

THE COMPLETE GUIDE TO STRATEGIC MARKETING FOR THE CARDIOVASCULAR SERVICE LINE



JOHN W. MEYER, MPH, FACHE
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Contents

- About the Authors..... vii**

- Acknowledgments..... xi**

- Introductionxiii**

- Chapter 1: Fundamentals of Strategic Marketing.....1**
 - The Definition of Marketing2
 - The Exchange Relationship8
 - The Marketing Mix.....10
 - The Marketing Audit.....16
 - Creating a Marketing Plan16
 - Summary18

- Chapter 2: Marketing’s Role in Strategic Management21**
 - Cardiovascular Marketing and the Service Line Structure21
 - Marketing Reflects Strategic Direction24
 - Working With Physicians.....28
 - Summary31

Chapter 3: Healthcare Trends and Their Marketing Implications35

Six Keys to Success for Cardiovascular Services in the Coming Decade35
Marketing Implications of Keys for Success46
Summary54

Chapter 4: The Strategic Marketing Audit55

Focus Areas for Cardiovascular Services.....56
Marketing Context.....62
Identifying the Market Needs for Cardiovascular Services66
Summary74

Chapter 5: Planning and Developing New Programs and Services.....75

How Are Cardiovascular Opportunities Identified?.....76
Feasibility Assessment.....78
Business Planning80
Market Research Steps82
Summary86

Chapter 6: Marketing Information and Research.....87

What Is Market Research?88
The Market Research Process.....90
Researching Market Size and Share.....100
Researching Patient Satisfaction102
Researching Payer and Employer Needs.....102

Researching Community Image/Brand Awareness	105
Marketing Information Systems.....	110
Continuous Learning	113
Chapter 7: Understanding and Using the Marketing Mix	117
Product (or Service)	118
Branding Strategy	123
Chapter 8: Market Positioning, Differentiation, and Branding.....	135
Differentiating Cardiovascular Services	138
Branding.....	144
Affiliation Strategy	148
Summary	149
Chapter 9: Web Presence and the Role of Social Media	151
Social Media Platforms.....	154
Social Network Analysis.....	165
Summary	171
Chapter 10: Developing a Practical Marketing Plan.....	173
Case Study: A Cardiac Surgery Marketing Plan.....	176
Marketing Budget and Performance	199
Summary	206

Chapter 11: Marketing Self-Assessment	209
Ways to Be Successful With Service Line Marketing.....	210
Ways to Fail With Service Line Marketing.....	215
Summary	221
Chapter 12: Conclusion.....	223
Appendix A: Example CV Marketing Plan—The Market and Its Needs.....	227
Appendix B: Example Marketing Plan—The Life Cycle Concept	237

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Introduction

Marketing has evolved greatly from its widespread introduction into healthcare in the 1980s, but it has experienced many ups and downs along the way. Even though many hospitals hired executive-level marketing managers and began to incorporate marketing philosophy and practice into hospitals, it was never widely adapted or understood for a multitude of reasons, including the following:

- Many senior executives thought they understood the concepts but never really made the commitment—organizational, operational, and financial—to implement the concepts successfully.
- Marketing did not always translate well from the traditional product and service marketing (with its emphasis on advertising and sales) to health-care services marketing.
- Healthcare marketing was not well understood nor, in retrospect, well explained. It was often oversimplified as “selling” or “advertising,” or considered synonymous with traditional public relations, fundraising, or development that detracted from its widespread use and ultimate usefulness to the organization.
- When marketing was implemented in hospitals, it seemed to be practiced at great heights within the organization, but department-level manager involvement was often limited, which compounded its lack of acceptance.

- In addition to having these organizational acceptance challenges, comprehensive marketing efforts can be expensive. The resources needed to research, design, develop, and manage a comprehensive marketing program were often inadequate, and compounded by a lack of measuring its return on investment.

Then, with the advent and growth of managed care in the 1990s and the continual challenges in reimbursement and general economic conditions, healthcare seemed to downgrade marketing and turn back to its more traditional and better understood public relations practices. Many hospital marketing budgets were slashed, marketing executives were dismissed, and whole marketing departments were eliminated. For a multitude of reasons, real and perceived, the promise of marketing in many hospitals was never fully realized. It is ironic that marketing's acceptance seemed to wane just as the whole concept of service line organization and management was developing. Compounding the marketing issue was the growth of Web-based information and, more recently, the rise of social media and the challenges associated with these new platforms.

