

## SUCCESSFUL SITE SELECTION IN URGENT CARE

**Urgent message:** *As a retail delivery channel for healthcare, success in urgent care depends on successfully executing the “retail” elements of the urgent care delivery model—the first of which is “location.”*

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Urgent care differs from other types of medicine in that it adheres to a retail delivery model; successful urgent care practices are those that have mastered the traditional retail elements of convenience, accessibility, affordability, and customer service. When it comes to local market development and site selection, the mantra in retail is simple: location, location, location. High-traffic and high-visibility locations in areas that draw consumers for services are really the first keys to success in urgent care. If consumers—ie, patients—don't know your urgent care center exists, they can't find you, and you can't provide high-quality clinical outcomes to patients who aren't there. Therefore, your focus with local market development and site selection is to find the best location for your urgent care center.

### Avoiding Saturated Markets

The urgent care landscape in the U.S. has grown tremendously over the years, with roughly 11,000 urgent care centers cropping up across the country. In Charleston, SC, for example, there are over 45 urgent care centers serving a population of 127,000. There are more than 120 urgent care centers serving the 1.6 million people of Phoenix, AZ. This begs the question: are markets too saturated? There are certainly areas of the country where an urgent care center has popped up on almost every intersection, but that doesn't mean there still isn't a lot of opportunity in the United States. You just have to find the right markets and the right locations—which means doing your research and looking for areas of opportunity.

A great place to start is to look at some of the innovative models that operators have figured out in order to avoid setting up shop in oversaturated communities. In Tennessee, for instance, Fast Pace has built more than 50 urgent care centers, none of which are located in major cities like Memphis, Nashville, Knoxville, or Chattanooga. That means all of their urgent care centers are located in rural, secondary markets. Initially, that might seem counter to urgent care's retail model

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seeking high incomes and a density of rooftops. But Fast Pace developed a business model much like Walmart's, which got its start in rural Arkansas.

Walmart founder Sam Walton identified a need in those rural southern towns, and people drove more than 30 miles to get to the nearest Walmart. Fast Pace identified a similar need for urgent care services in rural Tennessee, which was underserved and had very little competition. The urgent care centers Fast Pace opened in those rural areas are staffed primarily by nurse practitioners and offer a full range of urgent care services, as well as some primary care. They've done extraordinarily well because not only are they offering a service the community hasn't had before, but they're also making sure they're offering a good patient experience.

### Forecasting Location Success

When a retailer like Kohl's or Target plans to open a new location, they utilize predictive forecasting using a mathematical algorithm that can tell them how successful a store is likely to be at a new potential site. Just as urgent care employs a retail model in its execution of healthcare, the algorithm to project the success of a new urgent care center at a potential location has some similarities to retail.

Patient volume is the key driver of revenue in urgent care, so the forecasting algorithm calculates the patient visits a site is projected to draw in. The key factors this algorithm takes into account are:

- Density
- Site
- Operations

### Density

The number-one factor that drives volume in urgent care—or any retail business, for that matter—is density, or “rooftops.” To draw patient volume, clearly you need people present in an area. However, depending on the market, there are different ways to define “density.” If you're in an urban area like Los Angeles, the targeted density may be as close as a mile or may even be defined in terms of drive time (ie, no more than a 10-minute drive time) instead of distance; in rural areas, that catchment may extend out to 30 miles or more. The trade area factors that drive urgent care volume include a density of households and businesses; the demographics of households and businesses; and employees in industries who require occupational medicine services.

#### *Demographics of households and businesses*

Once you have selected a dense area of households and businesses, you must determine whether the demographics of those households and businesses match the profile of conventional urgent care users. The people within that area must also have a propensity to use urgent care services, along with the ability to pay for urgent care. Without those factors, you'll be surrounded by a population you can't serve.

The typical urgent care demographic in the United States is married couples with children. This tends to skew toward college graduates who are privately insured and are homeowners living in the growing suburbs of major metropolitan areas. They place a premium on their time, preferring to pay extra to avoid waiting 6 hours in the ED to get medical treatment.

Experience demonstrates that urgent care utilization is directly proportional to household income, meaning as household income increases, so does urgent care utilization. In general, urgent care has grown to match these demographics, gravitating toward the more affluent suburbs of larger cities. But keep in mind that things are rapidly changing, and demographics have started to change as payers change. Many states have started to increase Medicaid reimbursement for urgent care and decrease restrictions on urgent care utilization for managed Medicaid populations, opening up utilization to populations outside of urgent care's conventional demographics. However, when looking at market share, payer penetration is also a significant

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factor. If you have a population you are not able to serve due to payer mix, then you have to subtract those individuals when looking at that total population.

