

The Gordman Group
Profit Development Strategies

Effectively Marketing a Health Care Organization

By Robert Gordman

There's absolutely no reason and no excuse for having marketing that doesn't work. Unfortunately, most marketing *doesn't* work. And the reason is quite simple: the people making the decisions aren't crystal clear on what their marketing campaigns are supposed to accomplish. Is the goal to make more people aware of the brand, win awards for creativity or increase revenue? Now you may be asking yourself: what makes this guy a marketing expert? The answer is quite simple: my consulting group has studied dozens of marketing campaigns and actually measured the return on investment.

Before reading the remainder of this article, here are two definitions you need to keep in mind. Core Customers are loyal customers, the ones who love the services or products sold by your company and are who willing to pay a fair price. Must-Have Customers are people who *could* become Core Customers, but they currently do business with the competition.

In my experience as an executive and consultant, I've come to the conclusion that the three goals of marketing are to

1. Give your Core customers a reason to keep buying from you
2. Give your Must-Have customers a reason to start buying from you
3. Increase revenues and profits

In order to meet these goals, you have to know your customers' rules for doing business with your company. And this is important to know whether you're building brand awareness for a company selling high-end HD flat screen televisions or a hospital's birthing center.

"All hospital networks are not equal," explains John H. Rittenhouse, Chairman and Founder of Cavallino Consulting and the author of *Healthcare Heal Thyself*. "HMO's operate very differently than a for service hospital PPO/POS. HMO's really sell insurance plans and use marketing to keep people healthy or more importantly to keep them out of their hospitals. Their marketing is geared to convince

someone to join the HMO because their goal is to help them stay healthy with preventative maintenance.) PPO/POS medical plans drive patients into hospital and doctor networks because of reimbursements and co-pays.”

Recently, a friend of mine, a retired surgical nurse, had surgery to repair a torn rotator cuff. I asked her how she decided which hospital to go to for her surgery. She said that she knew her orthopedic surgeon preferred a certain hospital because of the surgical staff so that’s where she went for her surgery. Her rule for selecting a hospital was to go with the surgeon’s preference. Other patients will have different rules for picking a hospital: location, amenities such as private rooms with the comforts of home or gourmet food. The challenge for the marketing department is to find out what the Core customers’ rules are for selecting an HMO or PPO/POS hospital and then tailor the message that will attract Core and Must-Have customers.

Customer research is the only way you can find out your Core and Must-Have customers rules for picking your HMO or PPO/POS hospital. Thousands of words in articles and books have been written on how to conduct effective customer research so I won’t go into details here. However, there are two main rules to follow when conducting research: only ask Core and Must-Have customers and make sure the questions will give you actionable information. Getting “nice-to-know” data that is not actionable defeats the purpose of conducting customer research.

It’s critical that you measure the effectiveness of a marketing campaign. Unfortunately, too many marketing managers don’t believe this can be done, so they don’t even try. There are only four meaningful measures of advertising effectiveness. Each of these factors can—and must—be measured accurately.

1. Did we attract more customers to the HMO or increase patient spending at the PPO/POS hospital after the marketing campaign?
2. Did any Must-Have customers join the HMO or come to the PPO/POS hospital after seeing the marketing campaign?
3. Did the campaign increase top of mind awareness with Core and Must-Have customers?
4. Did the campaign increase revenue?

You’ll have to conduct market research to determine the answers to the first three questions. The financial department will be happy to give you the answer to the fourth question. For years I’ve used a system called *Plus over Normal*. This system works extremely well in a retail situation and can be

just as reliable in hospital marketing. It works like this: Every marketing campaign is benchmarked against the normal business trend line. The lift from the campaign in increased revenue and the number of new customers can then be evaluated.

If marketing campaign isn't producing measurable results, you need to find out why not. The most effective way to determine why marketing doesn't work is to ask your Core and Must-Have customers. You'll want to pose questions like these

1. Have you seen or heard any information for any HMO or hospitals in the past 30 days?
2. Where did you see or hear this information?
3. Which HMO or hospital was the information for?
4. If you need to use a hospital, which one would you go to? Why?

A growing number of consumers are turning to web sites as a source of information before making some of their health care decisions. You need to make sure that your web site is up to date, the copy is easy to read and it's easy to navigate between the pages. A less than perfect web site can turn-off a potential patient.

The bottom line is this: You can discover if your marketing campaign is producing results by attracting Core and Must-Have customers to your HMO or PPO/POS hospital and increasing revenues. When you know this you can replicate the successes, which means you'll get your money's worth from your marketing dollars.

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