

Best practices for retail growth
in home medical equipment



High Demand for Home Medical Equipment

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The U.S. Home Medical Equipment (HME) market is expected to grow from \$46.5 billion in 2015 to \$60.2 billion in 2020¹
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Multiple factors play a role in this growing demand for HME products, including an upsurge in the aging population, the shift to more at-home patient care, and increased insurance coverage.

However, HME sales can be challenging due to competitive bidding under Medicare and other government regulations.

One poll found that 89% of HME providers had stopped accepting Medicare assignment on certain products in the past year.²

The Shift to a Customer Driven Model

Without the necessary insurance coverage, consumers are faced with paying for home medical supplies upfront. They often demand higher quality products and best-in-class service when they have to pay out of pocket. In this new consumer driven business model, an HME provider who strives to meet customer needs can achieve success.

So, how does an HME provider transform their business in a way that appeals to consumers? Adopting best practices for retail growth is a good strategic approach.

Here are the top five best practices worth considering.

1. Prioritize Retail Location

Find an ideal location that is near other retail stores to ensure greater accessibility, visibility and foot traffic. If a business is not located in a retail friendly area, relocation is a wise choice. If relocation is impossible, an HME provider can renovate their existing location – with a new storefront – to make it more inviting to consumers.



Retail locations should have:

- **Ample space to display products** – Depending on the market, product mix and expected inventory turns, maintain at least 2,000 square footage of retail space.
- **Eye-catching signage** – Attract customers who drive by so they remember where the retail business is located.
- **Clutter-free window displays** – Create an inviting first impression so that customers believe you can help them with their needs.
- **Warm lighting** – Provide adequate store lighting for every season and time of day.

2. Offer Robust Product Selection

Once a consumer notices and is ready to visit a retail store, an HME provider should be prepared to meet their product needs. Products are likely to vary from those that are typically reimbursed through Medicare, but remember, consumers demand greater quality and selection when they are paying for products themselves.

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HME products should have:

- Packaging that stands out on a shelf
- Clear, customer-friendly instructions (if needed)
- Add-on items or accessories that make it less institutional or more functional
- Features that appeal to multiple generations (e.g., seniors, baby boomers or all ages)

An HME provider should also avoid copying or directly competing against big box retailers. Instead, they should extend their product offering beyond that of a big box store – either via new items or those that are more clinical in nature.

It is not necessary to display every product model customers could ever want. However, an HME provider should feature a well curated mix of top selling products from the categories in which they specialize. If they do not have the right size, color or accessory that a customer needs, they should be able to send the product the next day to the customer's home.



Key product categories should include:

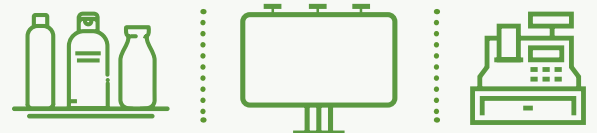
- Wound care
- Equipment
- Aids to daily living
- Vitamins and OTC medications

3. Focus on Merchandising

The right product mix is important, but displaying products in a visually appealing way is essential to get consumers to buy. Leverage relationships with retailers or distributor partners to utilize merchandising tools that can help drive product sales, such as plan-o-grams, signage, banners, and point-of-purchase displays.

Use simple displays with modern, attractive shelving or fixtures, and keep a clean, dust-free and uncluttered store. It will not only attract more customers, but encourage them to shop for a longer period.

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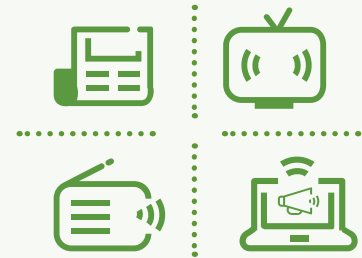
4. Provide Excellent Customer Service

Most people do not want to shop where it is cold, uninviting or unfriendly. When consumers enter a retail store, they expect to be greeted warmly and want to feel like they can stay awhile, without being rushed, pressured to buy, or ignored. Even when a store is busy, customers should be made to feel as though they are the only ones there. Ensure employees are trained to deliver a great customer experience. When customers are made to feel welcome, they will come back — again and again — and will gladly tell others about the wonderful experience a business has offered.

5. Drive Sales and Marketing

Attracting consumers goes beyond an inviting store and positive customer experience. Determine which marketing channels, based on budget and market, can help drive business growth. Consider print, television and radio advertising as well as direct marketing.

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Build and nurture a strong referral network comprised of doctors, hospitals, wound care clinics, and pharmacies that can direct consumers to a retail store. Create compelling marketing material that highlights why these referral sources can rely on an HME provider to care for their patients.

A strong online presence is vital and can significantly increase foot traffic. Studies have shown that 50% of consumers who conduct local searches on their smartphones visit a store within a day, and 18% of those searches lead to a purchase.³

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Online strategies to consider:

- Sign up for a free Google My Business account that provides consumers with:
 - Brief business description
 - Address
 - Map location
 - Contact information (phone number, website, etc.)
 - Hours of operation
 - Logo or picture that best represents the business
- Connect with customers via Yelp, a popular site to search for business recommendations.
- Leverage the power of social media and social sharing. Facebook, Twitter, Instagram, Pinterest, and YouTube are some of the most widely used platforms that a business can leverage to help boost sales.
- Develop a business website that showcases products and allows consumers to ‘window shop’ online to determine if a business has what they need.
- Create a web-based eCommerce shopping experience to complement in-store sales.

Taking the Next Step

Think about retail stores that truly stand out – how they entice customers and encourage purchasing behaviors that lead to business success. Pair those examples with the top five retail best practices to create a retail environment that consumers want to visit time and time again.

Sources

1 "Durable Medical Equipment Market Update", Harris Williams & Co., March 2016. https://www.harriswilliams.com/system/files/industry_update/dme_updated_us.pdf

2 "Providers Start Dropping Medicare Assignment", Theresa Flaherty, HME News, July 22, 2016. <http://www.hmenews.com/article/providers-start-dropping-medicare-assignment>

3 "I-Want-to-Go Moments: From Search to Store", Think with Google, Matt Lawson, April 2015. <https://think.storage.googleapis.com/docs/i-want-to-go-micro-moments.pdf>