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integrated brand marketing

Connect Branding to the Bottom Line

Princeton Partners Health

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Overview

In healthcare's highly competitive marketplace, your brand has to be something extraordinary. It must evoke a positive rational as well as emotional response from all your stakeholders including patients, physicians, employees, and donors. There *is* a reason people choose one healthcare brand over another. Knowing that reason – knowing how well your brand is delivering or not - is a necessity. The power of a brand is in its ability to drive the bottom line.

More often than not, healthcare CFOs are frustrated with marketers claiming "credit" for brand strength based on awareness, preference, and market share growth, but without clear evidence linking *the brand to revenues*. Many marketers use growth of any measure to lobby for increased budgets. Without quantifiable financial ROI, well-meaning marketing and c-suite executives can go round and round to little effect. Healthcare CEOs are looking for accountability. Are your marketing activities contributing to growth?

Marketing leadership has huge demands on their time. The pressure to perform is immense and resources are scarce. The job of connecting brand initiatives to the bottom line can be just as large as the marketing initiatives themselves. However, if the benefits of tracking are more efficient marketing, more clearly defined forecasting, and the ability to get the resources to accomplish business objectives, then it is clearly worth the effort.

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ROO vs. ROI

First let's clarify some terminology. Confusing **Return-on-Objectives (ROO)** with **Return-on-Investment (ROI)** can undermine the credibility of your efforts with both CEOs and CFOs. ROO is a set of predetermined goals you wish to accomplish through your efforts. Examples include: awareness for the cancer center increased 17%; 500 women attended a cardiology seminar; market share for obstetrics increased 12%; the public relations office placed 35 articles about the health system in the first quarter. These are all specific objectives tied to communications efforts. ROO is valuable to demonstrate that marketing is showing a measured success, there is a viable return for marketing resources spent, marketing is tracking success and failure to improve strategy and process quality, and marketing can forecast success. These are all valid; however, if you report them as ROI, your CFO may not grant "credit" for this work as ROI *because it's not*.

If you use column inches of press received from PR efforts and give a financial estimate of what that would have cost if it were purchased ad space, it does not demonstrate *income derived* and therefore it is not categorized as ROI. ROI – some say "Pure ROI" – measures the net revenue derived from business that can be connected to a specific marketing effort. ROI is about net financial return. If we use gross charges instead of net revenues we have an overstated ROI. If adjustments for unpaid bills and the cost of the service to determine net revenue have not been calculated, the assessment is not correct.

"Marketers do want to measure ROI but often are unprepared for what that entails," says Anthony Cirillo, President, Fast Forward Marketing Consulting. "Conducting the nuts and bolts of ROI measurement is a very left brain activity being conducted by right brained individuals. Some may argue that the CMO should not be doing this in the first place and an analyst should be brought on board to make sense of it all."

Is it worth the effort?

Many have concerns about putting resources into tracking. Too often, CFOs do not assign marketing a budget that's worth measuring ROI. Moreover, when marketers do attempt tracking, there is great difficulty identifying direct links between marketing efforts and net income, better known as "causality." Lag time between marketing and non-elective service usage makes ROI a challenge to track. Defining patients who received cross-marketing also makes causality very difficult to determine. For example, is there causality between an obese patient who attended a hospital's healthy heart presentation and then has knee surgery a month later at their orthopedic center.

With all of these challenges, is it worth tracking ROI and ROO? Absolutely. Doing so can enable marketing planners to better allocate the marketing budgets required to achieve business goals. At a healthcare system I worked for, the overall marketing budget increased 30% in one year by closely tying ROI data to new business objective forecasting. This was not about getting a bigger budget as much as it was about getting the accurate amount of financial resources to get the job done.

As mentioned earlier, ROO has a multitude of applications from operations to finance. One of the greatest benefits of ROO tracking is forecasting. Forecasting forces pre-planning for internal teams to evaluate past market trends, detail expected changes, and predict the future. It sets realistic expectations and stimulates internal communications on capacity, the impact of growth, leadership support needed, and potential pitfalls.

How to create a tracking system

ROO and ROI tracking can be as comprehensive or simple as the parameters you define. Some marketers feel if you can't make it comprehensive, why do it? The answer is, because all comprehensive systems began small in order to define the scope of work, test processes on a small scale, and build resource support for larger initiatives. This is organized using five major steps: define, measure, analyze, improve, and report.

Define Objectives

Begin by defining your marketing goals or "objectives." These objectives should be based on the business goals laid out in your strategic plan. They may include big picture growth in awareness, preference, share of voice, and market share. Your goals may also include the penetration of a particular demographic of patients or patients having certain insurance with higher reimbursement rates. You should also define specific tactical goals, such as increasing call center activity, Web visits, number of clinical procedures, revenue increases, etc. It is best to strategically break these goals down by service line or specific initiatives which will individually contribute to overall system growth. Reach some agreement with the CFO on what portion of growth can be credited to marketing and what determines causality.

