

# When Consumers are in the Driver's Seat

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## Adopting eCommerce best practices will help you cross the finish line first.

By Jan Mueller

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### Today's Environment

Growing online sales of health plans and services are being driven by converging forces: the emergence of online marketplaces, healthcare reform provisions of the Affordable Care Act, and growing consumer demand. Together, these forces are redefining how healthcare will be bought and sold—and changing the relationship between Americans and their health insurers. As millions of people begin shopping for their own health plan, insurers are looking to new online solutions to quickly and cost-effectively meet the demands of this new consumer-driven era.

### Point B's Perspective

For healthcare, online sales are a new and disruptive territory. The good news is that other industries—including banking, travel and retail—have already transformed their businesses into online consumer product companies. Your organization can benefit from drawing on what they learned along the way. Begin by understanding the new landscape. Shape your product design and participation strategy according to consumer demand. And get your operation ready to execute. Here, we recommend four relevant best practices that have served other industries well.

#### Know where the opportunities are

Understanding the emerging marketplace opportunity space is essential to successfully selling your products online. A number of newcomers are re-shaping the landscape:

**Direct marketplaces:** Your organization sells products direct to consumers through your direct retail channel. In this

marketplace, you fully control your product and brand messaging, consumer experience, and are able to offer multiple, complementary products and services. When executed well, it is a high margin and low cost way for plans to sell products and build consumer loyalty.

**Public exchange marketplaces:** The full impact of these marketplaces is yet to be determined and will vary by region. However, two impacts are certain: large numbers of subsidized individuals will enter the market, and some number of employers will transition their employee coverage into these marketplaces.

**Private exchange marketplaces:** This emerging opportunity needs to be watched closely and planned for now. As healthcare costs continue to rise, and the ability to purchase online matures, employers will explore more efficient benefit delivery solutions. Private exchanges are readying to capitalize on that opportunity. The next three years could see unprecedented changes in the way employers look at health care.

**Affiliate partnerships:** Many health plans already have vibrant affiliate partnerships with multiple agents, and are also now beginning to explore lead generation partnerships with retailers and other organizations. Just like in retail ecommerce, successful affiliate partnerships depend on tracking acquisition metrics to ensure that the target population segments are being attracted through the partnership.

Across all of these emerging opportunities, the individual consumer will play the central role in decision making and purchasing. Product, price, and consumer relationships are all

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increasingly important as online availability and transparency make it easy for consumers to shop among and across insurance plans.

### Design relevant products

Don't underestimate the value of product design as you move to online sales. Take this opportunity to develop products that are relevant to consumers in a changing landscape. Partner with your current customers to think through and design new products that will resonate now. Use proven consumer design methodologies such as focus groups, usability studies and survey tools to determine the wants and needs of your target market. Let this understanding drive innovation. Consider partnering with strong consumer-centered design companies with track records of proven success to help you think outside your comfort zone to design new and improved products.

Simplicity is key. Be careful how complex and varied you make your products across marketplaces. History shows that consumers will migrate to solutions that are easiest to understand. Moreover, hard to understand products drive up sales and support costs. Research your current support logs. Find the areas that are driving high costs. Work with consumers to find ways to simplify those areas of the products. You'll create a better consumer product and lower your costs in the process.

Consider designing consumer incentive programs into your products that will help reduce costs over time. Consumers are well aware of and motivated by concepts like good driver discounts, and loyalty rewards. Consider ways to create effective incentives to reward healthy behaviors—and help keep overall healthcare costs down.

### Multi-channel considerations

Healthcare insurers will be marketing and selling their products across more marketplaces and channels than ever before. Multi-channel participation and management are critical. Here's another area where you can benefit from retail industry experience as you enter new territory. Start by assessing the pros, cons and interrelationships of each new channel partnership you're considering:

- How will the channel help you better reach your target market segments?
- What products will sell well in those channels?
- How mature are the consumers in this market? Do they have experience buying in this channel?
- What are the ongoing costs of the channel?
- How will you measure the channel's success?
- How will you manage channel conflict?
- How will you integrate new channels into your operational infrastructure?

### Close gaps in operational readiness

Online sales represent a new and rapidly evolving component of your business—during a time of massive industry reform, no less—there are bound to be gaps in operational readiness. The most profoundly affected areas include sales, marketing, IT/Operations, member support and product development.

In our experience, it's common for traditional health insurance organizations to find gaps in the following areas:

- *Cross-organizational program leadership* is needed to prioritize emerging opportunities and deploy across the organization. Consider creating a program office with cross-organizational management accountability.
- *Data organization* – Health plans struggle with data organization, consolidation, and reporting. Adding new sales channels multiplies that complexity. Consider investing in tried and true CRM solutions and integrating those effectively with your existing systems.
- *In-house expertise* to support ecommerce solutions is limited. Consider alternatives to in-house development for online solutions. Respect that this work is complex and outside of your current core competency and find the right partners to help you.
- *Sales and service readiness planning* is often not adequate to support channel management and consumer support. Many organizations simply aren't ready to scale in a cost efficient way to meet the anticipated rise in demand over the next 12 to 36 months. Use industry best practices to effectively scale customer service solutions.

The time is now to identify and fill your gaps in operational readiness to meet the challenges ahead.

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### The Bottom Line

For health insurers, the age of online sales is just beginning. Expect the same kind of disruption that other industries such as banks, travel, and retail encountered before you. Learn quickly and plan to make the most of your new opportunities. Savvy health insurers will learn to navigate the evolving consumer marketplace by adopting best practices from industries that have gone before them. They will participate in key channels and actively manage them to optimize their cross-channel strategy. They'll also make smart decisions about how to prepare operationally for the impact—and lead in scalability and efficiency.