

# LOYALTY THAT MATTERS

## Lessons from outside of the industry on how to engage customers

**Bridget Blaise-Shamai**

**Sam Glick**

**Julie Murchinson**

Across industries, loyalty programs have emerged as an important tool for increasing consumer engagement. In creating familiar names like My Starbucks Rewards, Hilton Honors, Amazon Prime, Walgreen's Balance Rewards, AAdvantage, and many other variations on the theme, brands have provided themselves with a channel through which they can actually drive consumer behavior to align with organizational goals.

Though most loyalty programs aim primarily to generate revenue, they have the potential to do much more for an industry like healthcare: They offer important models and insights for payers and providers in their quest to manage consumer behaviors, deliver more efficient care, and improve outcomes (See Exhibit 1.)

To achieve parallel success to these best-known examples, healthcare needs first to address three key barriers:

### 1. Episodic consumer engagement:

Nearly 45 percent of consumers see their primary care physician once a year or less, providing little opportunity to build a strong consumer-system relationship

### 2. Lack of consumer data and insight:

Institutional knowledge and data on individual consumers and various consumer segments needs to be developed

**3. Undifferentiated experience:** The consumer experience is not currently tailored to individual needs, communication preferences, and lifestyles

### NO. 1: TURNING EPISODIC CONSUMER ENGAGEMENT INTO CONTINUOUS ENGAGEMENT

Since its launch, AAdvantage has invested significantly in embedding its brand name in the broader consumer experience, partnering with other companies to develop programs that deepen the consumer relationship — for example, the Citi/AAdvantage credit card, which allows consumers to use everyday spending to enhance their airline status. AAdvantage has deployed several other programs, including a single sign-on mobile application and new security lines for members at O'Hare International Airport to reduce hassles and improve passenger experience.

While there is no direct corollary, healthcare organizations could improve consumer engagement by expediting efforts to reduce consumer-related frictions in a holistic manner.

When it comes to friction points, payers and providers have already made significant progress in mapping consumer hassles. They have learned that two of the most

significant hassle points are encountered before the consumer even interacts with the payer or provider – the inability to schedule same-day appointments and limited customer understanding of what is covered by a benefits package. While most of these identified hassles are being managed through point solutions, such as concierge teams and telemedicine, the next stage should center on connecting these touchpoints to create a holistic, frictionless experience.

**NO. 2: OVERCOMING THE CURRENT LACK OF CONSUMER INSIGHT WITH DATA COLLECTION AND ANALYTICS**

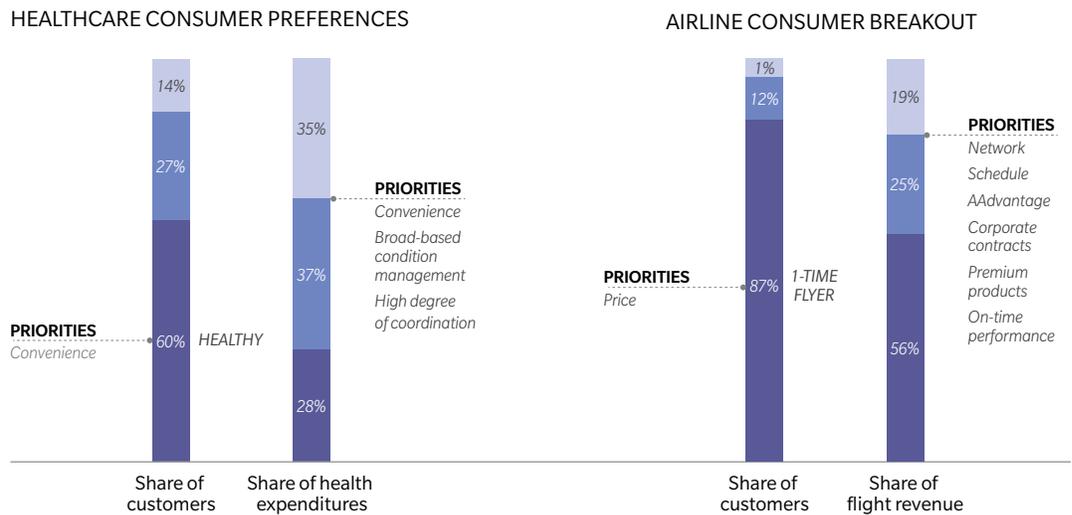
For AAdvantage, robust data analytics has been the primary driving force in AAdvantage’s evolution. Even with relatively old technology, the program is developing a 360-degree view of the consumer that even enables predictive analytics. As a result, AAdvantage can identify consumers who intend to exit the program and trigger targeted customer-management actions. Further, the program has determined discrete

