



Think Bigger: A Retail Playbook

MCKESSON

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Note From Contributor

Think Bigger: A Retail Playbook

Time to shake things up a bit. Long gone are the days patients enter a DMEPOS business to simply get an order filled and leave quickly after. Say no more to blanket solutions from patient to patient. And a big headshake to customers being treated as patients. Adios old age, and hello knock-out retail execution.

Notice how we didn't say retail innovation?

Truth is, anyone can have an innovative retail idea, and yes, sometimes those ideas can be great. However, there is a clear difference between innovation and delivering. This playbook is not here to promote "new retail ideas" because truthfully, most "new retail ideas" already exist. For this reason, our playbook is here to be disruptive to the industry, to shake things up a bit, and showcase how to operate differently—in ways that maximize customer utility while balancing operational efficiency. Because in retail, it's not the idea that matters but how we convey the idea differently than our competitors that matters.

Retail is a customer business, so finding the why within our industry is easy—patient care. Yet, maximizing patient care still proves to be quite difficult. It's in every area of a DMEPOS business from the products providers carry, company values we show, and our employees; patient care is the centerfold. If one area falls short, then the reasons customers have for buying our "why" also lack. Dedicated patient care can't be faked and may not always be executed perfectly, but it remains the stickiness in our industry.

So, what separates one DME's patient care from the others?

One ships best. (And no, we're not talking about resupply.)

The DME that ships best is the DME that sends their assets into the world promptly. They are the ones that combine care and retail science (i.e., caretailing). They are the DMEs that don't fear change.

There is a major difference between simply doing and doing something best. Between the current landscape of digital and brick and mortar competition, it's not enough to claim that our patient care is the best. We must deliver it in ways that make us unique, and we must send it fast and at an optimal level. Our differences are our assets, and our assets are the direct realm of control each provider has in the marketplace. Too often we see DMEs sit on strengths or opt to execute in a way because that's what has always been done. They fail to ship, failing to create something magical for customers on the receiving end and ultimately leaving room for competition to fill the void.

The purpose of this playbook is to show providers how to channel traditional retail ideas around product, store experience, and marketing, and employ those to achieve their "why" in an approach that allows a provider to grow profits based on operational effectiveness—while still providing leading care to customers. We hope you find this information helpful as you prepare to implement a strong retail strategy.



INTRODUCTION: PRODUCT

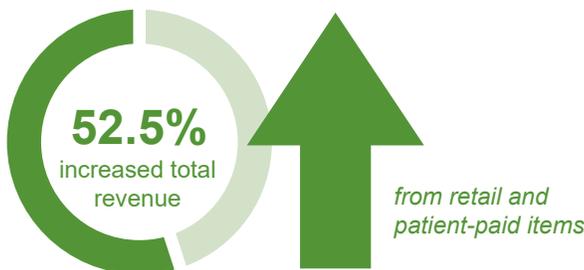
There is something to be said about the success of the DMEPOS industry thus far.

Did You Know?

According to the 2018 VGM and HME News benchmarking survey, from a sample of 120 respondents, 51.67% have two or more physical locations and 31.67% percent have five or more locations total.¹



From the same benchmarking survey, 52.5% of survey respondents stated that retail/patient paid payer types increased total company revenues from the last fiscal year.¹



However, according to the benchmarking survey, when comparing 2016 to 2017, 40% of respondents said their total profits were less in 2017, while 44.16% said profits increased in 2017 and 12.5% of respondents said there was no change between the two years. Total profits were up by 4.16% in 2017, which is positive for the industry. However, it is still important to note that 52.5% of participants either indicated a decrease in profit or no change in 2017. From those respondents who marked a positive increase, 93.75% indicated that a portion of their revenue was derived from retail payers.¹



The stats above show that although our industry is strong, change still needs to happen. When it comes to product, we need to rethink how we're servicing our customers. As a business owner, product is a place where many costs lie. Which means managing product correctly can have an effect on profits year-over-year. The purpose of this section is to show how an efficient inventory management strategy can help providers minimize costs.

¹ 2018 VGM and HME News Benchmarking Survey



HOW TO FIND THE RIGHT PRODUCTS

As CMS works overtime to drive down Medicare funding for home medical equipment, a key way providers can generate revenue is through increasing retail sales. There are a host of high- and low-price products for which patients are willing to pay cash. And, there are many patients willing to pay cash for traditionally reimbursed items because they want them right away and can afford them.

The biggest questions most providers have when it comes to carrying cash products are:

- What should I be carrying?
- What will actually sell?

ONE: Referral Sources

Your current referral sources already feel comfortable sending patients/customers your way. If you let them put a little skin in the game, it can only help you. Who knows the customers' needs and product requests better than them?

If you're willing to expand your product mix based on your referrals' recommendations, expect a positive result.

If you're willing to expand your product mix based on their recommendations, expect a positive result. If you have a great relationship already, it's as easy as picking up the phone, sending an email, or shooting a text to set up a time to meet.

If you don't have a current relationship, explain that you're looking to carry more products within their specialty. Then ask their advice in an effort to help more of their patients.

When you do meet, have some products identified around the referral sources' specialty, but remember, the main goal is to listen and note what they'd like you to carry. After the meeting, make time to research the items and discuss with your team what you found. Once you have determined what to carry, follow up with the referral source to let them know you took their advice and ordered certain products.

TWO: Existing Customers

Your existing customers trust you, they listen to you, and they're loyal—all ingredients for getting good, solid feedback. This doesn't just go for product ideas, but that will be a topic for another time.

*Your existing customers trust you...
simply ask them what they'd like
you to start carrying.*

The best way for this to work is by simply asking the customer what it is your store doesn't carry that they'd like you to start carrying. This can be done verbally or through a questionnaire. This has some backend work, requiring you to note which items your customers request and the number of times they have requested each item. After this process, and once you and your team agree on a new product offering, place the order and get that messaging out to your customers through your usual channels.



THREE: Your Competitors

Ask yourself, what items do my competitors carry that I currently don't, and do they fit in your mix?

Ask yourself, what items do my competitors carry that I currently don't and do they fit in your mix? If there seems to be an item or two that you like and you and your team think it's a good fit, ask for it from your distributor.

There are two reasons this strategy works. First, competitors target the same demographic you do, so there's a good chance your loyal customer is in need of the item(s) as well. Second, this strategy allows you to use your competition to do the backend investigative work to identify items that sell well.

FOUR: Distributors and Member Service Group Providers

When in doubt, talk to your trusted distributor and member service group providers.

When in doubt, talk to your trusted distributor and member service group providers. These partners should have your best interests in mind and want to point you in the right direction. They have many partners like you on the front lines, in similar markets, and they will know the product data on what's hot and what's not—again taking the guesswork completely out of choosing the right product because of their access to real data and results.





INCREMENTAL PRODUCTS

What Does “Retail” Really Mean?

When you hear the word retail, do you think of Walmart and the thousands of items they have on hand? Or maybe you think of CVS, smaller in size than Walmart, but still a big jump into what you may be currently carrying. If this is what you think of when you hear the word retail, then it's no wonder you're hesitant to get into retail.

Do not think you have to implement a complex strategy similar to Walmart or CVS to be a leader as a retailer.

All things transparent, these big box and e-commerce companies do exist in the HME space. The reason for their entry is that they recognize the same existing need from consumers that DMEs do. Increasingly, customers are seeking out the products and expert knowledge traditional HMEs can provide. Take big box entry as a sign of opportunity. Consumers need your products. However, don't think you have to implement a complex strategy like Walmart or CVS to be a leader as a retailer.

Simplifying Retail: Incremental Sales

A simpler way of doing retail that fits perfectly into your everyday business model is what we call incremental products or incremental sales. This area is a great place for DME providers to distinguish themselves. Why should DMEs work to excel here?

Incremental sales is a great place for DME providers to distinguish themselves.

For starters, there's very little to no additional staff needed out of the gate. Owners should already be experts in their top performing categories (or bread and butter categories) and these categories that DMEs know so well are also the same categories incremental sales will capitalize on. Since DMEs

already have this expert knowledge, this eliminates some of the cost for new product additions to their current product lines. For example, it is much harder from an expense and knowledge standpoint to fill a 3500 square foot store of product versus simply expanding on a business's current product offerings and strengths. This is because incremental product suggested as an add-on will not be a left-field stretch from the current staple products situated in the provider's bread and butter categories.

In addition, providers already have a loyal customer base unlike other retailers in the market. This loyal customer base sees providers in a different and much better light than other retailers. These consumers need and want assistance when it comes to healthcare products, and most providers have experience in the industry that remains unmatched by competitors like big box retailers. However, the one thing the provider can always improve on (aka the piece competitors are developing) is making sure that they are strategically offering their customer all the products they could ever want or need. Outshine in this piece with the mix of expertise and simple marketing efforts, then the uncertainty about new entrants, big box companies and retail will be sure to falter.