Marketing still has much to offer healthcare now, perhaps more than ever, with the evolving and challenging healthcare environment. For example, the advent of government programs such as the Hospital Consumer Assessment of Healthcare Providers and Systems, personal health records, and social media applications, means consumers are becoming more involved in their healthcare and in choosing where to receive that care. This is why it is imperative that service line administrators and hospital executives truly understand and use healthcare marketing

concepts and principles to effectively manage the performance of their service lines, especially in high-revenue services such as cardiovascular services.

Our premise is that for marketing to be used by service line administrators, it must be better understood, better explained, demystified, and, most importantly, boiled down to its very essence (without losing its meaning). This book is designed to be a comprehensive look at the practice of strategic marketing specifically directed at hospital administrative personnel who have direct responsibility for the cardiac and vascular service line. It doesn't matter how a service line is organized or defined, what services are included, the clinical or nonclinical/managerial background of its manager, or where that person sits in the hospital organizational hierarchy. For consistency purposes, we will refer to these people as service line administrators (SLA).

The book is designed to assist the SLA in understanding the concept of strategic marketing and how marketing strategies and tactics, in general, can be used to effectively increase the performance of the service line to further the hospital's mission, vision, and values. In order to deal effectively with the major trends that are evolving the cardiovascular (CV) business in U.S. hospitals over the next decade, particularly organizational and financial challenges, SLAs must address a number of problematic and challenging issues that can be addressed through an enhanced understanding and use of strategic marketing, marketing processes, and related techniques. To be used at this level of the enterprise, strategic marketing concepts must be understood, simplified, and made routine to have practical application.

Although existing strategic planning, public relations/marketing communications, physician development, managed care contracting, and other related hospital specialists all have an appropriate role to play in marketing management and should assist the CV SLA with marketing-related “internal consulting,” we believe SLAs can and should expand their understanding of and role in strategic marketing because it is central to the successful management of the CV service line and of the hospital as a whole.

For our purposes, we define marketing, in its simplest terms, as the effective management by an organization of the exchange relationships with its various markets and publics.¹ There is a lot in this definition to consider; for example, from a non-healthcare perspective, marketing traditionally focused on selling a product to an identified public. A perfect summation of this traditional concept, but with an up-to-date purpose, was stated by Sergio Marchionne, the CEO of the recently revitalized Fiat/Chrysler:²

“It’s a simple thing. I just want to make things that people want to buy.”

From a non-healthcare perspective, that statement encapsulates the true essence of marketing. It is making something that succeeds in the marketplace because people want to buy it as opposed to another brand of product. Healthcare is different, first and foremost, because of all the “publics” it must serve, including patients, payers, regulators, donors, physicians, employers, employees, businesses, politicians, and so on. Patients can be further subdivided into clinical categories (such as those with cardiac and/or vascular conditions) and various demographic, economic, and “sociographic” characteristics. Yet the simplistic definition of

marketing as it applies to healthcare still holds true: How can I provide a service that people want to use?

If you had to summarize general marketing philosophy into its essence, it would be represented by the following three ideas:

1. Identify the market or publics that are potential users of your services
2. Find out everything you possibly can about how these identified markets or publics make decisions on selecting services
3. Design and develop marketing programs to successfully match the services offered with the services desired

Notice two things about these ideas: (1) the wants, needs, and desires of the targeted market come first; and (2) what is being marketed and how it is actually marketed comes last. This is the real secret of successful marketing—the answers reside in the marketplace, not hiding inside the hospital. If you understand this truth, you are well on your way to understanding how marketing works and how it can help anyone do their job better.

We are going to concentrate on strategic marketing, which can be defined as the fundamental logic by which an organization tends to achieve its marketing objectives. Marketing strategy consists of a coordinated set of decisions on target markets, the marketing mix, and the marketing resources or budget that is available. The very essence of strategic marketing is the identification and understanding of target markets, understanding the needs of these markets, and the

subsequent management of the exchange relationship between the hospital and its identified markets. Understanding these concepts, their application to the management of CV services, and their fundamental role in the day-to-day management of the CV service line is critical to developing a high-performance enterprise, and earning respect for marketing, buy-in from key constituencies, and a reasonable return on your marketing investment.

Historically, hospital marketing has been viewed as useful techniques or methodologies to be used to help ensure the success of current programs and in promoting the success of new services, programs, and ventures. The emphasis on application to new projects is logical and worth supporting. However, it is important that marketing be applied to existing services and programs with equal rigor as new challenges will put a great strain on existing hospital programs, services, and their required resources to perform up to expectations.

