LAUGHLIN CONSTABLE

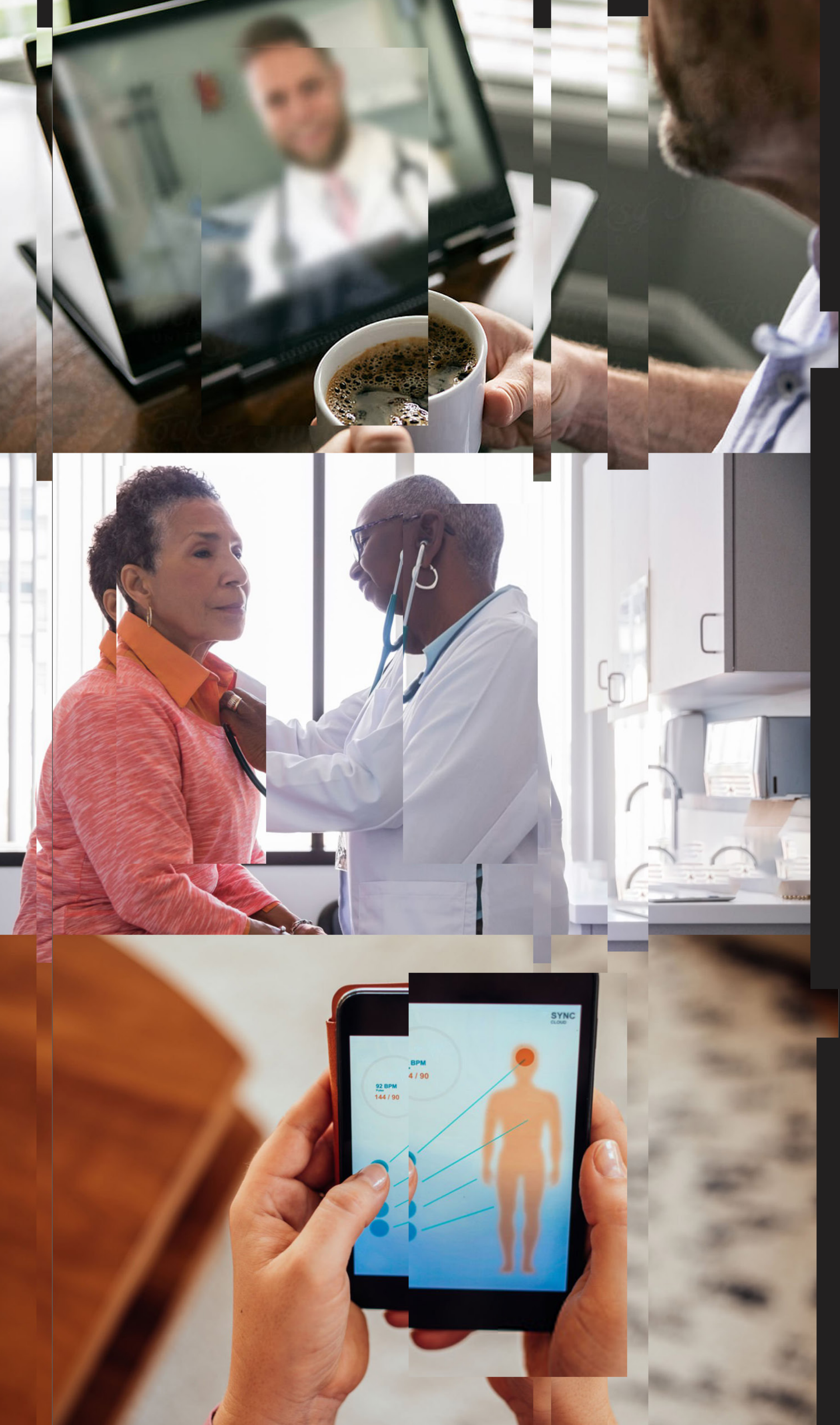
2023 PULSE Report

Healthcare is on the Brink of Fragmentation

Crafting New Healthcare Experiences Through Personalization

Wait, What's A PULSE Report?

Now in its 13th edition, Laughlin Constable's PULSE report is a quantified view of healthcare consumers' criteria, perceptions, and behaviors throughout their healthcare journey. This edition is based on data collected in July 2023 via an online survey of 1,206 healthcare decision makers across the nation. The PULSE report focuses on timely topics, and in the past has uncovered insights related to telehealth, costs and price transparency, and the impact of cultural shockwaves (COVID-19).



Healthcare is on the Brink of Fragmentation

The 2023 PULSE Report looks at the interplay between heightened healthcare consumer expectations and the continued evolution of healthcare access points. Combined, these two forces are driving a fragmentation of the healthcare space.

Healthcare consumers have begun to expect the level of personalization and convenience that they receive in many other areas of life, spurred by everyday interactions with brands like Amazon, Netflix and Spotify. This is augmented by advertising and marketing campaigns that deliver data-driven targeted ads that are most likely to resonate with consumers. Additionally, having adopted many digital habits during the pandemic, consumers now know what a seamless experience should feel like, and expect it everywhere, including healthcare.

At the same time, emerging forms of care have created a wide range of touchpoints and choices for healthcare consumers, including telehealth, retail clinics, tech companies, and at-home monitoring devices. While these formats are at varying levels of maturity and adoption, they offer a level of choice that was unimaginable only a few years ago.

The confluence of expectations and choice has created a landscape where consumers are more in control of their healthcare than ever. If one format is not working for them, they can more freely move to another, which has begun to fragment the healthcare space.

Navigating Fragmentation + Its implications

This report will delve into 5 key themes surrounding the topics of healthcare fragmentation using the data we've collected, in combination with secondary sources, to shed light on the evolving concept and its impact on the overall healthcare experience. By understanding these trends, we'll present some considerations for how healthcare systems can navigate the changing landscape and shape a more patient-centric and cohesive healthcare ecosystem.

1. Heightened Consumer Expectations

The healthcare landscape is witnessing a transformative shift as consumers' expectations soar, inspired by the convenience and personalization they experience in other consumer-centric domains. Dissatisfied with the conventional healthcare system's limitations, an increasing number of consumers are actively seeking healthcare solutions that align with their individual needs, even if it means venturing beyond traditional primary care settings. While this shift is inevitable, and in some cases desirable, the specific risks it poses for the patient-physician continuum of care cannot be overlooked.

2. Satisfying the Need for Convenience

Telehealth and retail clinics have successfully overcome initial skepticism and seamlessly integrated themselves into many consumers' healthcare routines. While these formats are not likely to replace hands-on healthcare entirely, consumers have learned when and where to leverage the convenience they bring to the table. For healthcare systems, it is less about trying to change this behavior and more about understanding how their role can align for the best patient outcomes.