Integrating Incremental Products

“[Incremental innovation is] a series of small improvements to an existing product or product line that usually helps maintain or improve its competitive position over time.” – Business Dictionary

Say a provider's bread and butter is CPAP. Local referral sources and customers know exactly who a provider is and what they carry. This provider has a history in their local market and has built a business mixed with industry experience. But with competitive bid cuts, it isn't as profitable as it once was. In this case, incremental products (retail) can really look promising to the bottom line.

If the DME helps 2,000 customers a year by providing a CPAP mask/machine, it's fair to say the provider is probably making a decent return. By only doing the above, the provider is still missing



INCREMENTAL PRODUCTS

continued

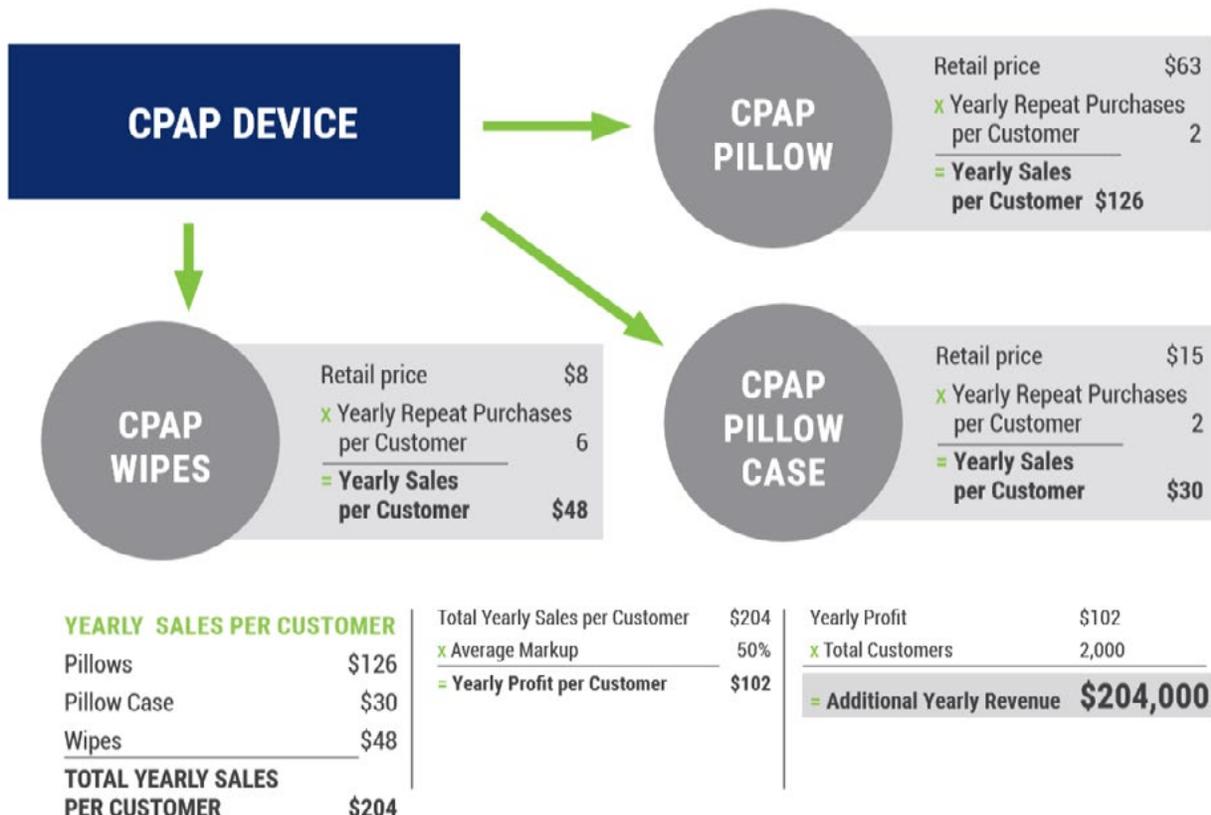
out on the additional needs of the customer by not providing relative add-on products. With the inclusion of incremental products, the provider faces ample opportunities of making additional profit and can preserve a loyal customer following. Most importantly, customers are now completely satisfied because they received exactly what they needed.

Now let's say in one year, they sell to each of those 2,000 customers, two CPAP pillows, two pillow cases, and six cases of CPAP wipes. They are now selling all of the items that each of those customers need (items the customer didn't know they initially wanted), but by doing this, they increase their bottom line by (at least) \$204,000. This **\$204,000** is only for *three* additional add-on products—pillows, pillow cases, and wipes. However, this large chunk of change is just the surface, as there are many other corresponding products to CPAP devices—holders, stands, batteries, travel machines, cleaning or sanitizing machines, etc. Do the math. The financial growth here is exponential.

The Takeaway

In our experience, the industry has shown that within the retail industry one way of retailing isn't better than the rest. Big box isn't better than the traditional DME—they simply do business differently.

For the DME industry, which is all about caring and tending to the needs of customers, retail and incremental products, are a no-brainer. Providers who are willing and waiting to find new products and discover new business opportunities, will get closer to the ultimate goal—making their customers' lives better. Some see retail as a means of selling; however, it is entirely different than selling. The overarching goal for providers who enter the retail space and adopt the role as a caretailer, is to educate, care, and offer the consumer products that will change their lives.



*All calculations are estimates. Outcomes may vary depending on vendors, cost, margins, and sales.



INVENTORY MANAGEMENT

The Basics of Inventory Management

To maximize the overall purpose of our store employees (i.e., serving the customer), we must first streamline our product management and ordering processes. To do this, start by identifying top product categories, move to top product performers, then identify the quantities of product needed, and lastly, determine reordering points. These four steps working together can ensure your store is a one-stop-shop for your customer and that they can get anything they need easily. This foundation will give employees a clear direction that correlates with sales goals. Use the process below as a guide.

- 1. Identify Top Categories:** To start managing your inventory correctly, choose your bread and butter categories. These are the ones that most often drive customers into your store. Typically, categories like mobility, CPAP, bath safety, daily living aids, and pain management are top performers.
- 2. Identify Top Product Performers:** Inside your bread and butter category, you need to identify the products that are performing the best. Do this by using the 80/20 rule: identify the top-performing products that account for 20% of your sales and classify the rest of the products that account for 80% of your sales within that category. (See example below.)

3. After you have segmented your top-performing products, it is now time to **identify the recommended quantities on hand**. For your top 20%, we recommend having two months' worth of inventory on hand. However, for the other 80% of your inventory—the middle 50% and bottom 30%—we recommend using your best judgment. We say this because the products in the bottom 80% can be volatile in sales.
4. Lastly, **determine your reorder points**. After you have identified the minimum product amount that needs to remain on hand, stick to it! Reorder when necessary, never letting a product fall under your minimum needs. This will help you avoid those unexpected and unneeded additional shipping costs.

Extra Tip: When it comes to inventory management, it is crucial to evaluate inventory levels regularly. Specifically, daily, weekly, monthly, quarterly and annually. Measures to consider: revenue by category, number of items being sold per transaction, the number of transactions per day, dollars per square feet, inventory on hand (dollars and product quantities), average ticket, cost of goods sold, top- and bottom-line margins.

Once the inventory management process is mastered, consult your distributor to find revenue generating incremental products. Learn how to find the right distributor in the next section.

Bath			YTD Sold	On-Hand	# Per Month	Rec. QTY
Top 20%	{	Bath Bench w/back 250 lbs capacity	56	2	6	12
		3 in 1 Steel Bedside Commode 350 lbs capacity	24	2	2.5	5
Middle 50%	{	Elevated Locking Toilet Seat w/arms	21	1	2.3	3
		Toilet Safety Rail	18	1	2	2
		Transfer Bench w/back 300 lb capacity	16	1	1.7	2
Bottom 30%	{	Urinal Male w/cover	11	1	1.2	2
		Toilet Seat Elevator w/handles	10	1	1.1	2



FINDING THE RIGHT RELATIONSHIP

You've dissected the numbers, collected customer feedback, and detected the products your customers want and need. Now, you're ready to bring on a distributor that fits into the mold of what your customer is looking for. So, let's get down to business.

Condition 1: Margins

All business owners aspire to make the most profit in their operations. In addition, most businesses understand that product is the most important item on a P&L statement. It's one of our highest costs and the ultimate reason our customers shop with us. There's a magic balance between carrying the right products, managing the amount, and the cost—inventory management. Hence, why the most successful businesses aim their attention to their margins.

There's a magic balance between carrying the right products, managing the amount, and the cost—inventory management.

A shift in a point or two with the cost of goods margin can add or subtract significantly to the bottom-line profit of your business. If you are a provider looking to choose a distributor, you should focus on the cost of goods sold. Reason being, your profit margin is calculated off the cost of a product. We recommend aiming for a base number of 50% for cost of goods sold. However, meeting this number will not always be feasible due to the actual expense of a product and the commitment every provider should have for carrying the right products (or solutions) for their customer. To maintain close to 50%, choose a distributor with a variety of products, allowing yourself to sell incrementally and make up the difference for a higher cost product.

