CVS announces 900 US store closures over next three years

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CVS Health announced last Thursday that it plans to close 900, or 9 percent, of its US stores by 2024. The company will begin the closures in 2022 and will close about 300 stores each year, according to a report by CNBC.

The corporation said that its decision was based on needs to adjust to consumers shifting to shopping more online, in spite of in-store retail sales increasing over the last year as shoppers made more visits to its stores which provide COVID-19 tests and vaccinations. CNBC reports that the corporation will shift its focus to "digital growth and turning its stores into health-care destinations."

The store closures are a part of the decade-long decline of the brick-and-mortar retail industry, supplanted by the growing online retail industry, dubbed the "retail apocalypse." The onset of the coronavirus pandemic accelerated this trend. According to the *Week*, "Major retailers closed 12,000 stores in 2020, after an already devastating 2019, when more than 9,300 stores closed. Another 80,000 stores—9 percent of the nation's total—will close in this 'retail apocalypse' over the next five years as e-commerce sales grow, predicts a report from financial services company UBS."

The announced closures are part of a strategy to continue to shore up the corporation's profits to meet the demands of its major shareholders in the face of major technological shifts in the industry and supply chain shortages that are expected to impact profits on a global scale for an indefinite period of time.

After Thursday's announcement, the company's stock rose 2.81 percent, closing at $95.34. According to CNBC, the company has outperformed its own targets and competitor drugstore chains, such as Walgreens, on Wall Street this year. Its shares are up 40 percent over the last year and the corporation has a market value of over $125 billion. Its three largest institutional shareholders, BlackRock, State Street and Vanguard, are among the largest asset management firms in the US and control a majority of stock market wealth.

CVS did not disclose the locations of the stores slated to close, nor the number of workers that would lose their jobs as a result of the closures. Even without exact numbers, it is reasonable to predict that several thousand workers will lose their jobs every year over the next three years. The company has mentioned that "it will help those who are impacted find a different opportunity or role at another location," but without the prospect of new locations or jobs for lower-skilled workers in the company's plans, it is likely that most retail workers affected by the layoffs will be turned out on the street to fend for themselves.

The corporation's booming assets are not simply the result of increasing sales after the onset of the pandemic and lifting of very limited lockdown measures across the US. CVS retail locations were considered essential businesses during the brief period of nationwide shutdowns from March through May of 2020, and workers at the retail locations could not stay home.

Workers at the stores must accomplish unreasonable workloads with fluctuating hours for very low pay. The job posting site Glassdoor cites the average store associate and cashier's pay at poverty wages of $13 per hour, or just $27,040 per year for workers who work 40 hours per week. Many workers work only part time, however, and are ineligible to receive most benefits while being required to fulfill the same tasks on their shifts as full-time workers. Pharmacy technicians do not fare much better, with an average annual pay estimated at just $17 per hour, or $35,360 per year.

In contrast to these poverty wages, former CEO Larry Merlo "earned" $36.5 million in total compensation in 2019, over a thousand times the lowest-paid CVS workers, who ensure that the stores run and their products are delivered on a daily basis. Merlo was the highest-paid

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health insurance CEO that year, according to industry website Fierce Heathcare. CVS acquired health insurance payer Aetna in 2019, establishing the company's foothold in the private health insurance industry.

Merlo announced plans to retire in late 2020 and was replaced by current CEO Karen Lynch in early 2021. Lynch was a president and insurance executive at Aetna before she was named Merlo's successor.

Workers who posted job reviews on Glassdoor offer insight into the company's exploitative practices, which have allowed it to extract massive amounts of value from its low-paid workforce over the years to satisfy the profit aims of its wealthy shareholders and corporate managers.

A former store manager from Orlando, Florida, who worked at the company in 2014 described long hours and short staff situations. "Work hours were excessive. To be successful, hours worked were borderline slavery… Vacations were almost nonexistent due to constant visitors from corporate stopping in to do reviews. Holiday weeks were paid 4 days regular, 1 holiday, and you worked all 5… Company preaches quality of life for their clients while quality of life for their employees is nonexistent. As a 'manager' in your average store you will be 'managing' a total of one person during your shift, with a total of 10 people at location."

In 2021, conditions were no better. A current full-time store associate wrote, "They do not believe in you spending time with family. Full timers ARE FORCED to work every major holiday, including Christmas and Thanksgiving. You work more than 48 hours a week. Managers… choose favorites. You are forced to become an acting store manager (with no managerial authority). They bounce you around from store to store without really giving you a say."

A current pharmacy technician writes, "There is little room for advancement when it comes to moving up in the industry. The pay is not at what it should be, especially if you're certified (or not) for the amount of work a technician does. Underappreciated and promised for compensation when marks are hit with a store, but given no incentive or reward for doing so… It is all about the numbers, there is less ability to create a good work environment or a good customer relation with the ratio of 1 pharmacist and maybe (if lucky) 1 technician at some stores, and at core stores, it's being understaffed."

The experiences of workers at CVS echo other corporations that have continued to demand greater productivity under more stressful conditions and lower real wages when inflation is factored in, which currently stands at about 6 percent for consumer goods in the US. Workers at John Deere in the US were sent back to work this month after a bitter strike when the UAW and Deere pushed through a concessions contract with below-inflation wage increases, in spite of the company making record profits this past year.

Workers who will lose their jobs at CVS are likely to face a bleak employment landscape. According to the *New York Times*, the US economy is not near "recovered" from the shock of the pandemic. Remarking on the October jobs report, the *Times* reports, "Total employment is 4.2 million below—and the unemployment rate remains more than a full percentage point above—where it was in February 2020."

Most jobs available to workers who are looking for work, especially those who lack education or certifications, are low-paying and are in more dangerous work settings under conditions of the pandemic. According to the Bureau of Labor Statistics Occupational Outlook Handbook, four of the top five occupations projected to have the most growth through 2030—home health and personal care aides, restaurant cooks, fast food and counter workers and waiters—all have a median pay of under $30,000 per year.

The closures will not just impact workers who will lose their jobs, but also access to medications for many working class Americans. The company's retail locations are a major provider of vaccines and prescriptions across the US. The decision to close nearly a thousand of these locations while the pandemic continues to kill over 1,000 people in the US each day is another exposure of the travesty of the capitalist system placing profit before the most basic necessities for human life.

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