

## 5 Trends Shaping the Future of Health Care Consumerism —and What They Mean to Marketers

May 8, 2015

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The consumerization of healthcare means your customer is now in control: budgeting health benefits, choosing providers, and navigating care delivery options. They are comparing prices, quality, convenience, and outcomes as they post reviews and; refer friends and family...one way or the other. And, a constant stream of technology innovation makes it easier and easier for them to do it.

For providers, payers and pharma this is not a fad. Healthcare consumerism is here to stay and will grow exponentially driven by a tsunami of marketplace change:

- Shift in financial burden and decision-making to the individual consumer.
- Increased access to organized, relevant healthcare information (aka Transparency).
- Acceptance of (or forced) “personal healthcare responsibility” by Americans.
- Transition to pay-for-performance, outcome driven reimbursement schemes.
- Technology innovation facilitating healthcare accessibility, understanding and management.
- “SoMoLo” healthcare--- social, mobile, local---it’s all about convenience.

Industry leaders, even fast followers, are responding by creating holistic healthcare communities built around five trends shaping the future of healthcare consumerism in America: personalization, connectivity, accountability, empowerment and experience.

**Personalization** Direct-to-consumer healthcare means an ability to gather, store, analyze and interpret big data...where to put it, what to do with it, how to scrutinize its accuracy, and how to turn it into value. Ingesting big data, structuring information and creating actionable insights to inform strategy and drive in-market tactics is now “table stakes” in today’s intensely competitive landscape. How well do you know your customers?

It’s time to get personal. An enterprise big data strategy breeds a better understanding of every market segment. It helps construct a complete snapshot or “unified view” to attract, acquire and retain your most desirable customers. It also enables sophisticated approaches to product development and customer outreach by linking data to core business strategies and marketing tactics. Integrating data from across the organization enables a cross-functional approach to communication that fosters a more personalized, lower-cost customer relationship...achieve true 360° customer engagement.

A practical, cohesive approach to big data enhances a company’s ability to influence customer behavior. With enriched predictive insights—core demographics, purchasing habits, lifestyle or lifestage attributes, and attitudinal indicators—you create tighter, better orchestrated customer engagement through personalization: knowing where they go, what’s important to them, who’s at risk of leaving, who they’re talking to...and what they’re saying.

**Connectivity** Today's always-on consumer has an expectation that any desired information or service is available on any device at that person's moment of need. Social networking, mobile accessibility, search optimization and content marketing have changed the consumer communication landscape forever. From Millennials (76% own a Smartphone and average 110 texts/day) to Boomers (84% go online for medical or drug information) to Seniors (60% are active Internet users), you better put them at the center of everything you do.

When transported to healthcare it means more informed, smarter consumers who will push payers and providers toward delivering better products and better results. They're convenience oriented and want relevant content delivered through their preferred communication channels. Communication between patient-provider-payer is no longer a one-way monologue, but rather a data-driven, personalized interactive dialogue—that's portable. Patients taking prevention, wellness and chronic care management programs to new and more personal levels. What's emerging are consumer healthcare communities for connection, collaboration and communication allowing patients to have patient-to-patient conversations as well as new bond with their network of providers.

Telemedicine and mHealth are also exploding categories. They include connected medical devices (aka The Internet of Medical Things), monitors and trackers across a range of uses, and mobile healthcare applications that perform any number of functions: inform, instruct, record, display, guide, remind, and communicate. Over the next five years it's expected that 13 million wearable connected devices will be integrated into wellness plans...a \$6 billion industry. Already, over a third of healthcare consumers use their mobile device or tablet on a daily basis for health research or to book appointments.

**Accountability** Healthcare's Holy Grail, the "triple aim" - better individual care, improved population health, and lower health care costs - is driving new approaches to healthcare consumerism. Providers of healthcare are putting skin in the game. Pay-for-performance reimbursement, from basic risk sharing to episode of care or bundled payments are rapidly moving healthcare toward outcomes-based financing system with incentives and disincentives based on quality of care delivered and patients' clinical results. Already, \$1 out of every \$5 in reimbursements is being paid under an arrangement in which providers are rewarded for improving care and lowering costs.

