5 Lessons Healthcare Organizations Can Learn from the Retail Sector

A BLUEPRINT FOR SUCCESS

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Executive Overview

Today, healthcare systems are facing bigger pressures than ever before as they are increasingly being forced to accomplish more with less. As a result, many of them are struggling to maintain and grow their market share amid the challenges of tougher competition, shrinking budgets and resources, and shifting policies. Couple these pressures with the growing focus on patient-centric care and patient satisfaction, often at the expense of essential fee-for-service strategies, and it's easy to understand why savvy leaders are looking to the retail sector for new and improved ways to do business so they can ensure that they will be able to continue to serve their target audience.

In 2017, most healthcare organizations have embraced the concept of population health and have incorporated it into their missions, thanks to mandates created by the passage of the Affordable Care Act (ACA) back in 2010. Now, with the ACA being repealed under President Donald Trump and with uncertainty as to the logistics of the new plan that will replace it, many health systems in the United States are grappling to find ways to continue to meet this long-term goal of creating healthier people and healthier communities while still providing essential fee-for-service care to keep their operations sustainable. While this can be challenging, at Buxton we've seen that the most successful systems are those that apply a retail mindset to serve their patients first in order to be profitable.

We believe healthcare marketers can learn a lot from the retail world when it comes to using customer analytics to inform your strategies and hone your efforts. For instance, advances in technology over the past decade have made it possible to track customers' demographics, lifestyle, habits, and preferences. We work with some of the fastest growing retailers that regularly gather such information and put it to work helping to customize products and services to meet the needs that exist. Such information can also be invaluable for healthcare systems, guiding their operations, site decisions, and marketing efforts.

In this white paper you'll discover the key lessons we've gleaned from the retail world and find out how they apply to healthcare strategy and marketing. As the healthcare field takes on more of a retail focus, from creating easy-to-access storefront clinics to streamlining emergency departments to personalizing the delivery of care and marketing efforts, these lessons can provide your organization with a valuable blueprint to guide your efforts and grow your market share.

> Customer analytics is the systematic examination of a company's customer information to identify, attract, and retain the most profitable customers. Healthcare systems can use this approach to strengthen their positions in the marketplace.

Introduction

How well do you know your current – and prospective – customers? If your answer is, "Not as well as I'd like," then there's a lot you can learn from the retail sector about the value of using customer analytics – such as existing consumer household data about people's demographics, behaviors, and preferences coupled with your own system's patient information and records – to better understand your audience and to direct your efforts on so many levels.

In our work with leaders in the retail sector over the past two decades, one of the things we've discovered is that the most successful businesses are those that use data and analytics to understand their current and prospective customers. What you think, or assume, is not enough to guide your efforts when it comes to developing your marketing strategy, creating new or stronger service lines, deciding where to locate new or existing services, and finding areas of redundancy or weakness that need to be addressed to improve your outcomes.

In fact, there's no substitute for putting analytics to work to get a clear and accurate picture of your strengths, your weaknesses, and your opportunities for the future. Only when you have the facts about what a location or facility can expect to accomplish, or not accomplish, and whom it will serve, can you truly develop a meaningful strategy that will enable your organization to be successful over the long term.

The realities of healthcare are rapidly changing and the savviest health systems understand that they must change, too, in order to be successful.

What is Big Data, and Why Does it Matter?

You've probably heard the term "big data" volleyed around quite frequently these days, but you may not know exactly what it means. In the simplest terms, big data is the wealth of information that is available today including demographics such as age, gender, and ethnicity; psychographics (behaviors and preferences) such as eating habits and exercise routines; credit card expenditures; spending habits; loyalty card usage; and a host of other digital footprints that people imprint on a daily basis. All of these factors can come together to paint a visual image of each person.

Further, the "big" doesn't refer to the scope of the data, but rather, to the potential it holds when you access the "right" data and apply it to inform your decision making. After all, even the most meaningful data is useless without putting it to work for you. Therefore, it's what you actually do with the data, and how you use it, that ultimately makes all of the difference.

At Buxton, we have in-house data on close to 120 million households in the United States and we help our clients use this information – along with their own customer records – to understand people's characteristics on a very personal level, such as getting a clear view of how they live their lives, spend their money, and behave as consumers and patients. All of this makes it possible to differentiate between two households that have the same demographics but may act very differently and have different needs.

Such information can be invaluable for both retailers and healthcare organizations. It enables marketers to identify the traits shared by their best customers or patients and to then identify and locate other people with similar attributes. Once providers identify these ideal prospects, they can create specific campaigns or services to draw them into their system.

