

What Healthcare Marketers Can

learn

FROM AMAZON



FEATURING INSIGHTS FROM MARKETING LEADERS AT:



WHAT HEALTHCARE
MARKETERS
**Can Learn
from Amazon**



AS AMAZON ADVANCES INTO THE HEALTHCARE MARKET, HOSPITALS AND OTHER PROVIDERS ARE BRACING FOR IMPACT AGAINST THE E-COMMERCE GIANT'S PROVEN MODEL FOR ACQUIRING AND GROWING CUSTOMERS.

A GAME PLAN FOR FACING THE GIANT

When evaluating the elements that have made Amazon successful, five stand out as creating the standard for innovation and growth:

4 **CULTURE**

7 **CONNECTING THE DOTS**

5 **CUSTOMER-CENTRICITY**

8 **CONTENT**

6 **CO-OPETITION**

HEALTHCARE LEADERS are competing against a global brand universally considered the gold standard for consumer-centricity. Here are a few pages to borrow from the Amazon playbook. We asked members of our *Healthcare Insight* advisory board how peers can prepare for Amazon's entry into health care—arguably the biggest disruption the industry has ever experienced. We are pleased to bring you insights from the following healthcare strategy and marketing leaders:



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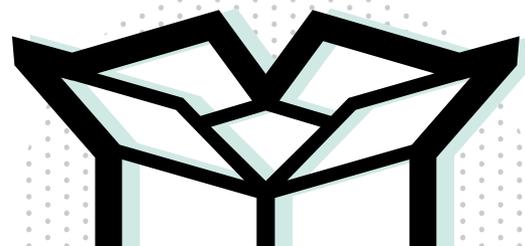
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THE AMAZON Effect

ANY DISCUSSION OF DISRUPTION IN HEALTH CARE HAS TO INCLUDE AMAZON.

IN ITS *Global Healthcare Private Equity and Corporate M&A Report 2018*, Bain & Company identified “[The Amazon Effect](#)” as one of five disrupters in health care based on the company’s ongoing evolution of the retail market and domination of online sales. Having successfully shaken up the markets for books, newspapers, groceries and brick-and-mortar retail, analysts from MKM Partners said Amazon is essentially “[eating the retail world.](#)”



So what are Amazon’s plans for health care? The signals are becoming clear based on its healthcare projects underway:

» The Amazon business group is looking to sell medical supplies to hospitals and clinics.	» Amazon’s cloud team is selling artificial intelligence (AI) and other advanced technologies to healthcare companies. For example, it has a wellness team within its Alexa division that is focusing on developing voice applications for health care. One of the Alexa applications, according to a patent filed in October , involves detecting the physical or emotional well-being of users based on voice interactions (imagine Alexa suggesting a recipe for chicken soup or offering to have cough drops delivered after a voice command is interrupted by coughs and sneezes).
» The Amazon research and development group, dubbed Grand Challenges , is working on everything from medical records to telemedicine.	» In June, the company acquired the online pharmacy PillPack.

Two additional initiatives have healthcare leaders raising eyebrows—and reading the writing on hospital walls:



Employee clinics—Experts suggest Amazon could be using local clinics to create a prototype before expanding them outside its employee base. Amazon has a history of testing new ideas with its own workers before scaling them out, and its partnership with J.P. Morgan and Berkshire Hathaway is in part designed to manage the health of a combined workforce of 1.2 million people.



Hiring clinical talent—Amazon currently has a number of different teams working on health care and has been on a healthcare hiring spree, bringing on experts including renowned cardiologist Maulik Majmudar, M.D., along with [primary care expert Martin Levine, M.D.](#), and former FDA chief health information officer [Taha Kass-Hout, M.D.](#)

This guide offers expert perspective on how healthcare organizations can address the challenges of competing with nontraditional providers like Amazon.



ACCORDING TO THE Amazon employee handbook, the company uses 14 leadership principles every day, “whether we’re discussing ideas for new projects or deciding on the best approach to solving a problem.” These principles are:



THE AMAZON
APPROACH:

Culture

- » CUSTOMER OBSESSION
- » OWNERSHIP
- » INVENT AND SIMPLIFY
- » [LEADERS] ARE RIGHT, A LOT
- » LEARN AND BE CURIOUS
- » HIRE AND DEVELOP THE BEST
- » INSIST ON THE HIGHEST STANDARDS
- » THINK BIG
- » BIAS FOR ACTION
- » FRUGALITY
- » EARN TRUST
- » DIVE DEEP
- » HAVE BACKBONE; DISAGREE AND COMMIT
- » DELIVER RESULTS

It’s no coincidence that customer obsession tops the list, and the Amazon culture of continuous improvement can best be summarized with a quote from Jeff Bezos:

“WHAT’S DANGEROUS IS NOT TO EVOLVE.”



