



Borders Bookstores Closing Yields Lessons for Healthcare Organizations
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Recently Borders announced that it was unable to find a buyer to take it out of bankruptcy and thus plans to shutter its remaining 399 stores and go out business by the end of September. Approximately 10,700 employees will lose their jobs in the bankruptcy liquidation. Other collateral damage includes creating hundreds of thousands square feet of empty retail space in already struggling malls and power (i.e., big-box) retail centers and reducing real estate tax collection in communities with closing stores. At its peak in 2003, Borders operated 1249 stores under the Borders and Waldenbooks name.

Borders faced stiff competition from Barnes and Noble and Amazon.com. The second largest bookseller was slow to adapt to a rapidly changing industry. Increasingly readers were buying their books online, and more recently downloading them onto eReaders and media tablets. Borders opened its first eBook Store in July 2010 where readers could download books to an eReader device or a Borders eReader app for the desktop, iPhone, iPad, BlackBerry, or Android. In contrast, Amazon released its first generation Kindle in November 2007 and Barnes & Noble released its Nook eReader in November 2009.

Blockbuster faced similar challenges and in September 2010 filed for Chapter 11 bankruptcy protection. The national video rental chain lagged behind its competitors, namely Netflix, Redbox and video on-demand services, for online rentals, kiosks and streaming video. Earlier this year, Blockbuster was sold at auction to DISH Network Corporation (NASDAQ: DISH) for \$320.6 million.

The healthcare industry is facing unprecedented changes under crushing pressure to address cost, quality and access issues. With 32 million more consumers being covered by insurance under the Patient Protection and Affordable Care Act, the aging baby boomer population and increasing prevalence of chronic conditions, the healthcare industry will be further challenged to provide access to cost effective, quality health care. Healthcare organizations will need to respond to consumer and purchaser demand for more convenient access to care, whether that's coordinating care for themselves or family member, or actually receive direct patient care online.

According to an IDC Health Insights survey of nearly 1,200 consumers, 41.6% are somewhat interested (32.9%) or extremely interested (8.8%) in going online to have a Web-based visit with a physician, with or without a visit. The top two benefits reported by respondents interested in such a service were immediate access to care (33.3%) and no need to leave home or travel to an appointment. *Vendor Assessment: Improving Access with On Demand Care Online*, a soon to be published report under the Connected Health IT Strategies program, will provide additional insights into consumer attitudes towards on demand, online care and examine four vendors that provide this service. The vendors include American Well, Myca Health/Hello Health, MDLiveCare and Stat Doctors.

Based on our research, it's clear, consumers value convenience, whether it's the ability to order or read a book online, or receive medical care on demand and online.

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