

The Healthcare Path to Purchase: 2018 Consumer Research Update



 **CareCredit**[®]
Making care possible...today.

Synchrony greatly values consumer opinions, and we periodically conduct large-scale research to capture consumer input and insights directly. In 2014, CareCredit, a Synchrony solution, completed a study to understand how consumers think about, select, and purchase a wide range of healthcare services for themselves, their family members, and even their pets. The findings from this groundbreaking study proved so useful that we decided to repeat it every two years to monitor trends over time. This white paper presents key findings from the third wave of the study, completed in 2018.



Methodology

Research instrument:

Online survey

Timeframe:

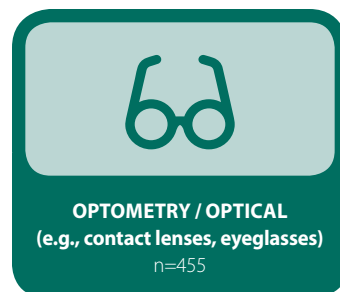
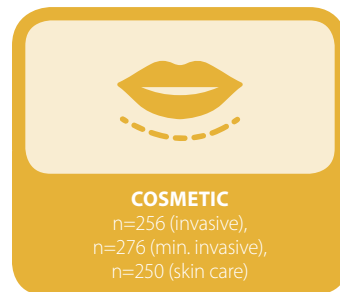
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Respondents:

2,762 U.S. consumers who had purchased healthcare services or products in the past 12 months and/or expected to do so in the next 12 months

Specialties / treatments covered:

Each specialty was purchased by at least 270 respondents, with some receiving 400 or more purchases.



The process to purchase healthcare products and services is **generally long and complex**. Consumers tend to seek ample information, consider many factors, and take weeks or months to make decisions for healthcare purchases.

Driven by need

Consumers generally saw healthcare purchases as necessary, rather than discretionary (“needs,” not “wants”). Exceptions include cosmetic treatments (only considered necessary by 9-17% of consumers) and hearing services (41%).

A long, complex process

On average, healthcare purchase decisions take 89 days and involve 5.8 steps (both slight increases from 2016). While most consumers are often satisfied with their decisions, they are less satisfied with the decision-making process and experience.

Importance of research

Consumers tend to do extensive research before making a purchase, and decisions about higher-cost and more discretionary purchases take more time and effort.

The Internet is key, but conversation still matters

Not surprisingly, the Internet is a key source of information, with half of consumers reporting use of one or more web resources (e.g., search engines, provider websites, social media) when researching healthcare purchases. However, even more consumers (two thirds) conducted research offline (e.g., spoke with providers or sought input from family or friends.)

Cost is a concern

Affordability remains a key concern for many and is an important factor in choosing a provider. In fact, 40% of all respondents reported having declined treatment due to cost.

Consumers may be unaware of—but open to—financing

Awareness of financing options remains low, but nearly half of patients (49%) would consider it to receive treatment right away, and nearly all patients who have used CareCredit (91%) are highly likely to do so again.



The decision to move forward with care typically involves multiple steps, with specific actions occurring at different points and sometimes repeating multiple times as consumers move toward a purchase. At various points in their decision-making process, consumers may research treatments, providers, and payment options; visit provider offices; consult with family and friends; contact their insurance company; and consider their personal finances.

Across healthcare specialties, the path to purchase ranges from under a month to more than six months. In general, for specialties where purchases tend to be more costly, complicated, and/or discretionary, consumers tend to take longer to decide, do more research, and give more thought to payments. When treatment is less expensive, simpler, or necessary, consumers often make decisions more quickly and easily.

Compared to 2016, consumers are generally taking longer to make purchase decisions, apart from Hearing (now a bit faster). For most specialties, the number of steps in the decision-making process has increased. Only Vision Treatment decisions have simplified slightly, decreasing to an average of 6.2 steps (vs. 6.6 in 2016). Notably, consumers were more likely to research payments for all specialties in 2018 than in 2016, perhaps driven in many cases by increased average purchase prices.