3. Empowering Consumers with At-Home Monitoring

Today's consumers are actively engaged in obtaining a comprehensive understanding of their health, down to the smallest details such as hydration, stress levels and sleeping patterns. An ever-evolving range of at-home health-monitoring technologies, including smart products and apps, empowers consumers to track these nuanced measurements. While these technologies give the consumers control, they also create greater fragmentation of each individual's information. Closing this gap between data and healthcare delivery presents a great opportunity for the future..

4. Big Tech's Big Disruption

Tech companies have entered the healthcare arena, leveraging their established positioning and platforms to connect with consumers. With each company targeting different segments of the healthcare industry, there is potential for further fragmentation or the possibility of bridging disparate parts into a cohesive whole. Rather than seeing them as threats, traditional healthcare systems can explore partnerships with tech entrants to connect the dots and create a connected, comprehensive view of patient's healthcare experiences.

5. A Path to Personalization

Emerging healthcare formats are being designed and adopted to cater to consumers' desires for choice and convenience. While this leads to fragmentation within the industry, it also fulfills consumers' demand for personalized care. Embracing this is key, because recognizing that fragmentation can ultimately lead to happier and healthier consumers benefits both patients and providers.

What follows is an exploration of each of the above themes, including the data that inspired it, and thoughts on how to leverage the learning.

Forces are Creating Demanding Consumer Expectations

Force #1: An expectation of choice and convenience:

Over the past few years, consumers have experienced a remarkable level of convenience in various industries, which has shifted their expectation of healthcare. Consumers have grown accustomed to having a plethora of choices at their fingertips, empowering them to seek what best suits their individualized preferences instead of settling for the status quo. The retail industry in particular is a great example of where we've seen rapid growth of multiple access points that go beyond physical stores to include e-commerce websites (including BOPIS – by online pick-up in-store), mobile apps, social media platforms and marketplaces. This omnichannel model provides options that cater to consumer choice and convenience, setting the bar for industries overall.

Force #2: A demand for personalization:

Coming off the pandemic, consumers are increasingly vocal about their desire for individualized, personalized healthcare. Based on our findings, consumers define "personalized care" as a tailored approach that addresses their unique needs, accompanied by personalized interaction with their physicians. This emphasis on personalized care has emerged as a top priority, particularly among younger generations (Figure 1). Both Gen Z and Millennials rank "personalized care' as their third most critical factor when selecting a hospital, surpassing the national average and Gen X by two spots, and ranking three spots higher than Baby Boomers.

Figure 1

Hospital Attributes Most Important to Consumers When Choosing Where to Receive Care

National	Gen Z	Millennials	Gen X	Baby Boomers
1. Highly qualified physicians	1. Highly qualified physicians	1. Highly qualified physicians	1. Highly qualified physicians	1. Highly qualified physicians
2. A clean and organized environment	2. A clean and organized environment	2. A clean and organized environment	2. Convenient location and access	2. Latest medical technology
3. Convenient location and access	3. Personalized Care	3. Personalized Care	3. A clean and organized environment	3. Convenient location and access
4. Latest Medical Technology	4. Convenient location and access	4. Exceptional nursing care	4. Latest medical technology	4. A clean and organized environment
5. Personalized Care	5. Positive reputation in the community	5. Convenient location and access	5. Personalized Care	5. Exceptional nursing care
6. Exceptional nursing care	6. Preventative care and screenings	6. Positive reputation in the community	6. Exceptional nursing care	6. Personalized Care

PULSE 2023: n = 1,206

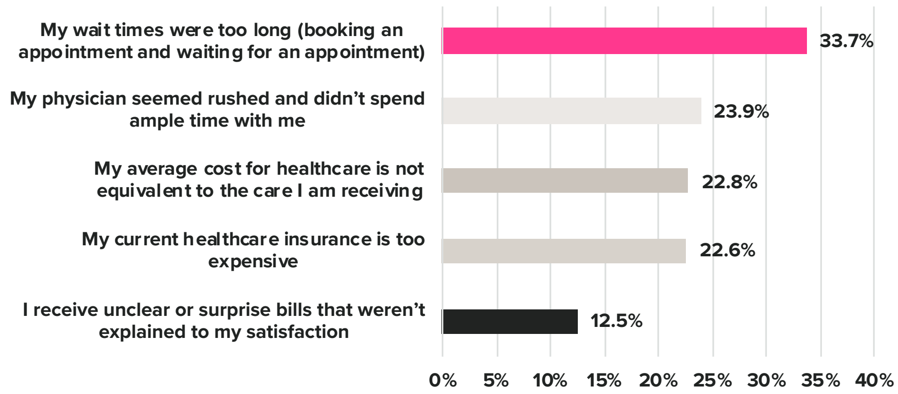
Q: Please rank the following according to which is most important when choosing a hospital for yourself or your family.

The convergence of these forces has given rise to expectations that consumers feel are not being met. For example, when asked what causes them frustration with their current healthcare experience, a third of consumers (33.7%) cited long wait times as a recurring issue. Additionally, nearly a quarter of consumers (23.9%) expressed frustration over physicians appearing rushed during visits and not dedicating sufficient time to address their concerns adequately (Figure 2).

Surprisingly, these two frustrations outpaced any concern revolving around costs or payment. These findings demonstrate the need to bridge this gap between consumer expectations and the reality of their healthcare experiences by emphasizing both convenience and personalization to ensure greater patient satisfaction and well-being.

