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5 Lessons Healthcare Organizations Can Learn from the Retail Sector

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Executive Summary

Today, healthcare providers are facing more pressure than ever as they are increasingly trying to accomplish more with less. As a result, many 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, and it's easy to understand why savvy leaders are looking to the retail sector for new and improved ways to do business.

Today, most healthcare organizations have embraced the concept of population health and have incorporated it into their missions. However, many health providers in the United States are grappling to find ways 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, the most successful systems are those that apply a retail mindset to serve their patients first.

Healthcare marketers can learn a lot from the retail world when it comes to using consumer analytics to inform strategies and hone marketing efforts. For instance, advances in technology over the past decade have made it possible to track consumers' lifestyles, habits, and preferences. These insights guide retailers as they customize their products and services to meet consumers' existing needs. But this information isn't just for retailers – it can also be invaluable for healthcare organizations', operational strategies, site selection decisions, and marketing efforts.

> Consumer analytics is the systematic examination of an organization's customer or patient information to identify, attract, and retain patients. Healthcare providers can use this approach to strengthen their positions in the marketplace.

In this white paper, you'll learn the key lessons Buxton has gleaned from the retail world and discover how they apply to healthcare strategy and marketing. As the healthcare industry shifts toward a retail focus, these lessons – such as creating easy-to-access retail clinics, streamlining emergency departments, and personalizing delivery of care and marketing efforts – can provide your organization with a valuable blueprint to guide your efforts and grow your market share.

Introduction

How well do you know your current – and prospective – patients? 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 consumer analytics to better understand your audience.

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

Three decades of experience in the retail sector has revealed that the most successful businesses are those that use data and analytics to understand their current and prospective customers. The same goes for healthcare providers. What you think, or assume, is not enough to guide your efforts when it comes to developing your marketing strategy, creating or optimizing services, deciding where to locate new or existing services, and improving your outcomes by addressing areas of redundancy or weakness.

In fact, there's no substitute for using analytics to build a clear and accurate picture of your strengths, weaknesses, and 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.
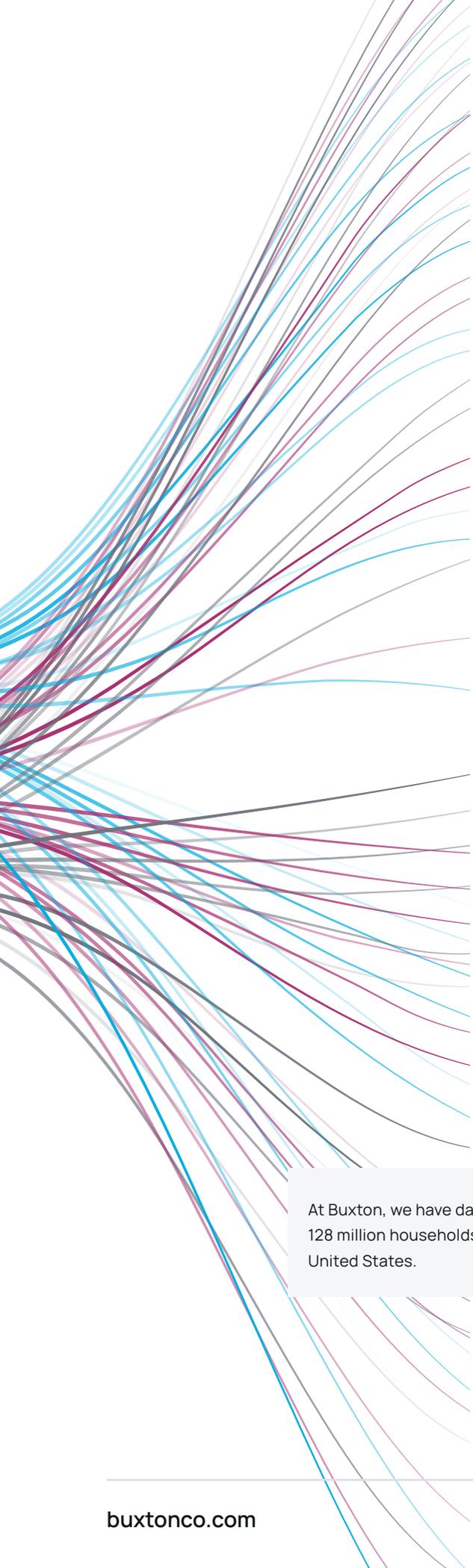
What is Big Data,
and Why Does it Matter?

