

RED PAPER: A Series of Healthcare Marketing Perspectives

HEALTHCARE MARKETING IN THE AGE OF CONSUMERISM 2.0



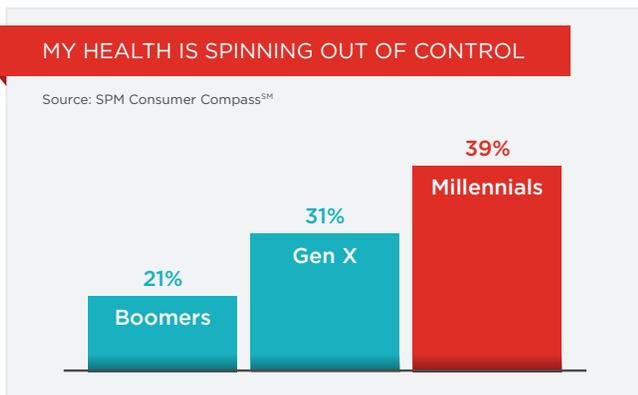
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marketing & communications



Today's healthcare marketer is living a bizarre nightmare. Consumers are now taking more control of their healthcare decisions, transforming from passive patients to active participants. Yet, these same consumers see healthcare's systems and processes as chaotic and extremely confusing at best.

And when you look at Millennials, the near-term future healthcare consumers, in regard to the way they feel about their health, it gets even worse (see chart below).



To ground the discussion, our previous Red Paper—*The Rise of Consumerism in Healthcare*—detailed a few of the many driving forces that were rapidly propelling the changing demands and expectations of consumers.

Those forces included:

- Price Sensitivity and Value Consciousness
- Hyper-Informed Decisions
- Proliferation of Options

Consumer products and services companies have been dealing with these and other issues for decades. And the changes they needed to adopt to stay ahead transformed the way businesses do business—and set new standards for taking control to attract their desired consumer. These changes gave every business the opportunity to compete “more globally” due to advanced technology and changing social communication norms.

These forces are not new. Nor are they unexpected. It was only a matter of time before they came banging on the door of healthcare. That time is here. The real question is, “what’s your answer?”

THE GOOD NEWS

Unlike other industries, healthcare doesn't need to sort through a complicated understanding of the five Customer Adoption Patterns¹ that surfaced in the Sixties. Nor do we need to imagine what the consumer is looking for from healthcare or invent the next best consumer-centric game changer. A number of respected consulting companies² have studied this subject.

Not surprisingly, other business models have molded consumers' expectations and in turn, affected what they want from healthcare providers.

In healthcare specifically, consumer confusion and frustration commonly arise from the system's failure to address basic operational needs; things like:

- Transparency of price, quality, and value
- Access and convenience (including co-location of services)
- Clear and concise billing
- Online appointment setting
- Timeliness
- Complete and easy access to records
- Service efficiency

While it is fairly easy to note that the healthcare consumer relationship is “sick,” and even document it's “symptoms” (like those mentioned previously), what appears to be missing is a systematic approach to “cure” problems. To find solutions that go beyond theory and beyond one-off fixes that respond to one-off problems. A construct is needed to meet the core needs of good consumer-centric healthcare. This construct, *SPM's 5 Tenets of Consumer-Centric Healthcare*, sheds light on behaviors, attitudes, mindsets, and actions that address healthcare as well as everyday life issues. It demystifies the path to greater consumer-centricity and demonstrates how to move from transaction to personal relationship.

CONSUMER-CENTRIC INNOVATIONS THAT CHANGED OUR BEHAVIORS AND INFLUENCED FUTURE EXPECTATIONS



1947: First fast food drive-thru



1992: First supermarket self-checkout



1969: First ATM machine



1999: First Open Table® reservation



1981: First frequent flyer rewards program

SPM'S 5 TENETS

While some may initially see *SPM's 5 Tenets of Consumer-Centric Healthcare* as basic or simple, their simplicity is what makes them so powerful. In looking at some of the top brands and organizations, their dedication to being consumer-centric stands out as the foundation of their success. When you analyze and breakdown the elements of their success, you find clear consistencies. These consistent elements are very much aligned with our *5 Tenets*.

SPM's 5 Tenets of Consumer-Centric Healthcare are a means to move from theory and put into action true consumer-driven strategic marketing. They provide a framework that healthcare strategists can employ time and time again to craft consumer-centric plans.

