MARKET RESEARCH: PLANNING AND MEASURING A CENTER'S SUCCESS

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Learning Objectives

Upon completion of this course, attendees will be able to:

- Appreciate the ways market research can be used to assess market size, market share, and growth potential in business planning.

- Recognize that market research provides a basis for evaluating a center's current positioning relative to its competitors and its current performance relative to its potential.

- Comprehend the market research process from defining a problem to identifying research methods, choosing data sources, undertaking research, and evaluating findings.

- Differentiate market research methods, including secondary and field research, and provide examples and identify the strengths and weaknesses of each.

- Recognize and creatively overcome challenges in conducting market research including difficulty in defining "urgent care," cost and availability of quantitative data, and errors related to sampling, analysis, and interpretation.

Market Research Provides Business Insights

Planning

Measuring

- Who are our target customers?
- What is the size of the market?
- What do customers need/want?

- What competition is present and what are its strengths/weaknesses?
- Where should we locate our business?
- How do we expect to perform financially?

- Which segments are we serving?
- What is our share of the market?
- How well are we meeting customer expectations?
- How are we performing relative to our competitors?
- What is people's awareness of our location?
- How are we performing relative to our potential?

Drivers of Urgent Care Volume

- Households or Establishments
- Population or Employees
- Demographics or SIC Codes
- Propensity to Utilize Services

- Adjacencies/Draw
- Signage Visibility
- Traffic Counts/Accessibility
- Aesthetics

- Operating Hours
- Medical Providers
- Equipment/Training/Capabilities
- Customer Service

**Density:
Trade Area Factors**

**Site:
Real Estate Factors**

**Operations:
Delivery Factors**

**Marketing:
Limiting Factors**

- Payer Penetration
- Competition
- Marketing Budget

Volume Projection

Trade Area Drivers of Urgent Care Volume

- Density of Households and Businesses
  - Total count within 3-5 miles or 12-15 minutes.
  - Trade area size/configuration varies by market.
- Demographics of Households and Businesses
  - Consumers who match the profile of conventional urgent care users.
    - Household income, family demographics
  - Employees in industries who require occupational medicine services.
    - Regulatory/compliance needs, injury rates

Conventional Urgent Care Demographics
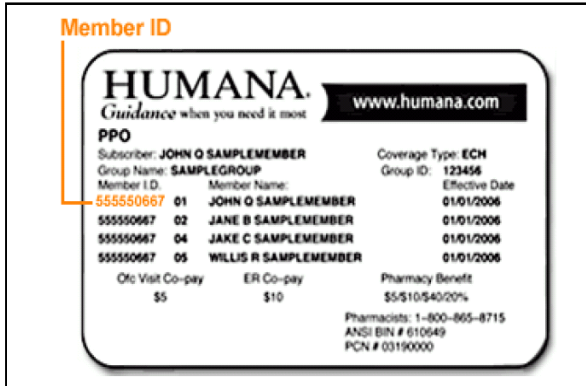
Married Couple with Children Present   **College Graduate Age 35-54**   **Owner-occupied Single Family Housing**

Growing Suburbs of Major Metro Areas   **Employer-Provided Health Insurance**   **Household Income $50,000 to $100,000**