How long and complicated are healthcare purchase decisions?

Healthcare Specialty	Average # of Decision Steps	Average # of Days to Purchase		Average Spend*
Dental	5.4	88		\$1,674
Vet	5.3	28		\$576
Hearing	6.6	107		\$1,832
Cosmetic (invasive)	7.5	188		\$3,865
Vision treatment	6.2	129		\$2,096
Optometry/optical	5.0	56		\$725

What percentage of consumers research treatments and payments before making a decision?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry/optical
Research Treatment	67%	65%	79%	84%	82%	62%
Research Payment	76%	70%	82%	79%	78%	69%

*Self-reported.

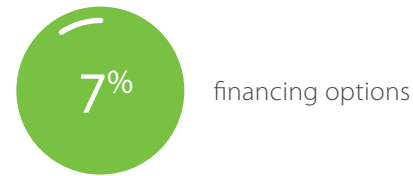
Researching Treatments: Online

Among consumers who said they research treatment options, more than half turn to online sources. However, still more—a full two-thirds of patients—depend on offline information sources.



Among patients who do online research, nearly two-thirds used search engines in their online research (63 percent), while half visited provider websites (50 percent). Medical advice and provider review sites were also popular, while social media, apps, and other channels were used less often. In key specialties, certain channels saw greater usage, such as medical advice websites for vision treatment and invasive cosmetic purchases, provider review sites for hearing and cosmetic skin care purchases, and social media for minimally invasive cosmetic treatment.

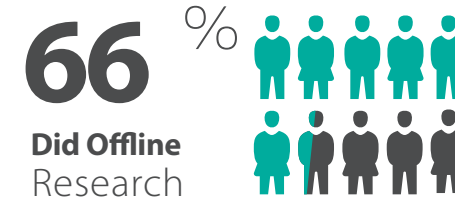
What do consumers look for when researching treatments online?



Among consumers who research treatments online, what sources do they use?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
A search engine (e.g., Google, Yahoo)	65%	72%	63%	53%	65%	60%
Provider Website	42%	38%	56%	54%	48%	49%
Medical advice website	40%	34%	49%	57%	55%	21%
Website that compares or provides ratings/reviews of providers	31%	28%	51%	46%	37%	36%
Social media, mobile app, message board, blog, other	≤9%	≤10%	≤8%	≤13%	≤9%	≤7%

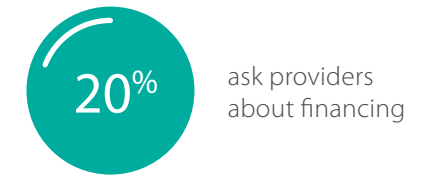
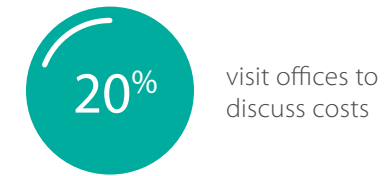
Researching Treatments: Offline



When researching a healthcare purchase, patients often turn to family members or friends for advice. In fact, patients consult with those close to them far more often than they turn to relevant healthcare professionals.

In many cases, patients also choose to forgo any outside opinion and simply make a decision on their own. This is most common with optical and dental purchases, and less likely with other specialties.

What do consumers look for when researching treatments offline?



Where do consumers turn when researching treatments offline?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
Key healthcare professionals	Dental/Oral Surgeon 27%	Veterinarian 30%	Hearing Care Professional 21%	PCP 16%	Optometrist/Ophthalmologist 23%	Optometrist/Ophthalmologist 13%
			PCP 14%		PCP 11%	
Family/friends overall	49%	56%	63%	53%	55%	40%

