Unlocking the Future of Healthcare Marketing

PART 3: HEALTHCARE MARKETING ANALYTICS: WHICH ONES MATTER?

KNIGHT MARKETING

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Will You Still Be Working in Healthcare Marketing Tomorrow?

If you are a marketing executive for a healthcare provider, your world is turning upside down. The U.S. healthcare industry is undergoing a shift that will completely change the business and care delivery models upon which modern medicine was built. It is a change as consequential as the transformation of the music industry when free music downloading became possible, or the auto industry when Asia began competing with the U.S. In those categories, the products and processes were forced to change dramatically. So, too, were the people—and those who didn't ended up out of work.

If healthcare is changing at breakneck speed, what does that mean for you and your organization? Will your employer still be here in 2017, or 2020? If you're planning to stay in the field for more than another year or two, what will your organization expect of you? What skills will you need to have? Can you make changes fast enough?

These are some of the questions we seek to answer in our multi-part paper, *Unlocking the Future of Healthcare Marketing*, which examines five major categories of change and their industry ramifications including:

- **The Shift to Online Healthcare Communication**
- **The Use of Big Data**
- **Proving Your Marketing's Value with Analytics**

Depending on your own perspective, any of these can be seen as positive or negative, opportunity or threat. Regardless of your point of view, there is no doubt that they will serve as major drivers for provider marketing strategy—at least until the next big thing comes along.

Provider Marketers as Our Focus

While our firm works with clients in many healthcare categories, this white paper speaks to the professionals with whom we have had an especially deep and long-term relationship: directors, vice presidents of marketing and chief marketing officers of provider organizations.

Having worked for more than 17 years with people who are responsible for the branding and marketing of hospitals, health systems, physician practices, skilled nursing facilities and hospices throughout the U.S., we have witnessed their evolution from traditional to "tradigital," outbound to integrated.

Like them, you have probably been forced to grow more efficient with every passing year, and stand accountable for every dollar you spend and decision you make. However, can you be sure you're staying abreast of the latest developments in healthcare and communication?

Have you pushed past bureaucracy and antiquated operations to successfully create a nimble, responsive, patient experience machine? If so, you're in the minority. And now, you must deal with the added complexity of healthcare reform, which will require you to not only stay on top of trends, but also change the way you approach marketing altogether.

We have found that few of those in your shoes have proactively prepared, choosing instead to wait and see if the Affordable Care Act would pass, if it would be repealed or modified, if their state's governors would expand Medicaid, if their CEO gave them marching orders. What they didn't realize while they were waiting was that change was—and still is—happening so rapidly that it may be difficult to catch up. It's not impossible, but every passing day makes it a greater challenge.

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Today, big data can provide ready access to a wealth of knowledge and analytics that can help enhance your product, drive innovation, and create more positive outcomes. But for too many healthcare marketers who are intently focused on *creating results*, analytics is quite possibly the biggest missing link in their overall marketing strategy.

The initial challenge, of course, is knowing what metrics matter most to your organization and how best to track them. That's proven elusive to say the least. In fact, a recent Deloitte study revealed that only 40 percent of the health systems surveyed had a "clear, integrated strategy and vision for analytics."

Nonetheless, large-scale investment in analytics has already begun, with a current market cap estimated between \$4 billion and \$5 billion, and expectations for eight to 11 percent annual growth through 2020. While spending is rampant, though, cohesive analytics strategies have yet to universally follow. Some organizations, for example, are tracking too many metrics at once, while many more are focused on traditional measures that aren't relevant or meaningful.

Instead, proper analytics solutions must be specific to each organization, and should hinge entirely upon your unique goals and key performance indicators (KPIs). To determine which healthcare marketing analytics you should be focused on, start with the ones we'll discuss here, and work backwards to isolate those that are most worthy and representative of your organization and its objectives.

> "Analytics refers to the systematic use of technologies, methods, and data to derive insights and to enable fact-based decision-making for planning, management, operations, measurement, and learning."
>
> - Deloitte Health Systems Analytics Report

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ARE YOU USING METRICS THAT DON'T MATTER?