Figure 2

Consumer Frustrations with Their Healthcare Experience

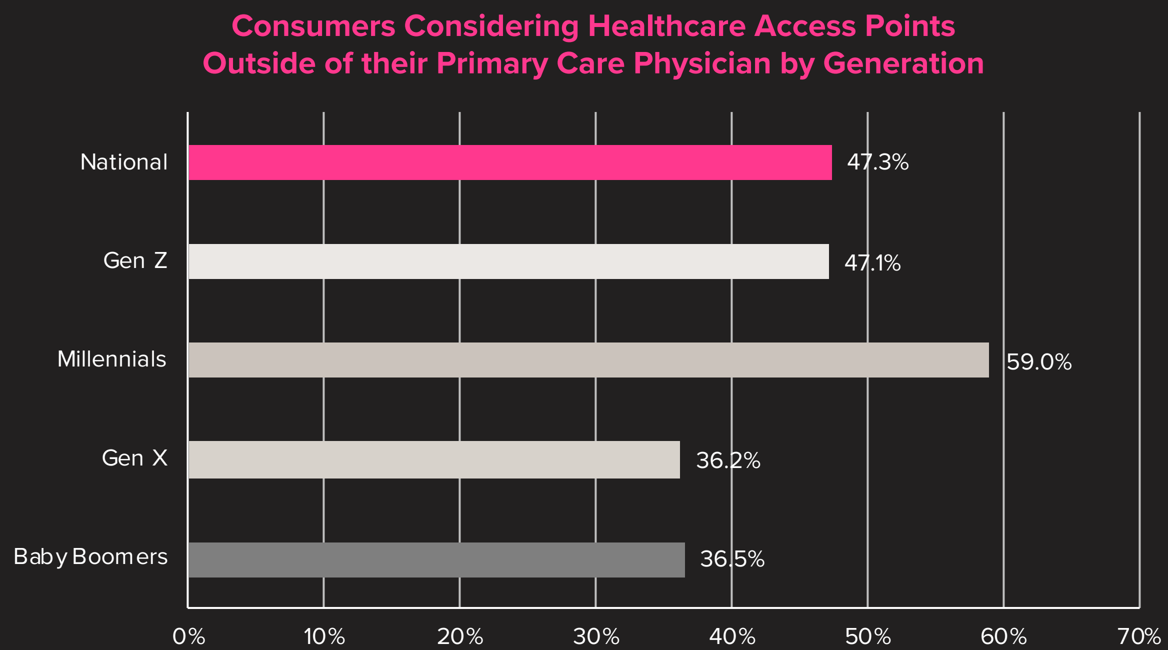


PULSE 2023: n = 1,206

Q: Which, if any, of the following have caused you frustration with your current healthcare experience?

This widening gap between consumer expectations and the reality of their healthcare experiences has spurred a growing number of individuals to explore alternative points of access to fulfill their healthcare needs. Nearly half of consumers (47.3%) have contemplated seeking care from sources outside their primary care physician, with Millennials (59%) and Gen Z (47.1%) showing a particular inclination towards doing so (Figure 3). This trend is further corroborated by the NRC Health 'Understanding Perception About Wait Times' article, which reveals that 63% of consumers would be willing to switch to a new healthcare provider if they consistently experience inconvenience and dissatisfaction with their current healthcare situation[1].

Figure 3



PULSE 2023: n = 1,206

Q: In the past 12 months, have you considered seeking medical care from a physician other than your current primary care physician?

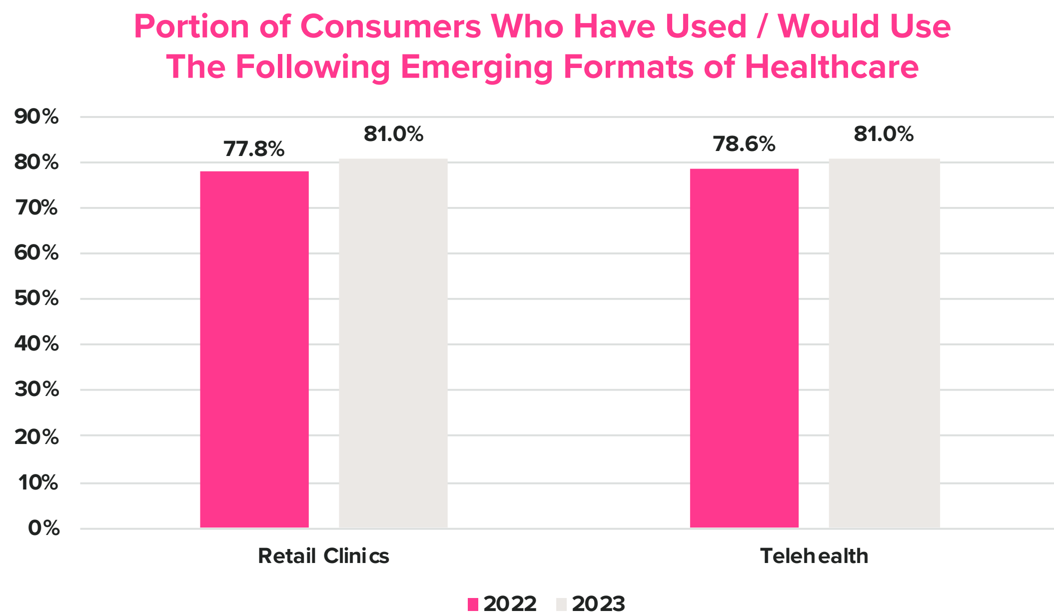
The transformation in consumer expectations within the healthcare sector has not emerged overnight; rather, it is gradual evolution that has been unfolding over the past few years. In our PULSE 2022 report, titled ‘Virtual is The New Reality,’ we delved into the growing demand for enhanced control and convenience among consumers, particularly in the context of Telehealth. Now, as these two powerful forces begin to merge, it becomes crucial for healthcare providers to conduct a thorough reassessment of their existing care models. By doing so, they can pinpoint potential opportunities to broaden their access points and bridge the gap between consumer expectations and the realities of healthcare delivery.

To stay ahead of these changing dynamics, healthcare providers must proactively adapt to meet the demands of modern consumers. Emphasizing patient-centricity and convenience will be essential in establishing strong connections with consumers, fostering loyalty, and delivering top-notch healthcare experiences that align with the evolving preferences of today’s discerning patients.

Satisfying the Need for Convenience

Once considered disruptors, Telehealth and Retail Clinics have now become mainstream formats for healthcare delivery. Our PULSE 2023 data indicates an increase in consumer receptivity to both formats, with Telehealth experiencing a 2.4 percentage point growth and Retail Clinics increasing by 3.2 percentage points (Figure 4). Convenience lies at the heart of this shift in consumer mindset, with benefits like no travel time, reduced wait times, and the ability to schedule appoints serving as primary motivators for adopting these emerging healthcare options.

Figure 4



PULSE 2023: n = 1,206

Q: Retail health clinics in stores like CVS, Walgreens, and Walmart provide care from a certified nurse specialist, days, evenings and weekends. Which of these statements do you agree with?

