

Are subscription models the future of digital health?

Article

The news: Drug discount and telehealth platform **GoodRx** reported a **39% year-over-year (YoY) increase in revenues** from Q3 2020 (\$140.5 million) to Q3 2021 (\$195.1 million).

- In particular, GoodRx saw high growth in its subscription programs, including its Rx subscription services **GoodRx Gold** and **Kroger Savings Club**: The company's overall **subscription revenues grew 111% YoY** to \$16.2 million.

How we got here: GoodRx's rosy Q3 results are in part due to high-profile partnerships it forged over the past few months, which considerably boosted its consumer reach.

For example, in July, GoodRx **tied up** with **DoorDash** to give its drivers access to the GoodRx Gold program, which lets drivers access prescriptions at lower costs (a subscription costing less than \$6/month).

- This partnership is good news for GoodRx's consumer acquisition strategy: DoorDash currently employs more than **1 million drivers**.

And in August, GoodRx **partnered** with e-prescription company **SureScripts**, which transmits prescriptions between healthcare organizations and pharmacies.

- This partnership alone gave GoodRx access to a ton of new clients: Surescripts claims it delivered nearly **2 billion prescription interactions** on its platform last year, for instance.

In September, the drug discount platform teamed up with the US' top rewards app for retailers and restaurants, **Fetch Rewards**.

- Fetch Rewards says it has over **10 million users**, all of which will receive rewards points every time they use a GoodRx coupon.

Where GoodRx is likely headed next: It's likely it won't slow down its partnerships with the likes of Fetch anytime soon—especially since it could help reach more consumers without the expense of an acquisition.

For example, during the earnings call, cofounder and **CEO Trevor Bezdek** said GoodRx “sees demand aggregation as being another way to help lower the cost of acquisition and reach more consumers through these B2B efforts.”

Trendspotting: It appears GoodRx has found particular success in its subscriptions business—a strategy more digital health entrants are already deploying to maintain steady revenue streams.

For example, besides GoodRx, **Teladoc** reported positive Q3 2021 growth thanks to its subscription-based chronic disease management platform Livongo:

- Its access fee revenues grew to \$451,583 in Q3 2021, a sharp rise from \$226,519 in Q3 2020.

Similarly, D2C telehealth entrant **Hims & Hers** unveiled its subscription-based members increased to 551,000 members through Q3'21, double the company's memberships to the year prior.

It's likely companies like GoodRx and Hims & Hers are doubling down on their subscription business due to consumers' increased interest in digital services:

- On average, consumers are spending **\$273/month** on subscription services, up from \$237 in 2018, per a June 2021 West Monroe poll of 2,500 US consumers.

**In-store vs. Digital Shopping Preferences
According to US Internet Users, by Product
Category, June 2021**

% of respondents in each group

	In-store	Digital	Both
Packaged foods & beverages	72%	9%	19%
OTC healthcare	65%	13%	22%
Haircare products	64%	18%	18%
Household cleaning	62%	12%	26%
Replacement tires	53%	19%	28%
Skincare products	48%	20%	33%
Makeup cosmetics/fragrances	43%	22%	34%
Home furnishings/accessories	37%	31%	33%
Clothing/fashion	33%	31%	37%
TV/streaming media	33%	25%	42%
Major home appliances	31%	25%	44%
Small home appliances	25%	33%	42%
Smartphone	23%	42%	36%
Wearable	23%	38%	39%
Toys	21%	33%	46%
Computing	16%	47%	37%

*Note: ages 15+; numbers may not add up to 100% due to rounding
Source: GfK, "FutureBuy 2021: US Market Findings Highlights", July 13, 2021*

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