

The Future of Healthcare Looks a Lot Like Retail



It's not just about location, location, location. There's an urgent need—and growing opportunity—to reinvent the healthcare experience by adapting key retail principles to design outpatient “stores.”

By Dan Stanek, EVP, WD Partners

There's never been a better time for healthcare leaders to think outside the [big] box.

According to management consulting firm McKinsey, healthcare providers are experiencing a confluence of forces driving a significant move from inpatient care to:

- Distributed settings of care
- Locations that answer consumers' growing demand for convenience
- Lower cost, less capital-intensive care delivery systems
- Solutions that optimize scale within local markets¹

To retail veterans, this sounds very familiar. The retail landscape was once dominated by giant, multi-departmental, centralized facilities—enclosed malls and downtown department stores. Like hospitals, they were expensive to operate and drew from an entire market area for an extended visit.

We've all seen what's happened to malls and department stores. As they declined, and consumers shifted their shopping patterns to more convenient power center and strip mall locations, the industry adapted by creating chains of accessible stores.

Similarly, healthcare systems will continue to move away from monolithic hospital settings to become more convenient for their customers.

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Healthcare is moving to meet people where they are.

	2006 – 2016	2016 – 2026
Inpatient visits	-6%	-3.7%
Outpatient visits	+20.4%	+58.6%

The number-one priority for healthcare CEOs, according to a recent survey, is growing outpatient market share. In fact, 60% of new healthcare facility spending is now earmarked for outpatient-only care.

A recent survey also shows that the top goals of these outpatient-only projects are:

- Convenient location
- Consistent branding
- Soothing environment and wayfinding

These types of goals are the soul of retail.

In response, forward-looking hospital systems are aggressively developing distributed, local settings that are smaller, cheaper and more conveniently located.

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But often, planners and designers of these facilities default to the hospital experience, simply shrinking it down to size. Upgrading the “patient experience” often involves nicer furnishings, and more hospitable waiting rooms than a hospital. But is the hospital really the best model to build on?



A recent study reported that...

81% are dissatisfied
of people with their
healthcare
experiences².

Instead of offering customers more of something they can barely tolerate, why not offer them a pleasant experience?

Healthcare businesses are designing “stores.”

Some healthcare businesses have embraced the idea of retailing, making their locations indistinguishable from stores or spas—because this approach has been proven to work. Lenscrafters offers medical eye care, but the experience in their stores is, first and foremost, designed to maximize customer enjoyment. Ideal Image provides dermatological services in over 100 “MedSpa” locations, and recently debuted a new, fresh, airy look, with conversation “pods” instead of desks, to foster personal, one-on-one conversations with customers. One Medical and Great Expressions Dental have applied principles of retailing to grow sophisticated networks of branded, people-centered “stores” that readily fit into any retail center.

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Retailers are jumping into the opportunity, too.

Seasoned retailers know an opportunity when they see it. With the growing separation of outpatient services from hospitals, they're aggressively expanding into traditional healthcare offerings. Giants like CVS, Walgreens, and Amazon are opening in-store clinics and forming alliances to create more convenience for their loyal customers. Their experience-centered, consistently branded, accessible approach is a serious threat to any healthcare system that keeps doing business as usual.

It's about reinventing the experience.

Healthcare innovators understand the need for a compelling, holistic customer-centric experience, building in quick, efficient processes that eliminate sitting and waiting and invite visitors to browse, learn, engage, and get inspired. Hours are built around the consumer, pricing is visible, and digital technology and consistent branding are woven in—all to increase the approachability and impact of the experience.


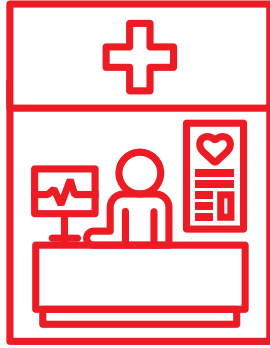
This is a far cry from going to a suburban medical office building, waiting in a miniaturized version of a mostly anonymous hospital waiting room, and being seen at the practitioner's convenience—usually in a lab-like environment that makes customers wonder if their “condition” is more serious than they think.