Needless to say, all organizations now rely on data to assess the overall effectiveness of marketing initiatives. Numbers don't lie, after all, but misused or misappropriated marketing data might. Consider the impact of not being able to accurately track whether marketing effort A was responsible for producing result B? Or improperly crediting visits by existing patients to new marketing efforts? Or not factoring out "business we would've gotten anyway" in your analysis?

Any of these potential oversights could overstate the return on investment (ROI) of your marketing activities, masking a costly reality: that your marketing is not having the desired impact—or perhaps any significant impact at all—with respect to near-universal objectives like attracting new patients.

Many marketers, for example, are still too singularly focused on tracking individual marketing plan metrics like event attendance, email opens and unique clicks, or social media engagement tools including likes, shares, and follows. And while community and media exposure, online reputation, and social media footprint are all important outcomes, these are not measurable performance results for ROI-driven marketers because they result in no financial return.

In fact, even tracking desired actions like website and blog traffic, or direct phone calls may be of little consequence unless they are a direct focal point of your marketing goals and tied to key performance indicators (KPIs).

Most traditional metrics are also reactive and backward looking, as opposed to more sophisticated data and analytics, which can enable marketers to instead forecast and more accurately predict expected returns, thus making evidence-based decisions at every key organizational level.

The main message here: even if you're currently swimming in data, make sure you're focused on the proper marketing metrics. Don't mistake traditional reporting for analytics, nor be satisfied whenever a singular measure like email performance meets a benchmark. Comprehensive performance management is carefully integrated and focused on measuring the real and actual ROI of various marketing activities, from billboards and print campaigns, to community health forums, and ultimately encompassing your entire marketing strategy.

So to know your marketing activities are having the proper impact, give careful consideration to your goals and which metrics you currently follow, and look to impart worthwhile changes if you're not certain they're the most telling ones for gauging your success. A cohesive analytics strategy takes time to plan and implement, but it all starts with determining your own, unique KPIs.

THE CREATION OF KEY PERFORMANCE INDICATORS (KPIs) FOR HEALTHCARE

Establishing KPIs is widely accepted as a universal starting point for analytics adoption and development. Varying widely by industry and sector, KPIs are the specific metrics, or measurements, healthcare marketers will use to measure progress towards their organization's own stated goals, perhaps things like patient satisfaction, Medicare quality ratings, low rates for readmission, and of course, revenue, market share, and services rendered.

Meaningful and actionable KPIs must be aligned around core strategic objectives that have a real impact on the business. When put into practice, this yields a much more critical measure of organizational performance, especially when compared to classical marketing metrics, some of which rely on "existing and backward-looking infrastructure," like newsletter subscribers or special report downloads.

The development of carefully targeted KPIs could bring together key decision makers from all parts of the organization, and involve a thorough assessment of current strategies and objectives, including IT and data tracking and reporting capabilities. Meetings and workshops that are highly focused on performance data and how it's currently used and shared companywide can be very telling and expose gaps or shortfalls that need correcting. We'll present an industry case study in regards to this in a later section.

Also, several industry factors provide unique challenges to healthcare marketers when establishing KPIs, and in measuring the true return of healthcare marketing activities. This occurs, in part, because in healthcare, unlike in many other industries:

- A third-party payment structure is in place that delays receipt of revenues
- Usage of most healthcare services—especially emergency and urgent care—are rarely predictable and happen only when need arises
- Goodwill efforts within the community are conducted with branding and image in mind, not immediate financial returns

Perhaps ironically, the complexities that are so common in the healthcare space make KPIs and advanced analytics all the more valuable for overcoming these barriers. Not only does it establish benchmarks and a focused methodology for tracking success, but it empowers more seamless access and sharing of relevant data needed to gauge performance.

NOT ALL KPIs CAN BE INFLUENCED BY MARKETING

In part because KPIs can be established across the entire enterprise, some can't be affected by even the best-designed marketing efforts. For example, the clinical performance of the nursing staff is beyond the control of healthcare marketers. While you can take steps to improve nurse morale and communication, perhaps by way of internal marketing activities, a marketer's influence will essentially end there.

