

Awakening of the Health Care Consumer

CONTRIBUTORS

[Tony Crisman](#) | [Nick Konstantinou](#) | [Brad Akason](#)

Since the beginning of the Information Age, there has been discussion around the importance, emergence, and empowerment of the health care consumer. This has been enabled and driven by rapid acceleration of technology, and scientific and medical advances. Technological advances have created the ability to access, share and store information as well as monitor personal biostatistics about nutrition, activity, ailments, and illnesses through the internet. Scientific and medical innovation has pushed personalized medicine from the future of medical care into a daily reality. These factors have allowed ordinary people to be more proactive, informed and engaged in decisions about their own health. Armed with information, today's health care consumer is part patient and part medical practitioner; in a sense, the consumer now wears the stethoscope and white coat.

While these trends have been in motion for a generation, the present pandemic has accelerated and assured their permanence. Whether turning on the TV or scrolling through social media, people are bombarded by COVID-19 updates everywhere they turn. In this 24/7 news cycle, health care brands, from biopharmaceutical giant Gilead Sciences to clinical laboratories Quest Diagnostics and LabCorp, have transformed into household names. People are asking more critical questions about their exposure to COVID-19 and are willing to adopt a preventative approach, taking supplements such as probiotics and vitamins to improve their health. With non-essential businesses shuttered, the pharmacy has become an essential resource second only to the grocery store. These are just a few examples of how the pandemic has brought products and services that support healthy living to the forefront of consumers' minds.

While people suffering from chronic illnesses that require lifestyle changes and disease management products such as diabetes, Inflammatory Bowel Disease, or asthma, have long been more diligent consumers of health care, the global pandemic has motivated otherwise healthy people to become more informed and engaged in their health than ever before. With the World Health Organization, epidemiologists, and local governments pressing the public to improve their health and wellness routines in the fight against COVID-19, a wider range of the populace is now engaged in their health. Essentially, COVID-19 has acted as a unifying force, causing consumers to share information about symptoms, ways to improve their health, and tips to keep the virus at bay.

In short, more consumers are taking their health into their own hands—and engaging digitally with like-minded peers—to improve their holistic well-being. This consumer's greater engagement in health care is likely to become engrained for the long-term.

Lincoln Perspective:

Several significant trends in health care consumer behavior have been solidified and accelerated by COVID-19, ensuring they remain relevant long after the pandemic fades—and generating highly attractive and timely opportunities for private equity investors. The following trends, based on consumers increasingly taking charge of their own health care, will generate tremendous value creation opportunities over the next several years and beyond.

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The Wellness Movement – Companies across industries have long aspired to drive wellness within their employee base, as insurance companies have introduced incentives to companies and employees for progress toward holistic well-being. The definitions of a consumer, participant and patient have merged as even healthy individuals actively manage their personal health. With much of the world staying home to prevent the spread of an infectious disease, more consumers are taking advantage of technological tools that assist them in improving their wellness, including wearables that track physical activity and sleep patterns. Essentially, COVID-19 will increase the size of this “worried well” population, or those who are healthy but actively engaged in their well-being.

The Rise of Preventative Health – Patients historically only sought medical help when something was wrong, with the health care system working on a model of offering treatment, not prevention. Today, the system has migrated from sick care to well care, focusing on promoting a healthy lifestyle and regular wellness visits that will help people avoid ailments altogether and spot issues early. In this climate, consumers are relying on products like probiotics, which have seen usage rise a striking 36% according to the Nutrition Business Journal, supplements, home diagnostic tests and OTC medical products to better understand their personal needs that will foster a healthy lifestyle. The importance of the pharmacy, but also the internet, with patient forums, medical information, and the long-tail of specialized products, have been critical for better understanding personal health needs.

Precision Medicine – Medical providers are increasingly implementing precision medicine, tailoring care to patients’ personal health needs and making specific recommendations that align with genetic, environmental, and lifestyle factors. Providers understand that the execution of customized preventative measures and treatment plans help avoid catastrophic events and improve the patient’s outcome while easing the burden and cost on the health care system. Consider the trend of consumers ordering, and self-paying for, home DNA tests, which can reveal genetic risk factors and help inform clinical monitoring, preventative surgery, and treatment plans. The power of the consumer will help push evolving regulatory trends and corporate strategies to allow for more in-home, patient-centric medical care and access. The willingness of knowledgeable patients to proactively gather their biostatistical data as well as self-pay for select medical products and participate in clinical trials comes at a time when companies are striving for patient-centric solutions and accessing the patient in the home or workplace.

Peer-Influenced Health Care – People are increasingly harnessing their own decision-making power and turning to peers, influencers, and advocacy groups as they look to make health choices for themselves. Because consumers are relying less on their clinical advice and making more health care decisions based on peers (whether through patient registries, disease state advocacy groups or online forums), it is more important than ever for companies to market directly to patients. Direct-to-consumer startups are often outpacing well-established players by harnessing the power of influencers, testimonials, and reviews. Creating a consumer facing brand is a real value lever that companies can pull to accelerate mind share and market share.

Many of the above trends were already in motion, but companies were shifting at a measured pace alongside the market in general. The solidification of these trends and the consolidators looking to accelerate strategies through acquisition will highlight the demand for scarce and novel platforms that are effectively filling their sails with these now enhanced tailwinds. Many established private and private equity owned businesses have the potential to adapt their current business models to benefit from the push into patient-centric, engaged-consumer models. The current pandemic is permanently increasing consumers’ engagement in their own health, creating sustainable opportunities for investment in health products and service brands that capitalize on these increasingly indelible trends.

Sectors to Watch:

CROs, eClinical, clinical trial logistics, home health, pharmacies, hub services, supplement/probiotic brands, supplement manufacturing, CDMOs, OTC pharmaceuticals and medical products, DTC lab testing, wearables, medical supplies

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