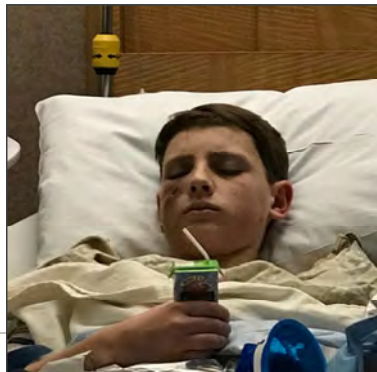# Loyalty 2.0

**Brian Wynne**
Vice President and General Manager

# Discussion Roadmap

→ The environment of consumerism in healthcare

→ Consumer demands impacting loyalty

→ Illuminating the customer experience
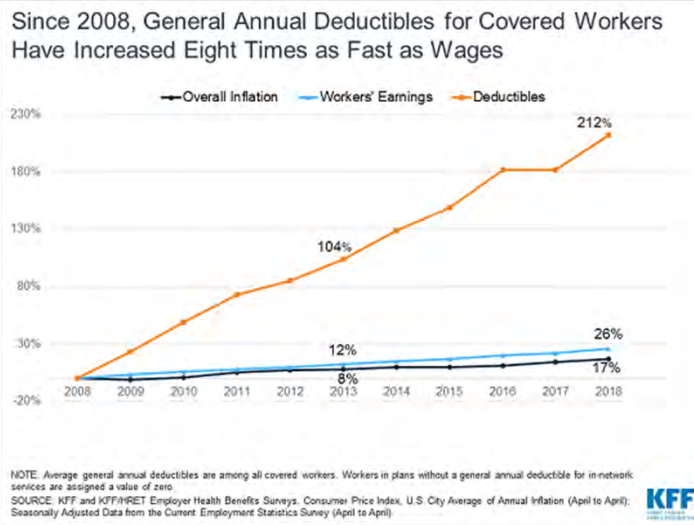
→ Managing transformational change

# A bit about me…

PAGE 2
25th Annual NRC Health Symposium – Omni Nashville Hotel
Nashville, Tennessee
August 14–16, 2019

# Environment of Consumerism in Healthcare

## Deductibles

Insurance deductibles and premiums continue outpacing earnings and inflation.



Since 2008, General Annual Deductibles for Covered Workers Have Increased Eight Times as Fast as Wages

NOTE: Average general annual deductibles are among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.
SOURCE: KFF and KFF/HRET Employer Health Benefits Surveys. Consumer Price Index, U.S. City Average of Annual Inflation (April to April); Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April).
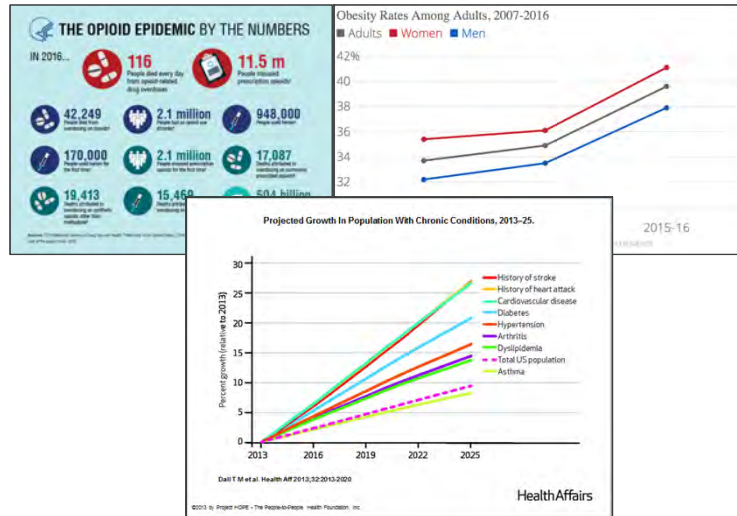
## 100 Years

First time in 100 years (1916-1918) years that US life expectancy has decreased three consecutive years

**Life expectancy of Americans has declined**

|  |  | 2014 | 2015 |
|---|---|---|---|
| **At birth** | Both sexes | 78.9 | 78.8 |
|  | Male | 76.5 | 76.3 |
|  | Female | 81.3 | 81.2 |
| **At age 65** | Both sexes | 19.4 | 19.4 |
|  | Male | 18.0 | 18.0 |
|  | Female | 20.6 | 20.6 |