Condition 2: Product Quality

In the healthcare domain, it's crucial we provide the right product at the highest quality possible. Our products and our solutions have the ability to bring positive change to people's lives. After all, we're caretakers, and our customers define our jobs!

If you're in touch with your customers' needs, you've already completed the first step toward carrying a quality product—listening.

Assuming you're in touch with the needs and wants of your customers, you've already completed the first step toward carrying a quality product—listening. If you have done that, then building a distributor relationship now becomes essential. Without a trusting relationship between you and your distributor partner, your customer cannot trust you. Avoid distributors that are product pushers and find the distributors that get to know you and your customer base. As a caretaker, it's your job to be your customers' middleman and snag the products most beneficial to them.

Look for distributors who:

- **Ask the right questions** to gain understanding of the needs of your customer base
- **Acknowledge** what your **customers' needs** are
- Provide you with useful product **intel to remedy the needs of your customers**
- **Can provide sales data on the best items selling right now**

You can't just carry great products and expect customers to shop your store; you must show them how your products can fit into their lives.



FINDING THE RIGHT RELATIONSHIP

continued

Condition 3: Marketing

The next piece of the puzzle is marketing. You cannot just carry great products and expect customers to shop your store; you must show them how your products can fit into their lives. Strive to maintain lifestyle-centered marketing materials, because everything from photos to verbiage should capture a life relatable to your customer. Think about it—would you ever buy a product that you didn't envision functioning smoothly into your life? No, you would find no use for it. So, it is your job as a provider to educate the customer about why a product will improve their life. One way to show them is through your marketing materials.

For example, if Medicare only covers a baseline rollator with zero bells and whistles, but you know that your customer will need additional products that will ease their usage, it is your job to show them why they need those products. For this case, maybe it is through a picture that depicts a person shuffling easily through a grocery store or a grandparent holding the toys of their grandchildren conveniently because she purchased an add-on storage part to their rollator. Whatever it is, again as a provider, we work for our customers and must satisfy their lives.

Extra Tip: To help better serve your patients, make sure your staff on the retail floor is trained on when and how patients should use the products you offer. One way to help them get up to speed on products you sell is simply asking your distributor or product manufacturer for assistance. Often times, training videos already exist and can be watched at your staff's convenience.

Condition 4: Training

A product sitting in your store or just placed on a shelf without your employees understanding it or knowing how to sell it often leads to poor sales and disappointment. To be an expert in the field, employees must be well educated around a product

and new advances, as well as knowledgeable about how a product could adapt to the customer asking for it. And, who better to learn about a product from than straight from the source?

Product sitting on your store shelves without your employees understanding it often leads to poor sales and disappointment.

A distributor will make themselves available to you and your employees. They should give you the best advice about how to move their products. Look for distributors that see your relationship as a mutual and long-term collaboration. Successful distributors know that in order for them to be successful, you must be successful. These distributors will be the ones who don't push product on you, who value your time, and not only help you choose the right product but educate you and your staff on how to carry it and sell it. Find the distributor that understands your importance in the partnership and who is willing to go the extra mile to make sure you are just as successful as they are.

You can set your store apart by bringing the correct vendors to the table.

Wrap Up

You can set your store apart by bringing the correct distributors to the table. Your distributor should want to help you grow your business along with product quality, and training. They'll help make sure you are providing the best for your customer. Lastly, the right distributor will know that a seat at your table will be an earned one, not an assumed right.



INTRODUCTION: STORE EXPERIENCE

Sickness to Wellness: Shift in Mindset

The number of people 65 or older in our country is expected to double from 52 million in 2018 to 95 million in 2060, increasing the total population of those over 65 from 16 to 23%. With that trend, you'd expect our culture to be focused on sickness and illness. But look around you—it's not focused on that. It's focused on wellness. Let's check out at a few examples...²

- The global health and wellness industry is [worth \\$4.2 trillion](#) according to the Global Wellness Institute, a not for profit research leader.³
- Grocery stores are now placing organic and low sodium products at eye level on shelves. Expanded health market sections are also developing, and consumers are finding fresh produce near the store entrances.
- Alternative healing products like cannabidiol (CBD) and essential oils are on the rise and growing fast. [According to Forbes, "The CBD Industry could reach \\$20 Billion By 2024."](#)⁴
- Workplaces are increasing their focus on fitness programs and the workplace wellness market is [valued at \\$47.5 billion](#).³

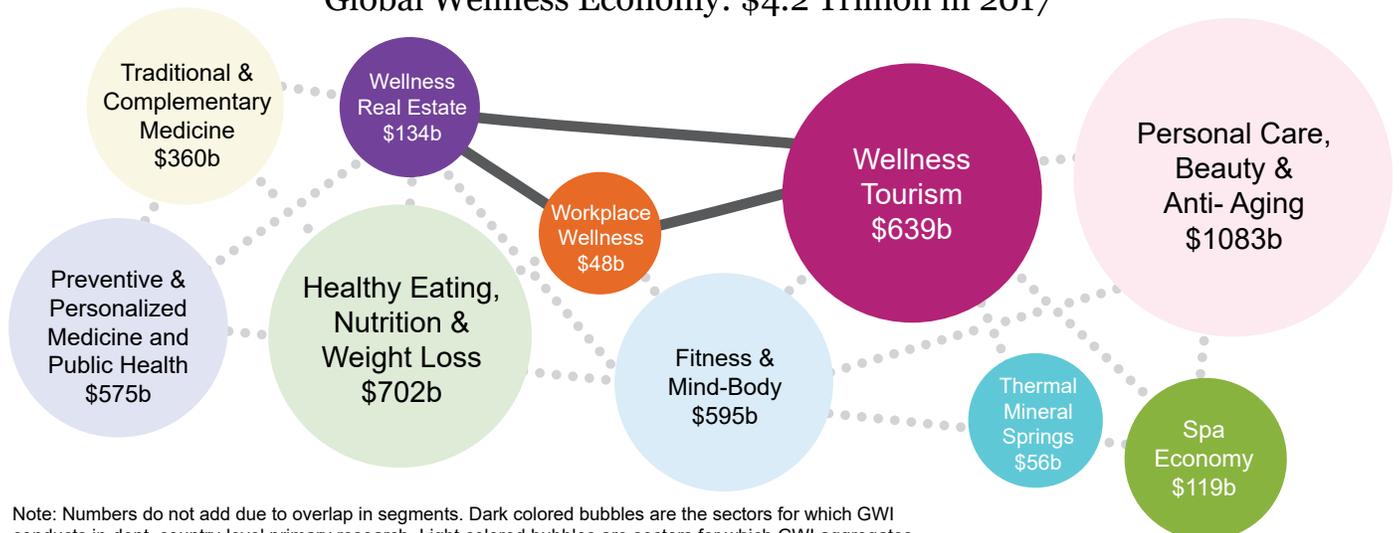
- Healthy, clean eating, fresh food convenience restaurants are multiplying as Americans shift to a wellness mindset.
- Fitness watches are now a fashion staple.

With these trends, we need to make sure our in-store brand also reflects wellness. It's time to reorganize and refresh. If your store still uses outdated fixtures, clinical verbiage, elaborate bathroom and kitchen setups with product focused on sickness, then this portion of our playbook is for you.

Be unique. With the ability to get any product, anytime with a touch of a button online, creating the right store environment is the key to getting return customers and sustaining your business. The right fixtures, calming wall colors, soothing lighting and product categories like pain management or daily living, not only serve customers who need healthy solutions, but serve caregivers and active clients as well.

This section of the playbook will showcase how you can build a unique store experience aesthetically, with strategic product placement and strong customer service.

Global Wellness Economy: \$4.2 Trillion in 2017



Note: Numbers do not add due to overlap in segments. Dark colored bubbles are the sectors for which GWI conducts in-dept, country-level primary research. Light colored bubbles are sectors for which GWI aggregates global estimates only, drawing from secondary sources.

Source: Global Wellness Institute, Global Wellness Economy Monitor, October 2018





MODERNIZING YOUR STORE AESTHETIC

Modernizing Your Store Aesthetic

When it comes to creating a brand, it's easy to solely focus on branding within your marketing materials. But from a store level, branding matters too. In our market, there are two differentiating factors within the competition—convenience versus experience—which is comparable to strengths in e-commerce versus brick and mortar. Experience is a core element in a physical store. High focus placed in a clean store design will entice customers to shop longer. For this reason, this section will show you how to capitalize on design elements that produce a positive effect on your shoppers.

Store Aesthetic: Paint Selection

Paint color choice is critical to the overall look and feel of your retail space. Colors in a store can elicit different emotions from shoppers and can have an effect on their buying decisions. Neutral walls or lack of color in a showroom can make it forgettable, cold, and dated.

Colors in a store can elicit different emotions from shoppers and can have an effect on their buying decisions.

When choosing a color, rather than just selecting colors you like, choose colors that represent a concept, theme, or feeling you'd like to evoke in your store. One common idea for store color is to use or complement your brand colors. Using your logo colors connects your external marketing efforts with the experience in store, creating continuity and identity for your customers.