Thus, given this somewhat finite reach, your job as a marketer is to determine which KPIs and objectives can be affected, and then devote your focus accordingly. This may or may not include:

STATISTICAL INDICATORS: Census data including visits, length of stay, procedures, percentage of total capacity, and other metrics

FINANCIAL INDICATORS: Dollar measures like current account ratio and balance, cash flow and cash on hand, lost revenue, cost of services sold, administrative costs, margins, and at the highest level, total revenue

OPERATIONAL INDICATORS: Admission and conversion ratios, cost per patient, referral rate, and other measures of internal efficiency

CLINICAL INDICATORS: Quality of care and patient satisfaction measures, staffing efficiency and overtime usage, caseload and scheduling, volunteer utilization, and other measures designed to optimize performance and maintain the highest standards for care. (Note that clinical and operational indicators are the ones least likely to be impacted by marketing activities)

Early analytics adopters have already established benchmarks for indicators like the above, and had also had success utilizing population health and clinical data to realize growth and impart strategic improvements. These areas are quickly becoming high priorities in the current environment, and are expected to be focal points for performance management plans throughout the years to come, too.

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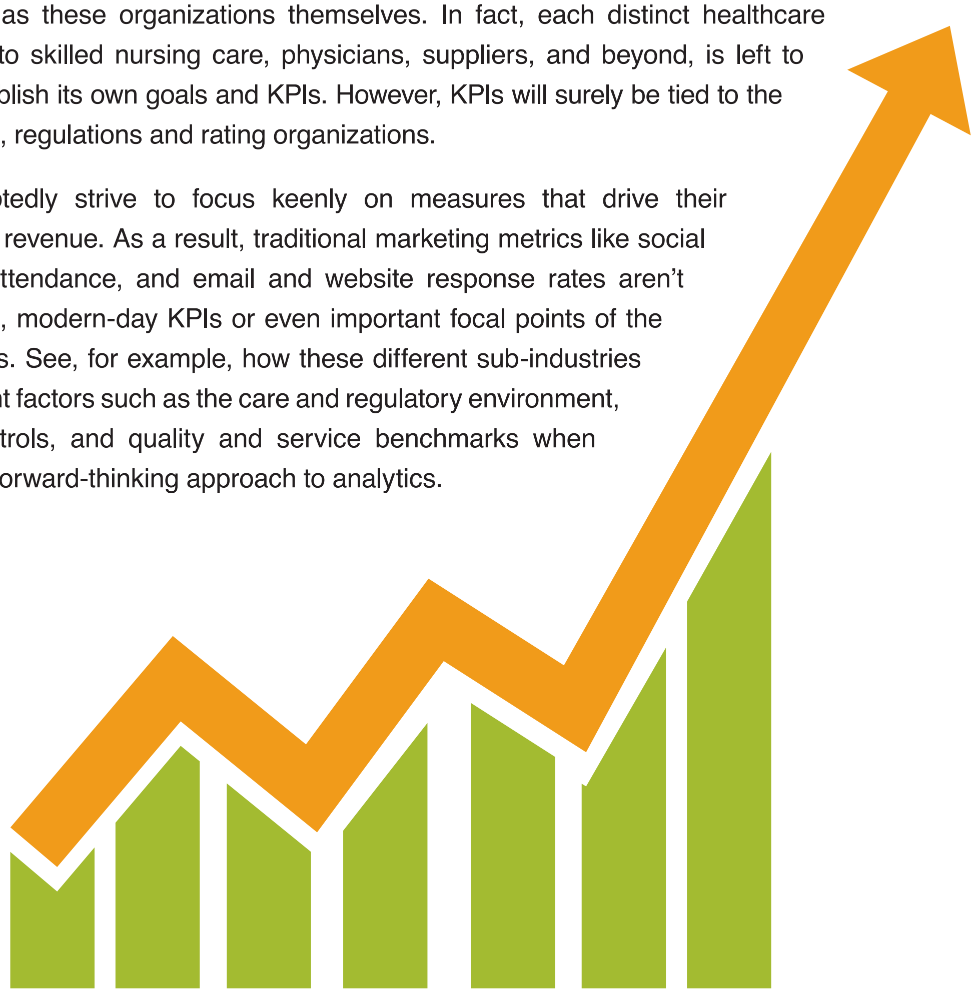
WHICH ANALYTICS MATTER MOST AT OTHER HEALTHCARE ORGANIZATIONS