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### *Potential to offer occupational*

#### *medicine services*

Many urgent care providers get into occupational medicine because it is highly complementary to the urgent care model. Occupational medicine typically levels out the ebb and flow of a seasonal, walk-in business like urgent care because physicals and drug screens conducted on behalf of occ med customers are scheduled, allowing centers to fill in slower times. Occupational medicine can also boost an urgent care center's slower summer months because it tends to be busiest in the summer when companies are hiring; temporary labor is coming in; and construction season is underway. Collecting payment is also usually fairly simple; most urgent care centers are able to arrange Net 15 terms directly with the employers rather than billing a third-party insurance company.

Adding occ med services also helps you hire higher-quality staff. Contrary to popular belief, urgent care centers actually tend to be busiest first thing in the morning because people use urgent care like primary care. If a consumer isn't feeling well, they'll choose to get some sleep instead of heading out to the urgent care center late at night. If they're still not feeling well the next morning, they stop by the urgent care center on their way into work. That's why most urgent care centers are busiest at 8 am, or whenever they open, and then level off around noon; by midafternoon, business is dead.

In the retail or service industry, you'd hire part-time employees to solve this problem, but in urgent care you can't get good people using that staffing model because most people in the medical field are looking for full-time jobs with benefits. So, scheduling occ med physicals, occupational therapy physicals, travel medicine appointments and other occ med services helps flatten that daytime ebb and flow.

Areas dense with occ med opportunities might not be as obvious as you think. For example, north Dallas is full of high-rise office buildings and big corporate campuses that might appear rife with occ med opportunities. However, people who work for banks, IT consultancies, and law firms usually don't require work physicals or drug screens and tend to not get hurt at work; or, if they do, their workplace injuries are very minor. The employment base that's actually going to drive occupational medicine business for you will come from industries like trucking, warehousing, distribution, and construction. If you are in a suburban area, some big-box retailers are actually great for worker's compensation business. PetSmart, for example, entails animal bites as well as the typical lifting accidents found in big box stores. However, the one industry that presents occ med opportunities no matter where you are is municipal employment. Police, fire, parks and rec, sanitation, etc., exist in every community, so regardless of where you are, occupational medicine opportunities can be explored by reaching out to your municipality, potentially resulting in revenue that fuels your operations.

(*JUCM* is launching a series of occupational medicine-focused articles this month; read more in *Foundation of Occupational Medicine in the Urgent Care Setting* by Dr. Max Lebow on page 30.)

#### **Site**

Having people—or density—is one thing, but you have to have the right location, as well. You can be in a rich, dense area like Times Square in New York, where there are a ton of people, but if you're on the 5<sup>th</sup> floor of an office building with no signage, you're not going to reach those people. In other words, there are real estate-specific factors that also determine the patient volume projection, including signage visibility, traffic counts, the aesthetics or the curb appeal, and the location of the building.

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It's no coincidence when you see a retail zone with a cluster of stores; it's called retail draw. Retailers created that kind of business model because that's where the money is, and it has created a



habit in consumers to go to that cluster when they need services. Because urgent care uses this retail model, you want to take advantage of this retail draw when choosing a location.

If you don't know where to pick a location, you can leverage the work that other retailers have already done. Kohl's, for instance, has incredible market research that tells them where they can be successful. If you look at who shops at Kohl's—most typically women ages 25 to 55 who are employed and have children—the demographics look a lot like the traditional urgent care demographics. So, if urgent care is serving the same consumer base as Kohl's, and you see a Kohl's store but there's no urgent care nearby, that could indicate there's probably an opportunity for an urgent care in that area. See **Table 1** for examples of other retailers that complement the urgent care demographic. If you're looking at an area where there's no retail, that's a big red flag for urgent care.

**Table 1. Retailers with Demographics Similar to Urgent Care**

- **PetSmart** – Families with kids use urgent care, and they also tend to have dogs.
- **Lowe's** – Appeals to men and women within the urgent care demographics age range.
- **Home Depot** – More of a business-to-business supplier, so there are occupational medicine opportunities.
- **Target** – Also appeals to women within the urgent care demographics age range.

The location and design of the real estate space you select for your urgent care center will have a serious impact on your patient volume. If your patients encounter too many barriers when trying to visit your urgent care center—they can't see your center, they have trouble getting to it, or they have nowhere to park—they aren't going to come to you when they need medical care. Some key questions to ask when selecting a real estate space are:

- Is there high-visibility building signage?
- Are there parking limitations?
- Are there medical use exceptions?
- Is the building difficult to get to?
- Is the building highly visible?
- Will the build-out be too expensive?
- What are the ongoing maintenance costs?
- Is there good car and foot traffic during key times/days?
- Are there any accessibility issues for injured patients?
- Is there any risk of poor quality co-tenants in the future?

