

Healthcare Marketing in the 21st Century: Beyond Promotion to Constructing Experiences to Achieve High Performance

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INTRODUCTION

Healthcare marketing activities typically focus on branding, logos, external communication, public relations, and advertising. Tremendous energy will be spent on the “Promotion” piece while little attention is paid to the “Product.” The product in healthcare can be difficult to define. Healthcare marketers may feel unqualified to dip into the dominion of doctors and nurses. Promotion definitely lies within the comfort zone of traditional marketing.

The stories told herein call marketing professionals beyond their comfort zone of promotion and to product mastery. In healthcare, the product is the encounter between the healthcare provider and patient. For example, in the emergency department (ED), it’s the moment that the physician and patient meet to address the health problem presented. This one encounter matters more to ED patient satisfaction and loyalty than everything else that precedes or follows this moment of truth (Aragon and Gesell 2003). We’re finding that healthcare organizations can’t go wrong if they structure everything to enhance the quality of the relationship between patients and providers.

GATHER CUSTOMER INTELLIGENCE

If marketing's mission is to enhance the patient-provider encounter, how does this change your marketing department's activities? As with all marketing departments, it begins with fundamental customer intelligence: knowing the needs, preferences, and desires of patients and providers. This is the purpose of patient, employee, and physician surveys—to gather the intelligence necessary to continually adjust the healthcare product. The paper by Clark and colleagues highlights how measuring patient, employee, and physician satisfaction has become fundamental to healthcare marketing. Progressive hospitals use patient, employee, and physician satisfaction data to drive performance improvement, guide strategic planning, direct personnel planning, and incentivize executives. Just as clinical decision-making was revolutionized with evidence-based medicine, management decision-making increasingly must rely upon data and evidence instead of feelings and intuition (Pfeffer & Sutton 2006).

CUSTOMER-SPECIFIC INTELLIGENCE

Market preferences and aggregated customer evaluations, while important, represent 20th century marketing tactics. The mass customization trend in manufacturing (Pine 1999) is mirrored in pharmacogenetics—tailoring drugs to unique patient genotypes. The adoption of electronic medical record (EMR) technology can enable healthcare service marketers a similar opportunity by modifying service delivery based upon customer-specific intelligence. Even without EMR, providers already have been tailoring their patient-provider relationships to customer-specific information, such as visit frequency and patient experience (Giboney 2000; Rimer & Kreuter 2006). In the 21st century, we're pushing towards a pharmacogenomics approach to healthcare service delivery—tailoring the patient-provider encounter based upon how individual patients tend to experience and evaluate that service.

Delbaere and Smith take the first step. Their research clearly demonstrates that people react to and process healthcare information differently based upon their past experience. Challenging patient behavior, such as drug/treatment demands or silver bullet expectations, are likely due to inexperience with the healthcare system. Well-informed patients with previous stays or visits will react to a health service differently than those who lack health literacy or become misinformed by

direct-to-consumer advertising. This will affect their service expectations, experience, and evaluation. This research reminds us that healthcare services are astonishingly complex, nonintuitive, and beyond casual, layperson know-how. It's incumbent upon the healthcare service to know each patient's medical conditions, past experience, and preferences—and to *act* on this information.

ACTING ON CUSTOMER INTELLIGENCE

Information unused is useless information. One theme permeates the papers by Lofgren and colleagues at Sharp HealthCare (San Diego, CA), Deitrick and colleagues at Lehigh Valley Hospital and Health Network (Allentown, PA), and Ferguson, Paulin, and Leiriao's analyzing Shouldice Hospital (Toronto, CA). These high-performing organizations continuously collect and rapidly act upon customer intelligence. All three measured patient loyalty in a similar fashion—utilizing the “Likelihood to recommend” question. All three recognized that patient satisfaction is the precursor of loyalty. While satisfied patients are not necessarily loyal, data from robust satisfaction surveys provide the detail necessary to determine the *predictors* of patient loyalty—those episodes of the patient experience on which marketers can focus scarce resources to achieve higher levels of patient loyalty.

Building upon the foundation of continuous patient satisfaction surveying, Deitrick and colleagues deployed a variety of tactics to collect and analyze customer experience information. Most notably, ethnographic observation and interviews of patients and staff confirmed that the dimensions of the Press Ganey survey mirror patients' hospitalization experience as well as documenting the organizational culture (i.e., behaviors, beliefs, attitudes, and expectations). This research served as a foundation for mapping out “Touch Points” throughout these episodes and completing a “Service Integration Matrix” for each major “moment of truth.” By fully understanding *what* was occurring in the provider-patient encounter, Deitrick and colleagues could create specific scripted communications, actions, physical environment designs, and more efficient processes to improve the patient's experience in that episode—thus improving satisfaction and loyalty. Examining and improving every microsystem within the healthcare system at this rigorous level of detail resulted in substantial improvements in patient satisfaction, loyalty, and a 34% increase in admission volumes.