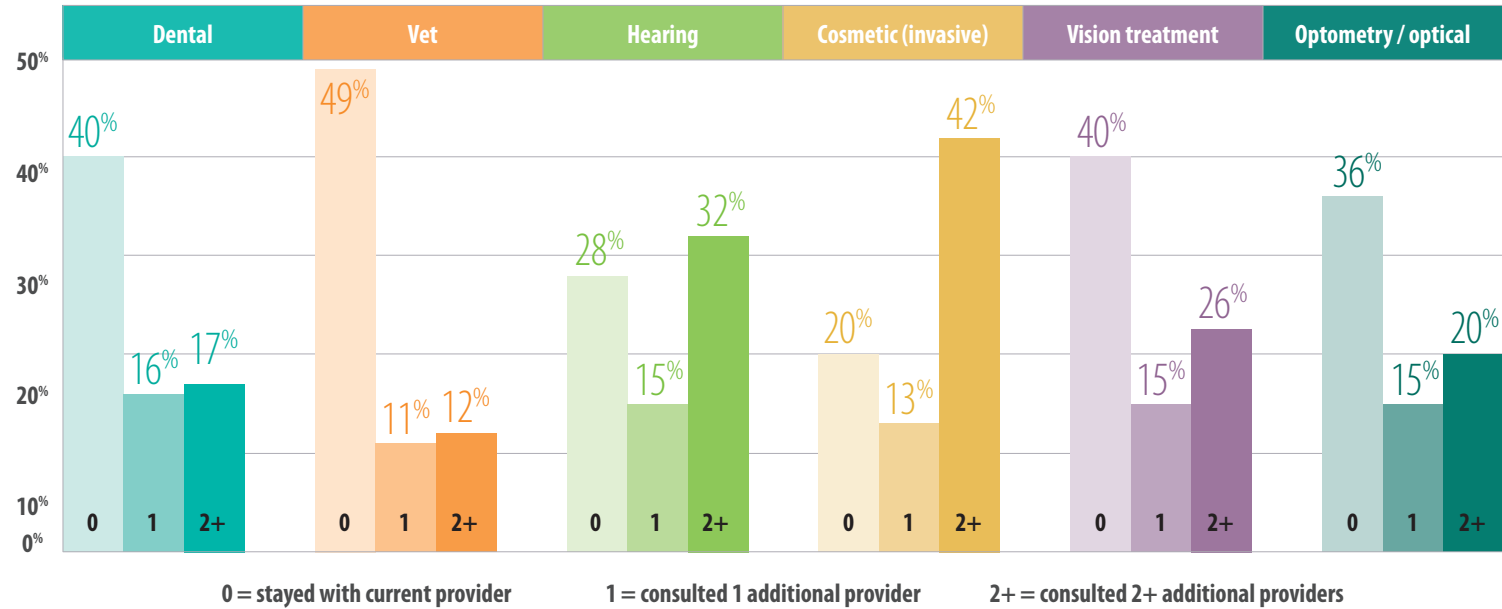
When consumers don't consult healthcare professionals, where do they turn?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
Spouse	42%	47%	56%	43%	47%	35%
Other family members or friends	9%	14%	12%	14%	11%	7%
No one else	37%	30%	29%	32%	33%	51%