In the coming chapters, we will examine the fundamentals of marketing, the role of strategic marketing in the management of the CV service line, and key concepts and techniques used to implement marketing strategies. We will use as many practical and real world cardiovascular case studies as we can from our consulting practice—some documenting successes and others less successful. All concepts, techniques, and marketing ideas in this book are designed to be implemented at the SLA level, allowing for assistance and expert guidance from other specialists within the hospital, marketing executives, and/or the occasional need for outside consultants.

Broad concepts and techniques should be placed within a specific context for them to be best understood, applied, and culminate in real value to the enterprise. Therefore, marketing activities discussed herein will be placed within an environmental context encompassing six consensus-based major trends or keys to success in the coming decade. These include:

- Produce high-quality outcomes
- Eliminate unnecessary costs and clinical variation
- Align with physicians
- Adopt new payment approaches
- Manage care across the continuum
- Develop programs and services in response to community need and market opportunities

These keys to success should be reflected in the overall strategic goals and objectives for every hospital, regardless of size, complexity, location, environment, and other defining characteristics. All cardiovascular activities, and thus, all CV-related marketing activities, should directly focus on or indirectly reflect these key success factors.

The role of CV services in today's hospital is increasingly important. It is not unusual for the CV service line to contribute heavily to the hospital's revenue, consume considerable resources, and figure prominently in its market position

and overall reputation, but, unfortunately, have a marketing budget that does not reflect its overall importance to the hospital. Our goal is to equip SLAs with the concepts and tools needed to support their efforts to show administration the value of marketing at the service line level and supported by a documented return on investment to justify an appropriate, but increased commitment and level of investment in marketing activities.

The job of today's CV SLAs is complex and time-consuming. Their to-do list is always expanding, with items from the mundane to the monumental. It is not our intention to add to this list with the need to develop marketing skills, but rather to present reasonable concepts, practical tools, and straightforward ideas to augment an already ever-expanding skill set, all within an environmental context that will help overall performance and the creation of real value. To take advantage of marketing, the SLA must understand the environment, seek out opportunities, promote customer-oriented practices, and above all, marshal the resources required to meet and exceed market expectations.

References

1. Philip Kotler and Roberta N. Clarke, *Marketing for Health Care Organizations* (Englewood Cliffs, NJ: Prentice Hall, 1987).
2. Laura Berman, "The Chrysler Miracle," *Newsweek*, June 13 & 20, 2011.

Fundamentals of Strategic Marketing

Most of us are not marketing gurus, and haven't reviewed marketing methodologies since our college days. Although much has changed in marketing over the years, particularly with the advent of Web-based identity and the whole social media phenomenon, the fundamentals haven't changed much. Therefore, understanding the fundamentals is the best place for the cardiovascular (CV) service line administrator (SLA) to start.

General business literature and marketing literature is replete with tales of enterprises that broke every marketing rule in the book or followed no book at all and still found success in the marketplace. We are not taking that route. Traditional marketing is based heavily on product sales, advertising, and promotion, and all kinds of processes that have not always translated well to healthcare—the most personal of all services. However, there is much to learn from traditional marketing that is of genuine use in healthcare in general, and to the CV SLA specifically. Success in marketing is a matter of understanding the basics and, when necessary, translating the business principles into “healthcare-ese,” thus learning from those who have succeeded in applying marketing principles to hospitals.

The Definition of Marketing

What exactly is marketing? Philip Kotler and Roberta Clarke define it in the book, *Marketing for Health Care Organizations*, as follows:

“Marketing is the analysis, planning, implementation and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organizational objectives. It relies heavily on designing the organization’s offerings in terms of the target market’s needs and desires, and on using effective pricing, communications, and distribution to inform, motivate, and service the markets.”¹

Some of the key components of this marketing definition include the following:

- **Managerial process.** That involves analysis, planning, implementation, feedback, and control. It doesn’t just happen; it is planned and managed.
- **Developed strategies and tactics.** It does not just use random actions to achieve desired results. Marketing starts with thoughtful planning and analysis that results in a consensus-based direction and program for implementation.
- **Exchange of values between the marketer and the customer.** The marketer seeks to put together a package of benefits for a specific target market of sufficient attractiveness to produce a voluntary exchange. For example, a hospital offers a screening or health-risk assessment program for free and is rewarded when targeted customers see this as beneficial and avail themselves of this free service.