Source: CDC, NCHS, HHS NVSS

THE WASHINGTON POST
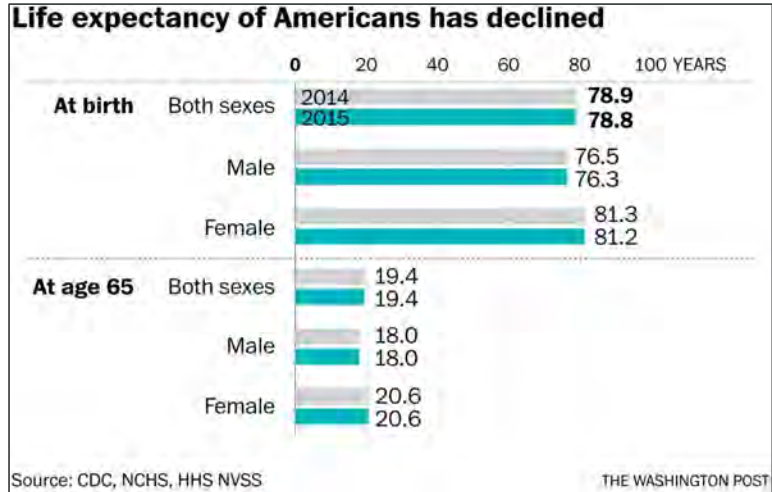
## Epidemics

→ Diabetes

→ Opioids

→ Obesity

48%
of all healthcare consumers are frustrated

75%
of frequent (3x/yr) healthcare users are frustrated

Confusion remains the #1 emotion associated with healthcare

# Consumer expectations of healthcare have changed for good

**PERSONALIZATION**
*Not generalization*

**EASE**
*Not friction*

**OUTCOMES**
*Not diagnoses*

**CONSTANT IMPROVEMENT**
*Not status quo*

**WELLNESS**
*Not sick-care*

**CONVENIENCE**
*Not complexity*

## Which of the following industries *should* consistently meet or exceed your expectations as a customer?

| Industry | Value |
|----------|-------|
| Hospitals/Healthcare | 82.3 |
| Banks/Financial | 71.3 |
| Restaurant/Food | 68.1 |
| Hotel/Hospitality | 63.5 |
| Government | 61.4 |
| Airlines | 59.7 |
| Cars/Automotive | 55.3 |
| Utilities | 53.7 |
| Retail | 46.3 |
| Entertainment | 35.1 |

---

# 40.6%
## of consumers are not loyal

---

**PAGE 6**
**25th Annual NRC Health Symposium – Omni Nashville Hotel**
**Nashville, Tennessee**
**August 14–16, 2019**
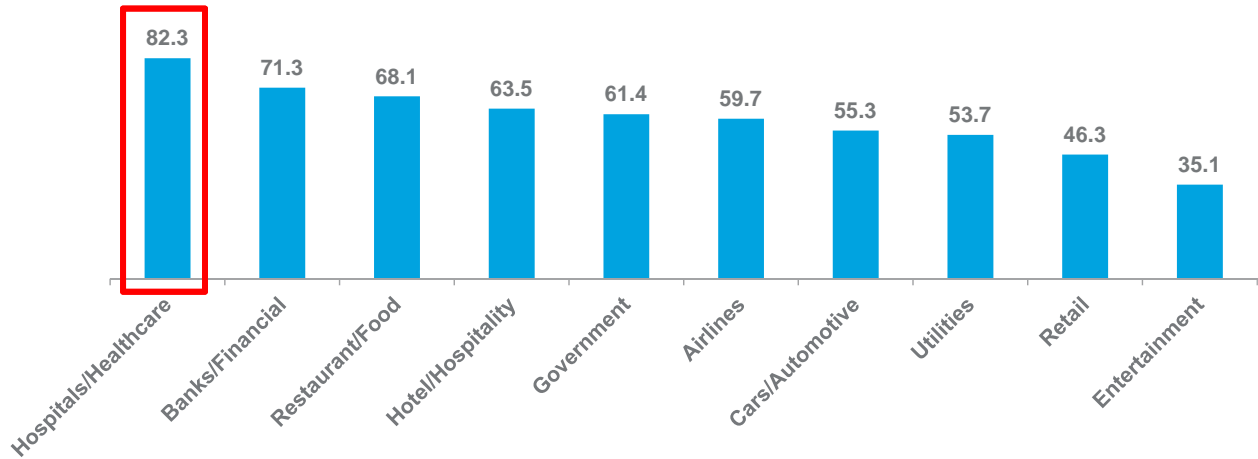
# New entrants refuse to accept the status quo