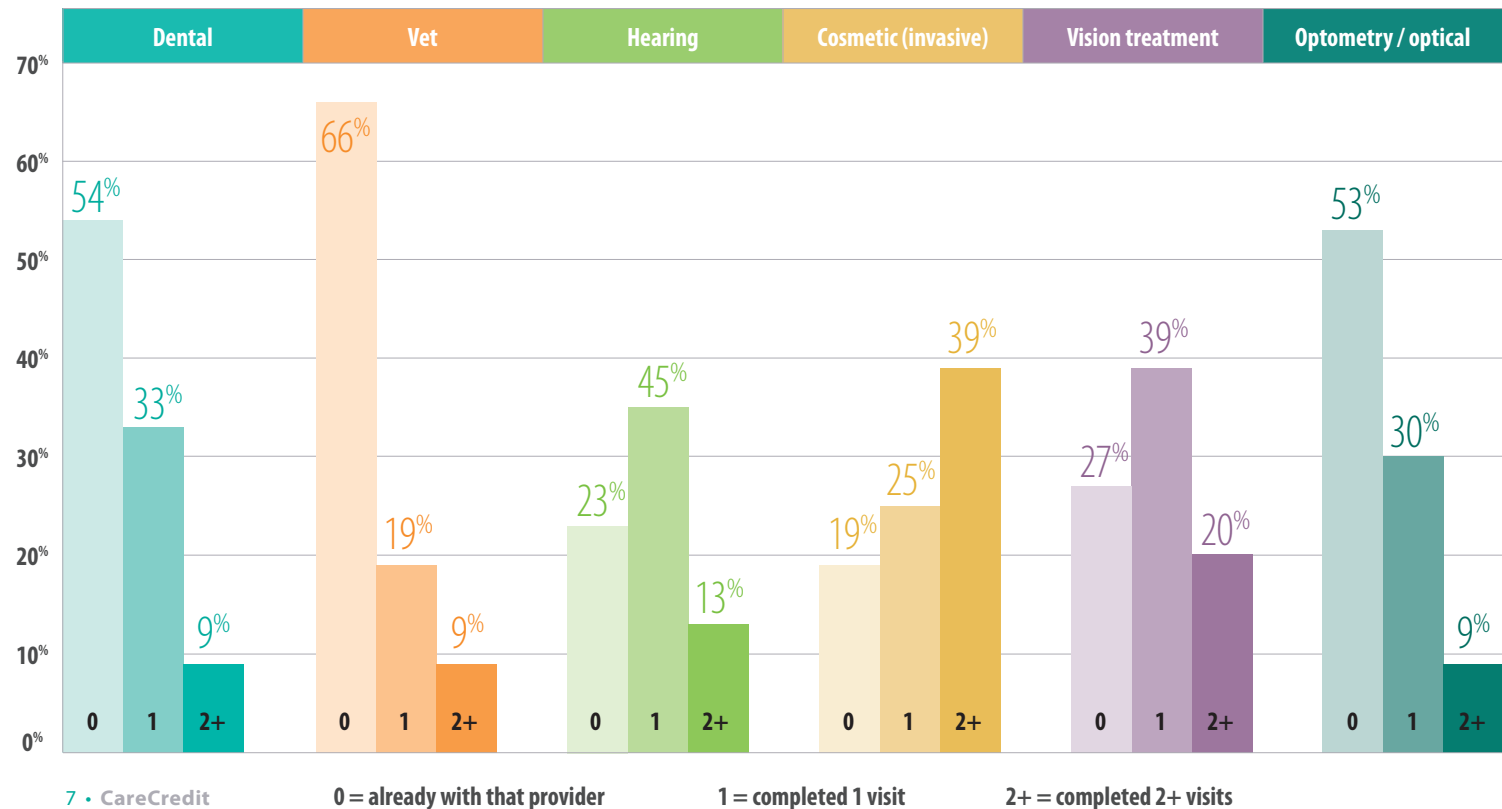
Choosing a Provider

When choosing a healthcare provider, patients tend to stay with their current provider for veterinary, vision treatment, and dental purchases, while looking at additional options for cosmetic and hearing purchases. Not surprisingly, the decision-making timeframe follows a similar pattern, with cosmetic, vision treatment, and hearing purchases often occurring only after multiple visits.

How many providers do consumers consider before choosing one?



How many times do consumers visit a provider before choosing him or her?



Researching Providers



Patients use a wide variety of resources to learn about potential healthcare providers. A primary care physician is the top offline resource for hearing, optical, and vision treatment purchases, while input from family members and friends is more important than professional counsel for veterinary purchases.

When researching providers online, the top resource tends to be health insurance websites in all cases. This makes sense, given that the vast majority of patients report only choosing providers, regardless of specialty, who accept their insurance. Only a minority of patients look for provider information using search engines or doctor rating sites.

What percentage of consumers ask others for input when researching providers, (and whom do they ask)?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
Ask for input overall	66%	71%	77%	68%	73%	73%
Ask a primary care physician or vet	42%	34%	65%	50%	51%	53%
Ask a family member or friend	36%	43%	33%	32%	33%	36%
Ask someone who needed the same treatment	20%	24%	25%	27%	22%	22%
Ask a co-worker	11%	14%	4%	9%	7%	11%

What percentage of consumers research providers online (and where do they look)?