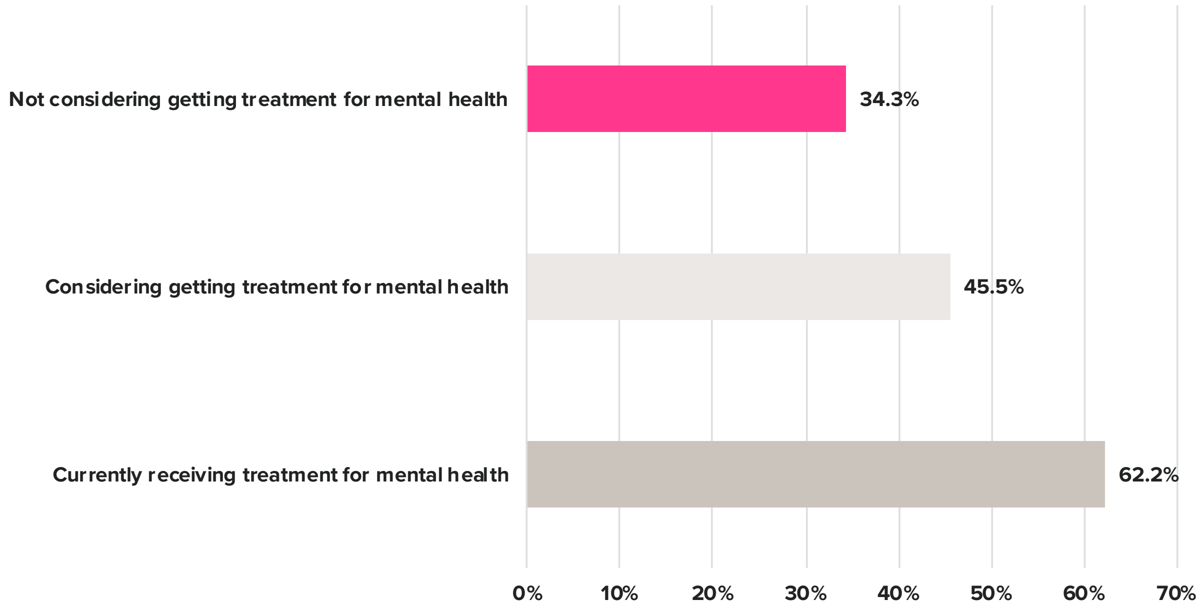
Q: Telehealth (also sometimes referred to as Telemedicine) offers the ability to consult with a doctor online via a two-way video, and is another option for making healthcare more convenient. Which of the following statements do you agree with?

Telehealth continues to be a particularly attractive access point for those currently receiving treatment for mental health issues. With the convenience of receiving virtual treatments from the comfort of their own homes, an impressive 62.2% of consumers who are currently undergoing mental health treatment express their willingness to utilize telehealth services (Figure 5).

This group is nearly twice as likely as those not receiving mental health treatment to be willing to use telehealth services (34.3%). This trend finds additional support from the Kaiser Family Foundation's research, which found that 40% of mental health visits are now being conducted through telehealth platforms[2].

Figure 5

Portion of Consumers Very Likely to Use Telehealth by Current Degree of Treatment for Mental Health (Top 3 Box %)

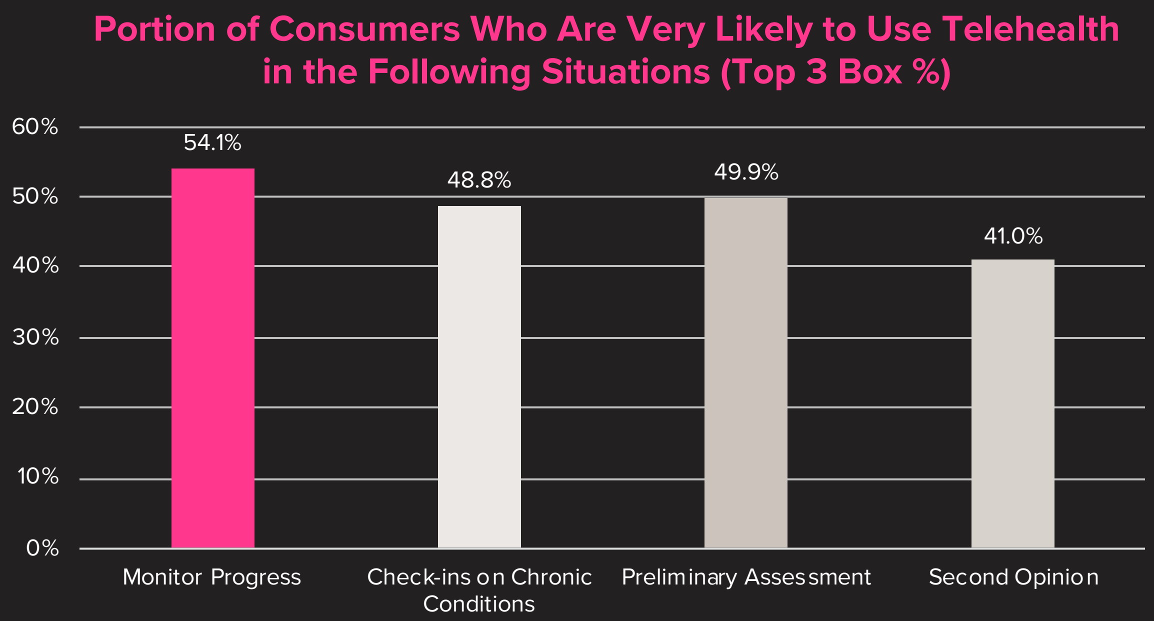


PULSE 2023: n = 1,206

Q: Please rate your likelihood of using the following healthcare treatment options on a scale from 1 to 10, with 1 being very unlikely and 10 being very likely.

In addition to its popularity as an outlet for those receiving treatment for their mental health, Telehealth is viewed as having specific roles in consumers' healthcare journeys. For example, 54.1% of consumers would now employ telehealth primarily for post-in-person visits that monitor their progress, while 49.9% would opt for preventative assessments at the onset of symptoms (Figure 6). This evolving trend underscores that telehealth has evolved from merely a disruptor to becoming an integrated part of the spectrum of care options available to consumers.

Figure 6



PULSE 2023: n = 1,206

Q: Please rate your likelihood of using Telehealth for each of the following situations on a scale from 1 to 10, with 1 being very unlikely and 10 being very likely.

While significant portions of consumers find value in Telehealth for specific circumstances, many still cite reservations with the technology. 36.3% express apprehensions about not receiving hands-on assessments through Telehealth's virtual format. Furthermore, an additional 28.1% raise concerns regarding the lack of a personal connection inherent in virtual care.

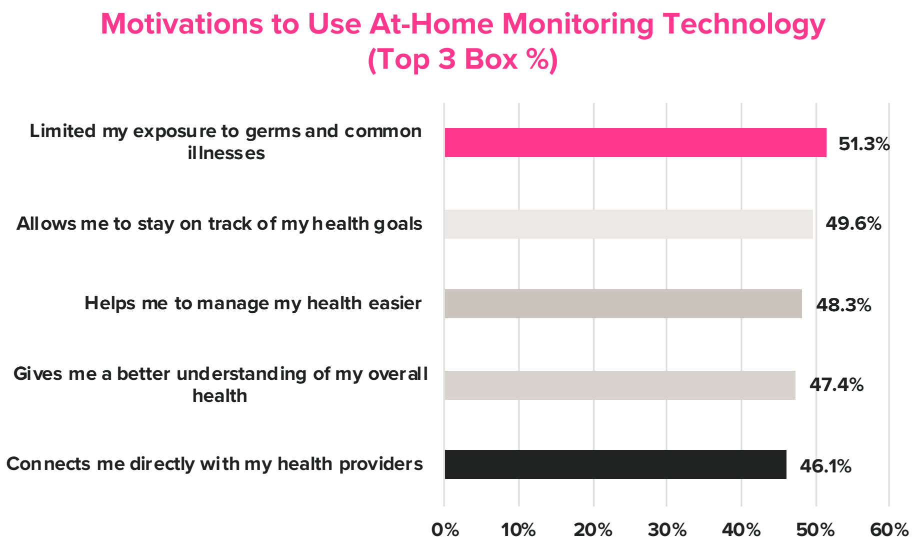
Nonetheless, the widespread adoption of Telehealth and Retail Clinics demonstrates an openness to a varied set of access points in their healthcare journey. While these formats enrich consumer choices by offering additional options, they are also contributing to the gradual fragmentation of the healthcare landscape, diverting certain interactions away from traditional healthcare channels. As the healthcare industry navigates this evolving landscape, healthcare marketers must skillfully balance the promotion of convenience while simultaneously addressing the specific concerns and limitations that consumers associate with these now-established avenues.

