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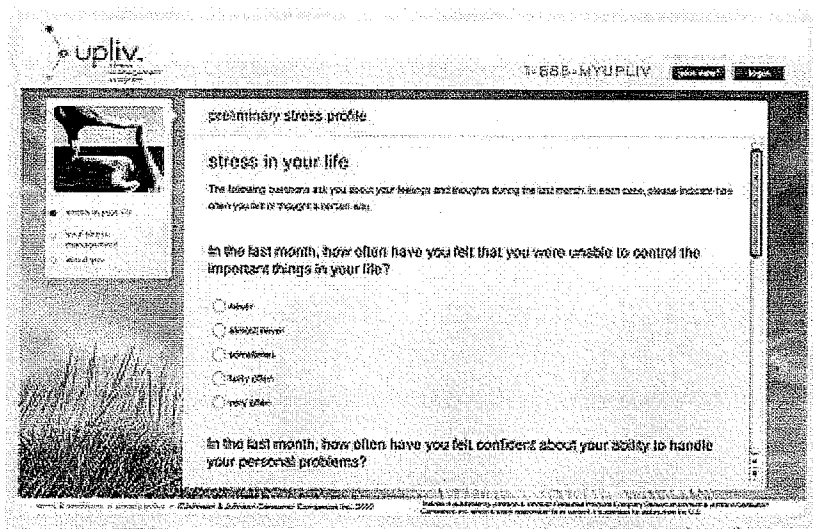
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Industry Watch: In Small Doses

Joan Voight, Apr 07, 2010 11:44 AM

'Sponsored' health care is on the way



Get ready for sponsored health care. Major marketers of over-the-counter remedies, such as Johnson & Johnson, want to go beyond selling products, and get into the business of providing wellness and medical care. For them, it makes perfect sense to have a stake in providing treatment and advice to people who are sick, or trying to stay healthy. Being in the trenches with patients can provide them with another revenue stream, as well as priceless information - largely online - about patient needs and preferences. It also gives the companies an outlet for indirectly promoting their goods among health care providers and consumers.

But how about the trust factor? If someone is suffering from chronic pain, will they fully trust the medical care they get from an M.D. whose medical group is owned by Procter & Gamble, owner of Pepto-Bismol and Vicks NyQuil. Or will they rely on stress-reduction advice given by Johnson & Johnson, seller of baby powder and Roloids. In other words, when CPCs move into health care services, where does the marketing and consumer research stop, and the actual health care begin?

A good example of the trend is a new online personalized stress-reduction program introduced in February by Johnson & Johnson's innovative growth platforms group. In development for about a decade, the program was born out of marketing research that showed that pervasive stress has a serious impact on the lives of its female customers. And, in general, those stressed-out women spend about 27 hours a week online, not counting email, according to a Johnson & Johnson Consumer Companies representative.

Called UPLIV, the new Web-based program asks women to subscribe for \$40 a month. In exchange, each subscriber gets an online stress analysis drawn from the answers to a personal questionnaire. Based on the analysis, subscribers get customized instructions for stress-reducing activities, including aromatherapy; online assignments such as writing in a journal; and online educational articles from Johnson & Johnson's database. The content is vetted by a J&J-backed board of doctors with expertise in sleep, stress, neuroendocrinology, immunology, fertility, pathology and pediatrics, says a rep. If a subscriber has a question for a health care expert that is not addressed on the site, she can submit it and get an answer in 24 hours.

In addition, at sign-up and every three months afterward, subscribers receive a batch of four bottles of scented soaps and lotions designed for aromatherapy. The branded toiletries are unavailable at retail and are worth about \$25-30. Shipping costs subscribers \$8.72 a pop.