- **Careful selection of target markets.** Marketing should not try to be all things to all people. CV services are, by definition, a select market but with many distinct submarkets or niches that can be served. Not all hospitals or health systems provide every CV-related service to all patients in all of their facilities at all times.
- **Helps the healthcare organization survive and thrive in a competitive marketplace and highly regulated environment.** It is a necessary business function. Careful application of the previously listed components will ensure that the organization has a maximized contribution margin (profit) that supports its mission, vision, and role. In essence, marketing is interested first and foremost in efficiently and effectively getting results.
- **Is user oriented, not seller oriented.** Marketing strategy is designed to meet the needs of targeted end users, not just provide a service and hope that it will have success in the market. Marketing is not the “if you build it, they will come” approach; it is carefully researched and developed to be efficient and effective. Hospitals that offer services without doing the proper research into end-user wants and needs will likely find disappointing results.
- **Uses a set of activities called the “marketing mix”—product (service), price, place, and promotion.** Because marketing is oriented towards producing results, careful planning and manipulation of these four sets of activities is critical. In healthcare, marketing has historically been viewed as advertising and promotion, only a tiny fraction of the available strategies and tactics required to successfully exchange values.

Strategic marketing

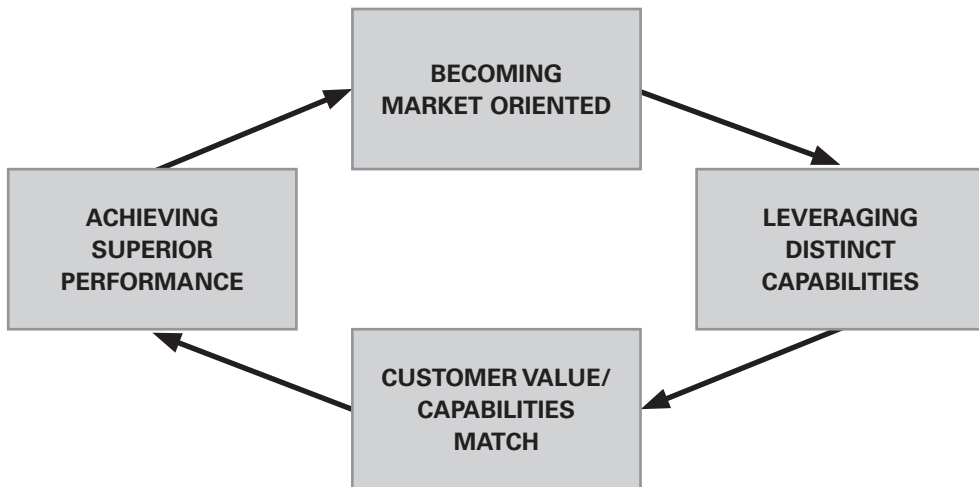
Strategic marketing can be defined as the fundamental logic by which an organization tends to achieve its marketing objectives. The word “strategy” itself can be defined as the basic characteristics of the match an organization achieves with its environment.² Strategic marketing is thus an organization’s logical efforts to best match what end users (and purchasers) desire and what programs and services it offers to those end users. This approach to customers, through what will be called strategic marketing, is the philosophical underpinning of this book.

Market-driven strategy

Hospitals and SLAs should be guided by market-driven strategy. The underlying logic of this phrase is that the market and the customers within the market should be the starting point in the development of any and all business strategy. This should create a vision of how business gets done. Figure 1.1 shows a graphic of the characteristics of market-driven strategy. This philosophy helps the hospital’s management identify customers whose value requirements provide the best match with the hospital’s distinct capabilities—its positioning and differentiation.³

Historically, hospitals have had to deal with multiple customers—patients, referring physicians, payer organizations, and regulatory agencies. The list is even larger today. Market-driven strategy would stress that each of these constituent groups (and their many subgroupings) have distinct and unique needs that must be understood and matched with the appropriate strategy. It isn’t a one-size-fits-all approach, but a very customized and unique approach to each market or

FIGURE 1.1

CHARACTERISTICS OF MARKET-DRIVEN STRATEGIES

Source: Charles Franc & Associates, Inc.

submarket. A CV SLA, in pursuit of market-driven strategy, who is focused on the market, should:

- Continually gather information about the hospital's customers
- View the information gathered from the hospital's total business strategy approach
- Decide how to best provide superior customer value
- Take the appropriate action to provide value to customers

Marketing's relationship to strategic business planning

Hospitals have often believed that “marketing” is synonymous with “planning” or “business development,” and that the three are related, sharing many functions and processes. Planning is typically perceived as internal to the organization, whereas marketing is perceived as external—focused on the customer. At the service line level, the SLA is primarily involved with internal business planning pursuits designed to focus on financial and operational performance goals and objectives, chief among them being quality outcomes, customer satisfaction, cost management, employee and physician relations, and the like. Internal business plans are used to make decisions about the allocation of resources and time to projects designed to build existing or to create new business. Market planning is an integral part of business planning. Its focus on the external environment can be productive as input into the overall business planning process. The relationship between strategic planning, business planning, and market planning is illustrated in Figure 1.2.

