

Meet Your New Competitor ... Amazon

healthcarestrategy.com/blog/meet-your-new-competitor-amazon

by Brian Whitman

October 17, 2018



Amazon isn't known for getting into an industry and doing what existing companies are doing. They innovate. They get creative. They utilize pioneering methods to disrupt an existing industry. With healthcare being a multi-trillion-dollar industry, and ripe for transformation, it's no wonder Amazon is jumping into the mix.

Simply Google "Amazon and healthcare" and you'll find a whole host of articles, news stories, and announcements. Just a few examples:

- **Amazon's 1492 Project** – it's a "secret" lab dedicated to telehealth and electronic medical records, including both hardware and software
- **A joint venture with JP Morgan Chase and Berkshire Hathaway** – the venture aims to improve satisfaction and lower costs of healthcare for their companies' 840,000+ employees
- **Hires, hires, and more hires...from the healthcare sector** – Amazon has recently hired a well-known surgeon, the former FDA chief health informatics officer, and a world-renowned cardiologist, to name a few
- **Pharmacy forays** – Amazon introduced a line of private label over-the-counter medications earlier this year, and in late June they acquired mail-order pharmacy PillPack

The future success of healthcare marketing executives depends on the ability to adapt and to

“think like Amazon.” So how will your health system compete? Here are five strategies to ready yourself.

1. Work with Operations and Clinicians to Define Your Online Clinical Strategy

Consumers want their digital healthcare experience to be more like retail. They want fast and easy digital experiences, and they aren't getting them from their healthcare providers. According to a recent [NTT Data survey](#), 78 percent of tech-savvy consumers say the healthcare digital customer experience needs improvement, and 50 percent say they would leave their current physician for a better digital customer experience.

In healthcare, when we hear that a competitor is launching a new service or online feature, we tend to rush out and try to bring that same service to market. But is that really what the consumer wants? Are you looking at the competition, or are you looking at the landscape and considering how to meet customer needs? Because meeting needs is what Amazon will be doing.

Have discussions in your organization about embracing and creating a strong online strategy and your organization's capacity to meet consumer expectations. As a three-device society (mobile, PCs, tablets), and with nearly half the population considering themselves active digital health adopters, it's imperative to have these conversations now rather than later.

2. Work with Operations for Price Transparency

According to a recent [Gallup poll](#), the cost of healthcare is the greatest financial concern for Americans. If consumers expect their healthcare experiences (including service and payment) to mimic what they find in the retail space, price transparency is a must.

Alex Azar, the Secretary of Health and Human Services, recently said, “You ought to have the right to know what a healthcare service will cost—and what it will really cost—before you get that service.”

The Healthcare Financial Management Association has developed a 28-page guide to help consumers understand pricing in healthcare. It's incredibly informative and helpful—but what are the odds that people will read a 28-page guide? Consumers want to know pricing and they want it to be simple, easy to understand, and preferably online. (Hello, Amazon!) The more you can work with Operations to make that happen, the better.

3. Consider Strategic Alliances

Last year, Amazon purchased Whole Foods, and in June, they acquired PillPack. Instead of building a grocery or pharmacy from the ground up, Amazon is in the business of acquisitions and improvements. Like Amazon, you may want to consider this strategy for your healthcare system—in the form of alliances.

For example, when leaders at Sentara Virginia decided they wanted to offer virtual healthcare to the system's patients and potential patients, they formed a strategic alliance with MDLIVE, an existing telehealth provider. This was a much faster, less painful, and more cost-effective approach than building their own virtual health capabilities would have been.

Once you have settled on your online strategic goals, do your research. Consider who might be able to partner with you to help accomplish those goals. It may be something as simple as an online health library or as robust as a 24/7 telehealth offering, but chances are someone is already doing it and doing it well. Rather than reinventing the wheel, seek out strategic partnerships when possible.

4. Be Where Your Customers Are

In a recent [Think with Google article](#), Laura Beaudin, a Partner with Bain & Company shared, "Knowing when your audience is most receptive, those moments when you can really capture someone's attention or change their mind, and then meeting them there with the right message: that's the next frontier."

Are you meeting your audience/customers/patients at their most receptive time? And when you meet them there, are you meeting them with the right message? Use technology and digital insights to help you with perfect timing and use your "old-school" creativity skills for on-point messaging. Build your marketing strategies to include timeliness and meet your consumers when—and where—they are ready to be most receptive and to engage. And let's be honest, it will likely be on a mobile device.

5. Listen to What Your Customers Are Saying (Especially Online) and Optimize Your Digital Presence

What are your customers saying? Where are they saying it? What are they saying on Facebook? Twitter?

Have you considered an ethnographic study to find out? An ethnographic study conducted for Dignity Healthcare, Phoenix, AZ, uncovered some fascinating results.

What the study revealed is that it's no longer enough to just have a great website, or to simply be strong with SEO. To optimize their digital presence, healthcare organizations need to reevaluate how services are being delivered online. That means looking at every opportunity online, and delving into artificial intelligence and the Internet of Things (IoT). You can't ignore the ability to potentially integrate with, say, a patient's smart refrigerator to help them make healthier choices—because Amazon won't ignore that possibility.

Alexa, Now What?

Amazon is a great disrupter and has many in the healthcare and pharmacy industries concerned—for good reason. (Think Borders Books, Book World, and Hastings Entertainment.) The opportunities for improvements in healthcare are almost endless. The ultimate winner

(hopefully) will be the consumer.

Marketing can—and should—take the lead to help the C-Suite comprehend Amazon’s entry into the market and its sophisticated understanding of consumers. Once you embrace Amazon as a competitor, you have a bit of a head start...so get busy!

Brian Whitman

Brian currently serves as the President & CEO of Corrigan Consulting. He leads a team of Executive Vice Presidents, Senior Consultants, and Communications Consultants to support the competitive strategy needs of health systems across the nation.