**PRIMARY CARE**

one medical

**AT-HOME VISITS**

pager

**CASH-ONLY HOSPITAL**

Surgery Center of Oklahoma

**URGENT CARE**

ME MedExpress

**TELEMEDICINE**

Dr DOCTOR ON DEMAND

**AI-DRIVEN PERSONALIZATION**

FORWARD

**2ND OPINION SPECIALISTS**

GRAND ROUNDS

**LOW COST MRI**

SAVEON medical

**NEW HEALTHCARE PLATFORM**

CVSHealth. aetna

**INDEPENDENT HEALTHCARE COMPANY**

HAVEN

**MEDICAL TRANSIT PROGRAM**

Uber Health

**ON-SITE CLINICS FOR EMPLOYEES**

Apple

# Healthcare Deferment

## 22.8%

of patients deferring "necessary medical treatment"

*This is the highest percentage since 2010.*

*NRC Health Market Insights Syndicated Study, National Analysis 2018*

## The Economics of Customer Loyalty

**INCREASE MARKET SHARE**

## 40%

of consumers are not loyal
to a healthcare brand

**ATTRACT NEW CUSTOMERS**

## $1.4M

individual lifetime customer value

**PREVENT OUTMIGRATION**

## $24M

annual cost of 10% outmigration
for the average hospital

**REDUCE COSTS OF CARE**

## 31%

less cost associated with engaged patients

$

# Consumer Demands
# Impacting Loyalty

# Consumers Say…

**1**

## convenience is king.

---

# If it's not easy, it's not happening

### Problem: **Convenience (access)**
→ Up to 80% of consumers would switch on convenience factors alone

### Visualize
→ Think of a brand that makes access easy and convenient (Uber, Amazon, Zappos)
→ What makes it easy?

### Re-think
→ **If you could reinvent access to healthcare, what would it look like?**

# Consumers say.....



**know me.**

---

# We don't understand what matters most to our customers

**Problem: Lack of actionable customer intelligence**
→ Longitudinal customer understanding now + AI/ML = personalized predictive insight

**Visualize**
→ What is a brand that demonstrates they KNOW their customer? (Netflix, Stitch Fix)

**Re-think**
→ Think of the amount of data your organization has on those you serve. Consider *one* use for *one* element of that data which could be leveraged to surprise and delight customers.

# Consumers want....

**3**

clarity.

# Not confusion, friction & frustration

Problem: **Confusion (about everything)**

Visualize
→   What's the most organized customer experience you have had? (Ritz, Uber)

Re-think
→   **Don't underestimate the value of clarity of your brand & services**

# Consumers want...

to be healthy.

# Consumers visualize wellness, not sickness, in their lives

Problem: **Misalignment with customer goals**
→ Healthcare is still a "treat the sick" industry instead of a "partner in health and wellness" industry

Visualize
→ What is your strategy to compete with Apple in healthcare?

Re-think
→ **Do you promote wellness or *sickcare*?**
→ **How can you be relevant in the other 98% of their lives?**

# Consumers know...



## alternatives are available.

---

# Consumers readily accept innovation or disruptors

### Problem: **Disruptors/alternatives in care**
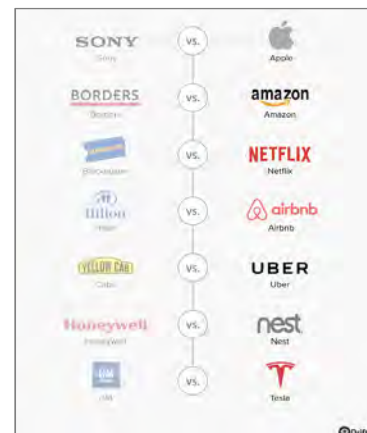→   48% of consumers would get an MRI at Walmart

### Visualize
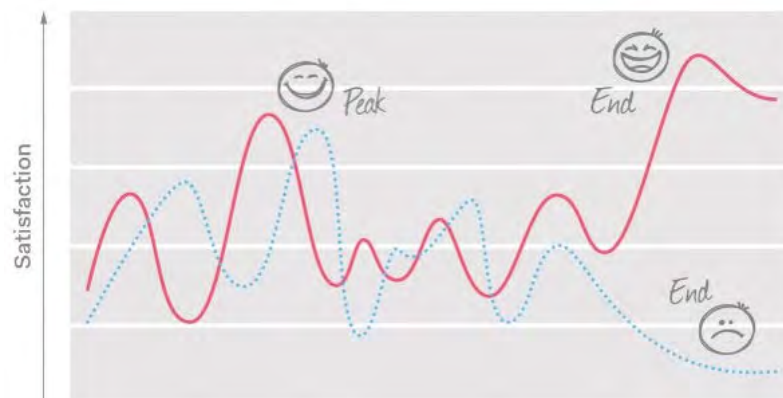→   Consider how quickly disruptors in other industries were adapted (Uber)