"Many hospital marketing departments get it wrong right here because they do not take the time to directly link their goals to the goals of the organization," says Cirillo. "The marketer must first determine what it is he/she needs to be working on before defining the various ROI metrics that need to be tracked. Marketers often want to be all things to all people and they simply can not be if they are going to get their jobs done strategically. Prioritizing objectives and putting a true marketing plan together gives you license to say no to requests that do not support the organization's goals."

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Measurement
How will you quantify the objectives associated with marketing efforts? How many quantifiable objectives are there for each initiative? What processes are needed for tracking? How long is the delay in tracking? Think about long- and short-term metrics. The goal is to identify what is happening as spending occurs, not to gather information after the fact. Reducing the lag time in measured response gives you the ability to predict scenarios, as well as tweak strategy if objectives are not being met. This is not as easy as it sounds. In healthcare, marketers can wait over a year to track whether individuals who attended a bariatric seminar later scheduled bariatric surgery. We can wait months to determine whether our share of voice increased or if unaided recall levels of the service line initiatives improved.

Start by setting up Leading Monthly Indicators (LMIs) based on your defined objectives such as physician referrals, health screenings follow-ups, and new patient admissions attributed to marketing initiatives. This information can help with forecasting by calculating the number of people invited to screenings, the number of people reached through marketing, etc. This allows strategic marketing efforts to be more precise.

For a robust ROO and ROI tracking system that will help to define cause-and-effect relationships between marketing initiatives and their impact on the bottom line, the key elements are the following:

- Structure Measures
- Process Measures
- Activity Measures
- Benchmarking
- Performance Measures
- Financial Measures

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Structure Measures

- Communication feedback loops
- System/equipment in place such as call centers
- Mix of skilled employees to accomplish goals
- Professional membership and training
- Resources available
- Research and evaluation tools

Process Measures

- Defined critical success factors (CSF)
- Quality control in workflow process
- Development of marketing plan on time and within budget
- Creation of appropriate committees, such as physician, employee, and community advisory
- Initiative timelines
- Tracking tools:
  - White papers/reports
  - Marketing audits
  - Minutes of meetings
  - Quarterly status reports

Performance Measures

- Awareness
- Image
- Preference
- User Share
- Consumer Loyalty
- Attributes for Choosing a Hospital
- Service Line Preference
- Prospect Generation
  - Prospect Identification
  - Calls from new patients
  - Web users
- Customers Acquired
  - Patients generated over budget
  - Market share
  - Percentage of patients influenced by marketing
  - Referrals from physicians
  - Hospital transfers
- Loyalty Generation
  - Employee-influenced
  - Patients likely to return
  - Patients likely to recommend
  - Word-of-mouth

Financial Measures

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Analyze and Improve

ROO
To analyze your ROO efforts, cross reference service line initiatives by target audience, message, channels of communication, and identify what is working and what isn't. Design of experiments (DOEs) is important in the Analyze and Improve phase. This tool is used to determine the priority of competing marketing opportunities. DOEs provide information on which variables have the greatest impact on the objectives. The basic premise is that certain elements of a process are held constant while other elements are varied. This is used to maximize and minimize various results. For example, if you have a similar target market for cardiology and orthopedic services, you might compare marketing strategies by season, media mix or message. Your tracking allows you to test theories in a restricted setting to perfect marketing strategies and forecast success.

For instance, every year your hospital conducts breast cancer screenings in October. One year your awareness campaign includes radio, out-of-home, direct mail, and an email blast. The next year you chose to add cable. How does it affect results?

Let's take a more complex scenario. Say you want to compare the effectiveness of hip replacement surgery and elective angioplasty marketing initiatives. Let's imagine for a moment that the services both have the same patient populations and approximately the same level of physician referrals required by the managed care contracts. Both campaigns ran the same time of year, had the same budget, and the same level of marketing creative, but hip replacement put more dollars into physician marketing and elective angioplasty invested more in consumer advertising. Which campaign achieved a higher ROO – number of *qualified* calls and procedures conducted?

ROI
Let's look at a real-world financial forecasting example. Last year your hospital attained CyberKnife technology. The business goal for the year was 100 CyberKnife prostate procedures. Therefore, your financial goal was 100 times the average net income per procedure. For ease of math, let's say the net income is $500,000. Hypothetically, it took $300,000 to create 1 million impressions (message exposures) though print, radio, out-of-home, and direct mail within a four-month span to attain 500 qualified candidates interested in your hospital's CyberKnife prostate procedure. Out of those 500 candidates, 100 procedures were scheduled.

Now say your hospital attains the daVinci technology the following year. For simplicity, let's say your business goal is also 100 daVinci prostate procedures. If the marketing launch is approximately the same time of year, to the same target audience, you can forecast how much media, how much direct-to-physician marketing time and materials, and total budget you need. You can even calculate adjusted returns based on diminished or expanded marketing budgets. If your budget to launch the daVinci program decreases from $300K (used to launch CyberKnife) to $200K, your results may also diminish by 30%.

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In our CyberKnife example, to calculate profits start with the $500,000 total net earnings (which are gross reimbursed income [not including bad debt, charity care, etc.] minus the cost of the service for all 100 procedures.) Then subtract out the marketing costs for the campaign ($300,000) to calculate profits ($200,000).