In an effort to synthesize marketing down into its very essence, the core of the marketing philosophy is distilled into the three steps, as shown in Figure 1.3. Every CV SLA should write these down, put them on a 3 × 5 inch index card, and keep the card in your pocket at all times. As simple as they are, remembering and using these three steps on a consistent basis will serve as the basis for implementing a new marketing philosophy and vision into the service line.

FIGURE 1.2

ALIGNMENT OF STRATEGIC, BUSINESS, AND MARKETING PLANNING⁴

	STRATEGIC PLANNING	BUSINESS PLANNING	MARKETING PLANNING
ROLE	To establish vision, strategic goals, and initiatives to improve the health system’s long-term competitive performance	To develop plans and initiatives to activate the organization’s strategy, allocate resource investments, and achieve growth objectives	To develop and administer marketing plans, programs, and activities that drive demand for the organization’s branded service lines and products
FUNCTION	<ul style="list-style-type: none"> • Industry trends and forecasts • Long-range planning • Portfolio optimization • Strategic partnerships and alliances • Strategic investments • Strategic management 	<ul style="list-style-type: none"> • Strategic business unit and service line planning • Operational and functional planning • Business modeling • Feasibilities and pro formas • Market/product expansion; mergers & acquisitions 	<ul style="list-style-type: none"> • Market research • Service line marketing planning • Brand development and management • Product strategies • Advertising and promotions • Sales and distribution management
OUTPUTS	<ul style="list-style-type: none"> • Strategic vision • Organizational goals • Strategic priorities • Product portfolio strategies • Market expansion strategies 	<ul style="list-style-type: none"> • Role and scope • Growth and profitability goals • Service line priorities • Competitive capabilities • Operations 	<ul style="list-style-type: none"> • Brand vision and strategy • Marketing goals and plans • Product development • Advertising and promotions • Sales plans and strategies

Source: Navvis & Company

FIGURE 1.3

THE CORE OF MARKETING PHILOSOPHY IN THREE STEPS

- 1. Step One:** Identify the specific target market you are interested in influencing
- 2. Step Two:** Learn everything you can about the wants and needs of the specific target market(s)
- 3. Step Three:** Design/redesign the program or service offering to meet the identified wants and needs of the specific target market(s)

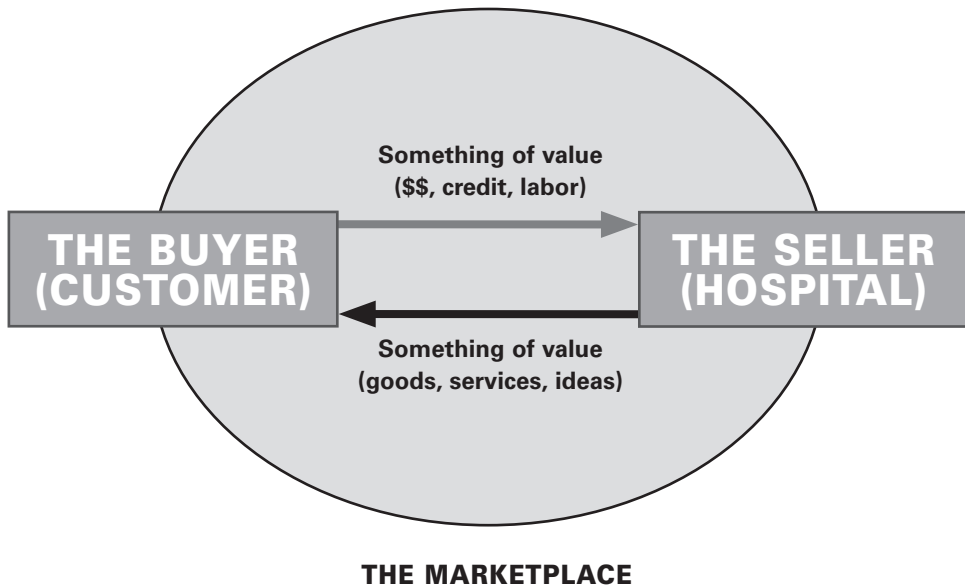
Source: Charles Franc & Associates, Inc.

