Walgreens can reduce burnout and minimize errors in prescription fulfillment. As shown in Figure 5.10, a key issue this solution addresses is the pressure on pharmacists to rush through tasks, leading to increased mistakes and fatigue. Ultimately, this innovation enhances both pharmacist well-being and patient safety, ensuring accurate and efficient service.



Lifestyle Personalization

Millions of Americans struggle with dietary restrictions and specifications of products. Yet, navigating aisles to find safe and suitable products can be overwhelming and time-consuming. **WaYou**, an AI-powered subsection designed to simplify shopping for customers with specific dietary and medical needs will alleviate this problem. By integrating AI-driven product bundling and QR-coded store stickers, **WaYou** makes it easier than ever to identify allergy-friendly, vegan, halal, and low-sodium options. This innovation not only enhances customer convenience but also promotes inclusivity, ensuring that everyone, regardless of their dietary needs, feels supported and empowered in their health journey.



Figure 5.11 - System Logo

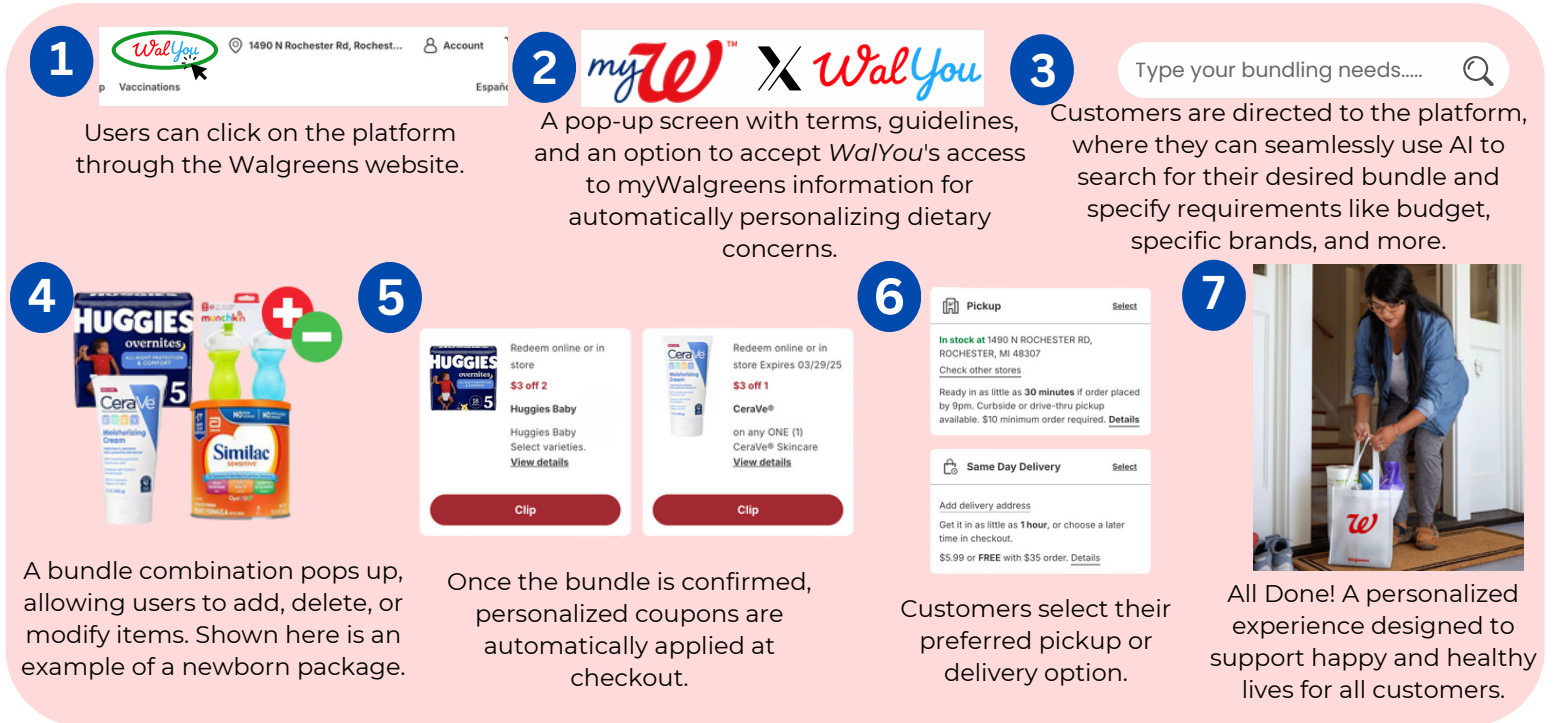
Description of Plan: **WaYou** (Figure 5.11) personalizes shopping by creating tailored product bundles based on dietary preferences, health concerns, and life stages like keto, low-sodium, pregnancy, and recovery (Figure 5.12). Through a user-friendly platform included as a subsection in the already available Walgreens website, **WaYou** filters products to align with health goals and seamlessly generates bundles, simplifying the