The industry is seeing three areas of focus dominate their agenda:

- 1) Growth of Accountable Care Organizations (ACOs), a care delivery scheme that ties provider reimbursement to quality metrics and reductions in total cost of care and; adoption of a Patient Centered Medical Home (PCMH) operating philosophy that takes a "whole person" orientation toward coordinating medical needs across a patient's care community.
- 2) Large, consolidating hospital systems will continue to acquire physician practices (today, 1 in 4 specialists is a hospital employee) and move to become licensed health insurers selling directly to consumers to give them control of the complete patient lifecycle.
- 3) Formal quality standards to measure and quantify healthcare processes (safety, timeliness, efficiencies), clinical outcome metrics, and medical Board certification or accreditation will become the norm for helping consumers evaluate payers and providers.

The result of this "accountability" movement is an ever widening circle of influence among providers to "own" the patient relationship in terms of the quality, appropriateness, and efficiency of health care being provided. This renewed commitment to more effective interactions with patients will inspire higher levels of engagement that invites consumers to be an active, confident participant on their care team. What's the endgame...a healthcare customer experience that serves to both attract new patients and retain them long enough to improve care, improve health outcomes, and lower costs.

**Empowerment** Healthcare consumers want answers. With an abundance of choice, both financial and clinical, everything is starting to look the same: products are standardized, provider networks overlap, prices are available online, and the distinction between payer and provider is fading fast. Markets are commoditized and brands neutralized. As a result, consumers are confused and frustrated with healthcare's bureaucratic jumble. From their perspective, what they want from healthcare is simple: be there when I need you, communicate with me honestly, and do the right thing for my healthcare.

At every level, healthcare brands are now inseparable from their ability to empower the customer. To differentiate they must strive to provide customers a reason to engage by guiding them through healthcare's maze of choice and reward them with interactions that respond to their basic "want" - do the right thing for my healthcare. Relevant engagement yields customer empowerment...and empowered patients have lower costs and better outcomes.

Consumer centric healthcare organizations that demonstrate a respect for their customers' time and individual needs will see greater engagement and improved customer loyalty. Healthcare companies that bring a restructured customer experience to life with meaningful market-facing interactions will emerge as industry leaders with the advantage of knowing that empowered customers are willing to pay more for a better experience. It's the retailization of healthcare.

**Experience** Customer experience is the new selling. And, the expectation bar has been set high by companies such as Uber, Zappos, Nordstrom, Netflix and Starbucks. Candidly, healthcare companies are not known for a superior customer experience. They rank far below most sectors when it comes to a few leading customer indicators: Do they meet my needs? Are they easy to deal with? Would I recommend them to a friend?

Those payers, providers and big pharma making adjustments to engage healthcare consumers with a superior, loyalty-based user experience will be winners in the years ahead. Particularly, with the cost of acquiring new customers at five to eight times that of retaining existing ones. Those embracing best practices are bringing together customer insights, optimizing content and channel mix, using cross-functional metrics, and most importantly, championing customer centricity out of the C-Suite.

Every customer "touchpoint" throughout the lifecycle must be managed to drive an integrated communication stream that deepens engagement and improves loyalty. And in healthcare, unlike transactional retail markets, loyalty needs to be focused on interactions (vs. transactions) with an ability to leverage individual motivators as well as emotional and rational drivers of customer engagement. The payoff is huge in terms of retention and loyalty of happy, profitable customers.

At every point of entry, from the inside-out and outside-in, healthcare is in the midst of massive market transformation. Consumers' path to purchase is no longer in bounds of the traditional sales and marketing funnel. Innovative, disruptive technology is breaking value chains and displacing markets. Enterprise consolidations are giving industry behemoths oligopoly-type power. Yet, at the center of this chaotic landscape is healthcare consumerism. For providers, payers and pharma sitting on the sideline is not an option. As your customers shoulder more personal healthcare responsibility establishing a relationship of trust to engage and guide them in their new role is your only option.

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