The stated KPIs, objectives, and analytics measures in play at various healthcare organizations may be as different and diverse as these organizations themselves. In fact, each distinct healthcare sub-industry, from hospitals to skilled nursing care, physicians, suppliers, and beyond, is left to freely and independently establish its own goals and KPIs. However, KPIs will surely be tied to the respective industry standards, regulations and rating organizations.

Top performers will undoubtedly strive to focus keenly on measures that drive their businesses and produce real revenue. As a result, traditional marketing metrics like social media performance, event attendance, and email and website response rates aren't being regarded as prominent, modern-day KPIs or even important focal points of the performance tracking process. See, for example, how these different sub-industries are now taking into full account factors such as the care and regulatory environment, payment structure, cost controls, and quality and service benchmarks when defining KPIs and creating a forward-thinking approach to analytics.



Hospitals

Changing reimbursement models, population health, the switch to a value-based care model and the expanded role of Medicare and Medicaid have created entirely different market dynamics which have forced hospitals to respond.

For example, under current Medicare guidelines hospitals are slapped with penalties for excessive 30-day readmissions for heart failure, pneumonia, and joint replacement surgery. Because hospitals must meet tighter standards to avoid these penalties, KPIs that focus on readmission rates have become critical and universal in the space. How can marketing have an impact on this?

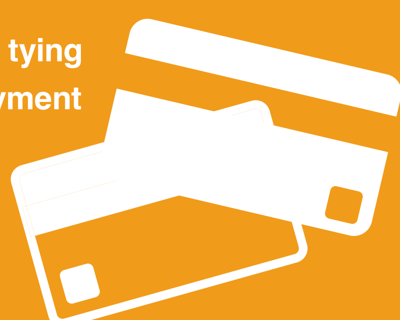
Through patient education, for example. Marketers are communicators, and reaching patients identified as being at risk for 30-day readmissions to provide useful and easily digested information about post-operative compliance—as well as ways in which they can connect with helpful resources—may have a positive affect on this measure, potentially saving the hospital from costly penalties.

Other hospital performance indicators that can be affected by marketing may include:

- Patient satisfaction surveys like Hospital Consumer Assessment of Healthcare Providers (HCAHP)
- Daily census data (which goes to proper utilization, which can be influenced through patient education)
- Gross revenue
- Payer mix
- Surgical volume

The evolution to an integrated delivery model has also prompted hospitals to partner with qualifying post-acute partners to form a full care continuum. We will continue to see this trend as ACOs and bundled payments become the new standard; thus, marketing goals for hospitals will become intertwined with those of their partners.

Health and Human Services has established a goal of tying 50 percent of all Medicare payments to alternative payment models like ACOs and bundled payments by 2018. As a marketer, how can you help minimize the risk of reduced reimbursement or nonpayment?



Nursing and Long-Term Care

Skilled nursing and rehabilitation facilities have KPIs with some similarities to those of hospitals, but for now they live and die by Medicare's five-star rating system that combines scores in quality, staffing, and health and safety inspections—with the latter driving more than 50 percent of the total rating. In addition, consumers are now keenly aware of these ratings, which may factor heavily into their decision process. Marketers must look for innovative ways to support continued four or five stars and use good ratings to their advantage.

Private physician practices

While the number of private, independently-owned practices is decreasing nationwide, physician practices have some specific performance indicators that are nearly universal, including:

- Total patient volume
- Operating margin
- Income generated per full-time physician
- Percent of physicians' schedules booked
- Cost per patient acquisition

Needless to say, many, if not all of these measures can be influenced by marketing. Being able to connect marketing activities directly to patient acquisition, and assigning a cost per patient, is fundamental.