$500,000 - $300,000 = $200,000 profit

To calculate ROI, divide the net income ($500,000) by marketing costs for the campaign ($300,000) to give you the percentage of ROI.

$500,000 / $300,000 = 166% ROI

You can also divide the marketing costs for the campaign by 100 to get a marketing cost-per-procedure for forecasting.

$300,000 / 100 = $3,000 per patient

As you track the trends, these costs will go down. The cost per procedure when launching a new program, per our example, is far more than the incremental cost for every new patient thereafter. If it is not, you are doing something wrong.

Please keep in mind the following when calculating ROI:

1. The launch scenario outlined above was a very simple example. It becomes more complicated when the service is in the middle of its product life cycle. In that case you would need to pull the numbers from a series of quarterly financial reports and benchmark new tracking against that financial history.
2. When calculating the actual net income, especially with a new technology being launched, work with your CFO to identify the fixed and variable costs, as well as the break-even point (BEP). Determine what you are willing to invest without a profit to get you to your BEP. Think long-term when forecasting and base it on the technology's product life cycle. Keep in mind when calculating ROI, if you invest $100,000 in marketing and make $100,000 in profit, it calculates as a 100% ROI. However, it is a $0 net income.
3. As I mentioned earlier, you need to work out with your CFO what portion of growth will be "credited" to marketing. In our example, what number of CyberKnife prostate procedures may have occurred anyway *without* the marketing initiative? This number has to be subtracted from the total number of procedures in the net income "credited" to marketing.
4. You should adjust for the time-value of money. I would recommend calculating this with your CFO.
5. You should always conduct a scenario analysis with forecasting to define the most plausible outcomes based on multiple variables. In our example, variables may include what technologies your competition owns, what new technologies are in the pipeline and when they will be available, and the diminishing procedure rates after your health system or your competition acquires new technologies.

Report

The simpler the presentation of critical success data, the better. No executive likes a huge stack of data without a summary of the analysis and what its implications are. That's why dashboards are recommended. They are designed to reflect what the organization is most interested in knowing in a snapshot format. Named after easy-to-read automotive dashboards, these are management reporting tools highlighting LMIs in easy-to-read pie charts, bar charts, and tables. They consolidate important data into one page (or dashboards), allowing busy managers to quickly understand the success or failure of given initiatives. They also allow for fast adjustments based on market responses. Common elements of marketing dashboards include total marketing spending, media mix allocations, ROO, ROI, and a calendar of what marketing initiatives are being conducted when. All aspects should be color-coded by service line.

Most healthcare organizations do not have this information tracking automated. Therefore, dashboards may need to be updated manually every week, month or quarter according to your needs. Updating on an ongoing basis helps with accuracy as well as reporting and adjusting tactics.

In addition to a dashboard, I would recommend presenting a short overview of key LMIs at monthly administration meetings and board meetings whenever possible. Building a CEO's trust in the marketing function to not only deliver results, but to forecast success and be an essential partner of long-term strategic planning, takes time. Consistently reinforcing your message, as you would with any well-executed marketing campaign, is to your benefit.

Getting Started

Define your Leading Monthly Indicators based on your business and marketing goals. By conducting a bi-annual survey to first-time patients during a one- to two-month duration, you can prioritize your LMIs. Analyze how patients decide to use a particular service. Who were their key opinion leaders (family members, physicians, etc.)? Was the determination swayed by their insurance carrier, HMO, or PPO? Or was it based on a marketing activity? Calculate what percentage of new patients arrived through what channels. Assess what marketing source was most influential to tell if customer-related or physician-related marketing is having an impact.

Next, conduct a SWOT analysis of current marketing function support systems such as contact center staffing levels during peak and non-peak hours, current call volumes, referral, and conversion rates, IT functionality and data collection, analysis and reporting, existing referral policies and procedures, and Web application development and database integration, and revenue reconciliation. Take a look at the ability to match caller requests with existing clinical data, current marketing costs, and current ROI/ROO measurement devices. What information is missing to accurately provide the intelligence to track and forecast? Use this analysis to define what you would need in a tracking system.

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Actually setting up a tracking system is unique to each healthcare system and varies widely based on human resources, financial resources, and IT sophistication. There are many customer relationship management (CRM) systems that can be used for capturing marketing intelligence as well as tracking results and forecasting.

Once your system is in place, test it. Begin by tracking a single service line initiative. Smooth the wrinkles before expanding your tracking system to other areas. Slowly add other service lines.

Conclusion

Knowing how your marketing initiatives are working, and more importantly why they are working, is a necessity to effectively compete in the healthcare arena. Healthcare marketers can aggressively drive the bottom line given the right information. By following these guidelines and working with your CFO, you can set up a ROO and ROI tracking system that creates clear lines between marketing efforts and results. It can also provide the vital analysis to make better decisions that *lead* to better results.

For more information about ROO/ROI or brand marketing strategies, please contact Princeton Partners Health at 609-452-8500 or log onto www.princetonpartnershealth.com.