The Exchange Relationship

The exchange relationship is the central concept that underlies marketing. The exchange is the offering of something (a service or product) to someone for something in return. In healthcare, this is typically offering a service of defined or potential benefit (at a fee) to a patient who needs this exact service for the purpose of producing a desired benefit (and pays the fee). A price is set, the price is paid, and a transaction takes place. Again, in healthcare, this transaction between a hospital and a patient for a defined service is complicated because a third and a fourth party (the physician and the payer) are typically involved. Exchange relationships can vary from the simple to the complex. Figure 1.4 graphically illustrates the exchange relationship concept. For the exchange relationship potential to exist, five conditions have to be met:

1. There have to be at least two parties (in healthcare, there are often at least four parties: the hospital provider, the patient, the physician, and the payer)
2. Each party has to have something of value that the other party wants or needs

FIGURE 1.4
THE EXCHANGE PROCESS



Source: Charles Franc & Associates, Inc.

3. Each party can communicate an offer and is in a position to deliver on the offer
4. Each party is free to accept or reject the exchange offer (sometimes problematic in healthcare; for example, in an emergency treatment situation)
5. Each party believes it is appropriate and desirable to deal with the other

If you refer to the steps of Figure 1.3, none of these steps can exist unless and until there is an exchange relationship in place. If your hospital can't provide a

service that a potential customer wants and needs under the right circumstances, then that customer will never become your patient.

The Marketing Mix

Once a marketing strategy has been articulated, there must be marketing objectives set forth to implement the strategy. The best way to consider the options for implementing marketing activities is by manipulating the marketing mix, commonly referred to as the “four P’s.” Some suggest that a fifth P, for positioning, is so important that it must be considered in this type of manipulation as well. For now, we will consider it separately in this chapter. The four P’s are elements under the direct control of the hospital to produce the response it wants from the target audience (see Figure 1.5 for a summary of the four P’s).

Understanding the target market

Beyond the basic philosophy of marketing, truly understanding the identified target market(s) may be the single greatest challenge in making marketing

FIGURE 1.5

THE FOUR P’S OF MARKETING

Product (Service)	The tangible service being offered to the targeted audience.
Price	The amount the customer pays for the service being offered.
Place	The physical place that the service will be delivered or purchased (also referred to as the “distribution channel”).
Promotion	Any and all means of communication that can be used between the seller and the purchaser. How you raise awareness.

Source: Charles Franc & Associates, Inc.

work in the hospital. Understanding comes through appropriate levels of market research—the systematic process of gathering, analyzing, and interpreting information relevant to the success or failure of a product or service.⁵ The CV SLA is often an experienced, curious, and intuitive person constantly processing all kinds of information on the program and services, as well as the market. SLAs do market research every day and probably don't realize it. When you sit down with a physician over lunch and ask, "So, how's it going, Dr. Smith?" you are doing market research. Although this question might produce interesting results (or an earful), the complexity and dynamics of the research process require a systematic, managed approach, particularly if one's focus is on planning a new program or service where matching the offering to the needs of the market must go beyond intuition and guesswork and be carefully researched.

It is easy to be intimidated by market research. It can be highly technical, costly, time-consuming, full of jargon, and arcane in the extreme. Interpreting the results of research can be overwhelming if one is not careful. However, it doesn't have to be. The basic approach to market research is straightforward and understandable when approached systematically. When one thinks about it, marketing research is really just common sense.

Market research falls into two categories:

- Primary market research. Research that doesn't already exist somewhere.
- Secondary market research. Research that already exists somewhere.

Hospitals have access to a treasure trove of secondary market data, including internally generated data about patients, and external data on utilization, clinical outcomes, ZIP codes of patients' residences, and much, much more. External data is also available, such as population, demographics, psychographics,⁶ and the like. Secondary data is relatively inexpensive, but doesn't always address the issue one is researching in the most precise and timely way.

Primary market research is relatively expensive, but offers the hospital the opportunity to completely customize the research to the target audience they are trying to address. Primary research can consist of observation, surveys, and experiments done through telephone, mail, Internet, and personal interactions. The CV SLA and marketing executives are probably most familiar with mail questionnaires, which are ubiquitous in healthcare.