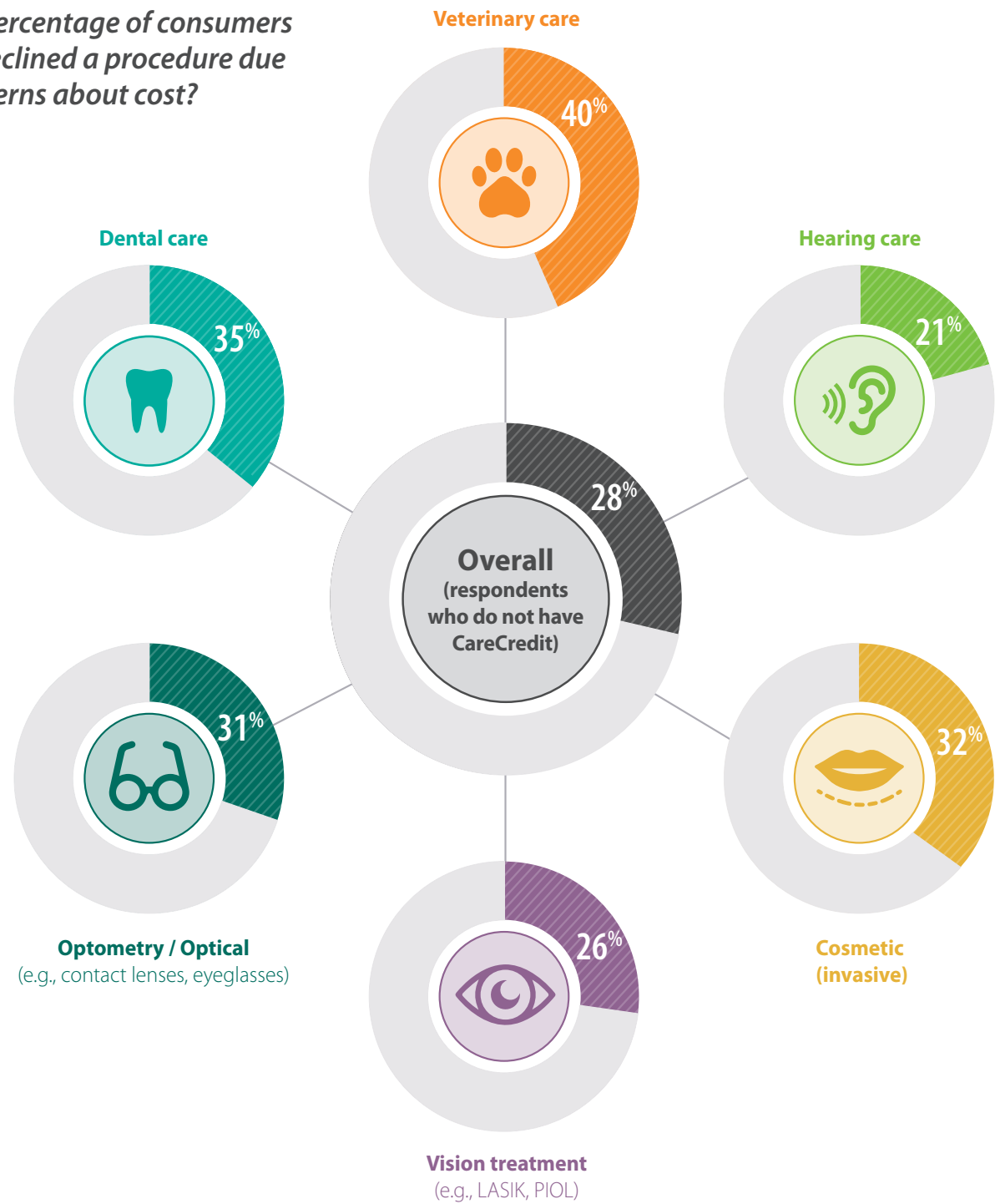
	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
Research providers online overall	58%	54%	55%	67%	57%	59%
Health insurance website	42%	30%	44%	42%	40%	44%
Search engine (Google, Yahoo, Bing)	19%	22%	15%	28%	14%	19%
Doctor rating websites	13%	12%	14%	22%	15%	16%