You've probably heard the term "big data" volleyed around, but you may not know exactly what it means. In the simplest terms, big data is the wealth of information available today. This includes demographics, psychographics (beliefs, attitudes, and values), spending habits, loyalty card usage, and a host of other digital footprints that people imprint on a daily basis. All these factors come together to paint a virtual 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 if used incorrectly. 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 128 million households in the United States and we help our healthcare clients use this information – along with their own patient records – to understand how customers behave as consumers on a deeply personal level. All of this makes it possible to differentiate between two households that have the same demographics but may act 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.

At Buxton, we have data on 128 million households in the United States.

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. This information helps retailers understand who buys a product, but is only valuable if they know what to do with it. That's why many retailers often combine their own data with that from a third party (such as from Buxton) to identify patterns and use these to identify prospective customers, decide what will resonate with them, and determine how and where to spend their advertising dollars.

> 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.

Healthcare providers can do the same thing by combining their patient data with third-party data and analytics technology to see patterns and break the information down to the household level. Data can also help you understand how far patients will travel for care by service line and where they will go, which is essential when making location decisions. As patients continue to become savvier consumers, the importance of convenience cannot be ignored, and healthcare providers need to recognize this or risk losing business.

Beyond this, the right data can help organizations look beyond the boundaries of any single department or facility to help create a comprehensive strategy that aligns real estate, marketing, and operations in the most meaningful way.

STUDY · GROW · RELOCATE · OPTIMIZE

ACTUAL LOCATION VISITS

FORECASTED LOCATION VISITS
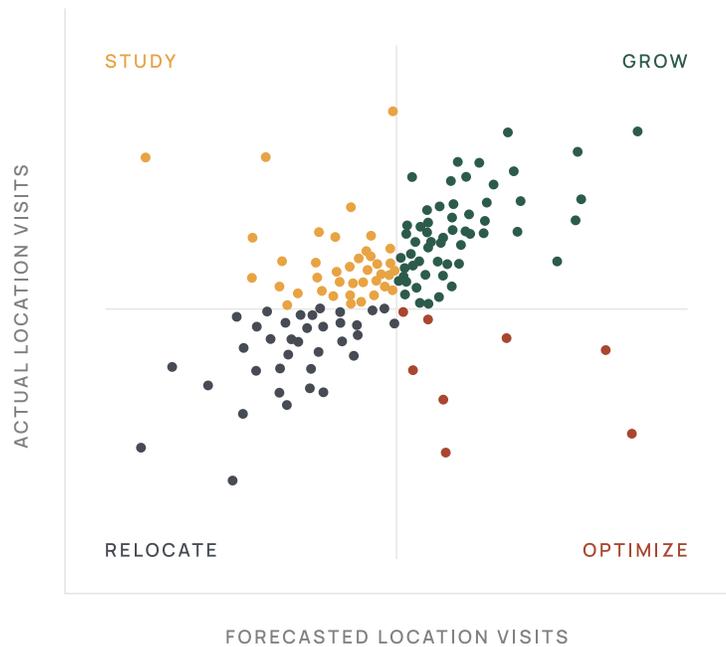
Assessing the Current Realities

It's hard to talk about the potential of big data without putting it into the context of the current challenges that exist today. One of those challenges is finding a way to balance long-term population health goals, an objective for many health providers, with the short-term realities of a fee-for-service model.