Market positioning and differentiation

Quite simply, positioning is how one sets up the service offering in the mind of the prospective customer or buyer. It is about perception, not the service itself. Positioning has become so critical to strategic marketing that it is considered the fifth P of the marketing mix. Positioning is used to achieve differentiation. Differentiation is simply how one makes his or her service offering stand out from others in a crowded marketplace. It is easy to understand, but challenging to accomplish. Hospitals typically develop a positioning statement that best describes how they want to be thought of in the minds of their target customers. The best strategy is to base your positioning and subsequent strategy on a single, very important benefit or attribute, sometimes called the unique selling position.

Positioning strategy is also based on life cycle concepts. This concept sets forth the premise that all products and services go through a natural progression in the marketplace from development, introduction, growth, maturity, and decline (see Figure 7.3). The characteristics of each stage of the life cycle will be helpful in analyzing service offerings in the quest for differentiation. For example, when cardiac computed tomography (CT) technology came on the market, it went through the development stage and into the introductory stage. In this stage, marketing strategy had to concentrate on educating people about this new (or not-so-new) technology, explaining its benefits and attempting to create demand. Most hospitals find themselves in the growth stage where the leading strategy is differentiation. All services can be differentiated to some extent, but the difference has to be meaningful and worthwhile to customers. To achieve this, hospitals typically craft a positioning message or statement, which will be consistently reinforced to the target audience they are trying to reach. To be effective, the message needs to be short (as few words as possible) and based on eliciting an emotional response, not a rational response. Think of your hospital, your marketplace, and the message you send. For example, “Patient Care Is Our Number One Priority” or “Your High-Tech Care Center,” and so on.

Brand management

A brand is a name, term, design, symbol, or any other feature that identifies your hospital as distinct or unique from another hospital. This is important as the SLA and marketing executives are expected to manage the brand. A brand becomes a hospital’s promise to deliver specific services with particular features on a consistent basis to its customers. Brands convey attributes, benefits, value, culture,

personality, and/or users. A brand results from the total customer experience about a specific service—its product, price, place, and promotion. All must be carefully managed to produce the desired results. A common healthcare strategy associated with branding is affiliation, where one hospital affiliates with a branded hospital to (hopefully) trade upon its branded status. Developing brand status (e.g., the Mayo Clinic) is the ultimate end point in hospital marketing.

The service mix

The service mix is the sum total of all of the service lines and clinical capabilities that are provided by a hospital. Within these service lines are subcomponent programs and services. A program is a group of related services (such as cardiac rehabilitation) and a service is a single unit (such as electrocardiogram [ECG]). In the CV service line, there are many individual programs and services that go into making up the whole. A fundamental tenet of service line management is diversification—the extension of the service mix by either modifying the existing program and service offerings and/or offering new programs and services. Planning for diversification is a fundamental job skill of the CV SLA and is supported by marketing theory and principles.

The pricing mix

The pricing mix is the sum total of all of chargeable items that constitute the price the customer pays for a provided service. In healthcare, pricing is problematic as it is heavily influenced by reimbursement rates, which are set by payer organizations. Historically, the patient was insulated from price because of insurance payments and was thought to be price insensitive. Physicians, as free agents, controlled hospital cost and revenue by controlling admissions and testing. Additionally, the

CV SLA did not play a major role in pricing decisions, but was primarily relegated to managing the cost side of pricing. All of these historical factors are changing, and pricing is becoming a critical factor in healthcare. Price setting, revenue enhancement, and cost management are multidisciplinary tasks that will challenge the CV SLA in the coming decade.

The place mix

The place mix is the sum total of all distribution channels (e.g., where a service is actually available for delivery by the customer) for the given service mix. Of course, the biggest shift in distribution channels in healthcare has been the shift from inpatient to outpatient. The marketing implications of this shift are significant, as new and innovative service delivery models have exploded with new outpatient services—free-standing off-campus specialty facilities, consolidation of physicians into medical office buildings, increased accessibility, reengineered services to increase patient throughput and overall customer satisfaction, and so on.

The promotion mix

The promotion mix is the sum total of any and all means of communicating with targeted audiences. This is the manipulation of the four elements of promotion: advertising, public relations (PR), personal selling, and sales promotion. The promotion mix could be different for every offering in the service mix, depending upon the strategies and objectives formulated for each. The CV SLA will be most familiar with PR and, to a lesser extent, advertising. Most hospitals have a PR manager who is an expert in crafting persuasive messages, for specific target audiences, and placing them with appropriate media. Sales and sales promotion is not used extensively in healthcare.