To start to make an impact, it's not necessary to employ all *5 Tenets*. The key is to start somewhere and make connections across the Tenets as you approach your marketing challenges.

The *5 Tenets* are built from our learnings from top-tier consumer-centric companies outside healthcare as well as data from our *SPM Consumer CompassSM* insight research.

1. KNOW ME, HELP ME

The most important of the *5 Tenets* begins with empathy, being sensitive to the push and pull in people's lives, especially their desire to improve their lot.

The *SPM Consumer CompassSM* reveals that 88% of consumers are "Looking for ways to improve myself," while 79% are "Exploring new possibilities." And while they are known for their fierce

independence and self-confidence, 39% of Millennials feel their health is, "Spinning out of control" (see chart on page 1).

Using data points like these and segmentation insights to truly understand what matters to your audience sets you on the path to consumer-centricity, a path beyond simply selling products and procedures. By understanding and knowing what the consumer truly values, you provide added dimension to the consumer relationship in all you do. As a marketer committed to this Tenet, you'll want to ensure that your communications are highly personalized with tailored offerings and recommendations, bringing forward the most relevant services and options for them, even before they may realize they need what you have to offer.

By taking this understanding approach, you become more of a partner, making your patients' lives better, rather than just a provider of services.

2. MAKE IT SIMPLE FOR ME

Fifty-four percent of Americans believe, "I frequently don't have enough time to take care of everything I need to in a day," and 47% believe, "There's no easy way to find a good doctor."

So, healthcare organizations should also value and provide simplicity, recognizing that people lead hectic, pressure-filled lives. Reducing "friction" or "pain points" in consumer interactions is a vital step in making their life better and building a strong and positive relationship.

Anytime-anywhere services and expanded convenient locations and access (permanent or pop-up) can bring your brand closer to the consumer’s everyday life.

Brands can also enable messaging options like text, mobile chat, and online scheduling and confirmations to improve engagement before, during, and after their interactions with your hospital or health system.

Plus, the value of this “Make It Simple For Me” Tenet goes beyond consumer acquisition. Not addressing the complexity and pain points will be a contributing reason to why they may choose to leave your brand to try another.

3. TREAT ME FAIRLY

No one wants to be taken advantage of as a consumer. We all want to be treated fairly and get the most benefit and gain when we enter into a relationship. In healthcare, unlike other industries, understanding what that even means is difficult.

In healthcare, consumers haven’t had the means to evaluate costs or levels of service—they don’t really

know if they are getting a fair value. Their means of truly comparing quality, service, and price are virtually non-existent. It is unlike any consumer industry today. Today’s healthcare marketer understands that engaging consumers early, providing as much information as possible upfront, and communicating openly (if not transparently) can create a trust and active participation that increases loyalty and even advocacy.

Where healthcare consumers once blindly trusted their doctors’ diagnoses and the associated cost that went along with the procedure, the new healthcare consumer questions it and looks for validation that they are being treated fairly. Service organizations that excel at this Tenet provide price or cost transparency and include tools for consumers to estimate what their costs might be based on personalized inputs. They highlight unbiased consumer ratings and encourage reviews. Others look at varying levels of “guarantees” and consistent customer follow-up to ensure consumer satisfaction and measure their efforts through indicators like Net Promoter Score and the like. Through education and open communication brands can easily simplify the complex.

THE 5 TENETS OF CONSUMER-CENTRIC HEALTH CARE

Know Me, Help Me



Anticipate my needs



Show compassion

Inspire Me To Share



Exceed my expectations



Make sharing easy



Make It Simple For Me



Be mindful of my time



Connect the dots

Value My Business



Elevate & resolve my needs



Personalize the experience to me

Treat Me Fairly



Protect my information



Provide transparency

4. VALUE MY BUSINESS

While seemingly transactional in nature, healthcare organizations must recognize and embrace that people place a premium on kindness and being treated with care that goes above and beyond. Eighty-six percent of respondents say “Making me feel at home” is essential in selecting a hospital. Recognizing and valuing a customer’s business, on its own, can improve a consumer relationship greatly.

Combine that acknowledgment with an understanding of what matters to them as people (not just as a patient) and you begin to create a more personalized relationship that goes beyond the individual procedure and associated revenue.