The color of the walls can play a major role in the emotions of customers as they enter and browse your store and can even affect their buying decisions and emotions. It is scientifically proven that every color has a unique effect on people.

The Psychological Effects of Color:⁵

Red: A powerful color that attracts attention immediately. It is often used in fast food restaurants because it actually quickens the heart rate, giving you a sense of hurriedness and urgency.

Orange: A happy color that represents fun, excitement and warmth. A good color to use in marketing products because it appeals both to males and females.

Yellow: Represents happiness, optimism, and warmth. It is the strongest color the human eye can detect, making it a good color to draw customers to products.

Green: We instantly associate the color green with nature—freshness, peace, total relaxation and a general feeling of happiness and safety. It is a great color for health and wellness products.

Blue: Reflects trust and is cool, clean, and calming. Also represents financial responsibility and sanctuary.

Brown: Also represents nature and is a warm, cozy color. Reflects maturity and trustworthiness. A good color for any store because it is neutral and calming.

Black: While it can imply classiness, strength, and authority, black is also an intimidating or uninviting color. It's best to be used as an accent or in small doses.

White: While it symbolizes purity and cleanliness, in the HME retail industry it can also have clinical connotations, making your customers feel as though they're in a doctor's office.

Colors can also be used to draw your customers to certain products or categories or even just to move them through the store. Brighter colors like red and yellow grab the eye and stop customers in their tracks rather than walking by. Use accent colors to draw attention to certain products or areas of the store. But be careful not to drown out what you're selling by immersing it in too much color. In retail, you want the merchandise to pop more than the surroundings.



MODERNIZING YOUR STORE AESTHETIC

continued

In any color scheme you choose, it's important to make the space feel warm and inviting to customers.

Store Aesthetic: Lighting That Sells

Lighting is an often overlooked and underestimated tool in creating an inviting and shoppable space. Remember—first impressions are everything.

There are three different types of lighting to consider in your store, and different types of light fixtures to consider as well:

- **Natural Light:** This is the lighting that comes through any windows in your space. Natural light makes a store feel more open and inviting. But oftentimes, we don't have the option to add natural light to our space. So, we have to rely on artificial lighting to make up the difference.
- **General/Ambient Lighting:** These lights provide the base lighting for your store. This type of lighting is used to illuminate the entire space to an acceptable level, so your customers feel comfortable shopping in the store. The type of light fixture used for your general lighting will depend on the type of ceiling and ceiling height. Most often general lights are dome lights, recessed lights, or standard fluorescent lights.
- **Spot Lighting:** As the name suggests, this type of lighting is used to cast a spotlight-type effect on an item of interest or importance. This could be signage, a specific product, or an area of the store like the customer service desk. Spot lighting also depends on the type of ceiling or ceiling height, but the most common types of fixtures are track lights, adjustable lights, or pendant lights. Accent lighting is also very effective in window displays since they visually emphasize your products and help bring people into your store.

How many lights and how bright they should be will depend on the size of your space. A large, open space with high ceilings will require lots of powerful lights since they will be hung fairly high up and need to illuminate an entire space. A small store with lower ceilings will require dimmer, less powerful lights in order to achieve the same level of lighting.

Extra Tip: Always have extra light bulbs on hand. A burnt out light bulb creates an instant bad impression and makes the store look unmaintained. Be diligent about replacing burnt out light bulbs right away.

Store Aesthetic: Choose the Right Flooring

When it comes to designing your retail store, choosing the flooring is one of the most important decisions that you will have to make. The overall aesthetic of your retail store will be dictated somewhat by the type of flooring you choose, so you must get it right. Think about it—people look down more often they look up, so it's important to give them something great to look at.

The type of flooring used in a store can impact consumer shopping habits.

The type of flooring used in a store can impact consumer shopping habits. For example, a popular technique stores use is by creating a "special" area in the store where the flooring differs from the rest of the shop. Offers and discounted items will be placed in this area with the hope that customers will gradually slow down as the material under their feet changes.



MODERNIZING YOUR STORE AESTHETIC

continued

Of course, there isn't always a hidden meaning behind the choice of flooring in a shop, and often the flooring is chosen for visual reasons. A store might choose to have carpet throughout and then a tiled or wooden flooring area as a way of showing distinction between different areas.

Some important factors to keep in mind when choosing your flooring are:

- **Style and Branding:** Consider the overall look of your store and the feeling you want your customers to have when they walk into your store. How do your branding and paint colors you've chosen play into the material and color of your flooring selection? Are you envisioning a bright, sleek, modern looking store or a soft, warm, neutral store? Answering that question could be the difference between choosing a grey tile or an oak wood flooring.

If you're looking for inspiration, pay attention to the flooring everywhere you go and the way you feel when you're in the space. What type of flooring does your grocery store have versus your hair salon versus your doctor?

- **Functionality:** When choosing flooring for a retail environment, you also need to consider functionality. Every retail owner has a responsibility under the law to protect the health and safety of their customers and their employees, and you need to be sure your choice of flooring is of a high enough standard. For example, does the flooring have anti-slip properties or does it get slippery if it's wet?

You also need to think about how easy it is to clean your flooring. Your shop will likely have hundreds of customers every week, many of whom may have dirty feet from being outside and might leave stains on your floor. If you want your flooring to stay looking like it's only just been put down, you need a floor that can be easily cleaned, and which won't be damaged by the dirt customers will bring into your store.

- **Durability:** Durability in retail flooring is critical. Your retail flooring selection should be able to stand the test of time, not to mention the stress that comes along with thousands of customers walking on it over the years. And especially with HME/DME retailers that sell heavier equipment like power chairs, durability is key. You don't want to have to tear up your store every ten years.

Here are some of the different types of flooring commonly used in retail stores and the pros and cons of each:

- **Vinyl:** Stores need flooring that won't be ruined by moisture or dirt, and vinyl flooring's biggest selling point is that it's easy to maintain. It can get dirty but can easily be wiped clean with a mop. Visually, vinyl flooring looks great. It can be customized in different colors and styles and will present a professional image for your business. It's also a hard-wearing choice and will often come with a commercial rating, which means you can be sure it will withstand a heavy amount of foot traffic.
- **Hardwood:** Nicknamed a "forever floor," wood flooring is becoming more and more popular in retail environments for its stylish looks and durability. Stores that favor a rustic look are a perfect fit for a wooden floor. However, wooden floors are prone to scratching and not always the best fit for a store that gets heavy traffic.
- **Carpet:** Carpet is a fantastic choice for retail environments; however, carpet can be harder to keep clean. Carpet tiles are another good option and are often more resilient, but also consider the mobility of some of our customers. Thick carpet may be difficult for people with mobility issues to walk around the store, making it an unpleasant experience for them.



MODERNIZING YOUR STORE AESTHETIC

continued

Store Aesthetic: Fixtures

Fixtures are one of the most prominent visual features of the store environment, so they must be consistent with the brand message you're trying to deliver. Both fixtures and props around them can drive experience. When setting up your store's interior, your retail fixtures should mesh with this brand and the other finishes you've chosen for the space. Similar to all the other design concepts we've discussed, the colors of your shelves and display tables should match your brand's color palette.

Types of commonly used fixtures in the HME Retail space are:

- **Slat wall:** Slat wall is a slatted wall fixture that's used in conjunction with attachments that slide into the grooves like shelves, peg hooks, bins, etc. Slat wall is durable, affordable and versatile. It allows you to customize the display section based on the product needs. And hanging slat wall in your space allows you to utilize the vertical merchandising space of your store, not just the floor space.



- **Free-Standing Fixtures:** While slat wall allows you to utilize your wall space, freestanding fixtures utilize your floor space. They come in all different shapes, sizes and features. From two- to four-foot high units (or gondolas) to spinners and towers. The type of free-standing fixture that works best for your space will depend on the amount of space you have and the type of product you're looking to merchandise on the fixtures.



- **Platforms:** Platforms allow you to display your products and help customers visualize your products outside of your store. Many



of the products we sell, people need to touch, feel or try out before they buy. Platforms allow you to set out display products in a visually attractive way that's also easy for customers to access.

Here are some additional ideas to keep in mind when thinking about your fixtures:

- **Don't Forget About the Windows:** Window displays can be used to attract the attention of passersby. Platforms are great for window displays. You can also use simple, clean fixtures that make your merchandise visible at a glance.
- **Keep Your Retail Fixtures Up to Date:** By not regularly updating your retail fixtures, you risk losing out on opportunities to create displays that will attract more customers. For instance, the holiday season may be a good opportunity to rearrange your fixtures to allow for a more festive atmosphere. If certain products become more popular, you may need to craft designs that highlight those products. Even just changing small details about your displays can make your store look fresher and more up to date.
- **Don't Buy a Fixture Because It's Cheap:** If you're looking to buy additional fixtures for your store or replacing all your fixtures, don't just buy fixtures someone else is selling in a Going Out of Business Sale.
- **Think About Shopability:** Finally, you should select retail fixtures that contribute to easy movement. Make sure your shelving and cases put your product at a comfortable level for browsing—nothing too high, nothing too low. An aesthetically pleasing table may not work if it gets in the customer's way. Shelving that keeps customers from seeing the displays in the back may hide the item that your customer wanted.