It is important to address Web-based identity and the burgeoning field of social media as promotional tools. This evolving approach is much more about engaging in a dialogue with key constituent groups than it is about communicating in a one-way direction.

The Marketing Audit

Every SLA and marketing executive should periodically engage in a “marketing audit,” a formalized process that looks at how marketing efforts are working and what needs to change to make them more effective. Figure 4.1 offers a 10-step marketing audit template. It can be used for the entire service line or a single program or service. Some information in the audit is simple and readily available, whereas other information is more difficult to acquire. The key issue is to force introspection on the part of the SLA about the views of management and its application to marketing activities. An important end point of the audit will be a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis and subsequent recommendations for action.

Creating a Marketing Plan

Marketing plans are developed to make sure that the efforts and resources put forth produce the desired results. Plans can be developed for an entire service line, or a single program or service, existing or new. The CV SLA will typically develop a plan with an ad hoc task force of interested, experienced people from within the hospital, possibly augmented by outside consultants. If the hospital has a marketing director, this person can participate or manage the process. Depending

upon its purpose and the resource commitment at stake, plans can be very simple or very comprehensive and complex. Virtually all of the marketing elements that have been discussed so far are addressed in a plan.

The basic materials required to draft a marketing plan are enumerated in Figure 10.1. The format of the plan, regardless of purpose or scope, should be uniform within the hospital so that everyone can begin to understand what marketing is and how it is implemented. The hospital may have a standardized format, or use the suggestions in Figure 10.3.

QUESTIONS A MARKETING PLAN SHOULD ANSWER

In its most concrete and simplest form, a marketing plan is developed to answer the following basic questions:

- What is the purpose of the plan and this specific project? Explain.
- How is this purpose going to be achieved? Explain.
- How are you going to achieve a competitive advantage? What are the benefits of the strategy that has been chosen?
- What market(s) have been targeted?
- What specific marketing strategy and tactics will be used?
- What is the specific positioning chosen; what is the market niche(s) you are after?
- How will the strategies and tactics be implemented? By whom? By what date?
- What is the budget for the plan in total dollars and as a percent of projected gross revenue? What return on investment (ROI) can be expected?
- How will progress be monitored and adjustments be made? By whom? Explain.

Marketing plans are significant endeavors and typically require funding to implement. Therefore, all plans must have a thoroughly researched, supportable marketing budget. Connected with the budget is a control system that allows for the monitoring of results, feedback mechanisms, and a process for making appropriate changes to direction, strategy, and tactics. It is also important to calculate ROI ($[\text{Profit} - \text{Investment}] \div \text{Investment} = \% \text{ROI}$). Depending upon the ROI, alternative strategies and tactics may be developed and priced. A negative ROI may require an adjustment to the budget.

Developing a thorough and well-thought-out marketing plan is one of the most important aspects of strategic marketing. The CV SLA can be expected, at a minimum, to be equipped to develop plans for any new program or service offering.

Summary

When it comes to marketing, SLAs should keep the following thoughts in mind:

- If you synthesize marketing down to its very essence, then it has everyday, practical application in almost all aspects of managing service line operations and enhancing overall performance.
- Don't think of it as an add-on, but rather as an integral and enhanced approach to doing what you do on a daily basis anyway.
- Although the details behind the essence may be intimidating, when broken down into logical steps, they are quite manageable by every SLA.

- Marketing isn't a perfect science; there is as much art in its pursuit as there is science.
- Marketing is a means to an end; if you follow the principles and processes contained herein, you will do your job better, create better results, be more efficient, create better relationships between key stakeholders, and enhance the performance of the service line.
- Lastly, give yourself credit for knowing much more about marketing than you think you know.

References

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3. David Cravens and Nigel Piercy, *Strategic Marketing*, 7th ed. (Boston: McGraw-Hill/Irwin, 2003).
4. Karen Corrigan, *The Complete Guide to Service Line Marketing* (Danvers, MA: HealthLeaders Media, 2010).
5. Paul Keckley, *Market Research Handbook for Health Care Professionals* (Chicago: American Hospital Association, 1988).

Footnote

6. In the field of marketing, demographics, opinion research, and social research in general, **psychographic variables** are any attributes relating to personality, values, attitudes, interests, or lifestyles. They are also called IAO variables (for Interests, Activities, and Opinions). They can be contrasted with demographic variables (such as age and gender), and behavioral variables (such as usage rate or loyalty).