Hospice

Hospice typically uses industry-wide benchmarks to assess performance across the four functional areas noted on page six (statistical, financial, operational, and clinical indicators). One of the most important is patient satisfaction scores, which includes an assessment of pain control. Other important benchmarks include patient days, referral to admission/conversion ratio, cost per patient per day, and payer mix.

Product and service suppliers

If they are privately held, medical product and service suppliers will look at traditional revenue and sales metrics to determine success. That makes it a little easier for marketers to attach their efforts to outcomes, but quality and safety are still important, especially in highly regulated industries like drugs and medical devices. Even one failure can be devastating to sales and create a public relations nightmare. Thus, quality and customer satisfaction are vital measures.

> "This is the new reality…You can't play here if you're not a three-star facility."
>
> - Harvard health professor David Grabowski

MATCHING ANALYTICS TO YOUR UNIQUE ORGANIZATIONAL GOALS

As seen, there's a great deal of advance planning needed before you can begin formally tracking important metrics like ROI for marketing efforts. Isolating KPIs, of course, requires careful consideration of the industry and regulatory environment, your unique business and care model, competitive forces, and much more. And, when ultimately moving to the implementation and execution phases, there are a number of "dos" and "don'ts" as well:

DO Set Key Parameters in Advance

PROGRAM/SERVICE MEASURED:

Align key stakeholders on precisely what you're tracking so there are no assumptions or variations. For example, are new performance measures being created to track all surgeries, or just orthopedic surgeries, or perhaps just joint replacement surgeries?

KEY MEASURE OF RETURNS:

Based on KPIs, what measure(s) will be used to report on and gauge success? Perhaps it's the number of procedures, or maybe a revenue-based target? Additionally, which factors (if any) will be adjusted to provide the clearest picture of returns? With that, will indirect returns from the marketing efforts be counted or discredited? An example might be a patient who attended a forum on knee replacement surgery, then elected to have a necessary shoulder operation at that facility. That's an indirect result of the forum, but will it be credited as a real return?

TIME FRAME FOR ANALYSIS:

For how long will the data be tracked? Perhaps six months, or as long as a year or more? Remember that it takes time to realize revenues from any marketing activities, and especially in healthcare, where services are based on needs, and third-party payment systems mean that it can take weeks or longer to receive compensation for services provided. Some revenues will even require collections, making it all the more important to have a well-calculated window for analysis.

DO Track Return on Investment (ROI%)

It's important to note that in the above example, a multiplication factor of 100 is used to show ROI as a percentage where 100 percent is breakeven. Some may choose to omit the multiplication and show ROI as a numeric ratio where zero is breakeven. Either is considered acceptable, but consistency is key, so be sure to calculate ROI using one of the methods exclusively, never mixing the two, as that would yield skewed and potentially incorrect results.

$$\text{ROI\%} = \frac{\text{NET REVENUE} - \text{MARKETING EXPENSES X 100}}{\text{MARKETING EXPENSES}}$$

DON'T Twist Data to Yield Desired Results

Lastly, once you've carefully planned and executed a performance measurement and/or improvement plan, don't take shortcuts that obscure or invalidate the data! Here are some common missteps to avoid:

Don't drill so deep that you rely on tiny data subsets for key findings. If assessing conversion ratio, for example, be careful not to exclude, say, email and social media efforts, and leaving fewer instances like health forums and direct phone calls to misrepresent an inflated conversion rate that's not being achieved across the board for all marketing activities.

Don't multiply "top-tier" marketing results to weight their impact over lower-performing sources. Never inflate or multiply impression counts just because those impressions reach a "top-tier" audience. Moreover, if assessing total campaign performance, avoid giving added importance to, say, TV ads over digital ones.

If using benchmarks, compare only similar circumstances. Measuring how you stack up versus the competition is a fine tool, but only if you are able to gauge based on a similar time frame, using the same media outlets, and marketing to the same market or demographics within the same geography.

Don't just show the good news, omitting or overlooking the bad. Reporting analysis that says newsletter subscribers have gone up is great; but if website traffic is declining at the same time, it's a potentially ominous sign of an important content or website shortfall that could be identified and corrected, provided you look at the full results and don't simply fixate on the good news.