SEVEN TIPS TO BETTER RETAIL MERCHANDISING

These days our industry is going through a bit of a renaissance. Gone are the days when your DME space was considered simply a “showroom”. Instead, the concept of the **retail sales floor** has taken hold. Customers don’t just come in to view their billable product options anymore—they come to test and try different products to find what will best fit their needs and lifestyle. With this in mind, here are seven merchandising techniques that will help to move your business toward a more retail-friendly mindset.

1. Take Advantage of the Decompression Zone

The decompression zone in any retail space is the area just inside the entrance. When entering a store, customers will often pause briefly to survey the store—making it vital to use this space to create a good first impression. By placing seasonal and/or impulse products in this zone, you’ll send the message that you’re paying attention to the specific needs of your customers at the right times. In turn, you’ll see increases in cash retail sales and an increase in customer satisfaction.



Get Started: Create a list of items you can place in this zone. When deciding, remember this zone’s attributes:

- First impression
- Located right inside entrance
- Customers often pause to survey the store
- Place seasonal and/or impulse products here

2. Use Traffic Drivers to Your Advantage

What product categories are driving the most traffic into your store? For some, it’s lift chairs, while for others, it’s CPAP. Regardless of the category, positioning these product categories in the middle or toward the back of your store will draw customers further into your retail space. The intention is to bring your customers past the complementary, seasonal and impulse products along the way. This gives them an opportunity to see all the products you offer and allows you to better satisfy their needs. It also helps to increase add-on sales as well as your overall average transaction amount.

Get Started: Write down two top traffic drivers and where you could place them. Don’t forget to:

- Select the categories that drive the most traffic to your store
- Position items in the middle or in the back of the store

3. Create Complementary Product Adjacencies

This means that products or categories that are often bought together are displayed near each other. For example, merchandise footwear and compression next to each other. Expand this concept by considering cash retail merchandise options. Add cash-based complementary sleep and/or air purification products next to traditional reimbursable CPAP offerings. This can be effective in many product categories. If displaying add-on products, make sure to not over display a section, as this can cause a cluttered section. As a rule of thumb,



SEVEN TIPS TO BETTER RETAIL MERCHANDISING

continued

no more than three to five displays per four-foot section. Lastly, make sure to finish off a section with a category sign to make section visible to customers easily.



Get Started: Place and display like categories near each other. When placing, be sure to:

- Match categories together
- Create three pairings

4. Good. Better. Best.

With a number of available distributors and product options to choose from, we often end up with a sea of products cluttering our sales floor because we want to offer our customers every single product they may ever need. Consider the good, better, best merchandising concept to clean up the sales floor and help make your customer interactions more concise. While you may actually have more offerings than you show on your sales floor, this concept will provide a more manageable variety of options and help you to be more consultative in your sales approach.

Get Started: Write down which products are good, better and best in select categories then place accordingly.

5. Placing Product

There aren't many wrong ways to place a product. Some people may strip the sections, while others may block. Stripping the section means you're going from top to bottom vertically, while blocking means from top to bottom horizontally. Consider also a tiered or waterfall effect. Here, you start with the smaller items at the top and as you move downward, the items get bigger. It's okay to use all the techniques in a store. Just remember to obey the most important rule—always keep your best sellers at eye level.





SEVEN TIPS TO BETTER RETAIL MERCHANDISING

continued

6. Store Signage

Think of signage as your store's GPS. Customers should be able to navigate through the entire store based on the signage. Use it to draw attention to popular, new or sale items with bright, bold colors and large, easy-to-read fonts.



Get Started: Time to get creative with that category signage! What wellness-focused terms can you use? Here are some examples:

- CPAP/Respiratory -> Breathe Easy
- Incontinence -> Daily Living

7. Change It Up. Refresh.

Regularly refreshing your retail sales floor with relevant new merchandise, or making slight adjustments in merchandise placement are key elements in effective retail merchandising. This exercise creates something new and exciting to engage both new and repeat customers. Take advantage of seasonal healthcare-related changes throughout the year. For example, offer allergy and respiratory related products in spring and fall. These cash retail products help expand your merchandise offerings to your customers and boost your bottom line.

Get Started: Identify categories that haven't been updated in six or more months. Doing this can:

- Regularly refresh your sales floor with new merchandise or change your product placements
- Engage and excite repeat customers
- Take advantage of seasonal changes throughout the year



THE ART OF CARETAILING

Blaring cries explode through a delivery room. At the same time, a toddler shuffles outside his comfort zone and wobbly walks into the arms of his mother for the first time. Meanwhile, a teenager shoots a game-winning goal. As celebratory cheers ring, a husband learns that his wife has stage-four breast cancer. But don't blink—a man drops down to a knee for the love of his life. While a daughter, also a caregiver, prepares for the hardest transition of her life—end of life planning for her beloved mother.

Life changes at every moment, and each person owns a different story. Daily, a provider will enter their store not knowing what awaits them. With each customer, another unforeseeable circumstance. Good or bad, this happens all day, every day, as an unfiltered experience.

Our Basic Needs

Whether a person has worked in the HME/DME industry for two years or 50, a confident caretailer knows that their job description spans far beyond a perfectly designed store with fancy lights, sublime merchandising, innovative marketing campaigns, and endless product selection. In fact, the most successful leaders contain a spark of something bigger, a higher purpose. At face value, retail seems like a basic, routine parallel to primary concepts in retail 101. However, it is so much more.

As human beings, we are purpose seekers. We are hardwired way beyond the fundamentals of survival.

As human beings, we are purpose seekers. We are hardwired way beyond the fundamentals of survival. Nonetheless, before we can move past our foundational needs, we must meet a few prerequisites, requirements like the fulfillment of our basic needs (e.g., food, water, shelter, etc.).

In the retail spectrum, similar demands exist on a different scale. For survival of a business, we must meet the basics in retail 101—marketing, product, and experience. Then, like our individual lives, after

the basic framework is complete, it's time for the next level: purpose-driven success.

Purpose-Driven Success

In May 2017, during a commencement speech at Harvard's brightest, Mark Zuckerberg said, "Purpose is that sense that we are part of something bigger than ourselves, that we are needed, that we have something better ahead to work for. Purpose is what creates true happiness."⁶

This way of thinking can certainly be true for a provider in the HME/DME industry.

Do you remember the introductory story about the various people experiencing an array of life scenarios? At first sight, these people and their life circumstances seem entirely different, but under the surface, they have a few things in common, 1) their lives are changing, and 2) they need us, or they will need us.

The most successful providers see those underlying commonalities between their customers and serve accordingly as caretailers.

The most successful providers see those underlying commonalities between their customers and serve accordingly as caretailers. These providers see that each one of their customers is distinguished and needs individualized care, past the core components of retail. A caretailing-centered provider creates an unrivaled experience encompassing a customized, needs-based strategy specific to each customer.

The Caretailing Experience

The objective of the term caretailing gives retail in our industry a distinct definition. The word streamlines patient and customer care then simplifies messaging behind the two facets. This expression is focused on embracing the customer's desires and going the extra mile. When change in the industry occurs causing a provider to modify a plan, caretailing is a reminder to proceed with a value-driven charge.



It is often misconstrued that for a provider to compete with large retailers, they must function at the same complexity.

For example, in our industry it is often misconstrued that in order for a provider to compete with large, innovative retailers like Walmart or Amazon, a provider must function at the complexity of a big box store or an integrated e-commerce site. Undoubtedly, these competitors are powerhouses in their markets; however, providers who can bring a holistic retail program will be successful. Caretailing is the element that makes our retail programs complete. By adding this ingredient as a centerfold for marketing, product, and store experience efforts, providers ensure their customers get everything they're asking for. The best part? Caretailing comes as second nature to most providers.



These facts show that consumers are looking for something more than stores with impeccable prices and corresponding marketing campaigns. Customers want to feel valued and noticed. They want an experience.

What the Caretailing Experience Looks Like in a Store

Imagine a customer walks in looking for a solution to help them find a CPAP machine. They were recommended to purchase the baseline CPAP machine with zero bells and whistles because that's what insurance covers. You hear concern in your

customer's words as they confide in you. They're unsure how they might sleep comfortably with this new device. They're looking to their provider for a solution.

Immediately, you start by asking the right questions:

- How often will you use the device?
- Are you a heavy sleeper?
- Do you roll around a lot while sleeping?

After listening, you know you carry the right products to best fit your customer's lifestyle. Those products were previously selected with care and research to help your customer with what they are going through. You make your suggestion. You relate to the needs of the customer and paint a picture of how these products will better your customer's life. A picture just like your marketing materials display. You listened. You cared. But it isn't finished because that's what every store should be doing. You then go one step further. You make sure your customer knows that you'll continue to care. Outside of regular customer service check-ins, you get the customer started on a resupply program so he or she always has the products they need at their convenience. Why? Because you're not just any provider—you're a provider with a purpose, who goes the extra mile to better the lives of those who need you.