shopping process. Additionally **WaYou** can sync with a customer's myWalgreens account to provide dynamic, evolving recommendations, while in-store QR code stickers offer quick access to personalized options and exclusive coupons. Customers can modify selections, and enjoy same-day pickup at their local Walgreens. Continuously updated with health trends, **WaYou** makes it effortless to grab snack combos, hair care essentials, or gift bundles in minutes.



Figure 5.12

WalYou Process Description:



May 2025 - April 2026 Timeline

Initiative	Month 1	Month 2	Month 3	Month 4
V	Research AI Health Assistant		Develop AI Chatbot	
I	Design WalPerks Kiosks	Develop Software For Platform		Install In Pilot Stores
T	Research AI Beauty		Develop AR Makeup Trials	Test In Select Locations
A	Plan Automation Process	Develop System		Test in Michigan Stores+ Troubleshoot
L	Design + Develop WalYou Platform		Create QR code store labels	Test with Customers

Initiative	Month 5	Month 6	Month 7	Month 8
V	Market internship through in-person visits	Improve AI Responses	Launch App Integration	
I	Expand Kiosks to 25 Additional Locations		Add Self-checkout	Improve AI Deals
T	Expand Beauty Mirrors to 20 Locations		Launch Marketing Campaign	Add AR Enhancements
A	Automate Prescription Notifications	Expand Inventory Tracking	Optimize Pharmacy Workflow	
L	Collect User Feedback		Improve WalYou Personalization	

Initiative	Month 9	Month 10	Month 11	Month 12
V	AI Assistant Fully Integrated	Gather Customer Feedback	Improve Responses	Final Rollout
I	Implement Kiosks In All Locations		Add Loyalty Rewards	Optimize System
T	Expand Promotions		Track Engagement	Evaluate Impact
A	Full Pharmacy AI Integration		Improve Efficiency	Finalize Automation
L	WalYou Fully Launched	Expand Health Product Tracking	Showcase Customization	Final Review

C. PROPOSED METRICS OR KEY PERFORMANCE INDICATORS TO MEASURE PLAN EFFECTIVENESS

OKR Goals: The purpose is to track the success of the **VITAL** plan through clear and measurable targets that monitor progress and ensure Walgreens is focused on improving both customer and employee experiences while increasing sales.

Objective

How does achieving this metric help Walgreens **progress towards their goals**?



Key Results:

How will **measurable indicators** track Walgreens' progress toward success?



Virtual Care

20%



Conclusion Alignment: Conclusion 1

Objective: Reduce customer service tickets related to store locators, frequently asked questions (FAQ), order support, medication, and general inquiries.

Key Result: 20% decrease in live customer support inquiries for FAQs handled by the *Virtual Health Assistant*, reducing wait times and improving customer satisfaction.

