Hitting the Mark

Achieving success through high quality services and financial sustainability

Track 1: Strengthening Your Customer Focus

Workshop 1: Meeting Customer Needs

Bob Stevens — Nov. 12 & 13, 2013
Profile – Bob Stevens

Strategic health care marketing

- Marketing research & strategy
- Adjunct instructor: Gillings School of Global Public Health, UNC-Chapel Hill
- Textbook co-author
  
  **Education:**
  - B.A. Colgate University
  - M.A. Duke University
  - M.B.A. Kellogg School of Management @ Northwestern
“Meeting Customer Needs”
Workshop Objectives

1. Who are your customers, really?
2. What do your customers need and what will they need?
3. How can you increase your margin* through customer loyalty?

* “No margin, no mission.”
WE CAN'T COMPETE ON PRICE.

WE ALSO CAN'T COMPETE ON QUALITY, FEATURES OR SERVICE.

THAT LEAVES FRAUD, WHICH I'D LIKE YOU TO CALL MARKETING.
I. What is strategic marketing?

“Create, communicate, and deliver value to a target market profitably.”
The marketing imperative

1. Target the right customers and build relationships

2. Offer solutions that meet their needs

3. Define quality packages that are differentiated and have a competitive advantage
“The aim of marketing is to make selling superfluous.”

– Peter Drucker
Management Guru
Our focus today

- Demographic/economic environment
- Technological/physical environment
- Political/legal environment
- Social/cultural environment
Begin with data

1. Internal records system
2. Competitive intelligence
3. Secondary marketing research
4. Primary marketing research
II. Who is your target customer?

A. How are your customers referred?
   1. Self-referred ____ %
   2. Clinician-referred ____ %
      [Hint: Check your internal records]

B. Who influences the purchase decision?
III. What do your customers need? – *Part I*

A. Begin with the environment

B. Secondary marketing research

C. Market opportunities and market threats
# Health care environment info sources

1. Commonwealth Fund [commonwealthfund.org](http://commonwealthfund.org)
2. FierceHealthCare [fiercehealthcare.com](http://fiercehealthcare.com)
3. HealthLeaders Media [healthleadersmedia.com](http://healthleadersmedia.com)
4. Center for Studying Health System Change [hschange.com](http://hschange.com)
5. Healthcare Finance News [healthfinancenews.com](http://healthfinancenews.com)
6. Kaiser Family Foundation [kff.org](http://kff.org)
7. Deloitte Center for Health Solutions [deloitte.com/centerforhealthsolutions](http://deloitte.com/centerforhealthsolutions)
8. Hospital & Health Networks [hhnmag.com](http://hhnmag.com)
# Health Care Environmental Analysis Framework

<table>
<thead>
<tr>
<th>Eight Participants</th>
<th>Six Environmental Trends</th>
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<td>Demographics</td>
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Participants in the environment

1. Patients and consumers
2. Care providers
3. Payers
4. Employers
5. Government
6. Professional associations
7. Health care advocacy organizations
8. Health care product and service companies
Environmental forces

1. Demographic
2. Economic
3. Social / Cultural
4. Natural
5. Technological
6. Political / Legal

When the unemployment rate increases...

- 1% increase
- 2.5 million people lose employer-sponsored insurance
- 1 million people turn to Medicaid or SCHIP for coverage instead
- 1.1 million people become uninsured

* The remaining 400,000 secure non-group coverage
Environment analysis exercise

137,000 in WNY get health care discontinuation notices

Approximately 12.5% of those at BCBS of Western New York, Independent Health and Univera Healthcare, according to numbers the three insurers provided to The Buffalo News.

Partners for Prevention faces looming budget crisis

Bracing to lose $125,000 – 40% of its funding – as a 10-year grant comes to an end. Organization aims to reduce alcohol, drug and tobacco is funded entirely through grant money.

Access to health care increases Rx opioid abuse

Researchers find that increased health care access is associated with higher rates of opioid abuse. The structure of local health care systems at the county level is a major determinant of community-level access to opioids.

Budget office: More employers than previously estimated will drop health coverage

About 7 million people, nearly double the earlier estimates, will no longer get health insurance from their employers because of changes to the tax code made by the health law, according to CBO projections.
IV. What do your customers need? – Part 2
Most customer surveys...

1. Not useful
2. Low response rates
3. Results not timely or actionable
4. Management unconcerned
Customer loyalty measure

- Net promoter score
  “The One Number You Need to Grow”
  by Frederick Reichheld

- Goal: Profit growth

- Strategy: Increase your percentage of net promoters
Loyalty

...is the willingness to make an investment or personal sacrifice to strengthen a relationship.
Existing loyalty measures

- Retention rates measure customer defections
- Customer-satisfaction
- American Consumer Satisfaction Index
Net promoter score

The Ultimate Question
Net Promoter Methodology
“How likely are you to refer us to a friend?”

Extremely Unlikely
0 1 2 3 4 5 6

Neutral
7 8

Extremely Likely
9 10

Detractors
Unhappy with service, generate negative press

Neutrals
Satisfied, but easily wooed by competition

Promoters
Enthusiastic to refer family, friends

Percent Promoters - Percent Detractors = Net Promoter Score (NPS)
How to use net promoter scores

1. Survey
2. Limit questions – add “Why?”
3. Compare – Regions, segments, sales people, competitors

Median NPS = 16%

Apple, eBay, Amazon, USAA = 75% - 80%
Conclusions - How to meet your customers’ needs

1. Identify and build relationships with your target customers

2. Scan the environment relentlessly

Questions?