Do you provide added value services, rewards, or even “thank you’s” to your patients? Should you?

How do you personalize an experience based on what you know about the customer? If you did, how would that affect the way they see your brand? Would your current patients say you value their business?

Asking these questions retrospectively and seeing things from the consumer’s perspective can form the basis for an action plan to proactively address this Tenet.

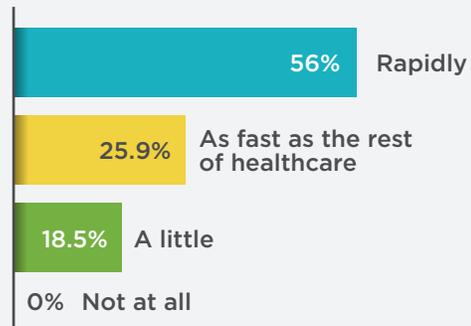
5. INSPIRE ME TO SHARE

This Tenet is not about manufacturing social media stories for consumers to like and share. It goes much further than that. Embracing connectivity celebrates the fact that consumers are “social animals” with an innate desire to share their stories and experiences. Seventy-three percent say, “I like to connect people with one another,” while 92% agree, “Learning from my own experiences enables me to teach others.”

So, to deliver on this Tenet, the key is to positively manage the consumer experience at as many touchpoints as possible. Exceed customer expectations at every turn with simple “surprise and delights.” Create consistency and connectivity across your brand from your outgoing marketing through to your inpatient, outpatient, and post-procedure experience.

Consider empowering employees, from appointment schedulers to greeters to nurses, to positively deliver your brand in their own unique way and deliver a smile on a consumer’s face. Maybe it’s a personalized “welcome” or “new patient” kit of information on what to expect on their visit. Or maybe it’s as simple

HOW QUICKLY IS THE PHENOMENON OF CONSUMERISM IN HEALTHCARE GROWING OVERALL?



Source: Modern Healthcare 2018 CEO Power Panel Survey

as communicating how far ahead or behind schedule a doctor may be for their appointment before the patient checks in to avoid unexpected frustration

In short, make the consumer experience so unique and inspiring that they will want to share it themselves. And share they will—through social media but also through word of mouth with their friends, family, and others. And while the idea of managing the consumer experience can seem daunting, it doesn’t have to be all encompassing. In Consumerism, the little things can go a long way and improving even small things can have a big impact. To say that healthcare consumers are currently uninspired is an understatement. We see this as a challenge to raise the bar on that experience, differentiate your brand, and inspire your patients in a way that creates advocacy.

MARKETING CAN’T GO AT IT ALONE

While marketers strive to be out front of issues, the reality is that Consumerism starts at the top and needs to be a strategic priority for the entire organization in order to realize long-term success.

According to Modern Healthcare’s 2018 CEO Power Panel Survey, CEOs say Consumerism will become a bigger part of their strategic plan in years to come. Roughly 83% of respondents said at least one-quarter of their strategic plan currently includes Consumerism.

Roughly 75% of respondents said they expect more than half of their strategic plan will focus on Consumerism **within the next three to five years.**

About 87% said they formally train their employees to be more consumer-oriented, yet only 24% said they have a Chief Consumer Officer.

Clearly, Consumerism has their attention, yet interestingly, this still seems like a topic to be tackled down the road. While no one expects healthcare to become Amazon overnight, Consumerism is not a phenomenon. It is here to stay. With the groundswell of consumer demands and a host of new players providing consumer-centric alternatives to traditional care, slow and steady will not win this race. For some organizations, perhaps, that is the best they can do. But progressive and aggressive organizations will see this as a first-mover opportunity to win the consumer battle.

"Being a patient in the United States is like being drop-kicked into a foreign country. You don't know the language, you don't have a map, you can't tell who's in charge, and all you want to do is go home."

Jessie Gruman, PhD. (1953-2014), Founder and President of the Center for Advancing Health

Data from the *SPM Consumer CompassSM* study reveals that 67% of respondents are willing to pay more for products and services that save time and money. We know from out-of-industry examples, that consumers are willing to try products and services that make their life easier. Combine these two data points and the Consumerism opportunity shifts from a nice-to-have marketing play to a significant means for financial growth.