Empowering Consumers with At-Home Monitoring

Another emerging touchpoint that has gained traction in consumers' healthcare routines is at-home monitoring technology. More than one in three consumers have already embraced this trend, employing smart TVs and mobile apps to monitor their overall health. Research by Insider Intelligence supports these findings, forecasting 91.3 million users of these forms of technology in 2023[3]. This momentum reflects a shift toward proactive health management and personalized wellness.

Diving deeper into the motivations behind the use of at-home technology, our 2023 data found that a majority of consumers (51.3%) use it to minimize exposure to germs and common illnesses (Figure 7). Equally compelling is the drive to regain control over one's health; empowered by these devices, 49.6% of consumers are actively seeking to track their health objectives, while 48.3% are searching for effective tools to manage their well-being. On a more granular level, many consumers use this technology to monitor stress levels (53.1%), sleep patterns (52.9%), and hydration status (51.8%), all vital components of holistic health (Figure 8). This surge in interest reflects a broader shift toward proactive healthcare engagement, where technology serves as a tool to enable individuals to take charge of their well-being in a convenient and informed manner.

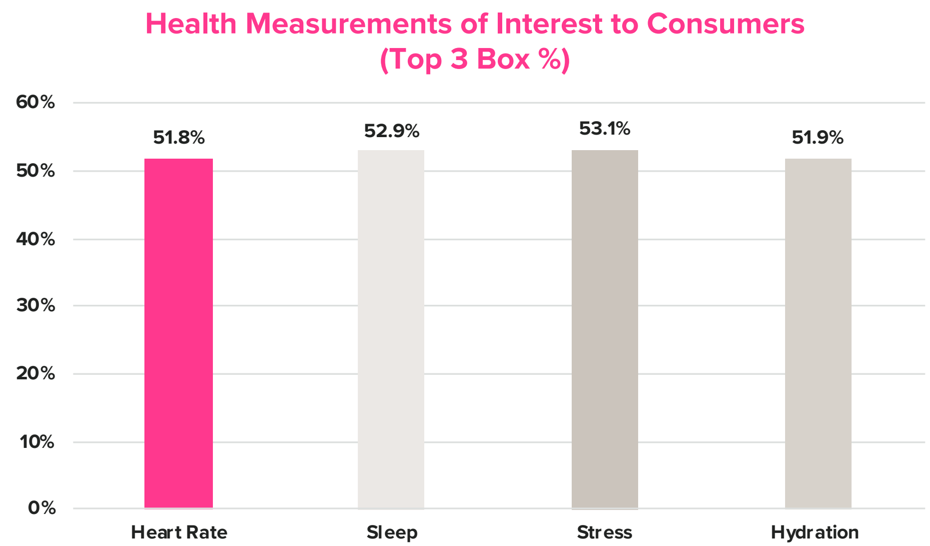
Figure 7



PULSE 2023: n = 1,206

Q: At-home health monitoring technology has been created with the intent of improving people's overall health journey. Please rate your level of agreement with the following statements regarding the ability of at-home health monitoring technology to improve your health journey on a scale from 1 to 10, with 1 being completely disagree and 10 being completely agree.

Figure 8



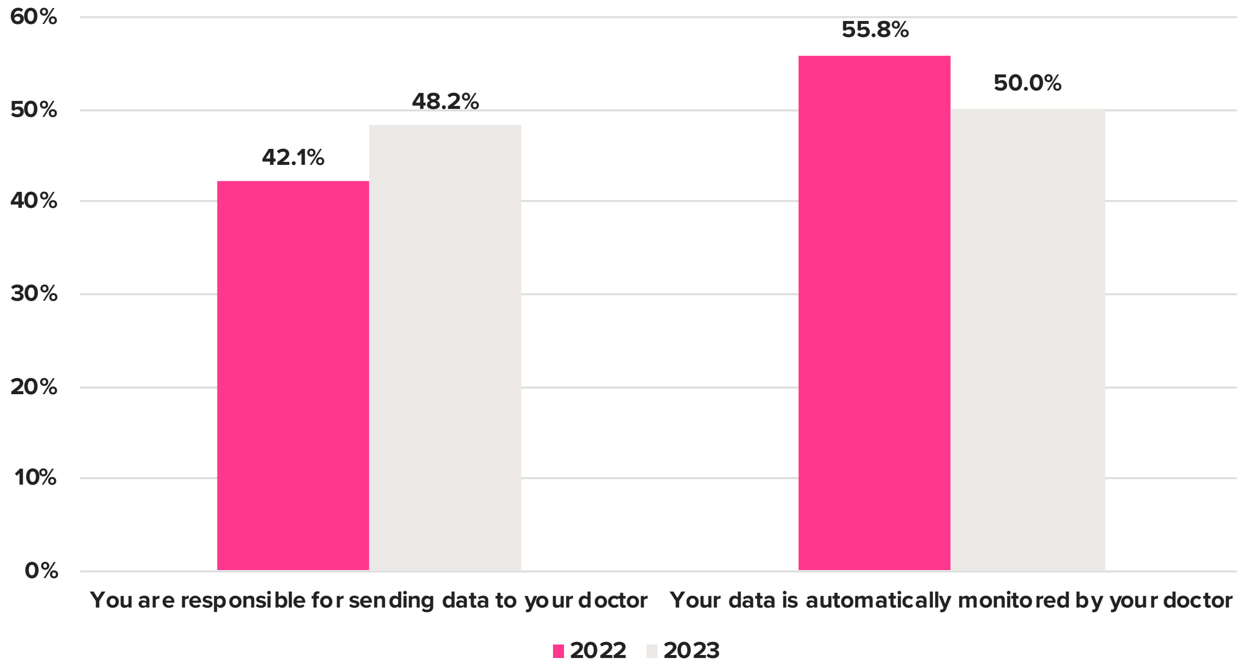
PULSE 2023: n = 1,206

Q: Please rate your current level of interest in tracking and / or monitoring the following health-related measures on a scale from 1 to 10, with 1 being not interested at all and 10 being very interested.