And while we're on the subject... why not rethink waiting rooms altogether? Retail finds a way.



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If you put yourself in the consumers' shoes, a typical retail experience offers a huge improvement on the traditional medical experience.

THE RETAIL EXPERIENCE	THE HEALTHCARE EXPERIENCE
<ul style="list-style-type: none">+ Move+ Browse+ Inspired+ Excited+ Learning+ Comparing+ In Control 	<ul style="list-style-type: none">- Sit- Wait- Sterile- Cold- Scary- Intimidated- Uniformed 

It's about starting with the customer.

A retail-inspired design approach structures the architecture around the customer. It looks at the journey holistically, digging into experience mapping and opportunities to bring the brand to life beyond just a logo and colors. It considers what experiences will differentiate a system's brand from others and help increase sales. This strategic, customer-centric approach helps decide what facilities are needed and how to design them. Most outpatient care is ripe for an experience makeover, including: urgent care, dental, physical therapy, sports medicine, allergy, and primary care. Customers' desire for convenience and frequent visits to these specialties make them outstanding candidates for retail makeovers.

It's about making business sense.

Of course, it's not all about the customer. Leading chain retailers dominate their categories by employing unit scale to promote visibility and accessibility. This means that while they design for the customer experience, they also design and build for scale, consistency, and ease of implementation, rather than creating one-off executions. Replicable standards and kit-of-parts programs are essential elements to roll out and operate these smaller, multi-unit locations cost-effectively and efficiently.

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In their recent report on the future of healthcare, McKinsey says:

*“...The switch to **lower-cost, less capital-intensive care delivery** systems will not abate. The increased efficiency of non-inpatient settings and consumers’ **mounting demand for convenience** are powerful realities. Health systems need to carefully consider their capital and resource deployment as this structural shift continues.”³*

If we design for the future of healthcare using retail design principles, 1 + 1 can equal 3, combining the best of both to create a disruptive offering: with incredible medical treatment options, engaging outpatient and wellness offerings, and a strategic, customer-focused approach that appeals to the whole person.

The future of healthcare may seem challenging to some, but for those of us who design for multiunit, consumer-focused chains, this is simply Retail 101. It’s not only doable, it’s something that’s been done for decades.

Today, the future of healthcare looks a lot like retail. Which makes it an opportunity to innovate like never before.



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WD Partners is a global customer experience innovation firm, helping clients to innovate their patient/customer experiences and bring state of the art brand and retail practices to an evolving health and wellness sector that is moving toward a retail future. WD is a team of ‘Thinkers That Do’ with integrated services including: strategy & insights, experience design, A & E and construction services.



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Notes:

¹ According to management consulting firm McKinsey

“The provider market continues to experience a **significant move away from inpatient care** and toward distributed settings of care.

...the switch to **lower-cost, less-capital-intensive care delivery systems** will not abate.

Scale is also becoming increasingly important for providers. Scale within local markets is also important.

The strategic choices health systems make are becoming increasingly important because of the confluence of forces facing healthcare delivery, including the **shift to distributed settings of care** and rapidly rising consumer expectations.

The increased efficiency of non-inpatient settings and consumers’ **mounting demand for convenience** are powerful realities. Health systems need to carefully consider their capital and resource deployment as this structural shift continues.”

From: mckinsey.com

[link: <https://healthcare.mckinsey.com/future-healthcare-finding-opportunities-lie-beneath-uncertainty>]

² Source: “The State of Consumer Healthcare: A Study of Patient Experience from Prophet and GE Healthcare Camden Group,” from businesswire.com

[link: <https://www.businesswire.com/news/home/20160308006233/en/81-Consumers-Unsatisfied-Healthcare-Experience-New-Study>]

³ Source: McKinsey, above