Intelligent Savings

40% +

55%



Conclusion Alignment: Conclusion 2

Objective: Improve in-store shopping convenience and customer engagement through *WalPerks*, improving efficiency for both customers and employees.

Key Result: Achieve a 40% adoption rate among myWalgreens members within the first year, leading to a 55% reduction in manual coupon processing time for employees.

Tech-Driven Beauty

4.2/5



Conclusion Alignment: Conclusion 3

Objective: Attract younger customers (Millennials & Gen Z) by offering a high-tech, personalized beauty experience through the *AI-Integrated Mirror*.

Key Result: Attain an average customer rating of at least 4.2 out of 5 stars (as an improvement from the current rating of 2.7/5) in post-surveys taken 6 months after launch. The survey would ask customers the likelihood they would choose Walgreens over CVS to supply their beauty products.

Automated Pharmacy

37%

25%



Conclusion Alignment: Conclusion 4

Objective: Help pharmacists work more efficiently by using AI to handle repetitive tasks and improve scheduling.

Key Result: Reduce pharmacist turnover rates by 37% and lower prescription mistakes by 25% within six months, based on performance and safety reports.

CLICK HERE: [Employee Turnover Rates Calculations](#)

Lifestyle Personalization

55%



Conclusion Alignment: Conclusion 5

Objective: Make shopping easier by offering personalized options for customers with specific dietary and health needs through *WalYou*.

Key Result: Increase customer use of *WalYou* by 55% within six months, based on how often people use the personalized bundles, leading to more satisfied customers, increased purchases, and repeat business.

VI. PROPOSED BUDGET

Budget

(*Annual/recurring costs)

Activity	Cost Per Unit X Number of Units	Annual Costs	Costs
V - Virtual Care			\$66,500
Costs To Develop <i>Virtual Health Assistant</i> <ul style="list-style-type: none"> Software development Cloud storage Cybersecurity measures* Model and data updates* 	\$52,000 X 1	\$14,500	One Time Cost: \$52,000 Annual Costs: \$14,500 Total Cost: \$66,500
I - Intelligent Savings			\$23,043,000
Development Of <i>WalPerks</i> Platform <ul style="list-style-type: none"> Development of software Software updates and bug fixes* 	\$35,000 X 1	\$8,000	One Time Cost: \$35,000 Annual Costs: \$8,000 Total Cost: \$43,000
<i>WalPerks</i> Kiosks	\$4,600 X 5,000 locations currently without kiosks	\$0	One Time Cost: \$23,000,000 Annual Costs: \$0 Total Cost: \$23,000,000
T - Tech-Driven Beauty			\$27,130,600
AI Software <ul style="list-style-type: none"> Development of the AI software Personalized recommendation system Software updates and bug fixes* 	\$86,000	\$33,400	One Time Cost: \$86,000 Annual Costs: \$33,400 Total Cost: \$119,400
<i>AI-Integrated Mirror</i> <ul style="list-style-type: none"> Smart mirror display Camera and sensors AI chip and processor 	\$3,200 X 8,441 locations	\$0	One Time Cost: \$27,011,200 Annual Costs: \$0 Total Cost: \$27,011,200
A - Automated Pharmacy			\$36,000
Inventory Management/Prescription Fulfillment Software <ul style="list-style-type: none"> Development of software Software updates and bug fixes* 	\$17,000	\$5,000	One Time Cost: \$17,000 Annual Costs: \$5,000 Total Cost: \$22,000
Patient Prescription Schedule Software <ul style="list-style-type: none"> Development of software Software updates and bug fixes* 	\$10,000	\$4,000	One Time Cost: \$10,000 Annual Costs: \$4,000 Total Cost: \$14,000
L - Lifestyle Personalization			\$16,500
<i>WalYou</i> Platform <ul style="list-style-type: none"> Development of software Software updates and bug fixes* 	\$12,000	\$4,500	One Time Cost: \$12,000 Annual Costs: \$4,500 Total Cost: \$16,500
Total cost for VITAL initiative on a national scale:			\$50,292,600

