

# Getting Tools Used

## Lessons for Health Care from Successful Consumer Decision Aids



**NOTE:** THIS IS ONLY A PORTION OF THE GETTING TOOLS USED RESEARCH REPORT. FOR THE FULL DOCUMENT AND OTHER INFORMATION VISIT [WWW.CFAH.ORG](http://WWW.CFAH.ORG).

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## Table of Contents

Foreword by Jessie Gruman.....	1
Executive Summary.....	3
About CFAH.....	7
Table of Contents.....	8
Introduction: 21 <sup>st</sup> Century Marketplace.....	9
Research Framework.....	17
Case Studies.....	25
<i>Consumer Reports: Car Buying Guide</i> .....	25
eBay.....	65
FDA Nutrition Fact Panels.....	113
<i>U.S. News and World Report: America's Best Colleges</i> .....	163
Case Study Commentaries.....	209
Margaret Holmes-Rovner, PhD.....	209
David E. Kanouse, PhD.....	225
Stephen Parente, PhD.....	239
Dale Shaller, MPA.....	250
Shoshanna Sofaer, DrPH.....	263
Lessons Learned: Key Variables of Success.....	275
Advancing Healthcare Decision Aids.....	293
Getting Tools Used Research Team Biographies.....	311
Acknowledgements.....	317

GTU research was supported by The Changes in Health Care Financing and Organization (HCFO) initiative, a program of the Robert Wood Johnson Foundation, the California Healthcare Foundation and the Foundation for Informed Medical Decision Making.

## Introduction

As the 20th century ended, leaps in computing speed and capacity propelled three developments that collectively shaped changes in how Americans shop and what they buy. The three phenomena were better informed consumers, shifts in sources of authoritative information, and the proliferation of highly distinctive products and services. This marketplace transformation also helped spur initiatives designed to assist people as healthcare “consumers,” including paper or electronic aids (i.e., “tools” or “decision aids”) that support people in making choices about healthcare providers, health plans and treatments. Yet the adoption and use of healthcare decision aids, such as comparative quality report cards, has been disappointing.

To assist healthcare groups in developing better and more popular decision aids, the Getting Tools Used project reviewed four widely used consumer guides that help people shop for non-healthcare products. Healthcare groups can use the results to improve their approaches to developing, marketing and promoting tools that help consumers make informed decisions.

## The 21st Century Consumer Marketplace

The modern consumer marketplace is quite different from the one in the mid-1990s. Namely, technology advances have vastly increased both computer capacity for processing voluminous data and the speed of electronic communications; in turn, these advances facilitated changes in how informed consumers are, which information sources people trust and what types of goods and services are available. These three developments contributed to shifts in consumer behaviors. The next sections provide a brief snapshot of these phenomena and related changes in how consumers shop and what they buy.<sup>1</sup>

## Better Informed Consumers

Wharton economist Eric Clemons, management consultant Rick Spitler and Wharton e-commerce fellow Steve Barnett (2005) have described a “profound change in the quantity, quality, reliability, and nature of the information available to consumers.” As a result, “customers finally know ... accurately and with certainty ... what is available to them,” along with where to buy it and what it will cost.<sup>2</sup>

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Classic economics explains that when prices fall, demand increases. This dynamic also occurs with information. Even when it is free, consumers must spend time to access information and apply it in decisions about which products to buy.

In the 1990s and into the current decade, technology advances greatly reduced consumers' time-costs of researching products. More and more consumers tapped into a growing trove of online resources, user reviews and other data to inform their shopping. Pew Internet & American Life Project provides one snapshot of this trend. The project's data indicate that Internet use for product-related research nearly doubled between 2000 (35 percent) and 2007 (60 percent).<sup>3</sup>

## Different Sources of Authoritative Information

High-speed, super-capacity communications technologies transformed the media environment and marketing. Before the digital age, mass advertising was powerful because consumers were captive to a small set of dominant communications channels. Now people obtain information from thousands of content sources, access points and formats. In this fragmented media environment, the impact of mass advertising has lessened, making it difficult for companies to control branding.

