

## Are crutches and cappuccinos in store for Florida Hospital?

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BY DEBORAH BORFITZ

Each year, Florida Hospital sees an estimated 1.2 million visitors across its seven campuses in Orlando. Up until recently, it didn't pay much attention to them beyond the front-door hospitality desk and gift shop.

That will soon change, in a potentially very big way.

In March, Florida Hospital signed a two-year agreement with Fort Worth, TX- based Buxton, a consumer-based information company. Buxton also represents 600 North American retailers and has worked with 500 municipalities interested in attracting retail enterprises to their city.

The contract with Florida Hospital calls for Buxton to study the local healthcare marketplace and develop new business opportunities for future medical facilities. Part of the task is to identify the kinds of things people like to spend their money on and then predict the sales volume that represents to various retailers, said Tom Buxton, president and CEO.

Decisions about precisely where retailers belong, how soon they'll move in, how many they'll be, and which retailers even make sense to locate in a medical environment are many months away Buxton said. "This is a co-development project with Florida Hospital, which will have guiding principles about what would augment its culture."

For instance, Florida Hospital is part of the 47-hospital Adventist Health System, whose mission is to "extend the ministry of Christ by taking care of community needs," according to Josef Ghosn, administrative director of marketing and planning. "I don't think we will sell liquor."

### Big Macs and big lattes

There are plenty of legitimate retail opportunities to consider. Florida Hospital may well decide to make medical supplies, like crutches and diabetic socks, available at the hospital, Ghosn said. But a Barnes & Noble Bookstore or healthy-food restaurant may prove to be equally sensible choices. McDonalds and Starbucks haven't been ruled out.

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"I don't think anyone in health care has done the research on a large scale," Buxton said. "We're not just putting retail out there and forcing it on the community. We're making sure there's a market for it first."

Retail isn't an entirely untried idea in health care, Ghosn added. In Texas, Medical City Dallas has been mingling retail on its hospital campus for 30 years and currently has 21 tenants that include a bank, dry cleaners and

barbecue stand. But most efforts are limited to gift shops and small specialty boutiques, including those catering to new mothers and cancer patients.

Buxton and Ghosn agreed that the vision for Orlando is to make Florida Hospital a "destination" that some people come to just to shop, much as they now do at airports like Ronald Reagan International in Washington, DC. "We want to help revitalize downtown Orlando," Ghosn said.

Initially, the focus will be on a new 14-story tower that will expand the bed capacity in downtown Orlando from 900 to 1,200 beds. Construction starts in January. With the increase in capacity and visitors, the question became: "How can we capitalize on this?"

"The hospital could almost be a mini-mall if it has the square footage to do that," Buxton answered.

As more satellite facilities open catering to consumer health needs, a retail component is worth considering. "Right now, a lot of space is leased out to doctors. Retail can generate more revenue per square foot and please a lot more people."

Health care, as an industry, represents one-fifth of consumer spending. Yet its customers remain poorly understood, Buxton pointed out. His company maintains one of the largest data houses on consumer

demographics, lifestyles and related spending habits. It probably already has a wealth of information on people who come and go from Florida Hospital and its counterparts elsewhere. The data simply has to be mined.

Hospital-based retailing may not be a particularly risky proposition for either the retailer or hospital. Hospital-based gift shops have higher gross sales, per square foot, than shopping malls.

“The better malls get \$3.50 per square foot, compared to \$1,000 per square foot at some gift shops,” Buxton said. “At the very least, they get a card. There’s a huge demand for some products just from people visiting the hospital.”

Florida Hospital is no small operation. All told, it takes in 13 hospitals and 14 urgent care centers, and treats more than 1.6 million patients annually, according to Ghosn.

Visitor volume exceeds that of large

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shopping malls. “Hospitals have a captured audience and no one thinks

about servicing that customer,” Buxton said. Patients themselves leave the hospital with an average of \$300 worth of needed medical supplies and often end up going five different places to find them.

And that’s to say nothing of Florida Hospital’s 13,000-plus

employees in Orlando, or residents of neighborhoods near Florida Hospital facilities who may have no other good retail options available. “If they need to take their shirts to the laundry mat, why not here on campus?” Ghosn asked.

The first retailer may not move in to Florida Hospital for years. For starters the new Florida Hospital Orlando facility won’t be completed for another three or four years. “Some retailers are now working on sites for 2007,” Buxton said. “Others can react faster to available space.”

Buxton can hardly imagine the concept not taking hold – and not just because hospitals have some of the largest real estate holdings. “In our society, retail is more entertaining than Disneyland,” he said. “People buy things ... and are happy about it.”