Ending Thoughts

Are you the provider who walks in the path of your customer? Meaning, are you side-by-side with them through every life change? Do your customers seek you out first? If not, work to become it. If so, work to be better.

Every day show up for your customers. Give them an experience no competitor can match, one that isn't easily replicated. Care more and care *always* in everything you do. It's never too late to be the role model in a customer's life. A leader in the community. A decision maker in the industry. Live out what caretailing means.



BUILD A “WHY NOT BEST” SELLING PROGRAM

While offering high-end, cash health and wellness products is a start, a sales program and customer service training around these products is the key to moving product. For this reason, we must have a strategy behind inventory management targets. Beginning with a “why not best” selling program.

One of the biggest selling errors our team sees in the DMEPOS industry is feature dumping. Feature dumping is where employees don’t take time to understand a specific product and how it can best serve a particular audience’s needs. With a “why not best” selling program, your staff can meet revenue-based goals and create a top-notch store experience. Consider this:

Components of a “Why Not Best” Selling Program

- Building a relationship with the customer
- Understanding a customer’s unique situation
- Listening and asking questions
- Suggesting a bigger and better solution
- Closing the sale

The key to this program is to build rapport with the customer. Connecting in modern retail is more important than ever. With the ease of purchasing on

the internet, we have lots of buying choices. Without a memorable experience or connection, price and ease will trump driving to the store every time.

We often prepare our sales staff by teaching them about the products but neglect the one-on-one relationship with the customer.

When creating a sales training program, spend time practicing rapport building with the customer because sometimes making the connection is the hardest part. It can seem unnatural. Frequently, sales people want to make a transaction as fast as possible. Because of this, we often prepare our sales people by teaching them about the products but forget to focus on the one-on-one relationship with the customer. As a rule of thumb, remember that if you build rapport, then you don’t need to close the sale. The customer will connect with you, trust you, and the sale just happens naturally. In the long run, building rapport with the customer will be less work and will make the customer feel great about the experience.

Components of a “Why Not Best” Selling Program





INTRODUCTION: MARKETING

The secret to marketing is simple. Marketing is about the customer. It's understanding *what* message customers need, *who* to target, and *how* to deliver it. A common pitfall many marketers have is not putting themselves in the shoes of their audience. Seems like a silly issue to have, right?

Marketing is about the customer. It's understanding what message customers need, who to target, and how to deliver it.

It's important to remember that as marketers, we're in the people business. However, some marketers try to dictate what consumers want to hear instead of listening. In these moments, marketers forget that a product or service is never going to sell unless the customer wants it.

Even "The Perfect Marketer" isn't going to have a flawless campaign... because people are always changing.

Where it becomes messy is that most marketers have good intentions. They genuinely want to advertise products that fulfill a need. For either case, it's important to know that we're not always going to get it right. We will come close sometimes, but even "The Perfect Marketer" (if that exists) isn't going to have a flawless campaign. Why? Because people are always changing, which is a great thing.

With that said, if you're ready to put your marketing hat on, here are a few introductory thoughts as you move through the marketing section of this playbook.

Tip 1: Segment and Know Your Audience

There are three segments of our audience:

Elderly (65+)

- Responds to relatable language over trendy messaging
- Likes communications to be simple and to the point
- May still be making their own buying decisions
- Are more receptive to the benefits of a product over a strong sales pitch
- Appreciates a simple, easy-to-navigate digital user experience
- Are receptive to tangible marketing materials, not just digital tactics
- Would likely respond to personalized campaigns, as automation and self-service were not common during their upbringing⁹

Baby Boomers (55+)

- U.S. Census Bureau reports that there are [76.4 million baby boomers](#)¹⁰
- Hardworking, value oriented, respectful
- Some boomers double as caregivers for elderly parents
- Boomers are affluent and control [70% of all disposable income](#) in the U.S.¹⁰
- They're tech savvy, despite what some may think
- Nicknamed the "me generation," they value their independence
- Boomers are healthy, active and looking to take advantage of that
- Feel as though 50 is the new 40
- Pre-retirement phase or empty nesters¹¹



Active Adults/Gen X/Older Millennials (35-55)¹²

- Looking to make healthy lifestyle choices for them and their families
- This audience is busy—be conscious of their time
- They value convenience but appreciate personalization
- Juggle career, families, homeownership, reaching the peak of their careers
- They're online! According to the Pew Research Center, [more than 80%](#)¹³ of this generation are on social channels like Facebook and Twitter
- Technology adopters, but understand life before the integration we have today
- Hybrid when it comes to marketing—they remember traditional techniques but have adapted to new techniques like digital¹²

Tip 2: Listen to Your Customer and Communicate Accordingly

As marketers, we face the challenge of maintaining a delicate balance of listening to our audience and guiding their buying behaviors. This means we must be realistic about what our customers are looking for, but also remain 10 steps ahead to move them to where we want them to be. If these two things cannot maintain a steady equilibrium, then we become irrelevant. For example, if marketers are too far ahead of the trends, we don't capture sales. Likewise, if we're too far behind, projects become obsolete. To avoid this, think about the following:

- What channels does the audience like to receive information on?
- What sparks their interests in the present, and where would we like the audience to be in the future?
- When do they need a specific message? A change in seasons? A life milestone?

Anyone can make noise, but few can make a lasting impression. Avoid mass marketing and get personal.

Anyone can make noise, but few can make a lasting impression. Avoid mass marketing and get personal. Cater campaign messaging and execute based on the individuality of each consumer segment. Pay attention to those who are engaging in your efforts and get even more specific to interested parties.

Tip 3: Understand a Campaign's Performance and Learn for Next Time

Every marketing campaign should have a call-to-action (CTA) because it's what helps us close the gap between our campaign and the results we're anticipating. Make sure this CTA is trackable to test the effectiveness of our hard work. Get specific and classify results based on each customer. Maybe this includes a unique identifier that no other shopper can use. Or maybe it's recording personal detail on a customer profile when they make a purchase.

Data is floating everywhere, and if marketers are strategic about using it, campaigns can be that much more effective.

Moving Forward, this section of the playbook will expand on these introductory concepts through discussion of the following areas:

- Customer lifetime value
- Engaging an active audience
- Capturing referral sources
- Marketing channels to look out for



POWER OF ORGANIC GROWTH: CUSTOMER EXPERIENCE

No matter what business someone is in, there's no shortage of talk about the importance of customers and customer service. In the post-acute healthcare space, this is no different. Customers—patients *and* their caregivers—are king. They're probably what motivates you each day and perhaps keeps you awake at night with the constant changes and challenges you experience.

When it comes to revenue growth, we get busy trying to attract and acquire new customers that current and past customers become an afterthought. We figure they've already been in and had a good experience, so if they have a need again, they'll be back. A lot of times, this is true. However, there are ways to capitalize on this group and strategically communicate with them to maximize the customer lifetime value (CLV) and decrease customer acquisition cost.

While it seems so simple, even the biggest companies can fall behind on enhancing organic growth opportunities. It continues to be a priority for businesses across a vast variety of industries—both B2C and B2B. Here are some quick stats:¹⁴

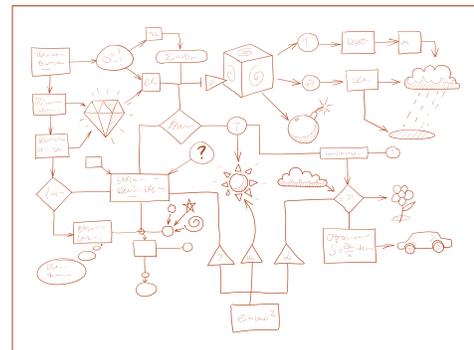
- Acquiring a new customer is five times as expensive as retaining an existing customer
- 44% of companies admit they “have a greater focus” on acquisition, while 18% focus on retention (the rest claim to have an equal focus)
- 89% of businesses “see customer experience as a key factor in driving customer loyalty and retention”
- 76% of companies see CLV as “an important concept for their organization”
- The success rate of selling to a customer you already have is 60-70%, while the success rate of selling to a new customer is 5-20%

Customer experience and having metrics in place to measure CLV should be on providers' radars. As the need to do more with less continues, this is an

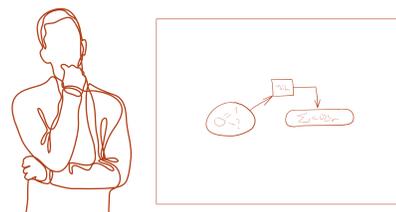
important concept to grasp to help generate revenue from the base of customers who are already loyal to your company. Understand your installed base of customers, and your referral sources, and CLV will become paramount. One of the most effective ways to boost CLV is to increase customer satisfaction. Research has found that a 5% increase in customer retention¹⁴ can increase profits by 25-95 percent.¹⁵ Online review tools, as well as a closed-loop feedback process to address issues and personnel training are areas to invest.

