

## ***A hospital equipment manufacturer engaged nextMOVE to assess how best to establish a successful direct-to-consumer distribution channel***

### **Client Situation and Objectives**

(1 of 3)

- **Gain an understanding of the market opportunities and barriers associated with opening and maintaining a direct-to-consumer channel in the home healthcare market.**
  - **Determine market size and growth rates**
  - **Identify which competitors have tried or have a retail distribution channel**
  - **Assess delivery logistics, financing, and technical services offered by competitors**
- **Identify key success factors and lessons learned**
- **Deliver tactical recommendations to guide the client's creation of a direct-to-consumer channel**

*nxtMOVE evaluated several hospital equipment segments to assess retail distribution strategies and tactics*

The approach

(2 of 3)

**DTC: Broad definition**

DTC is defined broadly as a retail strategy to sell health care products to consumers. Paths to market include certified dealer or DME network, sister distribution company, manufacturer or third-party internet sales, or mass market retail outlets (e.g., furniture stores, etc.).

**DTC: Narrow definition**

Under the narrow definition (sales directly from the manufacturer to consumer) only a small subset of organizations from Group A companies sell directly to the end-customer.

**Bed manufacturers**

**Furniture manufacturers**

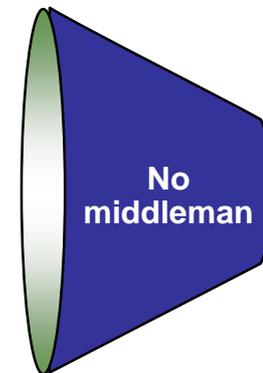
**Power wheelchair manufacturers**

**Scooter manufacturers**

**Stair-lift manufacturers**



**Group A companies**



**Group B companies**

For the purposes of this project, nxtMOVE weighed both broad and narrow DTC options in terms of attractiveness and strategic fit for the client.



***nxtMOVE determined that an online web channel offered the greatest opportunity at the lowest cost***

## The results

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- Although the existing retail market is relatively small, only a very small number of competitors sold directly to the end-customer
- The client's existing infrastructure allowed it to easily service the end-customer with almost no additional capital investment
- Establishing an online "retail store" allowed field sales personnel to passively react to end-customer questions and purchase requests
- Offering service contracts and home delivery are key components to success



**The Client established its online retail channel, through which individuals could purchase a select group of hospital products**