An interesting shift from our 2022 data is around consumer preferences regarding the handling of their health data on at-home devices. In this year's study, 48.2% of consumers expressed a desire to take an active role in transmitting their data to their healthcare providers, a 6.1 percentage point increase from 2022 (Figure 9). Simultaneously, there was a decline of 5.8 percentage points in the preference for automatic data monitoring by doctors. This evolving trend underlines the increasing consumer inclination towards actively engaging with their healthcare journey, including data sharing, to ensure more personalized and proactive care management.

Figure 9

Preferred Method of Sharing Data From Wearables



PULSE 2023: n = 1,206

Q: In terms of how the data from your wearable tech is shared with your doctor, which would you prefer?

When combined with the reality that consumers are going outside of traditional care models, this decline in willingness to have wearable healthcare data automatically transferred poses a challenge for healthcare providers. The absence of critical data to inform patient needs may stand in the way of recommending the proper preventative and predictive care, which could ultimately lead to compromised health outcomes. Healthcare providers must convey the value of safe, private data exchange to consumers, emphasizing the potential for more personalized and effective care.

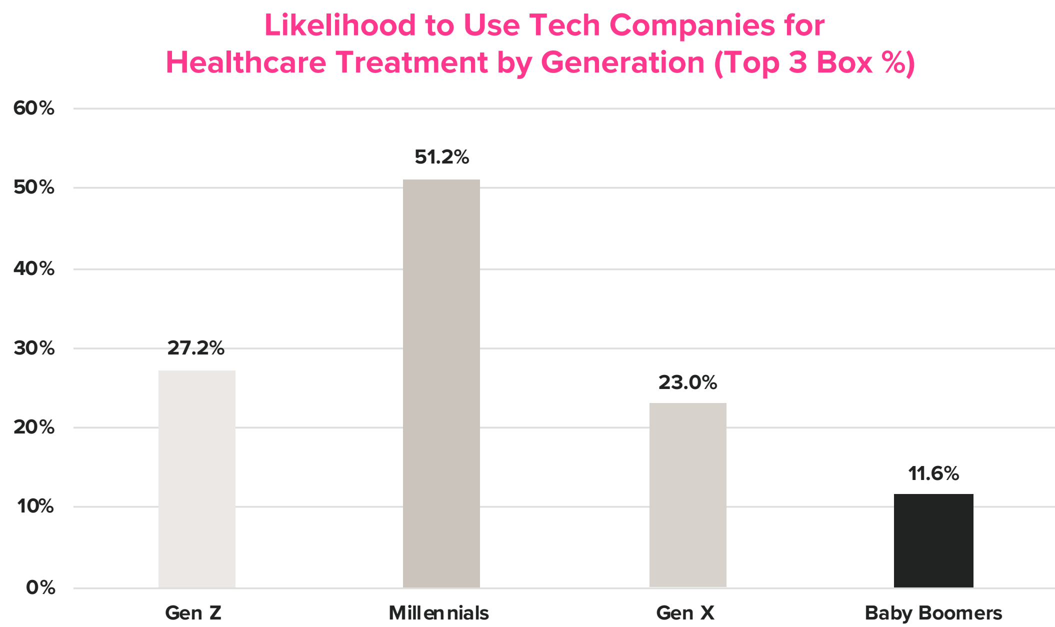
Big Tech's Big Disruption

The access point with the most disruptive potential in reshaping the traditional healthcare landscape is represented by Tech Companies, which have already begun to infiltrate the sector. The Big Four – Amazon, Microsoft, Alphabet (Google), and Apple – have strategically entered the healthcare arena over the past few years, each targeting distinct segments such as virtual care, cloud data services, artificial intelligence, and wearables. Using their built-in consumer familiarity and deep resources, these tech giants are capable of addressing the demands for personalized care and convenient access.

Among them, Amazon has made substantial strides in the realm of in-person, virtual, and pharmaceutical services through their Amazon Clinic initiative. Designed to deliver virtual healthcare in a convenient and cost-effective manner for common ailments, Amazon's acquisition of 'One Medical' has enabled them to expand into in-person treatments. As of August 1, 2023, Amazon announced a nationwide expansion, having garnered a remarkable 96% customer satisfaction rating for their healthcare services[iv].

Tech Companies' health services particularly resonate with younger consumers, with 51.2% of Millennials and 27.2% of Gen Z expressing strong interest in utilizing their offerings (Figure 10). These generations' familiarity with the consumer-facing aspects of these tech companies, such as Apple's products and Amazon's delivery service, is a driving factor.

Figure 10



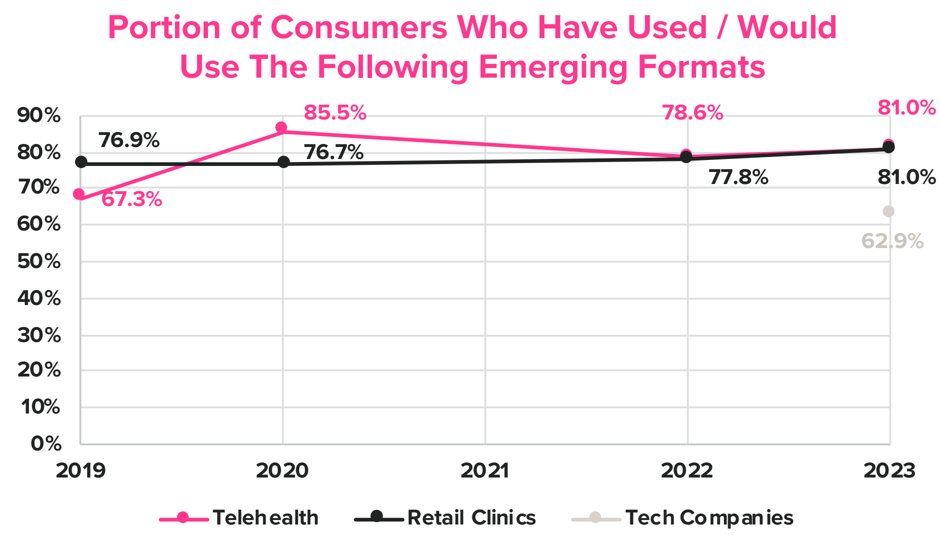
PULSE 2023: n = 1,206

Q: Please rate your likelihood of using the following healthcare treatment options on a scale from 1 to 10, with 1 being very unlikely and 10 being very likely. (Tech Companies)

The allure of a more streamlined appointment process also drives consideration for using these platforms, with 37.3% of consumers finding this convenience highly appealing, particularly among Millennials (43.5%).