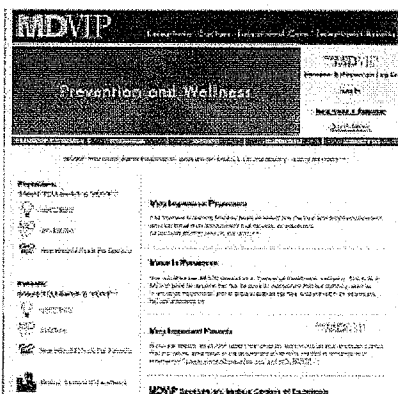
The UPLIV program does more than drum up revenue and move Johnson & Johnson's identity into health and wellness. The program is also designed to gather consumer data and provide useful insight into the habits and emotions of affluent, health-minded women - a key target for the brand.

To address potential credibility issues, j&j conducted a 14-week study of 540 healthy, yet stressed-out women. Researchers collaborated with specialists in psychiatry, psychology, neuroendocrinology, immunology, fertility, and women's health. The goal was to see if "Internet-based coaching and education focused on behavior modification, daily use of scented personal-care products, and periodic progress reports" would help the women feel better, sleep better and produce less stress hormones, says the company. Not surprisingly, according to an internal study, such a program would work.

At its launch, UPLIV turned its back on social media, possibly because subscribers are paying for the advice and sharing it would make the info less exclusive. The UPLIV site has no links to email, Facebook or Twitter. Nor is there a place where subscribers can share feedback with each other or where they can pose questions to other members.

To promote the service, J&J gave free memberships and toiletries to influential mommy bloggers and bargain-hunter bloggers. In February and March the company rolled out a 30-minute infomercial in major markets such as Boston, Chicago, Los Angeles and Dallas. The show features testimonials from subscribers and actress Angie Harmon, who also serves as UPLIV's spokeswoman on the site itself.

For people who want to feel like a VIP in their doctor's eyes, there are premium medical centers where patients pay a yearly fee on top of insurance premiums to enjoy extra time and attention from their docs. One such program is MDVIP, a network of 350 doctors in 28 states, which charges \$1,500 a year for expanded medical care. Since January MDVIP has been fully owned by Procter & Gamble. (P&G previously held a minority stake.) First step: P&G named Daniel Hecht to be the new CEO of the medical network.



The MDVIP deal was engineered by P&G's FutureWorks unit, which seeks new avenues for sales outside of P&G's mainstream businesses. In announcing the acquisition, Nathan Estruth, vice president of FutureWorks, said, "We see this as a learning venture as well as a business."

MDVIP patients will now sign a contract that includes an option to permit information-gathering, which P&G says is collected only in the aggregate, not individually. P&G says it will use the company as "an incubator for primary care medicine," allowing it to gather information about patients and physicians, service and

prevention. It does not plan to market its products through the physicians' offices.

Doctors in the MDVIP network will continue to own their own practices. So far, the integrity of their care under the P&G umbrella is being treated as a non-issue. Asked how P&G and MDVIP address questions about potential conflicts of interest, a P&G rep says her company is too busy "focusing on the business" to respond.

Why do people sign up? Patients of MDVIP doctors receive an in-depth exam, including personal and family history, identification of risk factors, laboratory testing and screenings related to mental status, exercise, nutrition and sleep; vision, hearing and lung-function testing; and a review of all medication. A wellness plan is then set up and each patient is given a personal Web site to track their results. They also get a CD that contains their health data.

Patients' health insurance is billed for the doctors' services. Of the \$1,500 annual fee paid to the doctors, MDVIP keeps \$500 and helps with marketing, administrative support, management and legal services.

P&G and J&J health care clients may also serve as future endorsers. Patient testimonials are proving to be a potent marketing tool for drugmakers, with GlaxoSmithKline and Sanofi-Aventis among the major drugmakers that have run ads showing patients' stories in recent months. A study by the New England Consulting Group, released in February, says that patients these days are relying more on the recommendations of fellow patients, and less on companies and drug endorsers when deciding what drugs to ask for. Pharma companies contend that testimonials present a more credible message to the patient than celebrities or voice-overs, especially when coupled with social media. Such peer-influence marketing is rising as drug makers face tighter regulation of celebrity endorsements, as well as negative publicity regarding conflicts of interest.