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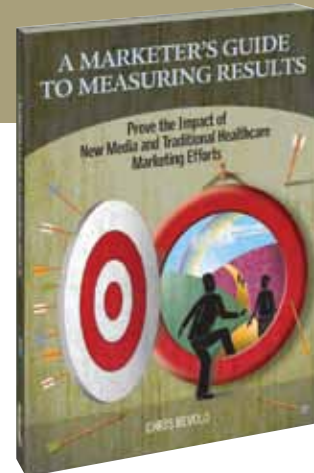
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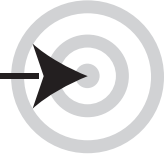


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# Treating Measurement Like a Science

One of the goals of building a marketing measurement discipline is to tip the scales away from treating marketing as an art and more toward science. Clayton Christensen, author of *The Innovator's Prescription*, describes the evolution of an industry:

*There is a clear pattern in the long and arduous process by which an industry eventually transforms the body of knowledge upon which it is built from an art into a science. In the earliest stages of most industries, the extent of understanding is little more than an assortment of observations collected over many generations. With so many unknowns, the work to be done is complex and intuitive, and the outcomes are relatively unpredictable. Only skilled experts are able to cobble together adequate solutions, and their work proceeds through intuitive trial-and-error experimentation. This type of problem-solving process can be costly and time-consuming, but there is little alternative when the state of knowledge is still in its infancy.*

*Over time, however, patterns emerged from these intuitive experiments. Defining these patterns that correlate actions with the outcomes of interest makes it much easier to teach people how to solve the problems. There is as yet no cookbook that can guarantee success every time, but the scientists can often state the probability of an outcome, given the actions that have been taken. Ultimately, these patterns of correlation are supplanted with an understanding of causality, which makes the result of given actions highly predictable. Work that was once intuitive and complex becomes routine, and specific rules are eventually developed to handle the steps in the process.*

You'll notice that throughout this passage there are a number of words related to science—trial and error, experiments, and causality, for example. To help make this transformation in our industry, we must all act more like scientists. That is, we must leverage experimentation to understand the cause-and-effect relationship of our marketing activities, so that we can better predict and affect future results. This chapter will show you how to think like a scientist when measuring your marketing effort to better understand and improve your results.

## **The Inevitable Question: How Do You Know?**

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Imagine you've just completed a campaign to promote joint replacement surgery for your hospital, and by working with the orthopedics service line director, you've determined that surgeries increased 5% over the course of the campaign. Excited, you present your results to the executive leadership team,

proudly highlighting the number of joint pain seminar attendees, the number of callers to the call center who asked about joint replacement surgery, and the 5% increase in surgeries as a result of the campaign. Someone, probably the CFO or a physician, will ask, “How do you know the increase in volume came from your campaign? How do you know those patients wouldn’t have come in anyway?” Ouch!

It’s the ultimate push back to marketing results: “How do you know?” The challenge is closely related to the ultimatum given before a marketing strategy is undertaken, often by an internal client such as a service line director or physician, who may say: “If you can’t guarantee this effort will increase volumes 5%, then I won’t support it.”

Just because you may not know for certain that the increase in volume came or will come as a result of your marketing efforts doesn’t mean you shouldn’t measure results or, even worse, that you shouldn’t conduct the marketing effort in the first place. Imagine a physician faced with the same situation, prescribing a medication to a patient for a certain ailment, and the patient says: “If you can’t guarantee this medication will take care of this ailment, I’m not taking it.” Put in that context, using this standard seems fairly ridiculous. Or, going back to the original challenge to results, if the patient is cured of the ailment but goes back to the physician and says: “How do you know it was the medication that did the trick? What if I just got better on my own, or through some other change to my life?”