Having a clear sense of CLV might help you make a decision on where to focus your resources—like on retaining customers or acquiring new ones. It also educates your long-term strategy by scaling your business and where your focus should be. And, it's proven to be easier to keep existing customers than finding new ones.

FINDING NEW CUSTOMERS PROCEDURE



KEEPING EXISTING CUSTOMERS PROCEDURE





POWER OF ORGANIC GROWTH: CUSTOMER EXPERIENCE

continued

How to Calculate the Cost of Customer Acquisition (COCA)

$$\text{Total Marketing Investment} \div \text{Number of Customers Acquired} \\ = \text{COCA}$$

How to Calculate Cost of Acquisition

How can providers get strategic to increase customer satisfaction and capitalize on organic growth? We've outlined some key areas to focus on below.

Know Your Customers—Data Is Your Friend!

This may sound pretty easy because—of course you know your customers! However, there are things that can be overlooked. They're different segments of customers, customers who come in for different reasons, and customers who are prime candidates for repeat business. Know your referral sources. Are there any you are overlooking? Study your database and start to dissect pockets of customers. One easy exercise to complete with your team is to create customer personas, which is grouping customers into like categories to strategically communicate with them and personalize their experience.

GROUPING YOUR CUSTOMERS INTO LIKE CATEGORIES





POWER OF ORGANIC GROWTH: CUSTOMER EXPERIENCE

continued

If you don't have a customer relationship management (CRM) system, now would be a good time to look into different tools that are available. An effective, consistently used CRM system sets the stage for your customer experience strategy. Marketing can use the information to target the right customers with the right messages at the right time, measuring results along the way. You can score customers based on engagement and spend time on customers only when the parameters you put into place indicate. Sales gets involved only when necessary, which lowers acquisition cost and helps prioritize your sales representative's time.

Create Impactful Experiences

Impactful experiences is a vital pillar. And creating impactful experiences for customers should be a top priority. When employees are empowered to make decisions for customers, the sky is the limit to the emotional connection that can be created. We're all human, and we have all made decisions based on feelings instead of logic or lowest price. Consumers have proven time and time again that they're loyal to certain brands for certain reasons, regardless of price.

Develop parameters and train your employees on how they can provide impactful experiences no matter their role.

Nurture Your Customers

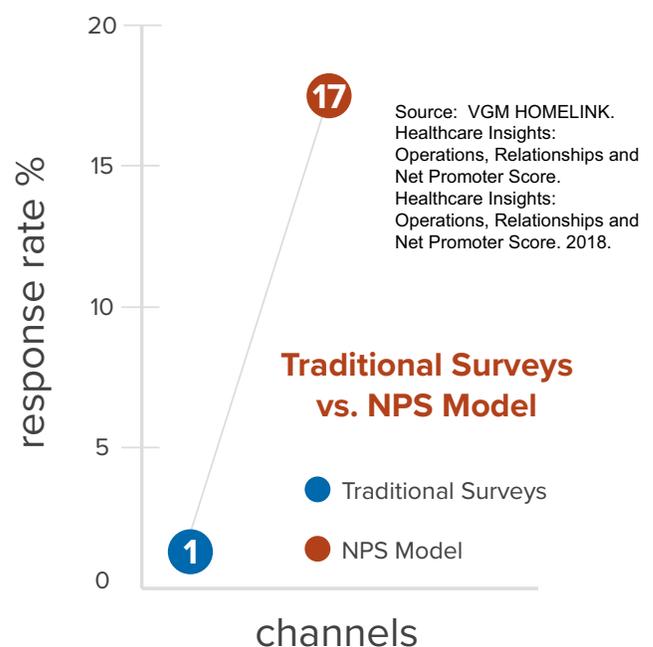
Out of sight, out of mind? Stay on your customers' radar so you stay top of mind. Use your database and determine the appropriate times and messages for drip email messages and even direct mail. Develop a calendar to map out communication. Seasonal, product, promotions, personal (birthdays, anniversaries, special milestones that are captured in the CRM, etc.), and special updates are some examples.

One example is the end-of-the-year resupply reminder program through VGM's printing company, Strategic Imaging. Clients can submit a mailing list to Strategic Imaging who will send a postcard reminding customers to re-order supplies before the end of the year. Whether you offer mastectomy

products or CPAP supplies, this turn-key solution is an easy way to stay in front of customers and increase revenue. One VGM member in the women's health space who used this program to promote their mastectomy product found that 26% of their post-mastectomy sales for the year were attributed to the program—and it represented a 4,700% return on their investment.¹⁶

Have an Easy-to-Use Feedback System and Always Close the Loop

No matter the solution, make it easy for your customers to give feedback – positive or negative. We've written before about the power of the net promoter score (NPS) and have other solutions for easy online tools, like McKesson VerbalCare, a platform/app designed to help improve communications between a patient and provider for a stronger patient experience. Another example is VGM Forbin's Reputation Plus+ or pulseM.



These tools make it easy to communicate with customers to acknowledge the feedback and close the loop to ensure they are taken care of. If you have an off-the-charts review or feedback from a customer,



POWER OF ORGANIC GROWTH: CUSTOMER EXPERIENCE

continued

write a hand written thank you note or maybe even send a little gift such as a promotional item or \$5 gift card. Also, make sure you celebrate with staff and give kudos where kudos are due to keep staff motivated and engaged. It encourages them to continue to provide impactful experiences. It's also a great idea to give your employees a forum to share stories so they can learn from each other.

Why do frequent travelers usually stick to one airline or hotel chain? Because they get rewarded for their loyalty.

Reward Your Most Loyal Customers

Why do people who travel frequently usually stick to one airline and/or hotel chain? Because they get rewarded for their loyalty. Loyalty pays. Loyalty creates repeat customers and referrals. Make it easy for your customers to refer their family and friends,

and let them know how much you appreciate them for their referrals. In the DMEPOS business, rewarding your customers who send you referrals can go a long way. Give your top referral sources extra love. Go out of your way to make them feel appreciated and make it easy for them to refer family and friends to you.

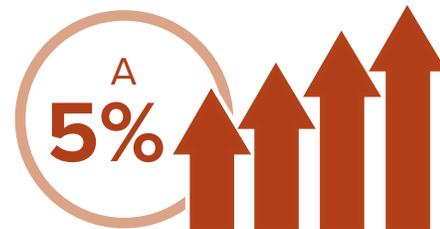
Start With One

Even if you pick just one area to focus on to improve your customer experience, you'll come out ahead. Also, pick one thing to measure and consistently look at the results to see how your program is working and if you need to adjust. Stay one step ahead of your customers and referral sources, and it will pay off from a revenue standpoint. Let them know you're there, what you're offering, and what you do better than anyone else. And then let them know again. Then, prove it. And then prove it again. That is customer experience. That is the power of organic growth.

REPEAT CUSTOMERS SPEND



on average
than new ones



increase in customer retention

can increase your
profitability by



Source: Bain & Company. (2000). "The Value of Online Customer Loyalty And How You Can Capture It. The Value of Online Customer Loyalty And How You Can Capture It."¹⁸



HOW TO CAPTURE REFERRAL SOURCES

When business owners undertake a retail venture, they often think, “If I build it, they will come.” There’s a misconception that as long as there is a store with doors wide open, customers will trickle in naturally—that the market and the customer are ready for caretailing and healthcare retail because we’re ready—a misunderstanding that referrals in retail aren’t necessary or don’t exist—or that traditional marketing and advertising will be enough. We’ve learned this just isn’t true.

There’s a misconception that as long as there is a store with doors wide open, customers will trickle in naturally.

With any new startup or ongoing business, advertising, marketing, and public relations efforts are necessary. We want to capture the customer like a traditional retailer does. Our goal is to be modern, multi-channel marketers and strategic marketing planners. To do this we still need referrals to be successful. Chambers, gyms, chiropractors, physicians, nurses, specialists, caregivers, senior care leaders, hospitals and clinic administrators all play a big role in helping to build our retail business.

The global health and wellness industry is a \$4.2 trillion business opportunity.

The global health and wellness industry is a [\\$4.2 trillion²](#) business opportunity. But look at it this way, when it comes to our health, most of us still rely on healthcare professionals to educate and direct us to the products and services we need and want. We

often don’t know what products are available or what we need. Most people would rather spend money on products and services related to things other than recovery and wellness. Consumers need an extra push along with an education. This means business owners still need to meet as many influencers and referral sources as possible to build their businesses. We need to educate clinicians, community leaders and the consumer.

What we often see happen is once a DME has a successful grand opening or starts performing its day-to-day activities, the referral sourcing side of the marketing plan drops off. Generally, this occurs because business owners feel that the advertising, marketing and public relations efforts will fill in the gaps for the third-party referral side of the business.

The misconception exists for many reasons. Two of the most common are:

1. Business owners want to start over and leave that part of the business behind. It reminds them of the traditional DME business, which is often about asking for referrals and signing insurance contracts.
2. Traditional DME businesses don’t typically use traditional advertising, marketing, and public relations. The shift to these mediums is seen as new or something that will change the business, fill the vacuum and drive traffic.

