

RESEARCH

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# ARE CONSUMERS READY FOR RETAIL HEALTHCARE?

*A new Oliver Wyman survey finds strong interest, little familiarity, and complex preferences. The verdict for retailers, healthcare providers, and payers: It's time to move, but carefully, and work together.*

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The line between healthcare and retail is blurring. More than 1,600 retail locations are now home to healthcare clinics, and an increasing number of pharmacy, supermarket, and mass chains have entered the healthcare space, some in innovative ways. Employers and insurers are not only adding retail clinics, wellness providers, and telehealth to their benefit design and networks but looking to these alternative sites of care as a way to satisfy consumer preferences and reduce costs. Healthcare providers, too, are entering the fray, hoping to offer their patients a wider range of services, greater access, and more convenience. Some are doing this independently by opening walk-in clinics or urgent care centers. Others are partnering with retailers.

It is already clear that healthcare's future will include both traditional healthcare providers and new players from technology, retail, and other realms. There is great opportunity on all sides. But how should a retail company or a healthcare payer or provider play? What kinds of services should it offer to what sorts of customers? What is a winning business design or profit model?

Before answering any of these questions, we first need to ask a more basic one: What do consumers want, and what are they willing to try?

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To find out, Oliver Wyman conducted a national online survey of 2,019 individuals spanning all demographic and health segments. We found significant interest in new, retail-oriented forms of care. But we also heard strong views on what services should be offered and how they should be delivered—views that don't always match with today's dominant models.

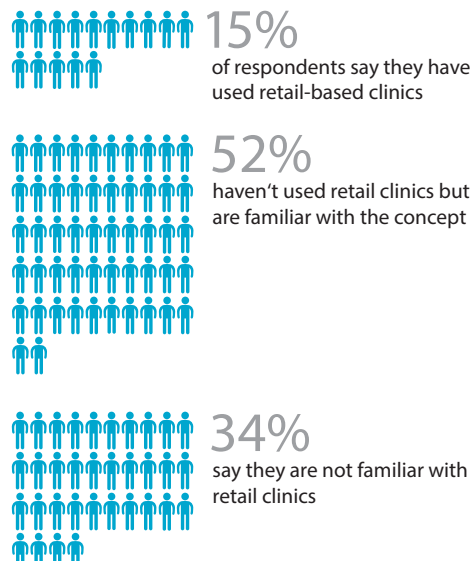
## THE CONSUMER SAYS "I'LL TRY IT. WHAT IS IT?"

Though retail clinics and other alternative sites of care have grown dramatically, their market share remains low. Only 15 percent of consumers say they have used a health or wellness clinic in a retail establishment, and only eight percent have used care delivered by phone or online. Interestingly, one-third of consumers say they are not even familiar with retail clinics, and 57 percent say they are unfamiliar with remote or virtual care. (See Exhibit 1.)

But they are willing to try. More than three-quarters say they are interested in receiving care for minor episodes at an alternative location. Two-thirds are interested in getting advice on diet, nutrition, fitness, and wellbeing. Half are interested in getting advice on managing a chronic condition. Interestingly today's retail healthcare industry focuses almost exclusively on providing routine and minor episode care in clinics. The other opportunities, despite substantial consumer interest, are largely untapped.

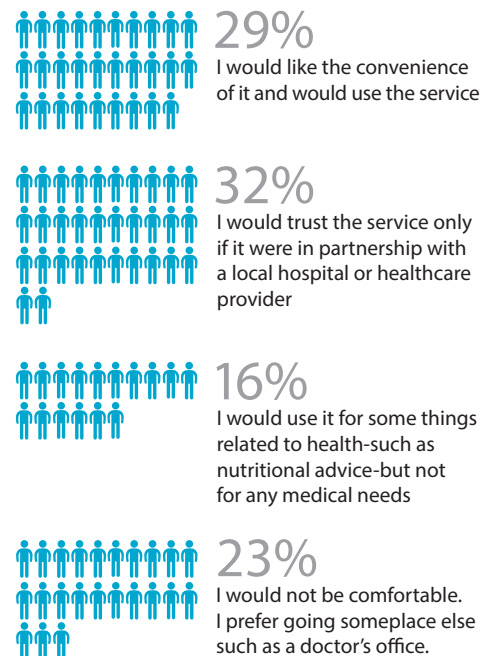
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### Exhibit 1: Consumer familiarity with retail-based health and wellness clinics



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### Exhibit 2: Willingness to receive services from a familiar retailer at competitive cost



Source: 2013 Oliver Wyman Consumer survey

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*There is both strong interest in receiving traditional services in new locations and strong interest in new services. For retailers, new services offer greater synergies.*