## Using Controlled Testing in Marketing Efforts

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Logical arguments can help you educate others within your organization about the reality of marketing, about its intuitive state and the fact that there really aren't any guarantees. And they will do in a pinch when marketing results are challenged after the fact by others in the organization. However, marketers can answer these questions in many cases by measuring and tracking the results of their marketing efforts as a scientist would. Specifically, using control methods, a marketer can isolate the effects of a marketing effort to demonstrate its true impact. Often referred to as A/B testing, the classic example of this in marketing practice comes from the world of direct marketing. Using customer relationship management systems and processes, a marketer can extend an offer to a certain audience segment, say an invitation to attend a joint pain seminar that includes an incentive (e.g., a free first aid kit) mailed only to five specified ZIP codes in a market. This is considered Group A. Group B is an audience segment similar in size and demographics that receives the invitation but not the incentive. By controlling for other potential variables that might impact the results (for example, does Group B have a competing clinic that could affect decision-making?), a marketer can show the impact of the incentive (how many people registered for the seminar from Group A) by comparing it with the impact of no incentive (registrants from Group B). Then, when the marketer presents his or her results and claims the incentive helped drive 300 seminar registrants, when someone asks how you know they wouldn't have come without the incentive anyway, you can say, "Because when we ran our controlled testing, 250 registrants came from Group A, and 50 came from Group B." Given the right systems and processes,

an effort ROI calculation could be made in this situation, showing the exact financial return of using such an incentive.

Using A/B testing works far beyond CRM strategies. With the right process and perspective, marketers can begin to demonstrate the impact of many marketing efforts by using control testing.

## Think Like a Scientist

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In his book, Christensen uses strep throat as an example of a disease that moved from an intuitive state of diagnosis and treatment—requiring hospitalization and often resulting in death of the patient—to today’s precision state, where nurse practitioners in mall kiosks can perform a simple throat culture that will diagnosis strep throat and prescribe an antibiotic to cure it. But this transformation didn’t happen overnight. It took centuries of experimentation by physicians and scientists to isolate the disease and effective cures. As marketers, we can use the same process of experimentation to help isolate what marketing efforts work in what situations (let’s just hope it doesn’t take us centuries to figure it out).

Scientists who conduct experiments follow a standard process called the scientific method, and marketers can borrow from many of the same principles in measuring marketing efforts. To help with this concept, I’ve turned to a definitive resource on the scientific method—the annual science fair at my kids’ elementary school. As a seven-year science fair judge, I’ve seen the scientific method applied across many experiments. In some cases, as you might imagine, it is

applied poorly. But in many more cases it is executed brilliantly. Pulling from the helpful packet that's sent home every year to parents, we can highlight the essence of a proper scientific experiment:

*When planning your experiment, remember to keep everything the same except for the single variable being tested. A variable is something that can be changed in the experiment. It is what you are testing. Everything else must be the same—only one variable or condition is altered or changed. A control group should be used when conducting an experiment. This group receives the same attention as the test groups; however, it will not be influenced by the variable the other groups are testing.*

The point is that the only real way to determine cause and effect is to isolate one cause (variable) and measure its impact (effect). For example, it's impossible to measure how the amount of water given to a plant affects its growth if the amount of fertilizer given is also varied. In a perfect world, you would run a marketing campaign that varied in one way and one way only from your control group. In the example given earlier, that one variable was the incentive of a free first aid kit for registrants in group A. Over time and many experiments, you would begin to isolate the exact impact of such an incentive on seminar attendance. You would also run experiments to gauge the impact of one type of incentive (free first aid kit) to another (coupon for free coffee at Starbucks) to determine the most effective incentive.

Alas, it isn't a perfect world, and healthcare marketers do not have the luxury of running marketing experiments simply to determine what works best in certain

circumstances. That means you have to apply these principles to the marketing strategies you do execute and learn as you go as much as you can. Here are some suggestions to help you measure your marketing efforts using the control/variable strategy to better understand the true impact, as well as learn which marketing strategies work best in which situations.

## **It's All About the Variables**

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The main difference between a scientist conducting experiments in a lab and a healthcare marketer trying to measure the comparative results of her campaign is that a scientist can attempt to control and measure for the impact of one variable, whereas the marketers inevitably must deal with a multitude of variables. So for starters, it helps to become familiar with all the variables that may impact the results of your marketing activity. Some you can control and intentionally vary if you choose, including:

- The marketing mix (e.g., PR, advertising, social media)
- The length of the marketing effort
- Targeted audiences (assuming you can isolate segments, such as with a mailer sent only to certain ZIP codes)
- The scope of effort/budget
- The level of staff involvement
- The messaging
- The creative approach
- The use of incentives



Other variables may be difficult or impossible for a healthcare marketer to control, including:

- Service levels (e.g., clinic hours or number of operators at the call center)
- Clinical capacity or expertise
- Other internal efforts (e.g., a physician acquisition strategy)
- Organizational brand awareness/perception/equity
- Competitive activity
- Overall economic conditions
- Changing consumer dynamics, perspectives, and attitudes

It would be difficult enough for a marketer to isolate even one variable under her control, but there's no feasible way to control for all variables. The best a marketer can do is to understand what variables are in effect with a given measurement, and over time and many measurements hope to understand the impact of the various variables on marketing results.

