

Practice Management

Competitive Analysis to Stand Above the Crowd

Urgent message: Providing high-quality care and good service is not necessarily enough to attract and keep patients, especially if those patients can take their pick from among several urgent care centers. More and more, urgent care operators need to be aware of how their competitors operate.

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All too often, urgent care entrepreneurs operate in a vacuum. They feel that if they offer a well-appointed facility with good signage, convenient hours, and insurance participation, patients will come. And if those patients receive friendly service and quality care, they will return and tell friends and family to do likewise.

But such an operations focus ignores that others are courting the same patient base—everything you do *well*, a competitor might be doing *better*. Thus, it's critical for urgent care operators to understand the strengths and weaknesses of their competition and to respond with strategies to make their centers stand above the crowd.



Physicians' Dilemma of Competition

Physicians are no strangers to competition. Throughout their lives they compete for good grades, admission to medical school, acceptance to residency, and even for patients and referrals by providing higher quality services than their peers.

But when it comes to the “business” of medicine, some physicians are uncomfortable with the concept of competition. This may be due to a history of collaboration through professional associations, the need for solidarity in the

face of uncertain payor and regulatory environments, or personal ethics that simply dictate “hands off” another provider’s patients.

Economics teaches that the presence of competition

| Table 1: Sample Urgent Care Competitor Evaluation Grid | | | |
|---|--------|--------------|--------------|
| | My UCC | Competitor A | Competitor B |
| Number of Locations | | | |
| Physical Facility | | | |
| Street address | | | |
| Type of facility (e.g., freestanding, medical building) | | | |
| Size of facility | | | |
| Traffic count | | | |
| Size and visibility of exterior signage | | | |
| Ease of turning into/exiting the center | | | |
| Curb appeal of facility | | | |
| Interior condition/aesthetics of facility | | | |
| Adjacent tenants (driving traffic/visibility) | | | |
| Operating Hours | | | |
| Monday–Friday | | | |
| Saturday | | | |
| Sunday | | | |
| Holidays | | | |
| Operating Model | | | |
| Ownership (e.g., hospital, physician, corporate, etc.) | | | |
| Owner name(s) | | | |
| Investor name(s) | | | |
| Affiliations | | | |
| Certifications (e.g., UCAOA certification) | | | |
| Accreditations (e.g., JCAHO urgent care accreditation) | | | |
| Scope of Services | | | |
| <i>Urgent care</i> | | | |
| Target consumer segments | | | |
| Imaging services (digital/analog x-ray, ultrasound, etc.) | | | |
| Lab services (certifications, complex vs. waived) | | | |
| Procedures/minor surgery | | | |
| <i>Occupational medicine</i> | | | |
| Key accounts, target clients | | | |
| Workers compensation network participation | | | |
| Specialized physicals (DOT, FAA, etc.) | | | |
| Substance abuse testing (e-Screen, BAT, etc.) | | | |
| Employer on-site services | | | |
| Physical or occupational therapy | | | |
| <i>Primary care</i> | | | |
| Ancillary services (e.g. aesthetics, travel med) | | | |
| Staffing Model | | | |
| Provider staffing (physicians, mid-levels) | | | |
| Physician leaders | | | |
| Physician employment (employed vs. contractor) | | | |
| Physician background, board certification, reputation | | | |
| Physician tenure and turnover (provider vacancies) | | | |
| Physician pay and benefits | | | |
| Management/operations leaders | | | |
| Management/operations background and reputation | | | |
| Management and staff turnover (position vacancies) | | | |
| Reimbursement and Collections | | | |
| Credentialing/billing/collections model (in-house/outsourced) | | | |
| Insurance plans accepted | | | |
| Uninsured pricing/cash discounts | | | |
| Marketing Tactics | | | |
| Paid advertising | | | |
| Grassroots | | | |
| Internet/social media | | | |
| Marketing staff or agency | | | |
| Referral relationships (primary care, ED, etc.) | | | |

spurs innovation, reduces prices, increases transparency, and improves the quality of products and services. Urgent care—a solution for basic medical access that saves time and money—is proof that a competitive healthcare marketplace can benefit patients, providers, payors, and other stakeholders.

But unlike other types of medical practice that rely on professional relationships or hospital affiliations for referrals, urgent care is essentially a “retail” model that appeals directly to a consumer decision-maker. This means urgent care operators must identify, evaluate, and respond to competitors—*direct* competitors in the form of other walk-in, retail and occupational health centers and *indirect* competitors in the form of hospital emergency rooms and primary care offices.

Identify and Evaluate Competitors

Put yourself in a prospective patient’s shoes and ask yourself, “What is every alternative available to treat my minor illness or injury?” Make a list of all the options that come to mind—including doctors’ offices, emergency rooms, “non-providers” such as the Internet, and even “self-treatment” using over-the-counter medication. Every option on your list is a competitor—and the ideal outcome of competitive research is to assure your center offers consumers something *greater* than those other options.