THE HEALTHCARE LEADERS WEIGH IN:



ALCORN:

“Amazon has no experience in the clinical aspect of care, but they do not need to change their mindset to be more friendly for consumers; it’s embedded in their culture. The most pressing concern for healthcare marketers and executives therefore should be making that cultural change.”



MCCLUSKEY:

“Health care is still often a competitive environment that has been grounded in a ‘build it’ mentality. That often translates to a slower speed to innovate as we build pro formas and business plans to carefully evaluate the next step. Amazon has showed us that progress is won by corporations who bring in partners to speed innovation and take the next step instead of just theorizing about what could be. At the same time, they take risks and quickly swivel when it becomes clear the new direction is not working out well. A former police captain mentor once said to me, ‘If you’re not taking risks 10 percent of the time, you’re not growing.’”



SZABLOWSKI:

“Healthcare consumer activists are looking for new and innovative sources that provide value, access and an excellent experience for health and well-being. Amazon has the inventiveness and innovation backed by serious investment and crisp execution to satisfy these consumers.”

THE AMAZON
APPROACH:

CUSTOMER-CENTRICITY

THE CUSTOMER-FIRST MINDSET PERMEATES EVERY ASPECT OF THE ORGANIZATION'S CULTURE, AND THE COMPANY'S SUCCESS IS REFLECTED AS MUCH IN SATISFACTION AWARDS AS REVENUE GROWTH.

IN 2018, customers voted Amazon No. 1 in Harris Poll's annual corporate reputation survey for the third straight year. In addition, Amazon recently topped the American Consumer Satisfaction Index Retail Report in the Internet Retail category for the eighth year in a row. The accolades also extend across the pond, as Amazon held its position as the best-performing retailer in the United Kingdom for the fifth year in a row, according to the UK Customer Satisfaction Index.



THE HEALTHCARE LEADERS WEIGH IN:



ALCORN:

"We talk a lot about patient engagement, but how engaged can our 'consumers' be if we are behind a wall? How can they play an active role in their own care if they can't find a doctor or get a convenient appointment? If they don't know or understand their treatment options? If they can't figure out how much a procedure will cost? Amazon invests a staggering amount of time and brainpower figuring out how to make the line between consumer and product as direct as possible. We should do the same."



GEE:

"Like any consumer-centric organization, we have to put the consumer—in our case, consumer/patient—in charge of the health delivery experience. Amazon has succeeded largely because it responds readily and rapidly to what its customers want, which in this case is access, convenience, value, lower cost, expediency and individualized relevance. When you think about it, it's not that much different for our customers, stakeholders and patients."



SZABLOWSKI:

"Amazon currently has direct distribution to more than 300 million consumers, 100 million Prime users and more than 5 million sellers. In a 2014 report by PwC Health Research Institute, consumers were asked how likely they would be to choose less costly health treatments. The results: 58.6 percent said they would use an at-home strep test, and 54.5 percent said they would check vital signs at home with a device attached to their phone. Amazon is a perfect delivery mechanism to get these products to consumers, and PwC estimated the total cost could be more than \$60 billion in lost provider revenue."

THE AMAZON
APPROACH:

Co-opetition

A 2014 *STRATEGY+BUSINESS* HEADLINE READS, “[THE AMAZON MODEL: IF YOU CAN’T BEAT ’EM, WORK WITH ’EM.](#)”

THIS PHILOSOPHY translates into unconventional practices such as allowing other e-commerce sites to advertise on its product pages—and points to a singular focus:

AMAZON IS NOT CONCERNED ABOUT OWNING THE TRANSACTION. ITS GOAL IS TO OWN THE CUSTOMER.

THE HEALTHCARE LEADERS WEIGH IN:



ALCORN:

“Healthcare leaders tread lightly and carefully, always wary of the backlash that might occur when they innovate. With good reason: We have decades of experience dealing with physicians, boards, investors, local legislators, unions, nurses, patients, families ... all of whom have a vested interest in what we do and how we do it. As a result, we don’t pivot easily, but going forward, we must be comfortable with taking on more risk. As healthcare executives, we cannot be afraid to face our stakeholders head on. Bring on the criticism! Use it as a tool and impetus to move forward. Ask the hard questions, then engage the ‘naysayers’ in finding solutions.”