and relatively inexpensive ways – such as flight upgrades – to engender high customer satisfaction and loyalty “bang for the buck.”

Healthcare payers and providers know data analytics is becoming critical to the future and are thinking creatively about how to best use the pools of data available. Kaiser Permanente, for example, collects system-wide patient data in disease registries that it uses to create local and national medical benchmarking. Through such repositories, Kaiser helps its frontline workforce better understand consumers’ health needs. This has further informed population health management approaches and shaped benefit design.

The payer and provider network also could use data to better understand how consumers make decisions. To achieve this, networks need to figure out how to incorporate data from other parts of the consumer experience, including preferences, purchasing patterns, and broader socioeconomic factors. By segmenting consumers at a more granular level, they hope to pinpoint opportunities for new care delivery-

**EXHIBIT 1: HOW HEALTHCARE AND AIRLINES COMPARE**



Source: Oliver Wyman analysis  
<sup>1</sup> Does not equal 100 percent due to rounding

mechanisms – such as retail health – and improve consumer engagement.

### NO. 3: CREATING A CUSTOMIZED EXPERIENCE OUT OF UNDIFFERENTIATED CARE

The AAdvantage model is built on a premise of differentiated experiences. Like healthcare, the airline consumer market is extremely segmented; one percent of passengers drive nearly 19 percent of revenue and 87 percent of passengers, mostly first-time fliers, drive 56 percent of revenue. AAdvantage has analyzed these segments to pinpoint priorities and create unique goalposts and experiences that ultimately drive spending at all levels.

In healthcare, an array of innovations, such as telemedicine and concierge services, are being deployed to improve the consumer experience and healthcare to people in new modalities. Consider Livongo, an innovator that, after pinpointing the specific needs of diabetes patients, developed a specialized model that couples smart monitoring technology, real-time coaching, and seamless sharing with caregivers.

A future of seamless integration across payer and provider tools is technologically possible, but healthcare is not there yet. Further investment is necessary to change the core customer experience.

Organizations also will need to identify patient “type” based on existing data to make customization work from the patient

#### **Bridget Blaise-Shamai**

is president of American Airlines AAdvantage.

#### **Sam Glick**

is a San Francisco-based partner in Oliver Wyman's Health & Life Sciences practice.

#### **Julie Murchinson**

is chief executive officer of Health Evolution.

*A version of this article first appeared on [healthevolutionsummit.com](http://healthevolutionsummit.com).*

perspective. What might success look like? Busy consumers can visit their local pharmacy for radiology screening, or young millennials can be diagnosed via videoconferencing. Seniors may be able to book a doctor's appointment and the cab to take them there in the same phone call.

## LOOKING FORWARD

Given the gap that exists between payers and providers and consumers, bringing loyalty program insights to healthcare opens up a number of new opportunities to improve the customer experience, including:

- Connecting with patients by appreciating them as consumers of a broader range of experiences and products
- Deepening our understanding of consumers by leveraging data from beyond healthcare
- Enhancing and expanding data collection and analysis and then transition to predictive analytics
- Deploying personalized customer experiences to meet individual consumer needs and preferences

There is great potential for healthcare organizations to get consumers interested and invested in their healthcare. Engagement has the power to both better serve the consumer and improve the efficiency and sustainability of the industry as a whole.