HEALTHCARE: WHO SURVIVES?

SERVING CONSUMERS ON THEIR TERMS

EXECUTIVE SUMMARY

In a society where consumer preferences seem to shift as quickly as the weather, it can be difficult to keep up with the ever-changing needs and wants of our target audiences. As the healthcare industry has remained relatively unchanged in terms of providers since the implementation of the primary care physician (PCP), we are entering a new era where the family doctor's office is facing new competition. **The opponents? Urgent care facilities and retail clinics.** As insurance restrictions and strict business practices are at the helm of consumer's healthcare choices, PCPs have been positioned as the gateway to medical treatment in the U.S. – but not for long. With younger consumers now in the position to make personal healthcare choices, **will they prefer new providers and ultimately make the PCP obsolete?**

When asked which kind of provider was their "first thought for healthcare", only slightly more than half of healthcare decision makers (53%) named a Primary Care Physician.

In order to fully grasp how healthcare preferences could change, we compared the ways in which 2,600 consumers between the ages of 18 and 80 use—and evaluate—three different kinds of everyday healthcare providers: retail clinics (those located inside a store such as CVS Minute Clinics and Walgreens Healthcare Clinics), urgent care facilities, and doctor's offices, including those of PCPs, general practitioners and family doctors. These consumers are their primary healthcare decision makers and "healthcare services" in this context refers to medical care for the routine maintenance or improvement of health via the prevention, diagnosis, and treatment of disease, injury, and other physical illnesses.