EFAW:

“There can be more opportunities than threats for healthcare systems if Amazon will be open to local and regional partnerships. Amazon’s plans to consolidate medical records, sell medications online and use Alexa technology for health and wellness can benefit the consumer and potentially complement the population health management efforts of healthcare organizations.”



GEE:

“As healthcare marketers and strategists, we need to pull up and consider just what this means—in terms of potential disruption and new competition—for all of us in the provider space. Fundamentally, given that Amazon understands consumers far better than we can likely hope for, it remains a critical question of how do we achieve—or in some cases retain—a competitive advantage over this rock star entrant into our space? Or, another option would be, how do we align with these elite players and add value to the revised equation?”



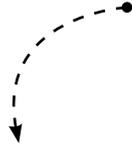
MCCLUSKEY:

“Franklin D. Roosevelt said, ‘Cooperation, which is the thing we must strive for today, begins where competition leaves off.’ Amazon does cooperation really well. It knows when to bring the right players with the right strengths to the table. The most pressing question is, where are they headed? Will we find ourselves competing with bricks and mortar against virtual medicine, and if so how do we co-exist or co-compete? Virtual visits by specialists will eventually need support by proceduralists, technology such as imaging and other testing. How does one become the preferred Amazon vendor partner for its healthcare arm, is the question. Also, clearly Amazon is assembling the team so it can take care of its own employees. Once perfected, Amazon will be perfectly positioned to become a corporate health provider. Cooperation and partnerships are the future of traditional healthcare providers.”

THE AMAZON APPROACH:

CONNECTING THE DOTS

IT'S BEEN SAID THAT AMAZON
"KNOWS WHAT YOU WANT
BEFORE YOU BUY IT."



THAT LEVEL of customer intimacy requires a commitment to removing friction and solving problems, which can be facilitated only by investments in data, technology and algorithms that enable sophisticated predictive modeling capabilities. And their success is no outlier: According to [research cited](#) by management consultants McKinsey & Company, organizations that leverage customer behavior data to generate behavioral insights outperform peers by 85 percent in sales growth and more than 25 percent in gross margin.

THE HEALTHCARE LEADERS WEIGH IN:

ALCORN:

"Amazon has an incredible bank of data about consumer purchasing habits and patterns. They have already built deep algorithms that take information about what people are buying and use it to predict what they'll buy in the future. Just imagine being able to track a 'weekend warrior' with a knee injury who buys aspirin, ACE bandages, heating pads and Icy Hot. There is a good chance that our warrior friend will ultimately visit an orthopedist and even end up having a procedure. We, too, can predict potential use patterns. Consider what we can predict about a patient with documented obesity who smokes, doesn't exercise and has a family history of diabetes and heart disease. What should the patient be doing today to avoid chronic disease in the future? How should we be supporting him or her? We have troves of consumer data available today that would enable us to reach out to patients and prevent an acute health problem down the road."



SZABLOWSKI:

"Back in 2014, Ed Park, who was the COO at Athena Health, said in an article, 'A doctor rarely praises an electronic health record system for being easy to use or improving care.' The hallmark of Amazon's strategy has been to put the consumer in the center of all they do. They believe and act around the customer need by being the organizational compass, rather than any of the products or services they offer. This strategy allows movement in and out of services that don't meet existing or emerging customer need and expectation."



MCCLUSKEY:

"Healthcare marketers have vast capability now with certain robust CRM systems and in software used to manage our clinically integrated networks and population health. We've made small steps into personalization by utilizing predictive modeling for targeted marketing and health coaching, but that is typically reserved for chronic conditions. We are challenged to take that data and create personalized journeys for patients—to better predict patients' needs and navigate them at a level of customer service they are accustomed to from their favorite hotel or even car dealership."



THE AMAZON
APPROACH:

Content

WHILE THE PRODUCTS, PLATFORMS AND PREFERENCES ARE CONSTANTLY CHANGING, ONE THING REMAINS CONSISTENT: CONTENT IS KING WHEN IT COMES TO ENGAGING CONSUMERS.

AMAZON UNDERSTANDS the power of content to connect with buyers and differentiate brands, as evidenced by the e-commerce leader's significant investments in content. In fact, it's estimated that Amazon will spend \$5 billion on video content in 2018 and is planning to triple its budget for original content by 2020. The goal is to draw Amazon Prime subscribers in with content and then use the perks to turn those subscribers into consistent shoppers. "When we win a Golden Globe, it helps us sell more shoes," Bezos said in 2016.