CASE STUDIES: SEE THE POWER OF HEALTHCARE MARKETING ANALYTICS AT WORK

The Importance of Centralizing and Properly Sharing Key Data

One of the world's largest pharmaceutical companies recognized that its commercial information strategy and systems were unequal in delivering two crucial imperatives: engaging a broader range of healthcare stakeholders and launching a series of new products in rapid succession.

The company was spending millions of dollars each year on primary and secondary market research to understand its various audiences and track performance. This heavy outlay reflected poorly in performance, as the company lacked the necessary technology infrastructure, data-governance protocols, and analytical tools to ensure that everyone was working with the same information.

Managers were coming to the table with different sets of numbers on key parameters such as market share, sales, market growth, and competitor growth. This meant the conflicting metrics could not be totaled up or compared across brands and geographies.

Managers had to sift through extraneous information, validate methodologies, and settle data discrepancies before they could even make decisions. The company was drowning in data, but without the insights it really needed to steer its business.

The solution? An enterprise-wide analytical platform was implemented, starting with the consolidation of hundreds of previously used metrics down to about 40 performance indicators and KPIs. New objectives were created spanning four distinct "clusters:" strategic objectives, operational execution, customer impact, and sales performance.

Moreover, the company installed a centralized system for managing, analyzing, and presenting information along the four clusters of KPIs. This called for the addition of an information framework that could capture, integrate, and harmonize all of the incoming data from 15 different datasets into a single hub. As part of this process, largely unstructured primary research findings from customer questionnaires was scrubbed, standardized, and incorporated into a compatible coding scheme.

Superimposed on this architecture was a dashboard engine that could configure views of the data for different roles and responsibilities within the company worldwide. A single analytical tool could draw on the same underlying data and deliver the same KPIs to drive coordinated action throughout the organization.

From the C-suite to brand managers to sales representatives in the field, system users could see easily see data relevant to their roles in the company, with the ability to drill down on details by brand or geography.

By injecting more discipline and confidence into decision-making, this new level of visibility and consistency had a profound impact, boosting efficiencies, empowering decisions and performance improvements, and streamlining product launches.

Source: "Next-Generation Performance Management: Three Steps to Driving Better Business Outcomes." (IMS Health Incorporated).

Tracking Performance Results on an Actual Healthcare Marketing Campaign

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Competition among healthcare providers is especially fierce in South Florida, particularly among those that perform heart surgeries. One of the world's leading cardiac care centers, Cleveland Clinic, wanted to increase its heart surgery volumes, and in partnership with Knight Marketing, developed a multi-platform marketing campaign to support that objective.

Cleveland Clinic's sterling reputation and track record would lie at the center of the campaign, which essentially posed the question, "Why go elsewhere when you can go to world-renowned Cleveland Clinic?" The bold claim "A Higher Rate of Survival and Fewer Complications" was also an essential part of the campaign, which was launched by way of innovative newspaper ads, and then communicated online and across offline media such as TV, radio and others. Third-party data that vetted the legal and medical validity of the claim was provided.

Before the initial design and creative stages even began, Cleveland Clinic decided to use patient contacts like calls for appointments and online appointments as primary KPIs, with website traffic to the cardiac surgery and appointments pages being secondary KPIs.

Within three months of campaign launch, over 1,000 calls were generated, and cardiac procedures increased by 100 percent—both metrics proving beyond any doubt the success of the campaign.

Conclusion

Although still yet to be widely adopted across the healthcare space, look for more advanced analytics to become higher priority throughout 2016 and beyond. And if your organization is not among the early adopters, there's opportunity, and very strong incentive, to assess your current strategies and begin adapting right now.

Analytics can add value to organizational initiatives by delivering actionable insights for improving the consumer experience, identifying inefficiencies to reduce costs, (and) enabling new value-creation opportunities.

Perhaps most notably for healthcare marketers, though, analytics can demonstrate to your C-suite that your marketing activities are having a direct, positive impact on your organization's stated objectives, proving the value of your contributions and solidifying your role as a productive and indispensable team member.

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