For local, “brick-and-mortar” competitors, become familiar with their service offerings, operating model, and marketing tactics by visiting their physical locations, checking out their websites, and gathering their advertising collateral to assess:

- What is the scope of their services? What overlaps with what I’m doing? Are they adding anything new?
- What types of marketing or promotions tactics are they using? What is the public’s awareness of their facility and perceptions of their brand? Have advertising levels increased or decreased?
- What is the positioning of their physical facility? Do they have visible signage, easy entrance/exit from the street, and is there plenty of well-lit parking? How does their location, facility, and signage compare to mine?
- What are their operating hours, and how long are their typical wait times?
- How many cars are parked outside their facility at various times of day?
- When you call on the phone, are you greeted by a friendly voice—or put on indefinite hold by an

overburdened front desk staff?

- Who are the owners, what is their source of funding, and what are their expansion plans?
- What has been reported in the local news about them?
- What are the background and qualifications of their medical staff?
- From where do they recruit providers, and do they currently have any staff openings posted? What is their reputation among their current and former employees and referral providers in the community?
- If it’s a multi-site operation, what geographic areas are they expanding into, and what areas might they expand to next? Have they grown organically or through acquisition?
- How are they doing financially?
- How many visits per day are they averaging? Are their volumes increasing or decreasing?

(**Table 1** provides a chart that can be used to evaluate each competitor’s strengths and weaknesses relative to your own operation.)

Some urgent care operators have also been known to enlist friends or family members to physically visit the competitor’s facility for services and provide feedback on their experiences afterwards.

Regardless of the source, information gathering should be without falsification or misrepresentation and through observations and information sources generally available to an inquiring public.

Strategic Response to Competitive Insights

Identifying and evaluating competitors will illuminate the strengths that should differentiate your center. As you research competitors, ask what each is doing well and what could be improved upon.

What makes them successful or unsuccessful?

How loyal is their patient base?

How convenient or affordable is their product?

And, ultimately: *What opportunities can you seize?*

With this information, you can develop operations and marketing plans to better position your center to attract patients. For example, if you observe cars parked outside a competitor at 7:55 in the morning and you don’t open until 9 a.m., could you start opening at 7:30 to better serve patients needing services before work?

Or, if you learn your competitor is advertising \$12 high school sports physicals and you realize you won’t be competitive at \$35, could you find a creative way to

Continued on page 37

Thus, for services billed to Medicare, the physician must be physically on site.

For services billed to other third-party payors, your practice may instead opt to follow CPT guidelines, as long as this is allowed by your contract with the payor. If a provider is in the office, list the rendering provider as the provider who was in the office suite at the time services were rendered. ■

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“Competitive Analysis” continued from page 32

get into the schools to promote free physicals as a grassroots tactic and loss leader for athletic injury cases?

Likewise, say you want to build your workers compensation business but notice two or three occupational medicine competitors en route to the industrial businesses where injuries occur. Could your efforts be better invested in services that appeal directly to consumers?

Competition and Site Selection

Ignoring competition can lead to critical mistakes when developing a business plan—including whether to open the center in the first place. Before committing to a new location, it’s important to understand:

- What competition is present and how is it positioned relative to consumer traffic and residential growth patterns?
- Can the area’s population and demographics support one or multiple urgent care centers?
- Is there sufficient new business to support your center, or will you rely on capturing market share from an existing, weaker competitor?

Don’t be deterred, however...

The presence of urgent care competition should not necessarily deter a prospective center. In fact, the more urgent care competition, the more marketing activity and the greater consumer awareness of how and when to utilize urgent care—benefiting all centers in the market. In most cases, a concentration of urgent care centers is merely reflective of high population density—in large markets, there are simply more people, and more urgent care centers are able to thrive.

Because many urgent care entrepreneurs open centers where they want to live and work—and not based on optimal demand or market potential—they frequently enter into highly competitive situations and then struggle to build their practices.

For example, major cities in Arizona, Florida, and Texas have a high density of urgent care centers, while

nationally there are many other metropolitan areas with more than 50,000 people that could support at least one center but currently have none. Not only are these outlying communities ripe for an independent operator, but there is likely little to no competition except for the local hospital ED, meaning consumers should embrace urgent care as a long-awaited and much-needed community resource.

Where there are too many urgent care providers chasing too little business, eventually one or a few will “fall out.” For example, a recent news story in Lancaster, PA (population 55,351) describes how urgent care centers are “taking off” with local hospitals, out-of-state operators, and physician entrepreneurs opening a total of 12 walk-in centers by 2011 (five of which are within a 1.5-mile radius).¹ Another story out of Charlotte, NC reports that three urgent care centers have opened on one city block, each operating 12 hours per day, seven days a week.² It’s likely after several years of these competitors “duking it out,” markets like Lancaster and Charlotte will be a prime example of “survival of the fittest.”

In such markets, it’s even more critical to understand the strengths and weaknesses of competition and to position your business accordingly.

Conclusion

Whether an urgent care center survives or thrives is dependent upon how well it differentiates itself from competitors. Unlike other medical practices, urgent care depends on consumers to decide when, how, and where they seek care. Competitive research that takes the consumer’s perspective in evaluating the strengths and weaknesses of various healthcare options can yield insights that help the urgent care operator better position his or her center to increase visits and capture market share. ■

References

1. “A dozen clinics will be operating her next year,” Lancaster, PA: *Intelligencer Journal*, December 12, 2010. <http://articles.lancasteronline.com/local/4/323584>.
2. “1 Block in Charlotte; 3 Urgent Care Facilities, A Lot of Head Scratching,” *Charlotte, NC: Mecklenburg Times*, February 15, 2011.