

Hims & Hers, Carbon Health team up to scale their omnichannel healthcare strategies

Article

The news: Direct-to-consumer (D2C) telehealth company **Hims & Hers** teamed up with California-based primary care disruptor **Carbon Health** to expand the former's provider

network into its seventh state (California).

- This news comes just one day after Hims & Hers **doubled** its skincare product offerings to include new products like facial cleanser, moisturizer, daily SPF, and spot corrector.

What's in it for Carbon Health? Its partnership with Hims & Hers will boost its patient acquisition efforts and scale up its user base.

- Carbon Health currently operates 83 clinics across 12 states, but plans to expand to 1,500 clinics by 2025.
- Access to Hims & Hers' growing patient population (over 600K members) will help Carbon drive up revenues and generate momentum for its growth strategy.

How Hims & Hers benefits: The D2C healthcare giant has been quickly verticalizing its business across virtual care and retail offerings over the course of the pandemic.

- For example, Hims & Hers shifted its digital pharmacy operations in-house (away from its **Truepill** partnership), **acquired** virtual dermatology startup **Apostrophe**, and **expanded** its digital mental health offerings to include individual online therapy.

Carbon Health gives Hims & Hers access to in-person primary care, which fuels its multichannel healthcare delivery strategy.

- Combined with Hims & Hers' marketing approach, which targets customers in places they already shop, it's a winning strategy.
- Hims & Hers' **2021 performance** is an indicator of that: Its **revenues grew 83%** year-over-year, and **membership nearly doubled from 312,000 in 2020 to 609,000 in 2021**.

What's next? As Hims & Hers grows its products and provider network, it could eat into large competitors' share of the telehealth market.

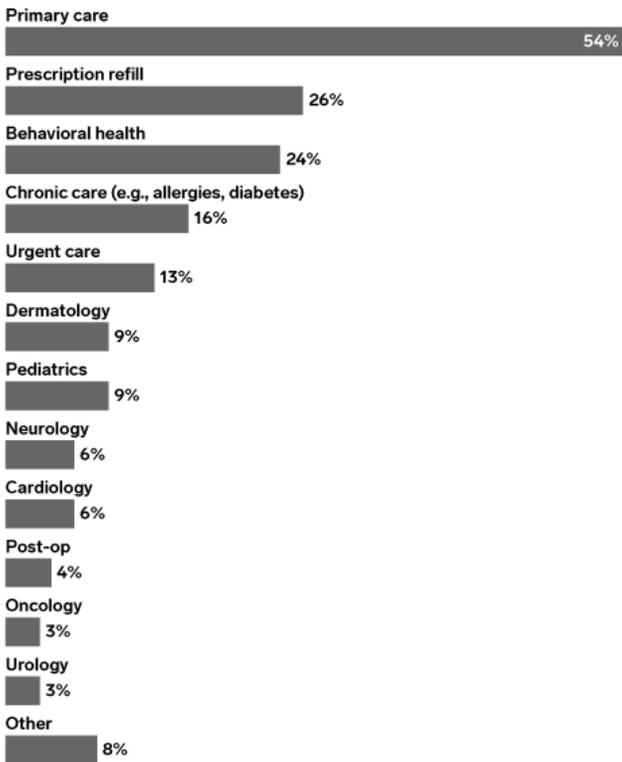
- Hims & Hers main value proposition is in offering an entire ecosystem of low-cost D2C healthcare products and services.
- On the flipside, telehealth players like **Teladoc** have an easier channel for capturing consumers: they partner with insurers and employers, and tap into their member bases. Instead of relying on heavy marketing and dealing with high customer acquisition costs, enterprise customers give companies like Teladoc seamless access to thousands of users.

- But at the same time, consumers are having more and more trouble **affording** the rising costs of healthcare, and D2C options can be attractive since they're often offer lower-cost options.

What could be Hims & Hers' next move to stay competitive? We could see it double down on its **retail presence** (in places like **CVS** and **Target**) to attract more customers to its other digital health services.

Healthcare Services that US Telehealth Users Have Accessed via Telehealth, by Type, Oct 2021

% of respondents



Note: n=1,519 ages 18-75

Source: Insider Intelligence, "US Telehealth Trends 2022," Jan 2022

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