While Tech Companies have yet to gain wholesale adoption among consumers, this may simply represent a case of gradual adoption, similar to what was seen with Telehealth and Retail Clinics. In fact, the 62.9% of consumers who express willingness to use Tech Companies' healthcare services today closely aligns with the numbers observed for Telehealth (67.3%) and Retail Clinics (76.9%) in 2019 (Figure 11). Since then, both Telehealth and Retail Clinics have witnessed considerable growth, expanding by 13.7 and 4.1 percentage points respectively, so this pattern hints at tech companies' health services being in the nascent stage within consumers' perception.

Figure 11



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Q: Retail health clinics in stores like CVS, Walgreens, and Walmart provide care from a certified nurse specialist, days, evenings and weekends. Which of these statements do you agree with?

Q: Telehealth (also sometimes referred to as Telemedicine) offers the ability to consult with a doctor online via a two-way video, and is another option for making healthcare more convenient. Which of the following statements do you agree with?

Q: Big Tech companies like Amazon and Google have created their own offerings in healthcare aimed at streamlining in-person visits, virtual care, and prescription delivery. With that in mind, with which of the following statements do you agree?

For some, the concern around data privacy is the biggest barrier for considering the use of healthcare tools from the big tech companies. These concerns were echoed by U.S. Senators Peter Welch and Elizabeth Warren on June 16, 2023, when they directed a letter to Amazon CEO Andy Jassy voicing apprehensions over potential of "harvesting consumer health data from patients." These challenges underline the cautious approach consumers might adopt when engaging with tech companies' healthcare services, highlighting the importance of addressing privacy concerns and building trust.

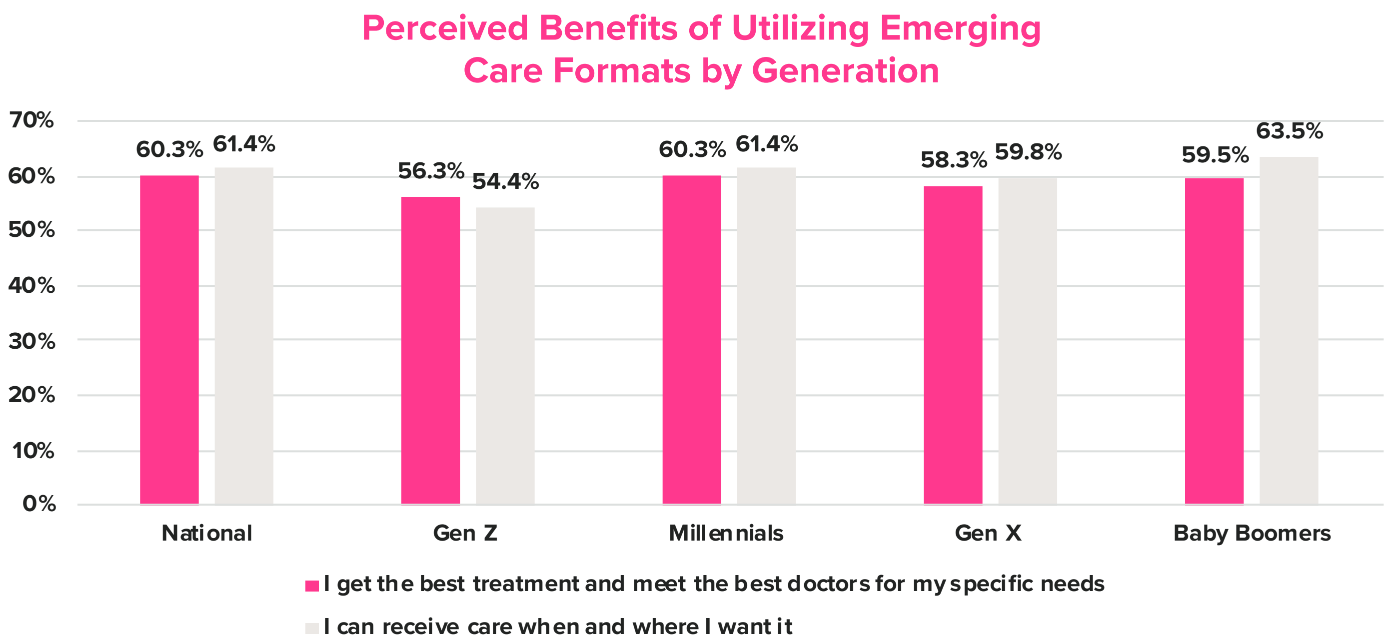
The introduction of healthcare options from Big Tech has the potential to further fragment the landscape of healthcare journeys. However, because Big Tech still lacks the core competencies of many traditional healthcare access points, opportunity exists for the two parties to converge their strengths, ultimately offering consumers the best of both worlds within a harmonized and comprehensive healthcare ecosystem.

Fragmentation as a Path to Personalization

In the landscape of ever-expanding and evolving healthcare options, the potential for fragmentation hinges on consumers' willingness to embrace these emerging forms of care. Early indications suggest that consumers are open to creating a personalized suite of healthcare access points. 60% express readiness to explore emerging healthcare avenues if it translates to receiving care in a manner that aligns with their preferences for timing and location (Figure 12). And 59% would be willing to use multiple points of access in order to get the best treatment for their precise needs. This growing attitude underscores the critical role that flexibility, convenience, and tailored care play in shaping consumer preferences, ultimately influencing the trajectory of healthcare fragmentation.

The reasons for considering a personalized suite of access points are nuanced by generation. For example, the ability to access their preferred time and place motivates 63.5% of Baby Boomers, 61.4% of Millennials, and 59.8% of Gen X. In contrast, Gen Z is compelled by the prospect of personalized care, as demonstrated by the 56.3% of them who cite the ability to access care quality from reputable physicians.