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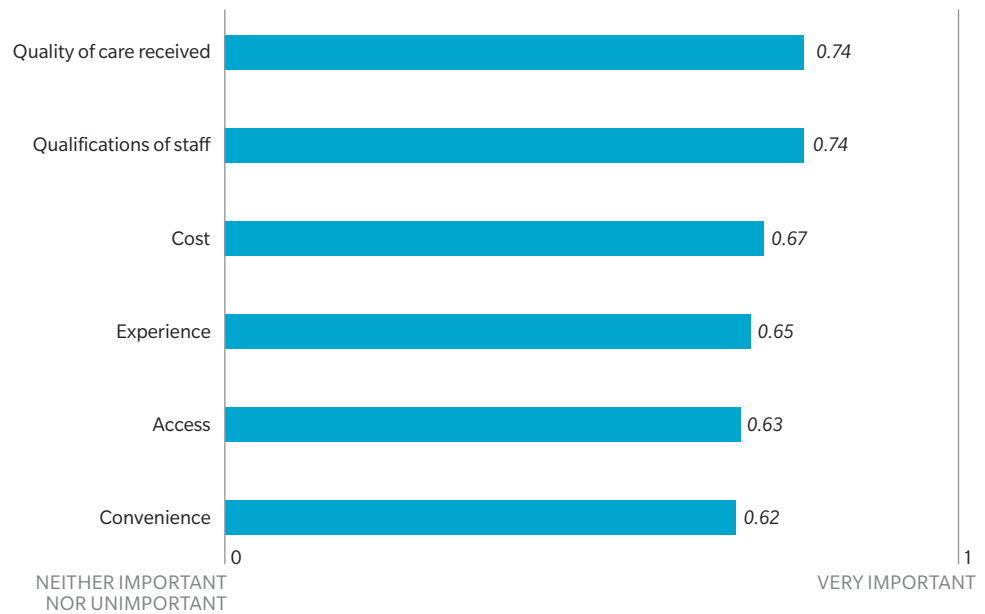
But this strong consumer interest comes with some strings attached. For example 57 percent of respondents said they would like to receive medical care in a retail clinic. But only 29 percent gave an unqualified yes. (See Exhibit 2.) The other 28 percent were interested only if the clinic was run in partnership with a local hospital or healthcare provider. (An additional 16 percent would be willing to use a clinic for some health-related services, but not for medical care.) And of the 48 percent who said they would use remote services, more than half said they would use them only if care was cheaper to compensate for its not being in person.

We note three general points:

- There is both strong interest in receiving at least some traditional services in new locations but also strong interest in new services. Retailers and providers alike should consider what mix is the most appropriate for them. For retailers in particular these new services present greater synergies with what is already in the store today.
- Currently, most alternative care sites market themselves on the basis of convenience and access. Cost and convenience are extremely important to some consumers, but in our survey group as a whole they rank lower than other factors. (See Exhibit 3.)
- Trust and perceived quality are key concerns. As we expected, doctors and nurses were the most trusted health information sources in our survey, with pharmacists coming in third. But (1) we note that consumers are significantly more likely to want to use a retail clinic run in partnership with a local healthcare provider and (2) we did not specifically ask what level of trust consumers would need to use non-medical services.

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**Exhibit 3: Consumer rating of the importance of factors in choosing a site for care**



Source: 2013 Oliver Wyman Consumer survey

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Consumers see less value in healthcare services delivered at retailer locations. But they are interested in receiving advice on wellbeing, nutrition, diet, and fitness.

## DIFFERENT SITES FOR DIFFERENT SERVICES

There is strong, broad interest in receiving care at alternative sites, but consumers, at least today, do not see all sites as equal. Exhibit 4 shows the range of preferences. For example, 79 percent of respondents said they were interested in receiving care for a minor episode in at least one alternative location. Unsurprisingly, 61 percent of respondents would be willing to go to a walk-in clinic or urgent care center. Thirty-six percent of respondents were interested in a pharmacy-based clinic, 24 percent in a clinic located in a discount retailer, and only 20 percent in a clinic located in a supermarket.

The chart highlights a few “hot spots” where consumers are already well aligned with alternative care:

- Consumers are willing to receive a wide array of services at walk-in clinics or urgent care centers.
- Pharmacies come next, possibly because of their dual advantages of convenience and the presence of a trusted advisor in the form of a pharmacist, but possibly because their in-store healthcare offerings are familiar, thanks to the marketing and existing offerings of chains like Walgreen’s and CVS.
- In general, consumers currently see less value in traditional healthcare services delivered at retailer locations—an attitude that could change in the next few years, especially if payers push for wider use. But even now consumers are interested in receiving advice and recommendations on diet, nutrition, fitness, and wellbeing from a wide a variety of retail locations.

