



Health of the Nation

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THE RUNDOWN

With new legislation requiring an estimated 30 million Americans to buy healthcare insurance in 2014 and the majority of insurance purchases starting on the web, insurance providers must move fast to build their brand online.

Healthcare is changing. Fast. As the election ground down to its final days, Obama's sweeping reforms faced an uncertain future. But with the President back in the White House, the changes have been given a clean bill of health and the legislation is beginning to flex its newfound muscle.

By 2014, state- or federal-implemented healthcare exchanges must be in place for individual consumers and small businesses to buy their insurance online. The exchanges are not themselves insurers, but instead bring together regulated suppliers and offer consumers a choice of plans in a single, easy to compare format. But unlike buying flights, hotels or other products, healthcare will not be optional. In 2014 the majority of people will be required to buy health insurance or face penalties, with small business owners employing 50 or more full-time equivalent staff also required to provide health insurance. How big an opportunity are we looking at? Estimates place the total number of uninsured somewhere in the region of 30 million people.

It's a market with huge potential, but competition will be fierce and the clock is ticking. Insurers have a year to figure out what these new customers will want and how to target them effectively; any advertiser that doesn't start testing in 2013

risks marketing blind in 2014. Advertising spend by health insurance companies shot up last year as providers worked to establish their brand, but the majority of that money went to television. By the time the legislation comes into force consumers will be faced with a bewildering array of options, and the companies that succeed will be the ones that have moved beyond simply broadcasting at their customers and embraced an approach that uses digital to help them win the moments that matter.

LIVING BETTER **ONLINE**

How will consumers research and buy their insurance plans? The same way they research and buy many other important purchases – online. An estimated 12 million people are expected to buy insurance through the healthcare exchanges in 2014; that means 12 million purchases being made in a commoditized environment where price and brand play a huge part in the decision-making process. It's already important for insurers to understand the way consumers perceive and engage with their brand online, but by 2014 it will be imperative.

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That's because, as more of our lives move online, our health follows. Consumers log into health plan websites to manage their accounts. They search for health and wellness tips on Facebook, Google+, Twitter and YouTube, not to mention the many specialist sites that form part of the Google Display Network. And that's to say nothing of all those who look for information via mobile – as it stands, device adoption is dramatically outpacing the health insurance industry's adoption of digital experiences. Every one of those searches could be part of a customer's journey to buy healthcare insurance, but surprisingly few providers have invested significantly in digital marketing.

And that despite the fact that the web is a natural starting point for buying insurance. According to the Google/Shopper Sciences Zero Moment of Truth for Insurance Study from April 2011, 75 percent of insurance shoppers used a search engine to find information about insurance plans. Sixty-four percent comparison shopped online. In fact, they consulted on average nearly 12 online resources before making a purchase. It's not surprising that the same is happening for Medicare: In a recent study, we saw that higher household incomes – those with above \$100,000 – researched their Medicare Plan for 12 months or longer, with Medicare search queries conducted by users 65 and over doubling since 2010.

And online research is not confined to searches on desktops and laptops. Last year, seven percent of all queries were performed on a smartphone. In 2012, 15 percent of all queries

related to health insurance were carried out on a cell phone. We think mobile queries related to health insurance will double again by the end of 2013 to be close to 30 percent of all queries.

DIGITAL IN THE **MARKETING MIX**

There is a clear opportunity for online brand building, yet the healthcare insurance industry continues to invest primarily in marketing via traditional media. According to marketing and branding firm Kantar Media's analysis for Health Plan Week, "Five of the nation's largest publicly traded health insurers collectively spent \$366.8 million on advertising in 2011, up from \$51.6 million in 2010." The majority of that money went to television, a notoriously expensive medium.

Medical loss ratios mean that insurers can only spend 15-20 percent of their premiums on administrative costs (varying by state and market), of which advertising is just a small portion. Faced with such tight budgets, marketers may find that digital provides them with a cost-effective way to increase the reach and effectiveness of their traditional campaign – exposure to video across TV, desktop, mobile, and tablet has been shown to drive an additional 24 percent brand recall versus TV alone.

Some of the most forward-thinking healthcare providers have begun to experiment with the power of digital. One company, United Healthcare, has created a microsite, Medicare Made Clear, which houses an easy-to-digest set of videos that guides viewers through tricky questions such as the different types of plans available for enrollment. Another company, Humana, has been doing a great job educating consumers about Medicare on YouTube. Their videos are engaging and easy to understand, with titles like 'Budgeting for Healthcare?' 'What Does Medicare Cost?' and 'What is Medicare Advantage?'

And that's just the start. Digital marketing also gives the ability to provide people with the answers they are looking for, when they are looking for them. For example, in the last week of June, during the Supreme Court ruling that upheld the Affordable Care Act, queries about 'Obamacare' and 'Supreme Court Ruling' went from four percent the week before to 38 percent of total queries related to health insurance. Furthermore, total queries related to health insurance reform jumped by 35 percent versus the week before the ruling. When Paul Ryan, known for Medicare reform, was announced as Mitt Romney's VP choice, general Medicare queries rose seven percent for the week. The fastest rising queries around 'Paul Ryan' were the ones associated with the keyword 'Medicare.'

This type of data can lead to insights that help advertisers tailor messaging, and it can even help schedule campaigns. For example, we expect to see another peak in interest again in January as several more implementations go into effect on the first of the year, prompting consumers to educate themselves on the new changes. If marketers can reach consumers

at these moments that matter, they stand the best possible chance of finding an audience eager to know more about their products and services.

Of course that's not to say they'll buy straight away. It's very likely that the majority of people buying health insurance in 2014 will wait until the last minute before they actually make a decision, which is why social and video will be important tools to help insurers stay in customers' minds. Brands need to build a bridge from first point of contact to engagement and conversion, and relevant, informative media is an excellent way to make the move from contender to winner.

It's not enough for insurers to make themselves known to customers; they have to prove that in a crowded marketplace they're the ones who can provide the best service and solution. They've got 12 months in which to build a distinctive brand and prove its relevance to the consumer. Digital marketing provides the quickest, most effective way of doing that. It's a big ask for an industry not known for its brand building and digital marketing activities, but for the companies that get it right, the rewards will more than repay the effort.