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New Tools for Success in a Modern Day Gold Rush

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By Bill Stinneford

There's a revolution happening in the health care industry, one that has created a "gold rush" phenomenon not seen in decades.

That revolution is the rapid growth of urgent care facilities.

Since 2007, the number of urgent care clinics has almost doubled from 6,000-7,000 to 10,000-12,000 today. Urgent care practices now handle approximately 160 million visits annually<sup>1</sup> and make up a \$16 billion industry.<sup>2</sup>

The growth is being fueled by several factors, most significantly consumer preference. Convenient hours, convenient locations, and lower costs are attractive to time and budget-strapped consumers seeking medical attention for common ailments requiring simple treatments.

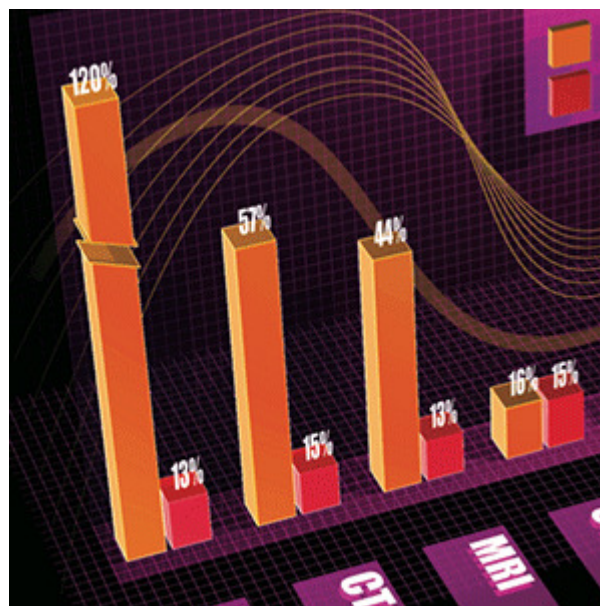
Additionally, the barriers to entry for urgent care are relatively low. The industry is largely unregulated and does not require federal registration, which is why it is difficult to get an exact count of the number of facilities in operation today.

These factors have made urgent care an attractive industry for investment, and industry pioneers were quick to snap up prime real estate for facilities in wealthy suburbs of major metro areas. The rapid growth in these areas has resulted in markets that are quickly becoming saturated, leaving urgent care executives facing rising competition in their existing locations' trade areas and forcing them to seek new markets for growth.

Urgent care providers have turned to a variety of tactics to stand out from the crowd of competitors. Memorable branding and marketing, high-quality care, outstanding facilities, and low prices are all strategies to remain top-of-mind with consumers.

But some in the industry realized that there must be more they can do to cut through the noise and win in competitive markets. Recognizing that urgent care visits, unlike other medical specialty visits, are driven by patient choice rather than by referral, urgent care providers saw parallels between their business models and retail business models.

Alan Ayers, vice president of corporate and market development at Concentra Urgent Care, notes that when his organization began adding urgent care to its existing occupational medicine business, leaders studied the best practices of successful retailers and



saw that these companies use an analytics-driven approach to decision-making.

"At the end of the day, we found that the same information that has been successful in driving decision-making in retail really can apply to this aspect of medicine as well," Ayers said.

So how do retailers use data to make decisions, and how are forward-thinking urgent care providers using those same techniques to gain a competitive edge?

The field of customer analytics was pioneered by retailers two decades ago and relies on layering data to get a complete picture of customers - who they are, where they live and work, and their projected value to the company over a period of time. Based on this understanding, it's possible to predict the best locations for new stores and even refine the targeting of marketing offers to increase the likelihood of response.

In urgent care, the approach is very similar. By viewing patients as customers, organizations can use internal and external data sources to build customer profiles of existing patient bases. After identifying the top patient segments, the ones most likely to visit the urgent care facility, organizations can geocode that information to see where these patients and others who look just like them live. The organization can then build a predictive model to project visits based on patients' drive-time distances to each facility.

The benefits of this data-driven approach are tremendous. The insights provided by patient analytics can help with site selection decisions, answer questions about "how big can we grow," and improve marketing efforts through better targeting and understanding of core patients.

As mentioned previously, Concentra Urgent Care knows the advantages that patient analytics provides. With a network spanning more than 300 locations, the organization is unique in that all of its centers offer both urgent care and occupational medicine. Although the brand was well established in the occupational medicine space, in 2006 leaders saw long-term growth opportunity in urgent care. They realized that by relocating their medical centers into retail centers, they could extend their hours and offer services to entirely new groups of patients.

Concentra's experience with analytics predates its entry into urgent care. Having seen success with their previous analytics efforts for the business-to-business occupational medicine space, it was a logical next step to apply the same techniques to consumer populations. The analytical approach influences decisions throughout the market development process, from a high-level view of a market to identify opportunities, to center-specific decisions. It even supports financial modeling that ultimately produces the pro forma and budget, and sets expectations for sales and marketing based on the potential for each center indicated by the model.

Ayers states that success in urgent care is "really a matter of creating a location, service offering and experience that patients are going to choose to go to when they have an urgent care-type need. The advantage that analytics provides is the insight to get out in front of that consumer's decision-making."

The stakes may be high in today's urgent care gold rush, but analytics provides the tools needed to position organizations for long-term success.

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