

# SALES AND MARKETING STRATEGY FOR TELEMEDICINE START-UP



## IN A NUTSHELL

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### Basic client question:

How can we increase online sales?

### IMPACT recommendation:

The client can increase sales by focusing marketing efforts on promoting product awareness, educating customers and consumers on full product offerings, repricing to ensure all-in cost is at or below consumers' willingness to pay, and promoting repeat sales among current users.



## EXECUTIVE SUMMARY FOR PROSPECTIVE CLIENTS

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A start-up in the telemedicine and at-home diagnostic testing market, the client currently sells 4 types of at-home test kits for low-acuity medical conditions, i.e. flu, strep, UTIs and anemia, through the independent pharmacy channel. They engaged the IMPACT student team to develop a strategy to increase sales in the direct to consumer online channel. After conducting in-depth quantitative and qualitative research on customers (pharmacies) and consumers (end users), the team concluded that the client should continue to strengthen its position in the independent pharmacy channel, while also building brand awareness in the online channel. Specifically, they recommended empowering independent pharmacists to educate customers and encourage repeat sales. They advised the client to advertise with mommy blogs and create a physician-approved hub for health content to create brand awareness and trust among potential consumers. Further, they determined that brand repositioning would be beneficial since many consumers did not realize the test kit included a telemedicine consultation. They also determined repricing was necessary as the all-in cost of test kits sold online exceeded customers' willingness to pay. Lastly, they encouraged the client to leverage the very high satisfaction levels of current customers by bundling tests together and offering other creative, repeat purchase incentives.



## BACKGROUND

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Founded by three physicians, the client originally sold four different at-home diagnostic test kits, i.e. flu, strep, UTI and anemia, direct to consumers online. They quickly discovered, however, that many customers abandoned purchases in the final steps of the process, once delivery time and costs were made apparent. They came to understand that consumers do not tend to stock up on these products in advance, waiting instead until they needed the product because someone in their family was symptomatic. They decided to pivot to selling through independent pharmacies, partly from fear that major retailers would have the resources and expertise to reverse engineer their products, not all of which were patent protected. The independent pharmacy channel grew to account for 90% of the client's business.

The client remained interested in increasing online sales and so hired the IMPACT student team to help them define a strategy to do so.





## RESEARCH & ANALYSIS

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The team started by first broadening the question to better understand the target segment and their preferences in order to confirm that an online sales strategy could be worthwhile at all. They conducted detailed primary and secondary research, including surveys and interviews with independent pharmacists and consumers. They determined that primary customers were women, aged 30-50 years old, with at least one child. They estimated that the total nationwide addressable market was 15.5M people, accounting for those who prefer visiting the doctor's office when sick. They recommended dropping the anemia test since there was very little demand for that product in the target segment. They found that the vast majority of consumers bought the strep and UTI tests only when symptomatic. Half of all flu tests were bought pre-emptively.

They then defined a marketing strategy aimed at addressing the pain points in the customer journey in person and online. Competition in both channels was intense; many people either just prefer to go to urgent care centers or wind up doing so for quick results when symptomatic. Pre-pandemic telemedicine was relatively new, so few consumers had the ability or desire to try it. The team outlined a strategy focused on four areas:

- Awareness of the product line
- Understanding of the product offering
- Price sensitivity
- Purchase frequency

The team estimated that only 20% of the target market was aware of the client's products. The team therefore recommended empowering independent pharmacists to educate consumers on the product through tactics such as teaching pharmacists how to do the tests so they could teach the consumers, providing a hotline for when questions arise, proactively monitoring reorders, and generating ready-made content for pharmacists to post on social media. The team also recommended promoting products as an innovative, time-saving lifestyle brand on mommy blogs, social media and its own health content site.

The team found that a vast majority of consumers did not realize the test kit included a telemedicine appointment and that it should be considered a physician-substitute. They recommended shifting product positioning from at-home test kit to telemedicine bundle in key marketing messages and product packaging.

The team's price sensitivity analysis showed that consumers' willingness to pay was lower when buying to stock up and higher when someone was symptomatic. They pointed out that the all-in price for an online purchase was 10-30% higher than the willingness to pay of 70% of the potential market. To grow online sales, they argued, the all-in price would need to be lowered to \$50. Same day delivery would be prohibitively expensive, so was not a viable option for growing online sales.

The team's primary research indicated that current users were extremely satisfied with the product and that most said they would purchase again. The team recommended ways to leverage that positive response through promotional offers and test bundling.

Overall, the team emphasized that some growth in online sales was possible, but that the target segment mostly preferred in person sales. The client's online presence should focus on growing brand awareness and trust, as well as encouraging repeat and pre-emptive purchases from prior consumers.



## SUMMARY RECOMMENDATIONS

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The team recommended a four pronged strategy to increase sales – build awareness of the product offering, shift positioning to telemedicine/home test bundle, decrease price to willingness to pay levels, and encourage repeat purchases through pharmacists and online offers.