Consumer-to-consumer sources of market information, in particular, have made great strides in capturing Americans' attention. These sources include social media forums, such as blogs, specialized communications platforms like Epinions.com, social networking sites, Twitter, online communities and other interactive or user-driven web applications (sometimes referred to as "Web 2.0"). Consumers came to value peer ratings, reviews and recommendations as useful and entertaining; these positive experiences prompted further participation in this new information source. In fact, Edelman national surveys have documented a rapid shift in which authorities and institutions consumers view as credible information sources; trust in "a person like me" rose from 20 percent in 2003 to 68 percent in 2006, surpassing trust in healthcare providers, academics and accountants.<sup>4</sup>

At the same time, online social media can blur the lines between commercial marketing and independent content. Customers and companies both have access to online forums (such as Web sites with product descriptions and reviews, Facebook pages and mobile device applications) where sources are frequently anonymous and lack accountability.

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## Highly Distinctive Products Come of Age

Technology advances in the 1990s made it economically viable to design, produce and distribute highly distinctive goods and services. Design and manufacturing innovations, for example, enabled the development of niche and specialty consumer offerings tailored to deeply resonate with specific audiences.<sup>2</sup> A few examples of highly distinctive products include craft beers from micro brewers, made-to-order Dell computers, boutique hotels and the first iPhones.

E-commerce is another result of computing advances. From a business perspective, e-commerce was an important development because it:

- Reduced the costs of entering a market.
- Enabled instant geographic scale, which improved the profitability of specialized niche offerings.
- Created new retail efficiencies, such as virtual storefronts.

From a consumer perspective, online shopping offered convenience, expanded access to niche products or bargains, and new ways to do comparative shopping.

These e-commerce advantages supported a relatively new business model that made specialized niche markets profitable. *Wired* magazine's Chris Anderson called this the "long tail" model, which represented a break from the traditional model of capturing the hefty middle of the mainstream market. Anderson emphasizes profitability in the long-tail model occurs through the use of e-commerce platforms that not only aggregate "millions of niche markets," but also "treat consumers as individuals, offering mass customization as an alternative to mass-market fare."<sup>5</sup>

Thus, consumer options expanded with the increase of specialized niche products and the ability to shop online. Consumers now anticipate highly tailored offerings to be readily available. Growth in consumer spending in most years from the mid-1990s to 2007 may have magnified this market progression.

## Changes in Consumer Behaviors

Consumers having and using more information, a clear shift in peoples' preference for peer information and an expanded supply of highly distinctive products are all factors relating to changes in consumer behaviors over the last decade. As portrayed by Clemons et al (2005), consumers are "abandoning their traditional choices in order to achieve better fit." Written

before the current recession, the Clemons analysis indicates that informed consumers were getting exactly what they wanted by trading:

- *Up* to a more expensive, specialized item to attain a custom or nearly perfect fit with their preferences.
- *Out* to a similarly priced item in a related category (such as from Coke to a Nantucket Nectar juice drink).
- *Down* to a less expensive offering if quality does not matter or if the choice is among commodity items.<sup>2</sup>

Growth and profitability rates for highly distinctive products are one indicator of these altered patterns of consumer behaviors. In many categories, specialized niche products are outperforming mass-market products.<sup>2,6</sup>

## Market Trends and the Healthcare Sector

The broad based changes in the consumer marketplace, as described above, have impacted the healthcare sector in varying degrees. For example:

- *Consumers' access to information* about health and healthcare is growing, as exemplified by rising concerns about variations in quality and the safety of care. Health news is a frequent subject in U.S. news media, both on the Internet and in traditional television, radio and print formats.<sup>7</sup>
- *New sources of consumer information* about health and healthcare now abound. Specifically, new Web-based applications (sometimes referred to as "Health 2.0") have created online patient communities for people to interact with experts and peers. Other Internet platforms host personal health records or provide personalized support to help people manage diets and chronic diseases.<sup>8</sup>
- *Growth of highly distinctive products* is also occurring in the healthcare sector, widening consumer options about providers, services, treatments, durable medical equipment, nutritional foods, hygiene and home medical goods, and more.<sup>9,10</sup>