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Exploring the Logistics

Retailers have long understood how to harness the "right" mixture of data to unlock their full potential. They use customer data such as point-of-sale data and loyalty cards to collect the names and addresses of where people purchased an item, how much they spent, and how often they buy this item. All of this information can help retailers understand who buys this product. But this is only valuable if they then know what to do with that information. That's why many retailers often combine their own data with that from a third party (such as from Buxton) in order to identify patterns and use these to help identify prospective customers, decide what will resonate with them, and determine how and where to spend their advertising dollars.

Healthcare systems can do the same thing by combining their patient data/medical records with third-party data, data and analytics technology to see patterns and to break the information down to the household level. Data can also help you understand how far consumers will travel for care by service line and where they will go, which can be essential when making location decisions. As patients continue the growing trend of acting more like savvy consumers, convenience is a very big part of the equation in what they expect, and healthcare systems need to act on this fact or risk losing business.

Further, the "right" data can help organizations look beyond the boundaries of any single department or facility to help create a comprehensive strategy that considers all of the angles. Successful retailers understand that it is crucial to have a plan that incorporates real estate, marketing, merchandising, and operations and helps all of these areas align in the most meaningful way.

Having the right mix of data—and knowing *HOW* to use it appropriately—is key to unlocking the full potential that exists in your marketplace.

Assessing the Current Realities

It's hard to talk about the potential of big data without putting it into the context of the current political arena and uncertainty that exist today. The reality is that as healthcare policy is in flux with the repeal of the Affordable Care Act, healthcare systems are left grappling with how to position themselves to stay strong in the coming months and years. One of the biggest challenges is finding a way to balance the long-term goals of population health with the realities of a fee-for-service model. This is an important point since many health systems are focused on the altruistic goal of empowering populations to make healthier lifestyle choices. Yet this must now be married with the reality of staying viable over the short term in order to be able to accomplish this long-term goal.

What this means, then, is that even the most altruistic systems won't be able to meet their goals if they don't treat their work as a business so they can afford to keep their doors open. Remember that today, many for-profit companies are getting into the healthcare business and they understand the principles of how to be successful from the retail perspective. Healthcare systems that don't adopt similar strategies run the risk of losing market share and, ultimately, not being able to stay in business.

The bottom line, then, is that the more profitable you are, the more you can give back to your community and accomplish your healthcare systems' mission. This can be a powerful incentive to sharpen your efforts.

> Analytics can be an important resource to help you maintain and grow your market share, both now and in the future.

Blueprint for Success

With so much to consider, here are five ways you can apply a retail mindset to help inform your efforts and make them successful.

LESSON ONE

The type of consumer data available today — when combined with your own system data and with the latest technology and software — provides a wealth of insight into people's behaviors and preferences. This can take the guesswork out of your operations so you can strengthen your efforts in the most strategic way.

There are hundreds and hundreds of data sources that exist today, and the information they provide through analytics can be a valuable part of your growth strategy. Keep in mind that retailers have long been successfully collecting their own transactional data and customer data and then combining this with third-party data to find meaningful patterns amid the chaos that exists.

Healthcare systems can take a similar tact, combining demographics and psychographics with their system data and patient records to paint a comprehensive picture of who their patients are, how they spend their time, how they spend their money, and where they consume healthcare. When you understand your audience so specifically, you can tailor your services to meet the needs of the patients in your system and also draw them in to try other screenings and services they have not yet explored. Such detailed information, then, can help you design a growth strategy that makes sense over the long term.

LESSON TWO

Location matters when it comes to serving customers effectively and maintaining their loyalty. In fact, convenience is becoming increasingly important in this highly competitive marketplace.

When you identify your customers – and your potential customers – and know where they live and what their habits and preferences are, you can use this information to determine if your services are in the right locations to take full advantage of their patronage.

Until recently, multiple medical services were typically located in one area of town so people had to travel to this location to access whatever they needed. This has recently been changing, thanks to the rise of patient-centered care, the growing popularity of retail-based clinics, and patients' increasing desire for convenience and accessibility. Couple this with growing competition and it's easy to understand why healthcare systems must use household-level data, how far consumers are willing to travel by service line, understand penetration decay by service line, and the location of the nearest competitor to determine where best to locate specific services for their target audiences.

The concept of convenience also extends beyond the physical location to incorporate how you market your brand, how well kept your facilities are, how clear the signage is, and how easy your services are to access. This means that where you locate parking, the hours you offer services, how long your wait time is, and how efficiently your staff works will all be factors that tie into the bigger equation.