THE HEALTHCARE LEADERS WEIGH IN:



ALCORN:

"Amazon understands that a continuous feedback loop is key to the development process. The company is constantly seeking input from the marketplace via panels, ratings and reviews. When something doesn't work, they ask why. When it does, they expand upon it."



EFAW:

"Healthcare marketers will definitely have to continue to make their digital offerings more agile and friendly for consumers. Amazon also pioneered emails as a marketing channel based on consumer product preferences."



SZABLOWSKI:

"Modern healthcare marketers must stop doing marketing and start leading marketing by driving better experiences to retain and attract consumers. They must drive the need for better data, analytics, consumer insights and actionable intelligence that can be used to improve performance. And they must drive the need to create a more concise focus on metrics, organizational growth strategies, customer acquisition, return on marketing investment and brand value—all of which is achieved by maintaining a differentiated leadership position in the markets they serve."



FINAL THOUGHTS:

THE HEALTHCARE LEADER'S

Charge for the Future

HEALTHCARE LEADERS CERTAINLY HAVE THEIR WORK CUT OUT FOR THEM AS CONSUMERISM BECOMES THE NEW NORMAL AND MORE ADVANCED PLAYERS LIKE AMAZON ARE THE PRIMARY COMPETITION. HOWEVER, PROVIDERS BRING INHERENT STRENGTHS TO THE TABLE THAT ARE CAUSES FOR OPTIMISM.

ACCORDING TO OUR PANEL, THE KEYS TO SUCCESS ARE GETTING A LOT CLOSER TO OUR CUSTOMERS—AND GETTING COMFORTABLE WITH THE RISKS REQUIRED TO INNOVATE.

ALCORN:

“We demand a great deal from our patients. Getting an appointment, in most settings, is still hard work. We can't tell patients how much a visit will cost. Often, they endure a confusing scheduling process, only to wait for an undefined amount of time to get a service that usually isn't fun and, at its worst, is painful and scary. We will need to change to better meet the needs of healthcare consumers of the future. That may mean reconsidering how we allocate space as care moves out of the hospital or rolling out new technologies that take time to pay off. Hopefully, it will mean carving out time to have conversations with doctors, nurses and staff to effectively communicate all these changes.”



MCCLUSKEY:

“In the same way that Amazon tracks your purchases, makes recommendations for complementary items, and has reminders and subscriptions for products so it is refilled just in time: Imagine your physician's patient portal having the capability to not just list your medications for chronic conditions, but send a renewed supply to your home just in time? No longer will the patient have to call the office for a refill. What if the algorithm was perfected so it could organize all of a patient's prescriptions into a pill pack to simplify and boost the likelihood that he/she will take his/her medications on time? Amazon is deterred by a lack of the appropriate logistics network or infrastructure to handle temperature-sensitive medications. Health care has this perfected and is well positioned to manage the distribution channel end-to-end.”



EFAW

“The most important lesson is using technology to be more customer-centric. Hospitals have strived to create patient-centered environments for years, and new technology will take that concept to a new level. Healthcare organizations will have to rely on strategic partners to leverage cloud-based computing capabilities, improve analytic capabilities, enhance social media platforms, deploy marketing automation platforms and develop virtual clinics. It's a brave new world.”



SZABLOWSKI:

“Healthcare marketers can take advantage of the unique opportunity Amazon has exposed. By truly focusing on the customer (an external lens, rather than an operational, internal lens) and putting the consumer in the center of your business strategy, along with a consumer business case, all the other organizational strategies are in service of the consumer. These Amazon consumers are the consumers of health care. They are the same people that healthcare marketers seek, and they expect a customer obsession and not a competitor obsession from health care. Amazon realized early on that the customers they seek were already encountering great customer experiences with companies like Apple, Uber, Airbnb, Warby Parker and others. Healthcare marketers should be comparing themselves with these organizations and asking themselves, how do we measure up? The contemporary healthcare marketer must move from being obsessed with the selling process and look at being obsessed with the buying process, from focusing on the incident procedure to being focused on the relationship and lifetime purchase value.”



GEE:

“We can certainly study their model, but it's not really rocket science—it's fundamentally the marketing principles applied in the digital era. Those basic marketing principles, which Phillip Kotler taught us decades ago, are 'the satisfaction of human needs and wants through the offering of products and services.' For us, the larger question is how do we translate those proven principles into the health delivery ecosystem, and—again learning from Amazon and other consumer-savvy firms—the best Rosetta Stone for making that translation is thorough and in-depth market research to anticipate the needs and wants of the consumer/patient in our markets.”



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