Do consumers prefer / insist on providers who accept their insurance?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
Only use healthcare providers that accept my insurance	80%	77%	83%	72%	81%	82%

Cost can be a significant barrier to moving forward with care. Across all specialties, more than a quarter of consumers (and in some cases, up to 40% consumers) reported that they have declined a procedure in the past due to concerns about cost.

What percentage of consumers have declined a procedure due to concerns about cost?



While consumers tend to strongly prefer providers who accept their insurance, in many cases consumers are likely to move forward with treatment regardless of coverage. Similarly, many consumers say they are willing to move forward with treatment when using credit or paying over time are not options, especially for veterinary and optical purchases. When they cannot use credit to pay over time.



How likely are consumers to proceed with a procedure if insurance does not cover it?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
Extremely or very likely	58%	70%	49%	48%	46%	58%
Somewhat likely	22%	15%	25%	25%	29%	25%
Extremely or very unlikely	20%	15%	26%	27%	24%	17%

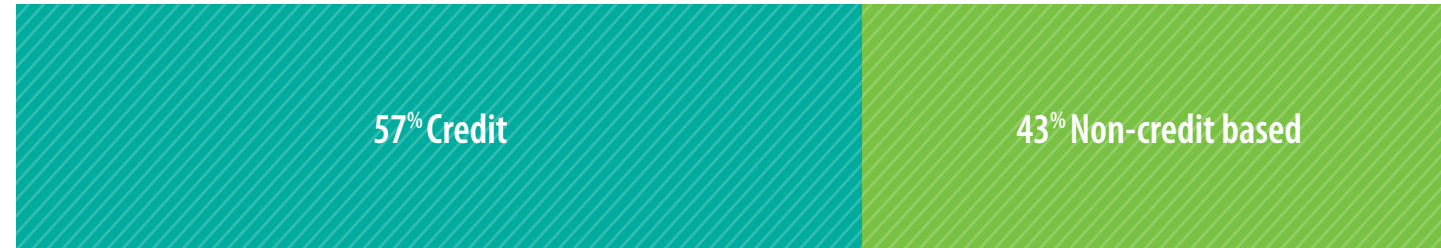
How likely are consumers to proceed with a procedure if they cannot pay using credit/over time?

	Dental	Vet	Hearing	Cosmetic (invasive)	Vision treatment	Optometry / optical
Extremely or very likely	50%	56%	50%	35%	47%	54%
Somewhat likely	25%	21%	25%	31%	33%	27%
Extremely or very unlikely	25%	23%	25%	34%	20%	20%



Overall, consumers use credit-based tender to pay for out-of-pocket healthcare costs often than cash-based tender. Traditional bankcards are the most popular option, while relatively few consumers currently turn to dedicated healthcare credit cards or provider financing options.

How do consumers who don't have a CareCredit credit card pay for care?



Use of credit-based tender has increased for purchases in every specialty since 2016, with dental and optical seeing the greatest increase. As a result of this trend, only a minority of consumers currently prefer cash-based tenders for healthcare purchases in any specialty.

What percentage of consumers pay with a credit-based tender in general, and with bank credit cards in particular?

	Dental		Vet		Hearing		Cosmetic (invasive)		Vision treatment		Optometry / optical	
	2016	2018	2016	2018	2016	2018	2016	2018	2016	2018	2016	2018
Credit-based tender overall	47%	63%	57%	65%	58%	68%	58%	61%	55%	61%	40%	55%
Bank credit card	37%	33%	51%	33%	46%	43%	47%	35%	34%	39%	37%	33%

What percentage of consumers pay with cash-based tenders in general, and with key payment methods in particular?