PRIMARY CARE PHYSICIAN

URGENT CARE

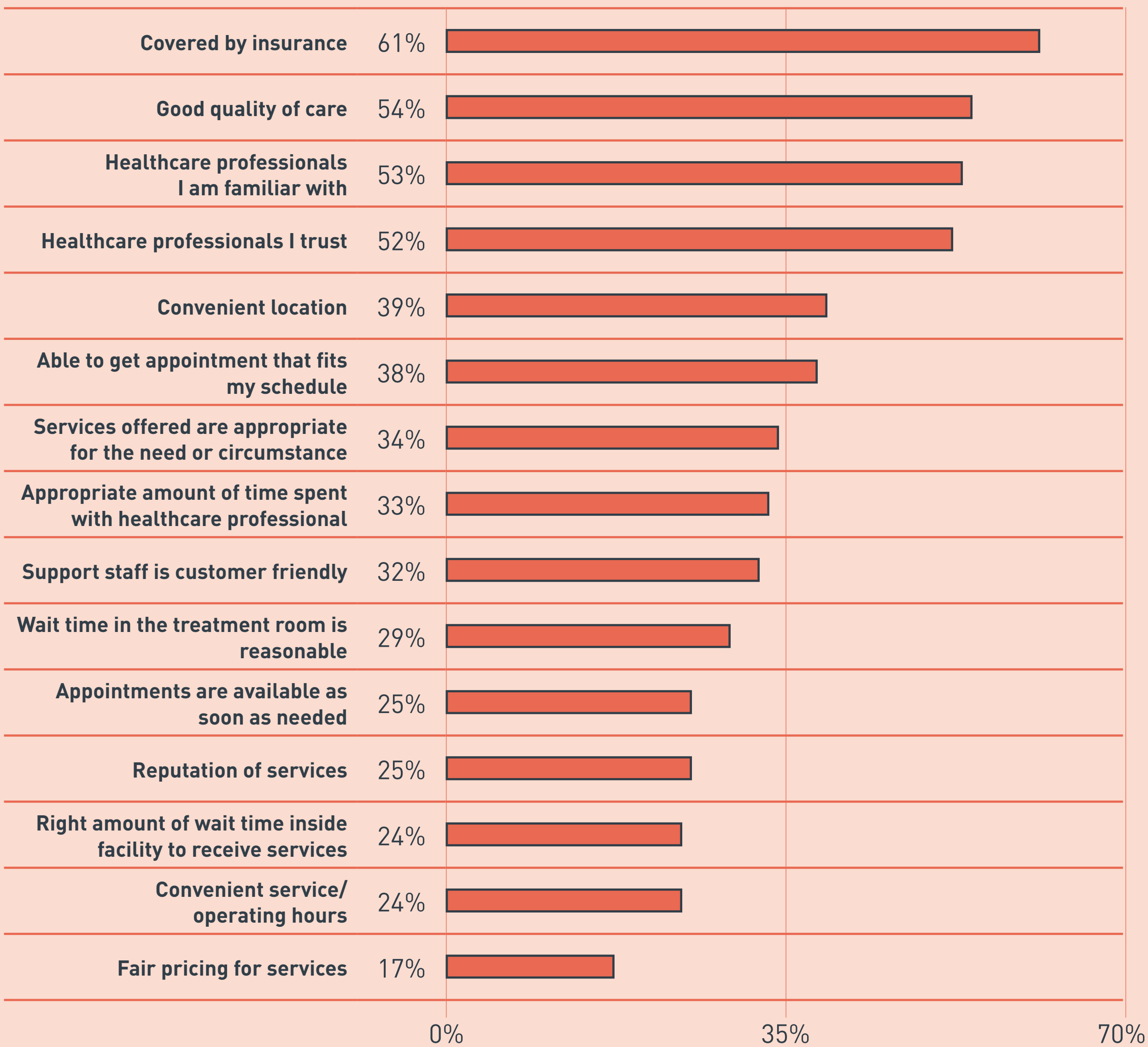
RETAIL CLINIC

We started this evaluation by directly asking our respondents why they prefer visiting a PCP and found that one of the main reasons for this continued support lies in familiarity. Consumers like to know that they are understood on a personal level, and having a PCP provides that comfort. Overall, as seen in the graph below, consumers are most concerned about getting the best bang for their buck. If the service is covered by their insurance, it is likely that it will hold a heavy weight in the consumers decision making process.

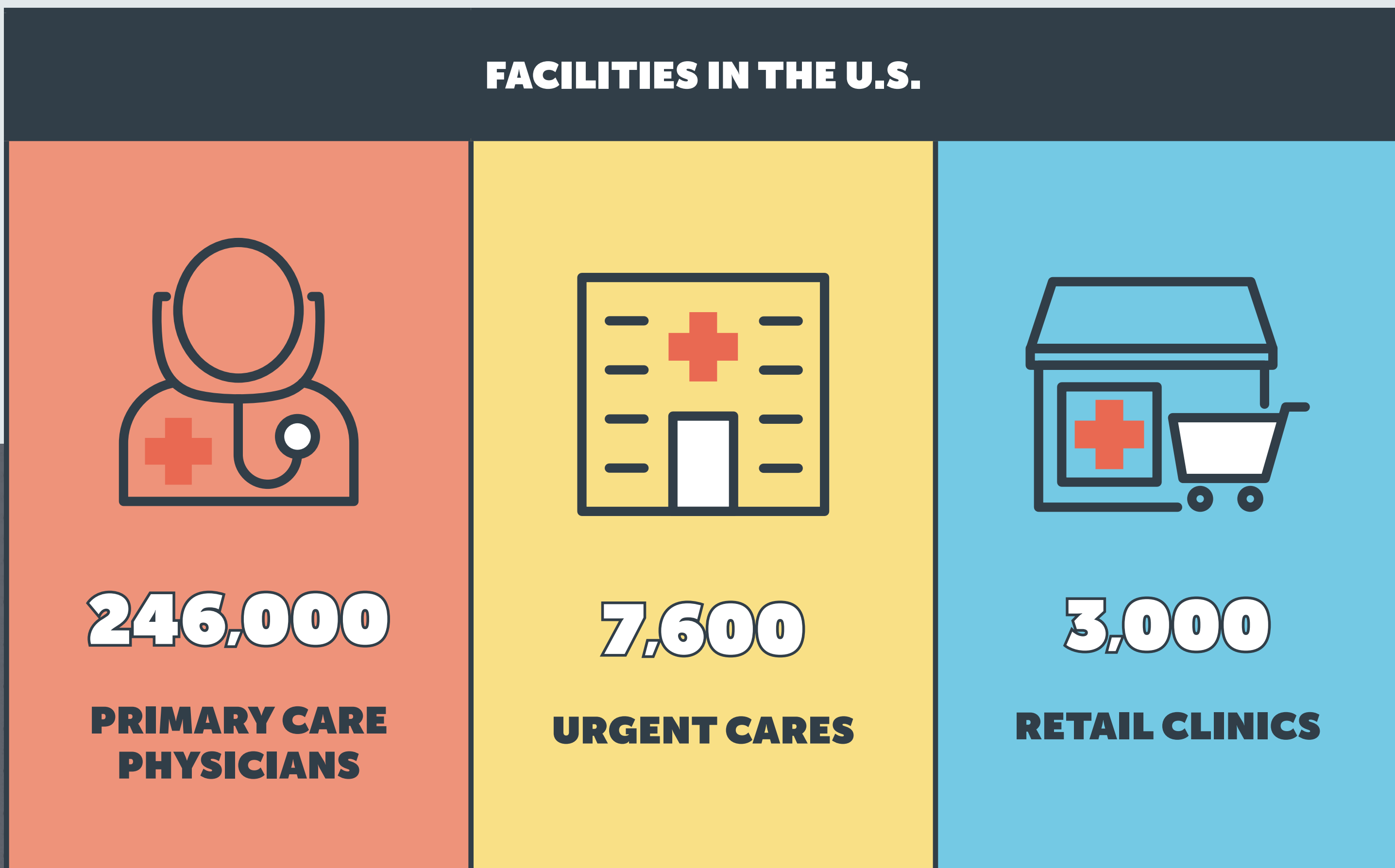
Top Reasons Consumers Chose Primary Care Physicians