By not taking the simple step of asking for a referral source to recommend their business, an owner is allowing a business transaction to go to someone else. In turn, this will cause a slow start to growth and dampen excitement around a business, causing preventable suffering and frustration. There are many other reasons providers should be referral sourcing.



HOW TO CAPTURE REFERRAL SOURCES

continued

Reasons You Should Be Referral Sourcing

- Creation of trusted, long-term customers
- Recurring customers
- Access to a growing customer base
- Customers who need what your business is selling
- A quicker formation of a customer base, resulting in rapid business success and a faster intake of revenue
- An easier sell once the customer comes into the store
- Improved incremental selling opportunities
- Better inventory management as referral sources can tell you the brands and products they recommend
- Superior patient outcomes and recoveries for clinicians, making more referrals and repeat customers who trust you

If a business owner is looking to get more involved with the referral side of their business, the best thing to do is begin planning. Every interaction with a referral source should have an intentional plan behind it. Build a call planning sheet and set timelines.

Ask these questions when preparing to meet your referral source:

- What is my specific goal with this interaction today?
- What do I have to offer this referral source that I haven't offered before?
- What's this referral source's major pain point or problem I can solve?
- What do I want to make sure the referral source knows about me, my store, and my customer?
- What specific products can I bring to show this referral source and how can I help them?
- How can I listen intently to the needs and wants of this referral source?
- What leave behind do I need to bring with me today?
- What would make this meeting or interaction successful for me and the referral source?
- What could go wrong? What barrier would the referral source use to stop or shorten the interaction?
- What's my opening and closing hook for this interaction?

Refine your sales pitch to build relationships with referrals, increase your customer base, and create recurring customers.

After creating an intentional plan, put these questions to the test. Refine your sales pitch and build rapport. Doing so will help build relationships with referrals, increase your customer base, and create forever (recurring) customers. Forget, "If I build it, they will come" and act now. The third-party side of HME/DME business is an important one. Please don't let it slide because of misconceptions. Work to achieve the many benefits of referral sourcing.

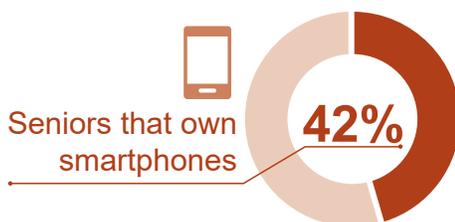
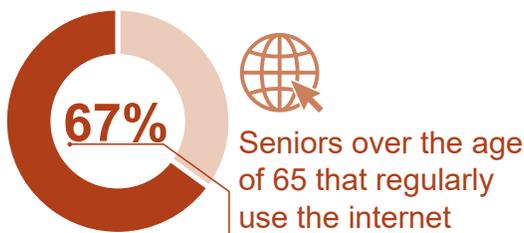


MARKETING CHANNELS TO LOOK OUT FOR

If you're not incorporating the following channels into your marketing strategy, you should be. Marketing strategies should include a mix of personalization with mass promotion. For a successful marketing strategy, we must balance between getting regular, recurring touch-points with our audience and making our consumers feel like individuals. Using elements of both traditional and digital marketing techniques allows us to do that. Below are marketing channels and techniques that can get your store noticed and leave a memorable sentiment.

Social Media

Traditional DME marketing relies heavily on print collateral to reach new customers, but digital channels can be very beneficial in customer acquisition. The Pew Research Center reports that 67% of seniors over 65 use the internet and 42% of seniors own smartphones (this number is much higher for more affluent seniors) up from 18% only six years ago.¹⁹ According to these reports, trends show that seniors use the internet similarly to their grandchildren. This includes social media platforms, online videos, and sharing content.



Much higher in more affluent seniors

Risen from 18% only 6 years ago

Facebook, along with other social platforms, proves to be a highly engaging way to communicate with your market. According to Pew Research Center, Facebook is commonly used by a range of age groups. It is reported that 68% of those between 50 to 64 and nearly half of those 65 and older say they use the site.²⁰ Facebook's advanced targeting abilities reaches audiences based on their preferences.

Use Facebook's targeting capabilities within the AdCenter to attract an audience based on their age, location, and income-range. Additionally, lifestyle information containing your audience's preferences can also help connect you to your market. For instance, if you choose to run an ad based on the audience that follows AARP senior discounting services, this can also allow for deeper segmentation and ensure that the correct demographic is reached.

First impressions are everything, and most of the time, that starts online.

Website and Search Engine Optimization

Did you know, over [80% of all consumers](#)²¹ conduct research online when looking for a product or service? Nowadays, first impressions are everything, and most of the time, that starts online. Before entering a store, consumers want to know what they are walking into. For this reason, it's important to make your business discoverable online. There are few ways to do that—sharing messaging through an online platform like a website and by making sure your website is ranking well in search results.

over 80% of all consumers conduct research online when looking for a product or service





MARKETING CHANNELS TO LOOK OUT FOR

continued

Websites are a platform to represent your brand, put your company on the digital map, and provide potential customers with any information they may need. They are also a great place to showcase product offerings. By using Google AdWords or creating a business page on social media platforms, you can amp up your search engine optimization (SEO) score. Having a strong SEO score will help a business appear in Google search results before a competitor.

To see how your business currently ranks, pick three high-selling products (e.g., CPAP supplies, lift chairs, and rollators). Google search those product categories in proximity to your location. Note where your business ranks in the results. Are you in the top three? If not, look at the keywords your competitors are using. Incorporate those keywords into your AdWords strategy and make sure they are well-represented on your website.

Direct Mail

Ever notice how history repeats itself? In recent years, marketing has taken a more digital approach. Reason being, it can be less expensive than traditional marketing channels like direct mail or other print advertising. Nowadays, digital channels rank as being less personal and are allowing traditional promotions like direct mail to resurface.

Digital channels rank as being less personal and are allowing traditional promotions like direct mail to resurface.

To create a strong direct mail campaign, it all starts with a strong lead list. Lists like these can be purchased from data experts or a local post office. Simply understand your demographic. Looking to promote lift chairs? Grab a list targeting individuals ages 55 and over within a certain geographical radius. From there, make sure content and mailer images represent the audience. Stay away from

images or verbiage that make consumers feel old or sick. Use a strong call to action to make sure your direct mail piece converts. A limited-time only coupon with a special promo code is one way to create urgency and track return on investment.

Event Marketing

Event marketing is similar to referral marketing. Consumers are more likely to buy from brands they trust. Having an experience with a store first-hand allows consumers to build a bond quickly with a store. When it comes to event marketing, stores can easily build rapport with a customer, and position themselves as thought-leaders.

With event marketing, store employees can position themselves as caregivers, rather than a salesperson trying to make a sale.

Visiting a nursing home to play bingo with the residents can be a nonabrasive way to advertise a store. By doing fun events like these, store employees position themselves as caregivers or as a friendly neighborhood pharmacy versus the salesman trying to make a sale. In addition, look for opportunities within the community to educate. Educating at corporate events, local races, and health fairs can also be great ways to make an impact. Often, it can feel like we're prescription fillers, but in reality, we're people who make sense of those prescriptions. Positioning ourselves this way shows that we care for our customers' health journeys.

Email marketing presents a significant opportunity to drive in-store traffic and increase sales for any business.



MARKETING CHANNELS TO LOOK OUT FOR

continued

Email Marketing

While digital marketing has many different techniques, email marketing has consistently remained a top performer in the online world. Email marketing presents a significant opportunity to drive in-store traffic and increase sales for any business. However, when implemented, content must be valuable and relevant to your customers. Educational articles, sales, coupons, and new product offerings are just a few of the topics that can be used to generate interest. To get started, begin compiling a list of your customer's email addresses. Utilize a point-of-sale (POS) system that collects email addresses at checkout. If for some reason that isn't possible, a variety of apps exist to capture email addresses. When you build your email list, segment your customers by interests or demographics. This will help you cater content at a more personal level and provide your audience content at an individual level.

Loyalty Programs

We all know it's important to attract new customers and expand our customer base. However, it's equally important to take care of our *existing* customers. Returning customers are *loyal* customers and creating a loyal base of customers is essential to the long-term success of your business.

By creating a rewards program, you can help make existing customers feel special. Encourage regular frequent purchases by offering an incentive based on customer purchase levels. \$10- or 15-dollar rewards can be just what a customer needs to revisit a store. Don't forget about special milestones like birthdays in your customer's life. Events like these give us a reason to connect with our customer and make them feel appreciated on their special day.

Customer loyalty starts at the store. Get to know customers personally so when they shop, you can make them feel valued.

Lastly, customer loyalty starts within the store. Be sure to acknowledge and greet customers whenever possible. Get to know them on a personal level so the next time they shop, you can make them feel valued. Use a POS system that allows you to make customer profiles and add relevant notes. Can you imagine the impact if you asked Sally how her daughter's graduation was last May, when she mentioned it in passing during her last visit?

To kick start your loyalty program, online tools like [Kangaroo Rewards](#) or [Thirdshelf](#) can be a great way to get started.

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