The good news is that when your primary care sites and urgent care centers are accessible for your target audience, they can serve as key entry points into your network. Using analytics to understand your consumers will help you make sure your presentation is on target with their preferences and will go a long way toward building a lasting relationship.
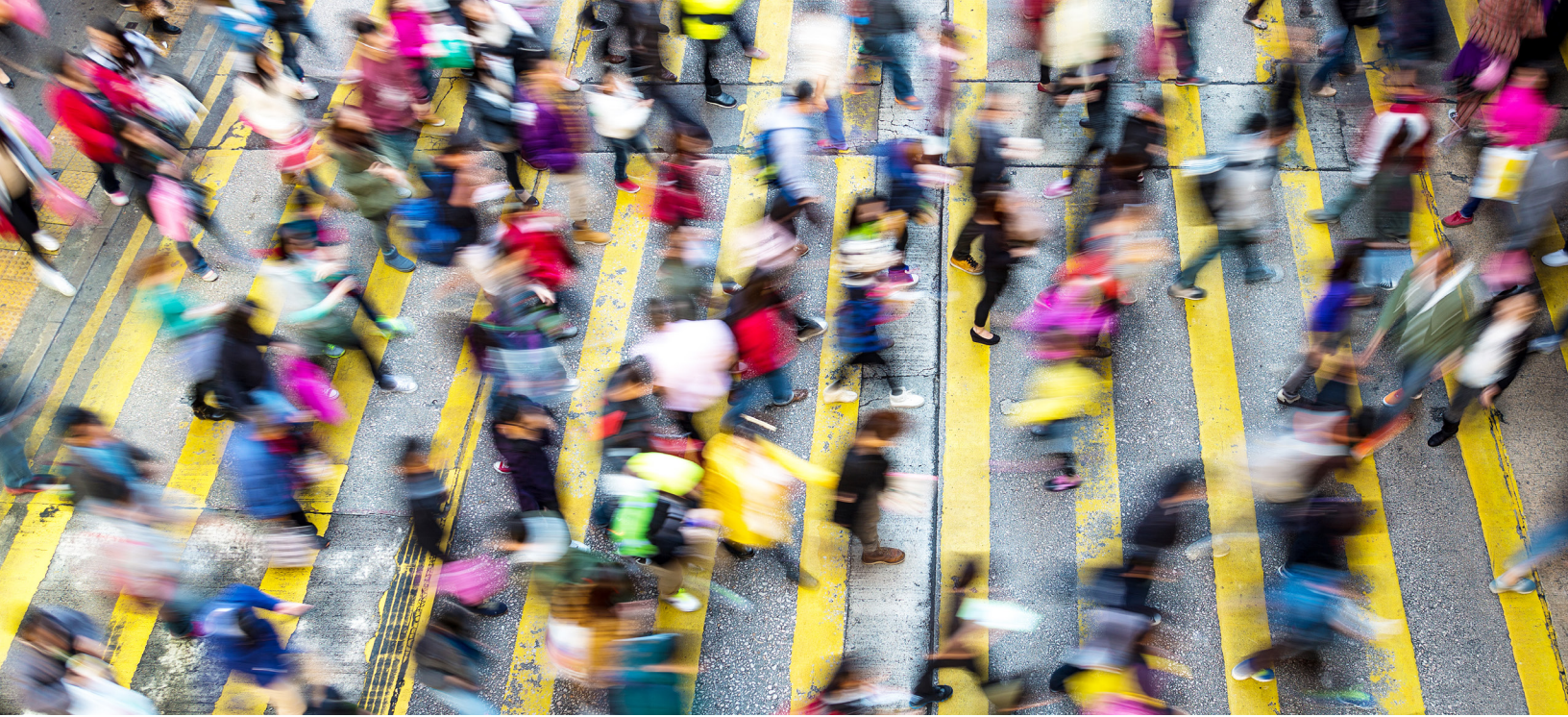
LESSON THREE

Once you understand what your customers look like and what attributes they have, you can identify look-alikes that are good prospects for your system and then can tailor your marketing efforts specifically to draw them in.

When you marry patient data with service line and household data, you'll get a deeper understanding of the attributes of your patients and you'll be able to use this information to identify people in other households that look and act in a similar way to the people you currently serve. These look-alike customers might become patients of yours in the future.

Better yet, you can use data to narrow your marketing down to specific households that are most likely to use your services. This is what retailers do and it can significantly reduce your advertising costs and at the same time increase your results. For instance, if you are currently sending printed postcards about your women's health services to a mailing list of 100,000 people, you can use data to understand that only 10,000 of the households you are targeting actually have women who are highly likely to use your services. By marketing to this specific smaller group of likely prospects, you can greatly reduce your marketing costs and increase your effectiveness.