Think about your most recent primary care physician's office visit. Select any of the following reasons for why you chose that place to receive healthcare services. (select all that apply)

(Cited by 15% or more)



In terms of actual provider preference, 85% of respondents said that they considered visiting a PCP for healthcare services in the past six months. **It is important to recognize, though, that the number of PCP offices in the United States is exponentially higher than the amount of their competitor facilities.** In 2010, there were 246,000 PCPs in America.[1] Currently, there are only 7,600 urgent care clinics[2] and less than half that – only 3,000 – retail clinics.[3] 42% of respondents had thought about visiting an urgent care facility, and only 18% considered a retail clinic. Despite these lower numbers, retail clinics have almost as high of a return rate (46%) as PCPs (59%).



To gain a deeper understanding of these preferences, we broke our respondents down by generation to see why each age group preferred specific providers. As expected, we found age related fault lines; older patients prefer the familiarity of a PCP on account of complex medical histories, where younger consumers are more likely to not have established a PCP at all. This is where we see the potential for PCP loyalty to fade simply based upon the fact that younger consumers care more about convenience, speed, and ease of access rather than maintaining provider relationships.

Platform Decision Importance: Generation Comparison

Rate the importance of the following features based on your most recent visit.

GEN Z (ages 18–22) | MILLENNIALS (ages 23–38) | GEN X (ages 39–54) | BABY BOOMERS (ages 55–73) | SILENT GEN (ages 73+)

Label	Total	Gen Z Millennials	Gen X Baby Boomers Silent Gen	Younger – Older
Quality of care	23.4	21.3	24.6	-3.3
Insurance coverage	19.7	18.0	20.6	-2.6
Healthcare staff	14.6	13.7	15.0	-1.3
Reputation	9.2	8.6	9.6	-1.0
Price	8.6	9.1	8.2	0.9
Service availability	7.7	9.4	6.8	2.6
Menu of services	6.1	7.2	5.6	1.6
Convenience	6.1	6.7	5.8	1.0
Speed of delivery	4.5	5.9	3.8	2.1

In the end, the message is simple: **the younger you are, the less likely to are to visit a PCP.** Younger consumers are more likely to be swayed by convenient alternatives and, to put it bluntly, older patients eventually die and replacing them is essential. This, in turn, makes us wonder what can be done at each of these facilities to ensure they will be sustainable in the future.

OUR PROJECTED OPPORTUNITIES

PRIMARY CARE PHYSICIANS:

Step up your access; put the consumer first, and add new services

URGENT CARES:

Improve familiarity and extend your services

RETAIL CLINICS:

Improve real and perceived quality and efficiency

All in all, providers that succeed will borrow from each other's strengths to create entirely new and innovative ecosystems of health. To do this, though, they need to consider fundamental changes to satisfy these evolving consumer needs. Luckily, we here at WD have the expertise to help you make these transformations.

To find out what the potential shifts in the healthcare industry could mean for your brand, email the author Dan Stanek at Dan.Stanek@wdpartners.com to learn more and receive the full white paper.

SOURCES

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