## **Concurrent Baseline Measurement**

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Whenever possible, set up a baseline measurement concurrent with your existing effort. A baseline measurement either looks at a previous period where there was no marketing effort or compares your marketing effort to the results from a similar target audience segment that wasn't exposed to your effort. Whenever possible, the latter approach, A/B testing, is desirable because by comparing

your marketing results to a similar, concurrent non-marketing control group, you can eliminate many of the variables that may be out of your grasp.

For example, imagine you were marketing a cosmetic surgery procedure in 2009 and were comparing surgical volumes during the campaign to the same time frame in 2008. After running the campaign, your results show a 20% drop in surgical volumes. Clearly, your marketing campaign was an utter failure. Unless, of course, the U.S. experienced the most drastic economic crisis since the Great Depression, shooting unemployment rates above 10%, drying up consumer debt and disposable income, and along with it, demand for elective cosmetic procedures. Which, of course, is exactly what happened. This is an extreme example, but when comparing your marketing effort to those in the past, it can be very difficult to identify or understand the variables that may have played a role in your results. But by conducting A/B testing, you've theoretically neutralized many variables that change over time—economic conditions, competitive activity, organizational service levels and clinical capacity, etc.

## Multiple Baseline and Relative Comparisons

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Although you will be able to conduct A/B testing in some cases, most health-care marketing efforts don't lend themselves well to this strategy. For example, most hospitals and health systems are geographically limited, making it impossible to isolate the impact of an integrated consumer campaign on different geographic audience segments. In these cases, the healthcare marketer should strive to identify the best baseline alternative, using a past period that is as similar as possible to the current time frame. A good rule of thumb is that the

further back in time you must go, the less valid your comparison will be. Whenever possible, try and compare your marketing effort to a baseline period no more than two years old.

In addition, healthcare marketers should compare to relative events whenever possible. This will help you further understand the various cause-and-effect relationships of your marketing effort, and will also help you understand which marketing strategies work better in which situations.

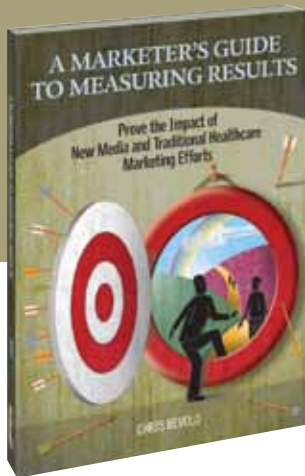
## **Take a Scientist's Attitude**

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When conducting an experiment, scientists are trying to prove a hypothesis. For example, "I believe that the more water I provide a plant, the higher it will grow." Scientists are supposed to take an objective view of the results. The point isn't to be right; the point is to learn. That's why even if a hypothesis is proven wrong, scientists aren't necessarily disappointed, because they've learned something important, and that learning helps keep them on the path to the answer. How many experiments to determine the treatment of strep throat failed before the correct solution was discovered? Each failure informed the scientific community as to what didn't work, which took them one step closer to what would. As healthcare marketers, we should try to separate ourselves from the outcomes of our marketing efforts. If you thought a direct mail campaign would drive 300 attendees to a joint pain seminar series and you only landed 150, of course there is disappointment. But what did you learn from this result? How will it inform your next effort? What will you change?

Of course, it's fair to note that scientists are paid to experiment, and years of failure are acceptable, even expected, to advance the scientific cause. It's safe to say that the same atmosphere doesn't exist with healthcare marketers.

Constant failure of marketing efforts probably won't lead to that promotion you were aiming for. With that said, however, I still encourage healthcare marketers to be transparent with their results, for good or for bad. In the scientific community, results are published in peer reviews for the primary purpose of allowing other scientists to further test the experiments, results, and conclusions. When you publish your results internally by reporting your results, your goal is to demonstrate how marketing actually works (remember, it's still an intuitive endeavor), and that you're taking a disciplined approach to improving results. In addition, you may receive input from others in the organization about what impacted your results. For example, a service line director may highlight the previously unknown variable that during a campaign, a clinic stopped taking new patients for four weeks because a physician fell ill. The more you share, the more you'll learn, and the better your marketing will become.



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