Exhibit 4: Percentage of consumers who would consider receiving specific forms of care, by location

	PHYSICAL EXAMINATION	ROUTINE CARE	MINOR EPISODES	DIET/ NUTRITION	FITNESS/ WELLBEING	CHRONIC MANAGEMENT
Interested in receiving care in at least one alternative location	44%	64%	79%	66%	64%	50%
Grocery store (such as Kroger, Publix, Safeway)	10%	17%	20%	22%	21%	11%
Discount retail store (such as Wal-Mart, Target)	11%	20%	24%	25%	25%	13%
Pharmacy (such as Walgreen’s, CVS, Rite Aid)	15%	30%	36%	35%	33%	19%
Walk-in clinic or urgent care center	35%	46%	61%	30%	30%	33%
Remotely via phone, voice chat, or video chat	4%	11%	13%	32%	33%	19%

<10%  
  10-24%  
  25-49%  
  50%+

Source: 2013 Oliver Wyman Consumer survey

*Consumers want the convenience, access, and cost transparency of traditional retail combined with healthcare's quality and trust. A new model is necessary.*

One would expect choice preferences like these to correlate with age, income, insurance status, and overall health. We might expect, for instance, that younger consumers would be open to new ways of receiving care, especially via the internet, or that older consumers would disproportionately favor the traditional doctor's office. But in this case, they do not. Interest was spread fairly randomly across traditional demographic categories.

Digging deeper, we identified 11 consumer segments in the broadly defined health and wellness market. While the segments do not correlate with the factors typically used to predict consumer behavior, there are some interesting patterns of buying preferences. For example, consumers in the segment we call Remote Lifestyle Advocates (who make up about 10 percent of the population) are interested in receiving new "lifestyle" services like nutrition, wellbeing, and condition management remotely but traditional services like routine care and minor episode treatment at urgent care clinics. They are not very interested in any other alternative care locations. Convenience Care Shoppers (about five percent of the population) are interested in receiving traditional services at most physical locations, but not remotely, and they are not very interested in new lifestyle services at any physical location. (See Exhibit 5.) The challenge will be to find ways to predictively group consumers to these segments and tailor business models to them.

Exhibit 5: Two consumer segments compared by percent of willing to receive services at a specific location

	PHYSICAL EXAMINATION	ROUTINE CARE	MINOR EPISODES	DIET/NUTRITION	FITNESS/WELLBEING	CHRONIC MANAGEMENT
<b>Remote Lifestyle Advocates</b>						
Grocery	1%	5%	2%	2%	2%	2%
Discount	2%	6%	6%	3%	4%	2%
Pharmacies	9%	24%	24%	12%	12%	10%
Urgent Care	28%	40%	62%	1%	2%	16%
Remote	7%	19%	21%	94%	91%	43%
<b>Convenience Care Shoppers</b>						
Grocery	34%	72%	78%	10%	3%	22%
Discount	40%	85%	84%	12%	3%	30%
Pharmacies	44%	87%	87%	15%	6%	42%
Urgent Care	56%	78%	84%	11%	9%	19%
Remote	8%	17%	20%	34%	31%	24%

Legend: <10% (lightest blue), 10-24% (light blue), 25-49% (medium blue), 50%+ (darkest blue)

Source: 2013 Oliver Wyman Consumer survey

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*As retailers start to enter healthcare in a big way, new models are emerging. By working in partnership, providers, payers, and retailers will be able to meet consumers' needs.*

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## DESIGNING FOR THE FUTURE: 1 + 1 = 3

In looking for new healthcare opportunities, the temptation is to think too narrowly—to look only for new ways to deliver traditional healthcare services. But this thinking leads to a conundrum, because consumers want a combination of quality, convenience, and cost that is impossible to deliver in the old payer/provider/retail models. What we see in our data is that consumers want a solution that combines the best aspects of traditional retail (convenience, access, cost transparency) with the best aspects of traditional care models (quality of care, high trust in the provider). A new model is required.

As retailers start to enter healthcare in a big way, new ways of solving the conundrum are emerging. By working in partnership to build new service and delivery models, providers, payers, and retailers can meet consumers' needs. Rite Aid, for instance, has recently announced a plan to offer chronic-care services to patients who have been referred by their doctors. By extending the care of providers into a retail setting, Rite Aid can collaborate with providers to provide pharmacy services and lifestyle coaching aligned with the physician's care plan. This can lead to lower costs, healthier and more satisfied patients, and loyal customers.

We are starting to see many other models of payer-provider-retail partnerships springing up around the country. Experiments are taking place in many different locations, including supermarkets, stand-alone clinics, and drugstores, and they use digital as well as brick-and-mortar channels. As we see these models and hear the voice of customers, the question is less *Should I play in retail-healthcare?* and more *How should I play?* and *Who should I partner with?*

Our survey suggests to us that we are near a tipping point of consumer acceptance, one that will open great opportunities and enable far-reaching change in healthcare. The future, we think, belongs to those who can truly understand what consumers want and need and build a portfolio of business designs complete with the partnerships needed to bring them to life.

## ABOUT THE AUTHORS

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