High-Utilization SIC Codes for Occupational Medicine

1-, 3-, 5-Mile Demographics

Market Profile

6340 N Beach St, Haltom City, TX, 76137
Rings: 1, 3, 5 mile radii

Latitude: 32.85859
Longitude: -97.28982

	1 mile	3 miles	6 miles
Population Summary			
2000 Total Population	14,948	75,485	179,390
2000 Group Quarters	6	782	2,008
2010 Total Population	17,740	103,101	250,096
2015 Total Population	19,458	116,041	280,507
2010-2015 Annual Rate	1.87%	2.39%	2.32%
Household Summary			
2000 Households	5,581	26,378	61,989
2000 Average Household Size	2.68	2.83	2.86
2010 Households	6,615	35,719	86,345
2010 Average Household Size	2.68	2.86	2.87
2015 Households	7,283	40,217	96,926
	2.86	2.86	2.87
	2.40%	2.40%	2.34%
		20,101	47,012
	3.27	3.27	3.30
		26,203	64,168
	3.37	3.37	3.35
		29,061	71,266
	3.39	3.39	3.37
	2.09%	2.09%	2.12%
		27,489	64,434
	72.4%	72.4%	70.0%
	23.6%	23.6%	26.1%
	4.0%	4.0%	3.8%
2010 Housing Units	7,056	37,795	91,631
Owner Occupied Housing Units	51.7%	66.9%	66.5%
Renter Occupied Housing Units	42.0%	27.6%	27.7%
Vacant Housing Units	6.3%	5.5%	5.8%
2015 Housing Units	7,796	42,669	103,091
Owner Occupied Housing Units	50.8%	66.7%	66.5%
Renter Occupied Housing Units	42.7%	27.6%	27.5%
Vacant Housing Units	6.6%	5.7%	6.0%
Median Household Income			
2000	$54,659	$55,751	$52,236
2010	$67,308	$71,396	$68,192
2015	$75,138	$78,376	$76,797
Median Home Value			
2000	$92,568	$87,739	$84,150
2010	$115,117	$114,516	$113,315
2015	$131,938	$131,617	$131,053
Per Capita Income			
2000	$23,699	$22,315	$21,529
2010	$29,333	$28,115	$26,954
2015	$32,356	$30,925	$29,752
Median Age			
2000	30.3	31.2	32.0
2010	32.1	32.5	33.0
2015	32.3	32.6	33.0

DEMOGRAPHICS*	1 MILE	3 MILE	5 MILE
Population:	17,740	103,101	250,096
Avg. H.H. Income:	$76,035	$80,656	$77,737
Daytime Population:	3,636	29,205	75,170
Median Age:	32.1	32.5	33
% White Collar:	71.1%	65.2%	62.6%

Benchmarks:

3-Mile Population Density:
- High: >85,000
- Medium: 45,000 to 85,000
- Low: <45,000

3-Mile Median Household Income:
- High: >$70,000
- Medium: $55K to $70K
- Low: <$55,000

Also consider distribution of income levels.

Married Households w/Children:
- High: >25%
- Medium: 20 to 25%
- Low: <20

Also consider percent of households age 65+ and percent of unmarried female households w/children present.

Real Estate Specific Factors

<u>Traffic Counts:</u>
- High: >50,000
- Medium: 20,000 to 50,000
- Low: <20,000

<u>Retail Adjacencies:</u>
- High: >3: Kohls, PetSmart, Target, Lowes, BestBuy (or comparable)
- Medium: Chain Supermarket, Big Box Store
- Low: Street Draw, Convenience Services