	Dental		Vet		Hearing		Cosmetic (invasive)		Vision treatment		Optometry / optical	
	2016	2018	2016	2018	2016	2018	2016	2018	2016	2018	2016	2018
Cash-based tender overall	53%	37%	43%	35%	42%	32%	42%	39%	45%	39%	60%	45%
HSA or FSA	15%	11%	2%	2%	10%	10%	9%	15%	16%	15%	19%	12%
Cash/check or prepaid card	26%	16%	19%	14%	24%	15%	21%	19%	20%	17%	18%	18%
Debit card	15%	12%	24%	23%	10%	9%	14%	11%	15%	17%	26%	18%

Are consumers aware of key financing options that could help them manage costs?

29%

are aware of financing tools / credit cards specifically for healthcare expenses

58%

are aware that providers may be able to offer financing options

Despite strong interest in credit-based tender, awareness of financing tools and credit cards dedicated to healthcare purchases remains low, with just 29 percent of consumers familiar with these resources. More consumers are aware that healthcare providers may be able to offer financing (58 percent), however.

What do consumers who don't have a CareCredit credit card think about healthcare financing options, and how does this affect their choices?

49%

would consider a financing option if it meant they could receive medical treatment right away

39%

always seek financing options when making large purchases

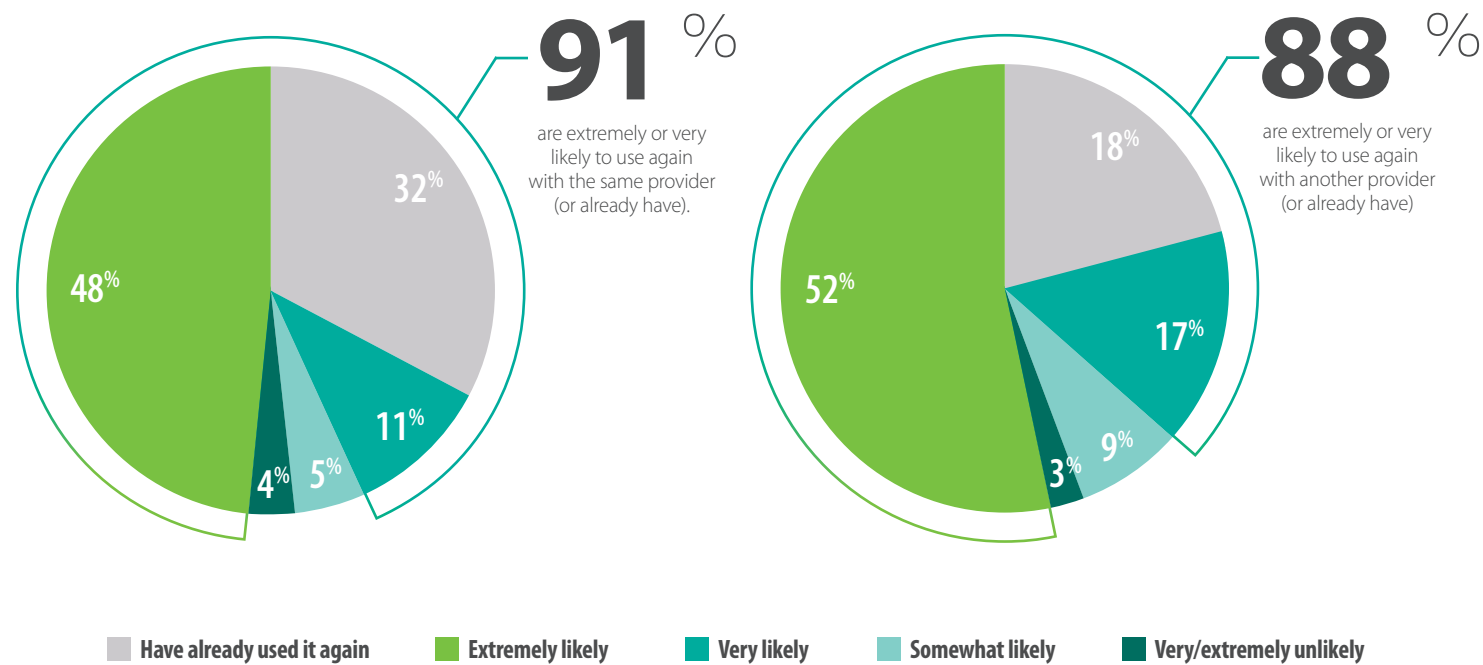
40%

would be comfortable with financing available through a healthcare provider

While awareness of financing options is low, interest in financing options is fairly strong, with nearly half of consumers who do not have a CareCredit credit card (49 percent) willing to consider financing in order to get treatment immediately. Many report always looking into financing for large purchases (39 percent), and two out of five consumers would welcome financing offered by a healthcare provider.

While a large or urgent purchase may be the impetus for many consumers to apply for healthcare financing, the vast majority expect to use financing for more than the initial purchase. Among consumers who have a CareCredit credit card, 91 percent either have or definitely plan to use the card again with the same healthcare provider, and nearly as many (88 percent) have or will do so with additional providers.

When consumers have a CareCredit credit card, how likely do they say they are to use it again (with the same provider or another provider)?



Financing Provider Snapshot

A pioneer in healthcare financing for more than 30 years, CareCredit is a leader in providing patients with valuable promotional financing options for treatments and procedures not covered fully by insurance.

More than 210,000 locations around the country, offering care in dozens of specialty areas, accept CareCredit to help patients and clients get the health, wellness, and personal care they need. CareCredit helps providers increase cash flow while decreasing billing and collections. The process to add CareCredit as a payment option is easy and quick.