Figure 12



PULSE 2023: n = 1,206

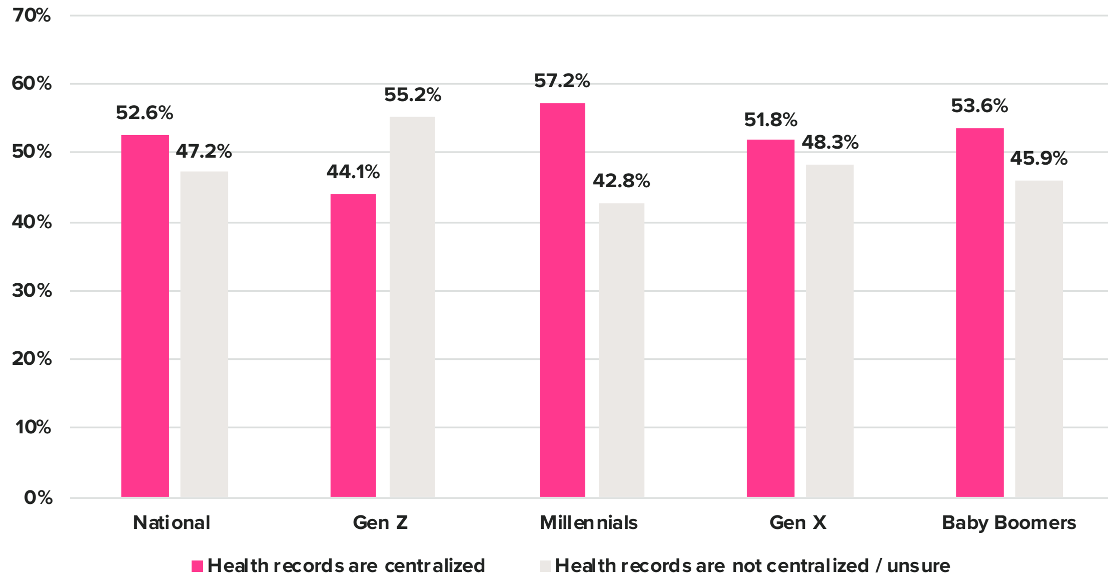
Q: What is / could be the benefit(s) of using multiple types of healthcare (e.g., primary care physician, urgent care, virtual visits, at-home health monitoring technology) in your healthcare journey?

As a result of the fragmentation of healthcare access points, patient health records are not always being sent to one centralized location. 47.2% of consumers believe their healthcare records are not being centralized; this challenge is particularly notable among Gen Z (55.2%) (Figure 13).

This fragmentation of health data presents considerable impediments for physicians striving to deliver the personalized care that consumers increasingly seek. To help combat this, creating a holistic approach to centralizing records will be pivotal in addressing the current landscape.

Figure 13

Consumer Understanding of Healthcare Records Location by Generation



PULSE 2023: n = 1,206

Q: Are all of your health records going to a unified or centralized location that each of your doctors is able to access?

While there are potential pitfalls to fragmentation, the phenomenon also presents opportunities to craft a healthcare experience that is more personalized for consumers. Nate Maslak, the Founder and CEO of Ribbon Health, suggests that “Personalization in modern healthcare can only exist with some level of data fragmentations and thanks to new innovations like AI models, we can make sense of this fragmented data for patient benefits[5].”

The emerging healthcare formats are poised to reshape access points and choices for consumers, naturally introducing an element of fragmentation. However, the onus rests on healthcare organizations to embrace to this shift and align their strategies with consumers’ evolving needs, propelling the industry forward into the next phase of healthcare evolution. By embracing this evolution, healthcare entities can harness the inherent potential of fragmentation to co-create a healthcare landscape that combines personalization, convenience, and improved patient outcomes. It also represents an opportunity to mitigate capacity issues and better balance the distribution of care so hospital systems can focus on the treatment areas and points within the journey where they can make the biggest impact, while at the same time avoiding crippling the resource pool.

The Truth Beneath the Trend

Healthcare consumers are in the process of reshaping their expectations, gravitating toward access points that allow for personalization and convenience throughout their health journey. The emergence of innovative healthcare formats has expanded the suite of options available to them, leading to a fragmented picture of their health.

It is with this in mind that we suggest a reframe in how we think about fragmentation:

From a dynamic that poses a threat, To one that presents an opportunity.

From: Fragmentation To: Personalization.

At the heart of fragmentation in healthcare is a consumer desire for options that are more in line with their individual preferences and needs, which includes elements of convenience but is bigger than that. This moment today where consumers are making choices to achieve this, and disruptors are offering options to deliver, presents healthcare systems with the opportunity to address what is really being sought: A more personalized healthcare experience. Healthcare systems that take the lead in seamlessly integrating and / or collaborating with emerging care options will be well-poised to navigate the landscape of fragmentation, creating a more responsive, personalized, and integrated healthcare ecosystem.

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Our Healthcare Chops

Laughlin Constable Inc. is a full-service, independent advertising and brand experience agency. Our mantra – make it personal – along with our focus to leverage technology to elevate creativity and ultimately drive our clients' growth no matter the industry guides how we approach client relationships.

Although our client roster features a little bit of everything (we believe working in diverse verticals informs more well-rounded thinking for our clients), our healthcare marketing expertise is deep. We have decades of experience in the healthcare space, including hospital systems, pharmaceuticals, nonprofits and device manufacturers. We've also been an active member of the Society for Healthcare Strategy and Market Development (SHSMD) since 2007, acting as committee members and presenters at its annual conferences.

Drop Us a Line

Laughlin Constable is here to help. If you are a healthcare marketer looking to resonate with today's consumers, we would love to partner with you to put the insights from this report into action!

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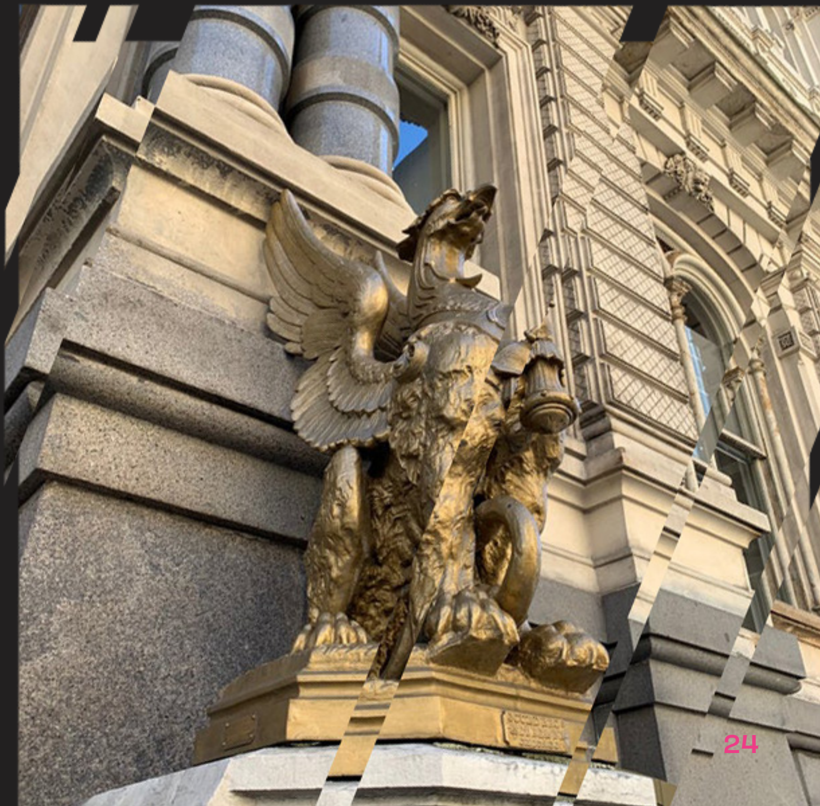

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