<u>Signage Visibility:</u>
- High: Building and Monument/Pylon Highly Visible from Both Directions, Day and Night
- Medium: Building and Monument/Pylon Visible Upon Approach
- Low: Small Sign, Signage Obstructed or Not Noticeable from Street
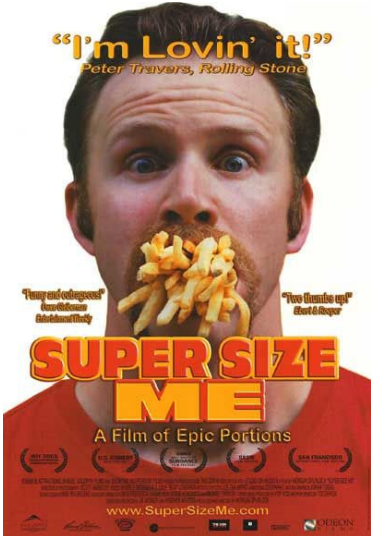
Real Estate Specific Factors, cont'd.
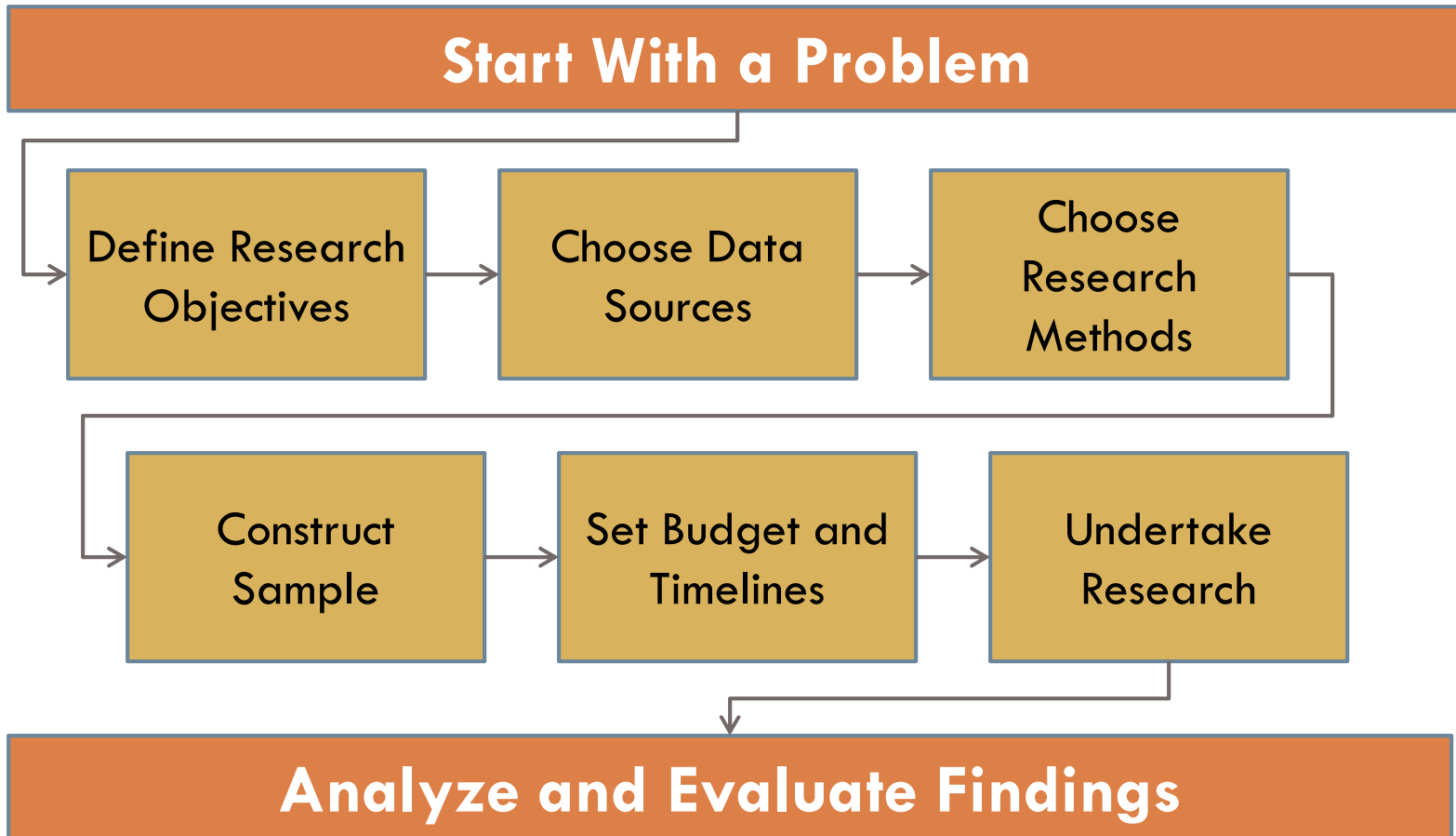
Competitive Positioning

- Facility Attributes/Aesthetics/Capacity
- Operating Hours
- Ownership/Operating Model
- Scope of Services Offered
- Staffing Model
- Provider/Management Background, Reputation
- Job Openings/Turnover/Salaries and Benefits
- Network Participation/Self-Pay Pricing/Payer Mix
- Marketing Spend/Tactics
- Client/Referral Relationships
- Volume/Wait Times/Profitability

Know Thy Competition

Market Research Process

Start With a Problem

Define Research Objectives	Choose Data Sources	Choose Research Methods

Construct Sample	Set Budget and Timelines	Undertake Research

Analyze and Evaluate Findings

Types of Data

Quantitative (Hard)

Expressed in Numbers

Examples:
- Traffic counts at Broad & High
- Number of households within 3 miles
- Open RFPs for Police/Fire in 2013
- Competitor's operating hours
- Price of a flu shot at Walgreens
- Number of patients who sign in but leave without being seen.
- Percent of patients who say they'd recommend the practice to a friend.
- Net revenue per visit

Qualitative (Soft)

Described in Words

Examples:
- How visible competitor's sign is to drive-by traffic.
- Risk manager's attitude towards limited/restricted work duty.
- How busy competitor appears to be at 7:00pm.
- Patient feelings about waiting room TV programming.
- What people are saying on Facebook/Twitter.