Systematically creating patient experiences that maximize satisfaction and loyalty is only the first step. Sharp HealthCare, winner of the 2007 Malcolm Baldrige National Quality Award, demonstrates how that experience can be leveraged into competitive advantage by making the patient-provider encounter the centerpiece of marketing strategy. Through years of consistent service quality and the following eight steps, Sharp was able to effectively fuse their brand with the emotion of superlative service experience:

1. Focus First on Performance Improvement
2. Hardwire Accountability
3. Become a Learning Organization to Educate, Inspire, and Celebrate!
4. Let Employees Be the Architect of Change
5. Differentiate Your Institution Through Experience Marketing
6. Extend Brand Essence Through Reality-Based Campaign Production
7. Share Your Learning with Community Leaders
8. Take Vital Signs—Regularly

For Sharp, this wasn't simply a marketing campaign. Massive organizational development and change management initiatives underpinned everything. Delivering a palpably different experience came far before promoting experience as a market differentiator. Employees had to feel and be the change before it could be announced to the outside world. When the time for promotion came, even this was different. A focus on storytelling (e.g., promoting peoples' accomplishments and real improvement initiatives) and sharing lessons with the community (e.g., leadership working with community leaders to impart their key learning) meant a compelling and authentic narrative that further spawns positive patient perceptions, public relations, and word-of-mouth. Results included increased market share and a \$532 million increase in revenue in just four years.

Ferguson, Paulin, and Leiriao's study demonstrates the congruence between patient and employee experiences during that encounter. Marketers want to see people talking about their product positively. Word-of-mouth drives customer acquisition and, for the former patient, entrenches their feelings, evaluations, and judgment regarding brand reputation. Patient and personnel positive word-of-mouth is related to the quality of service and patient satisfaction. In other words, patients

and employees at the Shouldice are more likely to positively advocate the institution when the patient-provider encounter is high quality. To actually win over a patient who would then act as an avid ambassador and promote the organization requires exceptionally high levels of service quality. Patients' expectations continuously rise—in tandem with society's expectations. Creating a "buzz" now requires a patient experience which goes beyond minimum requirements to create a truly remarkable episode in their life. Even though hernia surgeries are performed more efficiently and effectively at Shouldice than anywhere else in the world, it's quite revealing that they still focus on positive patient experiences, satisfaction, and loyalty instead of taking a transactional and impersonal approach to service delivery. It's not that patients value service quality over technical quality, it's that superlative technical quality has become the minimum expectation. As Dr. Ferguson and colleagues conclude:

The technical quality of the surgical procedure is essential in creating patient satisfaction, but the level of relational quality delivered by all the personnel probably contributes mostly to the delighting of patients.

RETURN-ON-INVESTMENT

Why did they do this? A singular, ultimate purpose grips all three organizations—customer satisfaction and loyalty which results in growing volumes, market share, and, ultimate competitive advantage. These articles collectively prove that market-driven quality improvement has a return on investment manifested in patient loyalty (as measured by increased admissions via return-to-provider behavior and positive word-of-mouth), employee loyalty (as measured by turnover and enhanced recruitment via positive word-of-mouth), and physician loyalty (as measured by admissions and reputation for quality among other physicians via positive word-of-mouth). Thus, marketing's mission becomes analyzing, designing, structuring, and supporting patient-provider encounters.

The stakes for healthcare providers have never been higher. Physicians have more opportunities to direct admissions, procedures, and tests to non-hospital entities—many of which they may own or have a significant financial stake. Healthcare providers, including physicians, now have external agencies measuring and publicly reporting their performance. HealthGrades, HospitalCompare, Subimo, and other regional

and national websites now tell the quality story of your facility. As transparency spreads throughout the healthcare industry, real performance will be the source of competitive advantage—not how eloquently mediocrity can be positioned as superior in adverts. Despite abundant new sources for healthcare information, patients still trust their friends and family members' recommendations above any other sources (Shore 2005). Therefore, healthcare organizations should pursue a strategy of improving patient satisfaction, which improves patient loyalty, and, subsequently, positive word-of-mouth. The greatest impact on brand and reputation occurs not during an advertisement or news story but during either real experience or the retelling of that experience with a friend or family member (Sarel et al. 2005).

Some may balk at the notion that marketing should become deeply involved in the operational details of patient care. Marketing often deferred to others on the construction of patients' experiences, instead preferring to focus energies on promotion of that experience. While this may be beyond the current comfort zone of some, there isn't anything to fear from their deep involvement. The fact remains that a serious quality gap exists in most hospitals and a substantial business case exists for remedying this through quality improvement. In this regard, patients, physicians, and employees can benefit from marketing leadership. The entire health service experience can be researched, understood, redesigned, purposefully integrated into organizational strategies, and continuously improved. Marketers have the vision and experience to lead such efforts. The days of deference to the status quo are over.

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