## About the Getting Tools Used Project

In this environment, both commercial and non-profit groups have developed decision aids or tools that help people make informed decisions about health plans, hospitals, long-term care facilities, doctors and medical treatments. The Center for Advancing Health defines these "tools" as paper or electronic aids, or both, that "help people make informed decisions by

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providing and managing information . . . and presenting the tradeoffs involved in various possible choices” by arraying comparative information.<sup>11</sup>

Even with significant investments in resources such as health quality report cards, Americans’ use of healthcare decision aids lags behind expectations. For example, in a recent Kaiser Family Foundation survey, only 14 percent of adults indicated they had seen and used comparative health quality information for health insurance plans, hospitals or doctors in the past year.<sup>12</sup>

Outside the healthcare sector, Americans do use a variety of decision aids to help make choices about the cars they drive, the schools to which they send their children and the mutual funds in which they invest. Such resources have helped many consumers consider a wide array of features and multiple options when they have limited time or expertise to do their own research and analysis.

The Getting Tools Used project aimed to inform healthcare groups about ways to improve their approaches to developing, marketing and promoting tools that help consumers make informed decisions about various aspects of their care. To obtain these insights, the Center selected four popular consumer guides outside the healthcare sector for case studies.

- *Consumer Reports: Car Buying Guide*
- eBay (as an online decision aid used by individual consumers)
- Nutrition Facts Panels on processed foods, as mandated by the federal government
- *U.S. News & World Reports: America’s Best Colleges*

Using a research protocol, the Center assembled insights from top industry leaders and analysts, research studies in journals and other findings in trade publications. Each case study provided a robust and detailed picture of the impetus, development, relevant evolution and current use of the four tools.

In the second project phase, a panel of five leaders with expertise in the development and dissemination of healthcare decision aids examined the four case studies. They created individual commentaries that provided their analyses of success factors for the cases and lessons that developers and marketers of healthcare-related tools can apply to attain widespread use.

CFAH hosted a March 2009 meeting to present the case studies and commentaries to a small, select group of stakeholders. Together, the panelists and stakeholders reviewed the case studies and commentaries and then discussed implications for healthcare decision aids.

## **About Getting Tools Used Sponsors**

The Changes in Healthcare Financing & Organization (HCFO) national program of the Robert Wood Johnson Foundation supported the initial Getting Tools Used research. Together, the California Healthcare Foundation, the Foundation for Informed Medical Decision Making and the Center for Advancing Health sponsored the March 2009 conference.

## **About the Center for Advancing Health**

The Center for Advancing Health works to ensure that every person is a prepared patient. Increasing the quality and years of healthy life and eliminating health disparities are only possible if people have the knowledge, confidence and skills to make informed health decisions and interact productively with healthcare providers. CFAH is an independent non-profit organization that receives funding from the Annenberg Foundation, the W.K. Kellogg Foundation and others.

## Endnotes

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- <sup>6</sup>Clemons, E. K., Gao, F., & Hitt, L. (2006). When Online Reviews Meet Hyperdifferentiation: A Study of the Craft Beer Industry. *Journal of Management Information Systems*, 23(2), 149-171.
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- <sup>10</sup>MacStravic, S. (2007). Consumer Options in Managing their Own Health In World Health Care blog (Ed.). Accessed: Accessed Mar. 31, 2009, from <http://www.worldhealthcareblog.org/2008/05/01/consumer-options-in-managing-their-own-health-2/>
- <sup>11</sup>Adapted for tools concerning non-healthcare decisions from The RAND Corporation. Carlisle E, Spranca M, Kanouse DE. (2003). Empirical studies of decision aids for consumers. Santa Monica: The RAND Corporation. As cited in: Shaller Consulting. (2006). Consumers in health care: Creating decision-support tools that work. California Health Care Foundation.
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