# Methods of Collecting Data

Desk Research

- Secondary Data Sources:
  - Practice Management System
  - Industry Associations
  - US Census Bureau
  - Chamber of Commerce
  - Economic Development Office
  - Real Estate Broker
  - Advertising Agency
  - Paid/Syndicated Services:
    - D&B (Hoovers), Experian, ESRI
  - Consulting Firm (Buxton)
  - Internet Search (Google)
- Issues:
  - Cost
  - Data/Analytical Tool Availability
  - Applicability to Business Problem
  - Doesn't Explain Causation

Field Research

- Collection of Original/Primary Data:
  - Experiments (Tests/Trials)
  - Observations
  - Surveys
  - Interviews
  - Focus Groups
  - Secret Shoppers
  - Panels
- Issues:
  - Cost
  - Time Consuming
  - Relies on Anecdote
  - Relies on Honesty
  - Surveyor Bias/Interference
  - Sampling Errors

Business Problem:
Where should we relocate our center?
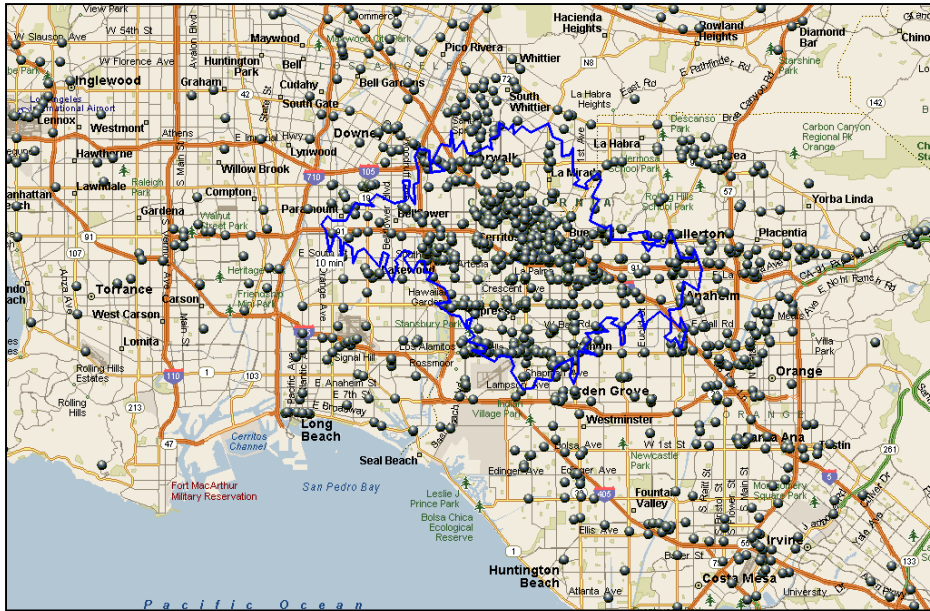
Desk Research:

- Evaluate visit counts and profitability relative to better-located centers.
- Map existing clients by revenue and location to identify travel patterns.
- Buy Dunn & Bradstreet list of all employers in the area to quantify new client opportunities.
- Identify competitors in proximity and en route.

Field Research:

Understand client utilization patterns and needs/wants in regards to location.

Center Relocation Analysis: Client Survey

Instructions:

- Introduce the survey to the client by saying:
  - *Our center is looking at ways to improve our service and convenience. We have been evaluating our facility and would like to get your feedback on how well our current location meets yours and your employees needs. May I ask you a few brief questions about the ways you and your employees utilize our center and your opinion of our current location?*
- Show the client a map of the area with the current center location and the client's work site indicated.
- Ask the client the following questions, indicating the responses on this form.
- Compile survey data into a summary of client responses to a proposed relocation.

Hedging Risk with Experimentation:
Elimination of Coupons at JCPenney Company

Market Research Findings:
•Most everything is sold at a discount.
•Promotions are expensive to manage.
•Market share of "every day low price" discount retailers has been growing.
•High-margin specialty stores create excitement around merchandise, not promotion.

Conclusion: Eliminate Promotions

Target: Up 26%
Macys: Up 21%
Kohls: Up 9%
JCP: Down 18%

Implementation Findings:
•Consumers wait for a reason to buy.
•Coupons drive traffic into stores.
•Consumers define value in terms of visible discounts received.
•Without foot traffic, customers do not see new merchandise selection.

Operations Benchmarking: Think Outside the Box

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