### Re-think
→   **What service of yours could be recreated to become a disruptor?**
→   **What could be improved by just 10% to delight your customers?**

# Illuminating the Customer Experience

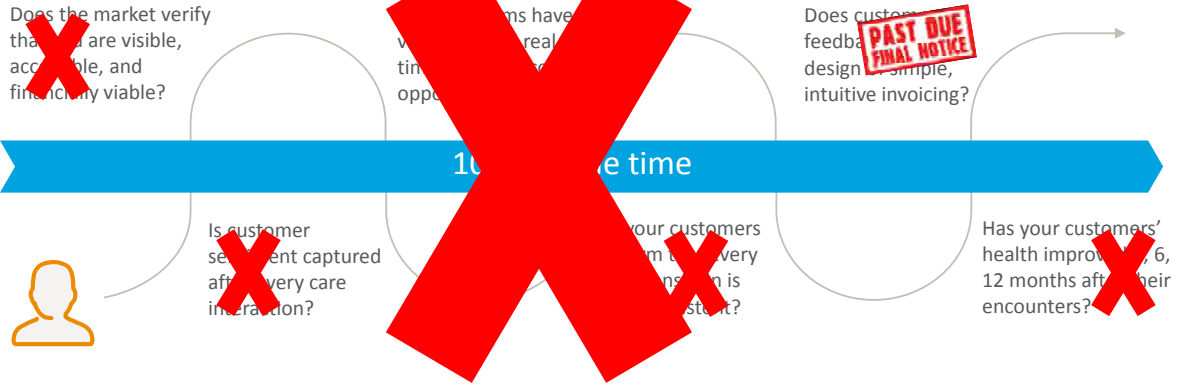# The "Peak End" Theory:
# A Moment Can Define an Experience



*Source: Customer Thermometer, 2017*
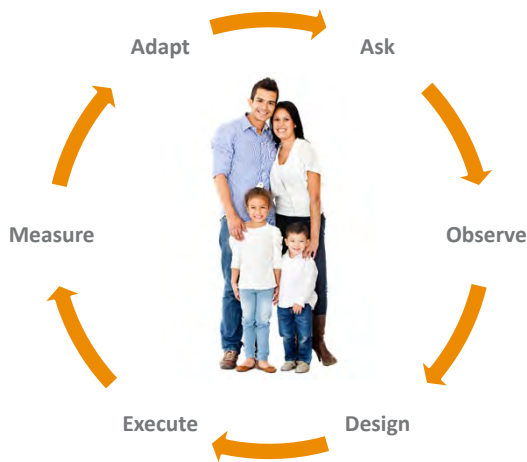
# Potential Customer Experience Insight Gaps

Does the market verify that you are visible, accessible, and financially viable?

Do your teams have visibility to all real-time service recovery opportunities?

Does customer feedback inform design of simple, intuitive invoicing?

**100% of the time**

Is customer sentiment captured after every care interaction?

Do your customers confirm that every care transition is safe, consistent?

Has your customers' health improved 3, 6, 12 months after their encounters?

---

**PAGE 15**
**25th Annual NRC Health Symposium – Omni Nashville Hotel**
**Nashville, Tennessee**
**August 14–16, 2019**

# Intelligent Feedback Systems Inform Intelligent Design

Adapt → Ask → Observe → Design → Execute → Measure →

# Unintelligent Feedback Systems Inform Unintelligent Design

**PAGE 17**
**25th Annual NRC Health Symposium – Omni Nashville Hotel**
**Nashville, Tennessee**
**August 14–16, 2019**

# Managing Transformational Change

1. **Inform Change**

2. **Enable Change**

3. **Manage Change**

4. **Sustain Change**

**PAGE 18**
**25th Annual NRC Health Symposium – Omni Nashville Hotel**
**Nashville, Tennessee**
**August 14–16, 2019**

# 4 for the Road

→ Consumers have more power and influence than ever before; involve them in your decision making

→ Create a strategy to address the 5 primary areas of consumer concern that prevent you from creating loyalists

→ Voice of Customer programs cannot be picked up and put down – they must be used to measure & improve longitudinally

→ Get creative with VoC design, set goals, and measure to improve

---

**Thank You**

bwynne@nrchealth.com
@BrianWynne_NRC