CareCredit currently has over 11 million cardholders, and every day, more than 14,000 individuals apply for a CareCredit card to help them pay for care. Cardholders have more than \$35 billion in available credit, and they use it 32,000 times every day, on average, to pay for their healthcare expenses. What's more, cardholders have extraordinarily positive opinions about CareCredit; 94 percent report being highly satisfied, 97 percent rate CareCredit a good to excellent value, and 97 percent say they would recommend it to a friend.*

CareCredit is a Synchrony solution. Synchrony has been offering financing solutions for leaders in diverse industries for more than 80 years.

Understanding consumers' attitudes, expectations, and habits helps healthcare providers to **better serve current and prospective patients, and achieve their practice goals.**

- The lengthy decision-making process presents many **opportunities to communicate** with consumers and offer information and input that **consumers welcome and value.**
- Consumers often have a strong preference and likelihood to purchase from their current providers, underlining the **importance of supporting existing patients** during their decision-making process.
- Because consumers often consider multiple providers, the **opportunity to attract new patients** is also significant, particularly by providing the **information, access, and payment options** consumers are seeking.
- An **informative website** is important for providers, as are listings on **insurance company sites**. Strong search engine performance can be helpful, while social media, message boards, and other digital channels are less of a priority.
- **Personal referrals are powerful**, so encouraging current patients and other healthcare providers to refer new patients could have a strong impact.
- Many consumers expressed interest in **credit-based financing options** and/or indicated they have derived lasting value from such options. However, many consumers may not be aware that such options are available. Offering a financing solution like a healthcare credit card and prominently promoting it could help **differentiate vs. other providers, attract new patients, and increase satisfaction and loyalty** among current patients.

CareCredit can be used at enrolled provider and select retail locations for:

- | | | | |
|---------------------------------------|-----------------------------|-----------------------------|-------------------|
| • Ambulatory Surgery Centers | • Chiropractic Care | • Gastroenterology | • Podiatry |
| • Anesthesiology | • Cosmetic Surgery | • Obstetrics and Gynecology | • Primary Care |
| • Audiology | • Dentistry | • Ophthalmology | • Urgent Care |
| • Bariatric Surgery/Weight Management | • Dermatology | • Optometry | • Urology |
| | • Durable Medical Equipment | • Orthopedic Surgery | • Veterinary Care |
| | | | • And More |



*Cardholder Engagement Study, Q2 2018.



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