#### *Types of real estate spaces*

According to the Urgent Care Association of America's 2015 benchmarking study, the average square footage of an urgent care center is 3,700 square feet, about the size of an old Blockbuster

or Hollywood Video. In fact, abandoned Hollywood Videos tend to be the ideal size and location for an urgent care center, so many have been remodeled into new urgent cares.

However, real estate spaces within retail centers, such as outlot buildings, in-line strips, and endcaps, are also good options because they take advantage of retail draw, but they each have specific pros and cons to consider. Medical and dental professional buildings might seem like natural choices because of the patient traffic, but you need to research any service restrictions, parking issues, or signage limitations that could impact your center.

Urban storefronts have great visibility and car and foot traffic, but there are generally parking issues and a lack of night and weekend patient volume with these types of locations. Low-rise business parks have lower rent and an employment base for occupational medicine, but they typically lack the urgent care demographic. Lifestyle centers might be dense with the urgent care demographic but have high rent, parking issues, and really low signage visibility. A summary of the different types of real estate spaces can be found in **Table 2**.

**Table 2. Summary of Real Estate Spaces**

- Retail centers: Outlot buildings, in-line strips, endcaps
- Medical/dental professional buildings
- Former Hollywood Video buildings
- Former bank branches
- Urban storefronts
- Low-rise business parks and industrial flex spaces
- Second floor spaces
- Former restaurants
- Lifestyle centers
- Office condominiums
- Empty big-box stores
- First mover in a new development

#### *Signage visibility*

A critical factor for success is the visibility of your building and street signage. Your signage should have the same advertising impact as a billboard, and should prominently feature your center's name (which should include the words "urgent care" or otherwise clearly and concisely communicate the services you provide).

Good signage boosts the return for all other marketing investments. Texas MedClinic, which has urgent care centers in the San Antonio and Austin markets, combines high traffic counts, signage, and location to market their urgent care facilities. Texas has very high-traffic freeways that almost always have frontage roads lined with the rooftops of big-box retail and dense residential. Texas MedClinic's strategy has been to locate their centers along these frontage roads so drivers on these freeways, which have more than 100,000 cars a day, see their centers, turning their buildings into billboards. In other words, their physical facilities are key components of their marketing strategy. When the consumer drives by, they see that sign every day, and then they hear the radio ad and see the billboard, which starts to reinforce a message. As you can see, the facility is important. This may be cost-prohibitive for a startup urgent care, but traffic signage should be a key component of an urgent care marketing strategy for an established business.

#### *Facility aesthetics*

Center aesthetics are very important, as well. Healthcare is what we call a "blind product," or something the consumer really can't evaluate based on quality. A patient goes to the urgent care thinking she has pneumonia, and the doctor listens to her chest and tells her it's not pneumonia. The patient doesn't have the expertise to know whether the doctor is right or wrong; all she can judge is whether she feels better or not. So, because the consumer lacks the ability really to evaluate the clinical quality of care provided, they look for cues in their environment. That's why it's critical to have a facility

that's clean, organized, modern—all attributes that connote quality. If the facility's a dump, the consumer is going to think, "A good doctor wouldn't work in this place. This isn't quality." Your facility could have the best doctor in the world, but your center aesthetics might communicate otherwise.

**Operations**

Now that you have people and a location, what is your operating model? Density and location don't matter if you're not able to meet consumers' needs from an operational standpoint, so you'll need to evaluate what the need is in your community. If your local community needs services at 10 pm, for example, but your center closes at 6 pm, your operating model isn't meeting your consumers' needs. The key components to consider include:

- Operating hours
- Medical providers/training
- Equipment/capabilities
- Customer service

**Conclusion**

As the urgent care industry continues to grow and change, look to creative urgent care models to avoid entering oversaturated markets. Use the algorithm to forecast projected patient volumes by looking at density, site, and operational factors. These factors will help you determine whether a potential site will have the patient volume to support a new urgent care center. If you're struggling with where to start, use the research retailers have already done when selecting sites for their stores; Kohl's or Target didn't choose the location of their stores haphazardly. A vast amount of market research went into the selection of those sites, and you can leverage that to your advantage. And as you start selecting potential sites, look to the future of your practice and consider whether you will have a multicenter footprint in the future. You will want to sell one day, and a multicenter footprint will generally command more value than a single center.



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