With the right analytics to guide you, you can minimize your marketing costs and increase R.O.I. at the same time.

LESSON FOUR

Predictive analytics can help you forecast the best sites for new facilities and determine strategic changes you can take to make existing sites more effective.

When it comes to making site decisions about where to locate your primary care centers, urgent care centers, and walk-in clinics, you need to understand the geography and spatial component. It's not just who the customers are, but also where they live and work in relation to your sites. Analytics should be taken into account when determining consolidation scenarios as well. An area may be better served with one single location, rather than operating two.

In the past, the motto, "If you build it they will come," was true but today, it's increasingly important that you bring your facilities to the customers instead. That's why we recommend that clients use predictive analytics to guide their efforts in determining which locations have the best potential for volume. This can be important on many levels. First, if a facility isn't doing as well as you hoped, you can go back and check the data to find out if in fact the site truly isn't living up to its potential or if the full potential is actually less than you had expected. This is an important distinction, and your answer will guide how you respond to the issue.

Predictive analytics such as the ones we can provide at Buxton are also regularly used by retailers to determine what type of results they can expect for different sites they are considering.

For healthcare folks, a similar value exists in using predictive analytics to decide between two possible locations. For instance, the forecast may show that location A can expect to have a certain annual volume, but if you move the services two miles to the west, it will do 20 percent less. This is important to know before you decide where to locate your facilities.

In addition, you can look to the retail sector when it comes to making an effort to understand your customers not just overall but also by product category. For instance, if you are a furniture store and you have someone who buys bedroom furniture, you'll want to make sure that the stores in that customer's proximity carry bedroom furniture. The same is true for healthcare in making sure the service lines people want are easy to access and are convenient.

Therefore, once you understand the patients' or customers' habits, you can configure your operations to meet their needs and can also extend your offerings to other services they may not have used yet but are likely to try in the future based on their specific characteristics and behavior patterns.

LESSON FIVE

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When you apply analytics to its full potential, it can be a catalyst to break down silos and get everyone in your organization on the same page to support your efforts.

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All too often in healthcare, silos pose a problem for organizations as every department focuses on its own interests and situations, which often can be at the expense of the bigger picture.

For instance, if you're making the decision to start a new location or to renovate an existing facility, it's important to involve your operations, marketing, and clinical staff and get everyone on the same page in determining the best service lines to include and the best marketing strategy. One way to organize this is to begin with the data and help everyone rally around it and use this as their starting point. It's all too easy for other departments to blame marketing for dwindling market share or volume that doesn't live up to the expectations. But when you can look at the facts and predict how many visits an urgent care center or clinic should see on an annual basis, you might be surprised to find out that it's different from what people think.

Having current analytics on your customers can avoid this issue and can unite your different departments around common facts and goals. Further, through reporting and visualization tools, mapping tools, and ongoing analysis of the data, you can regularly monitor the impact of your efforts and keep all of your departments invested in working together.

The bottom line, then, is that data offers a great starting point and makes it easy to overcome barriers and to strive to achieve a collective vision of how your organization can be successful with everyone playing an important role in contributing to the results.

You Don't Have to Go It Alone

As we move into the next phase of healthcare in the United States, patients will continue to think, act, and make decisions like consumers, and health systems will continue to be pressed to focus on cost savings and value. This means that every dollar invested will need to bring the desired return on the investment. That's where customer analytics can be a great resource to streamline your efforts.

By looking to the retail sector and learning how to apply big data effectively, healthcare organizations will be able to align their marketing strategy and physical locations in order to capitalize on the needs and opportunities that exist.

Ultimately, this will help them to position themselves in such a way to retain their market share so they can stay one step ahead of the competition, both now and in the future.

Key Takeaways from the Retail Sector

- Staying status quo is never enough. Systems need to find ways to continually grow, if you're not growing your market share and building on it, you may not be able to sustain your efforts over the long term.

- Much redundancy exists in healthcare, which means there are also many opportunities for improvements and cost savings.

- The latest data available can help narrow in on the needs and preferences of individual households. This can help you tailor service lines to meet the specific opportunities that exist.

- Customer analytics and predictive analysis can help you determine the potential of different locations. You can use this information to make strategic site and renovation decisions.

About Buxton

Buxton is a leader in customer analytics for businesses and healthcare systems, helping organizations sharpen their competitive edge by using key data to identify, attract, and retain new and existing customers. To find out how Buxton can help you grow your market share, contact us today.

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