

# Why direct-to-consumer healthcare companies might need to partner with health systems to attract customers

Article

**The news:** Direct-to-consumer (D2C) telehealth and wellness company **Ro** scored **\$150 million** from existing investors, pushing its valuation to **\$7 billion**, per Bloomberg. The company also announced the launch of **Ro Derm**, a digital clinic for skincare treatment.

**Ro wants to become more unified:** The D2C giant has been on an acquisition spree over the past year to bring new treatment areas in-house, and now it's focused on making it easier for patients to access all these services in one place online.

- For context, Ro's top revenue driver is its erectile dysfunction business, but its recent M&As include its acquisition of **Modern Fertility**, at-home diagnostics company **Kit**, and home care software company **Workpath**.
- Now that it has new treatment areas under its belt, Ro likely wants to increase awareness of its new services among new and existing customers: This year, it plans to debut a "unified, single-branded care experience," according to the company.

**A prediction we got right:** Earlier this year, we **predicted** Ro would roll out a mobile app to keep up with competitors like **Hims & Hers**.

In January, Hims & Hers announced its new mobile app was available in the iOS App Store, giving its 500,000 subscription members access to its wellness products and services like easy scheduling for telehealth appointments.

At the time, we posited Ro could launch a similar app to boost loyalty and engagement with its brand (since most consumers prefer shopping on an app rather than a web browser).

- **We were right:** Its app will launch sometime in 2022, per its latest press release.

**A major barrier to customer acquisition:** Data reveals many consumers prefer scheduling a telehealth visit with a traditional provider rather than a direct-to-consumer brand.

- **Most (72%) US adults who have already used telehealth** say they conducted their visits through their **regular physician or health plan**, **per** an October 2021 Morning Consult survey of 1,138 adults.
- **Only 17% said they opted for care through a direct-to-consumer platform.**

**What can D2C players do to reel in customers opting for traditional healthcare?** We could see more entrants like Ro, Hims & Hers, and **Thirty Madison** boast low costs and partner with

an existing health system to integrate themselves into the funnel consumers enter when seeking out care.

For one, a top advantage many D2C platforms like Ro have over telehealth visits with traditional providers is its low-cost services.

- **Ro says appointments with its care team cost less than \$15 per visit** (even with sidestepping insurance), which cost less than most copays from insurers like United Healthcare and Cigna.

Further, companies like Ro don't have the mindshare of healthcare entities—and consumers don't always start with a Google Search or an app marketplace when they're seeking out care. This usually starts with the payer or provider network.

Partnering with an established health system could help companies like Ro grow their network with care providers consumers are already conducting telehealth visits with.

- In fact, some D2C players are already leveraging health system tie-ups: Hims & Hers is partnered up with New Orleans-based **Ochsner Health System** to help connect Hims & Hers' chronic condition patients with Oschner clinicians, for instance.

### What Are the Top Reasons for Using or Planning to Use Telehealth Services According to US Telehealth Users\*?

% of respondents, by generation, Oct 2021

	Gen Z (18-24)	Millennials (25-40)	Gen X (41-56)	Baby boomers (57-75)
Reduced risk of transmitting/ contracting contagious diseases	48%	46%	55%	62%
Ability to make an appointment quickly	44%	43%	34%	23%
Less time waiting to be seen by a healthcare professional	38%	44%	48%	48%
Lower cost (e.g., no copays)	38%	28%	25%	24%
Travel time	32%	37%	44%	46%
Ability to receive quality care	24%	25%	18%	16%
More time spent with a healthcare professional	17%	18%	14%	16%
Default option offered by my healthcare professional/practice of choice	16%	15%	10%	14%
Recommendation from someone I trust	13%	14%	8%	6%
Platform's suite of features	7%	10%	4%	2%
Other	1%	1%	4%	5%

Note: \*94% were telehealth users and 6% were potential telehealth users selected to align with the US population on the criteria of age  
Source: Insider Intelligence, "US Telehealth Trends 2022," Jan 2022

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