Cost to implement VITAL initiative for local location:

V	I	T	A	L
\$66,500	\$47,600	\$112,600	\$36,000	\$16,500

= \$289,200

The average Walgreens store makes approximately \$8,500,000 in sales. The cost to implement the **VITAL** plan in a singular location is attainable, however it is more cost efficient to implement this initiative across all stores. In 2024, Walgreens made \$147.7 billion in sales and approximately \$26.5 billion in profit, so this plan is affordable at around \$50.3 million.

If implemented nationally across 8,441 locations, the VITAL initiative would cost each store approximately \$5,958.

Proposed Return On Investment (ROI):

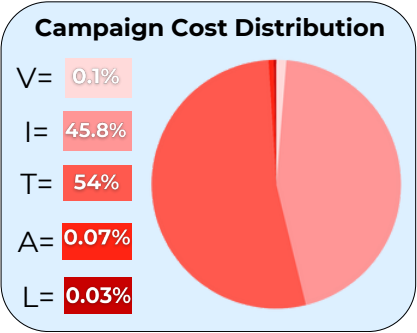
Virtual Care: The *Virtual Health Assistant* will reduce the need for customer service representatives by 73%. They typically earn between \$15 to \$17.50 per hour and will save Walgreens **\$87.1 million**.


Intelligent Savings: Kiosks with the integration of *WalPerks* will increase foot traffic by 1.3% and increase average cart size by 3.7% because of personalized product recommendations. This will increase sales by 0.082% or about **\$48.2 million**.

Tech-Driven Beauty: Walgreens currently employs over 3,500 beauty consultants who earn an average of \$15.66 per hour. To utilize an AI-Integrated beauty mirror would save Walgreens about **\$82.25 million**. Additionally, the newer, younger demographic will increase retail sales by 0.67%. This amounts to **\$394.63 million**.

Automated Pharmacy: This initiative will increase pharmacist and pharmacy technician efficiency by a predicted 8%, which would result in a 2% increase in overall prescription refills. In 2024, Walgreens' pharmacy accounted for \$88.8 billion in sales. Therefore, leveraging AI in pharmacy operations would increase sales by **\$1.776 billion**.

Lifestyle Personalization: The integration of *WalYou's* product bundling will increase the AOV or average order value by approximately 16%. This will increase non-pharmaceutical sales by 4% or by **\$2.356 billion**.





Amount Gained - Amount Spent

Amount Spent

X 100 =

\$4,744,180,000 - \$50,292,600

\$50,292,600

X 100 =

9,333%

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VIII. APPENDIX

Consumer Focus Group Questions:

- Do you use artificial intelligence in your daily life and what is your opinion on it?
- Do you think artificial intelligence can be used to improve your shopping experience through custom promotions/coupons, AI chatbot, and more?
- Where do you mainly shop and for what (Walgreens, CVS, Walmart, etc.)?
- Is there anything you would like to mention about your shopping preferences and anything that could be added to improve your customer experience?

CLICK HERE: [Quantifiable Checklist Scale for In-Person Observations](#)
CLICK HERE: [AI-Integrated Mirror Demo Video](#)
CLICK HERE: [Employee Turnover Rate Calculation](#)

Employee Interview Questions:

- What is your current position at Walgreens?
- What do you think the main demographic of Walgreens/CVS customers are?
- How is your daily workload and is it too much?
- Do you think AI is integrated in Walgreens/CVS systems and if not do you think it would improve the working and shopping experience?
- What are some ways to improve your workload?
- Is there anything you would like to mention that was not covered in the interview?



Figure 8.1 - Microsoft CEO Satya Nadella (right), and CEO of Walgreens Boots Alliance Stefano Pessina (left)
-Leveraging this partnership to integrate AI seamlessly.