PEOPLE HAVE DIFFERENT STARTING POINTS

As mentioned earlier, the 5 *Tenets* are not a linear step-by-step process. Because people have different

triggers and are motivated by their greatest concerns, the *Tenets* have been designed to clarify "points of entry" and identify messaging opportunities to manage pain points or reinforce expectations.

While you are satisfying a need in one area, your customer's journey continues. Be assured that they will be looking for experiences to be equally rewarding as they move to other sectors of the *Tenets* sphere.

 **92%** Learning from my own experiences enables me to teach others.

This shift in expectations plays into and further accelerates a retail-like mindset and approach to selecting healthcare services. A mindset that says, "earn my business," "prove your value," and "don't take my business for granted."

So, beware the universal truths about consumer behavior that retailers and service organizations have learned all too well:

- The likelihood of losing a customer because of poor customer service is higher than 50%
- Nearly 70% of customers who leave because of poor service will never return
- Yet, 85% of the customers that switch to a competitor say that decision could have been impacted by better live or in-person support

All businesses play the game of acquisition and attrition. The successful organization doesn't just drive strong growth by filling the acquisition bucket, but looks to increase customer retention through "improved service" by addressing the *SPM 5 Tenets*.

GET IN **THE GAME**

Becoming a customer-centric or customer-obsessed organization starts with defining and living your brand around the customer—not around your products, not around a beginning-middle-end transaction mindset.

So, what does it mean for an organization to put customers first? The following are examples of a few companies' dedication to do just that:

Apple: We truly understand their needs (the customer) better than any other company.³

State Farm: Our mission is to help people manage the risks of everyday life, recover from the unexpected, and realize their dreams. We have thousands of opportunities to build confidence with customers and State Farm associates do it every day.⁴

And finally, from one of the most recognized customer-centric companies in the U.S., a word from the CEO of Nordstrom and our “drawing-board” application of their Consumerism Tenets.

“It’s not about us being ranked on top or ‘best in class.’ It’s about doing what’s best for the customer. In fact, forget ‘best in class,’ the consumer is constantly raising the bar, and since they are setting the standard, we’re continually resetting ours upward.”⁵

A HYPOTHETICAL LOOK AT 5 TENETS OF CONSUMERISM FOR NORDSTROM

NORDSTROM

Inspire Me to Share

- Exclusive Holiday Points Event & bring a friend

Value My Business

- Rewards to cardholders
- Bonus points events
- Exclusive early access to sales for cardholders
- Cardholders earn extra points
- Triple points days

Know Me, Help Me

- Personal Shopper
- Email alerts re: favorite brands
- Reminder calls about favorite brand events/special purchases



Make It Simple for Me

- History of past purchases
- Create a wish list
- Order online & pick it up in store
- Escorted to departments; no “pointing the way”

Treat Me Fairly

- No-questions-asked return policy
- Free shipping

YOUR ORGANIZATION CAN **MEASURE UP**

This is by no means easy, but it is doable. And if you can’t scale the mountain, climb the hill.

As a progressive healthcare marketer, putting the *5 Tenets of Consumer-Centric Healthcare* to work for you means using them on an everyday basis. One way to begin is to leverage them as a strategic filter or planning tool. Put them up on your wall in clear sight.

Start by evaluating or auditing your efforts that are already in place. Plot them against each of the Tenets and see where you are strongest and where you might have gaps and opportunities to improve. Also, as you encounter new initiatives, messaging,

and marketing programs, consider if they clearly fit into one of the Tenets and how you might enhance the opportunity by incorporating some of the other Tenets into the final solution.

If an existing or new program and idea doesn’t fit easily into one of Tenets, reconsider the value of the program to the consumer and to the organization. Is this really an investment that enhances our consumer relationship? If not, is this program critical to the organization or should we consider a different approach? In this way, you will quickly advance as a leading consumer marketing organization and surpass your competition.

RESOURCES

1. *The Diffusion of Innovations* (1962) Everett M. Rogers 2. Sources: KaufmanHall: 2018 State of Consumerism in Healthcare; Solv: 2018 The Rise of the Practical Patient; 2016 Deloitte Consumer Priorities in Health Care Survey 3. Forbes.com: Why Apple is a Great Marketer, 2012. 4. Statefarm.com 5. MyFeelBack.com: How Customer Satisfaction ranks Nordstrom at the Top, 2015

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