This means that even the most altruistic providers 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. As a result, many for-profit, private equity-backed companies are getting into the healthcare business because they understand the principles of how to be successful from the retail perspective. Healthcare organizations that don't adopt strategies similar to the retail industry 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 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.
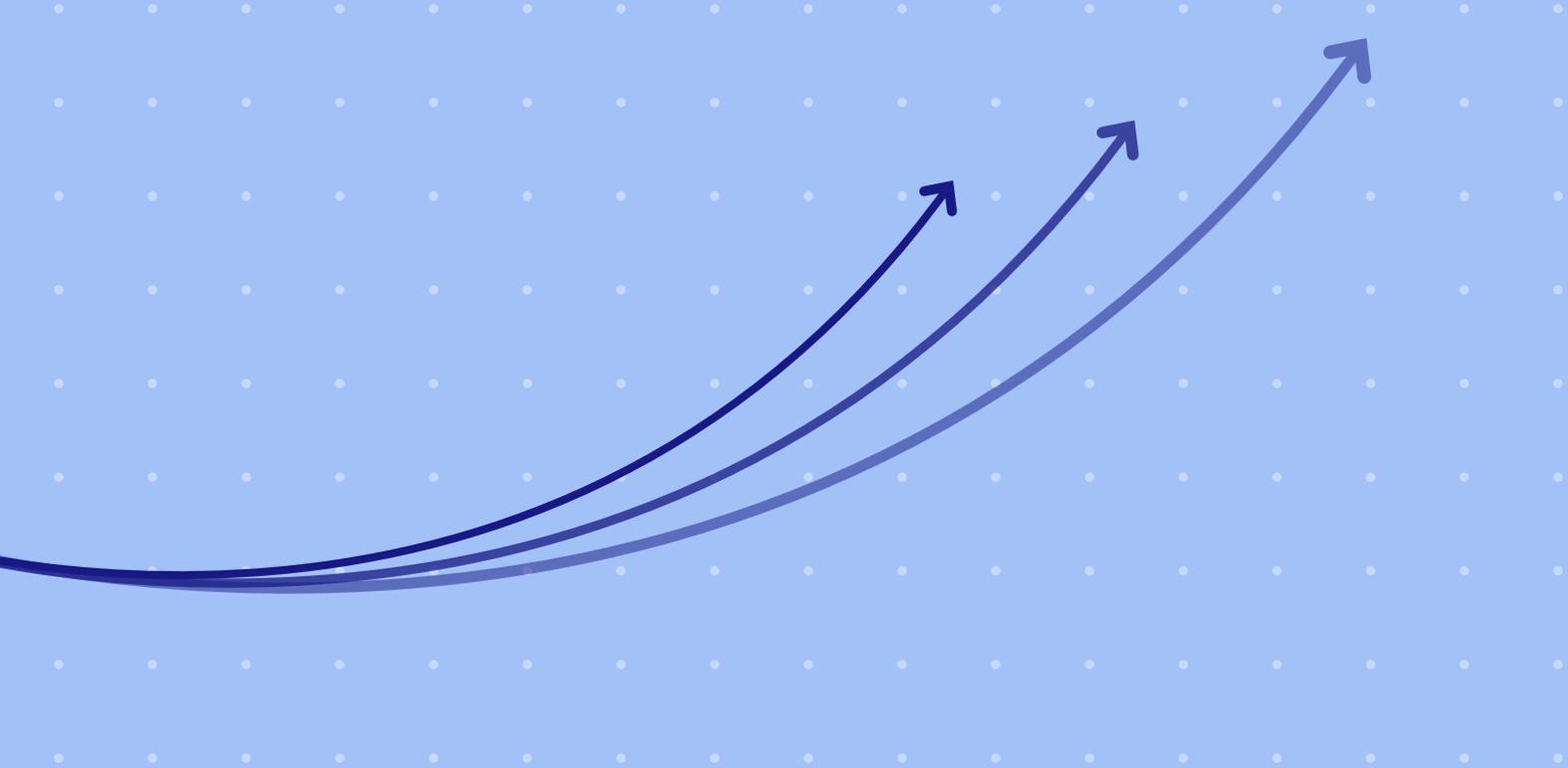
Lesson One

The type of consumer data available today – when combined with your own patient data and 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.

Hundreds and hundreds of data sources exist today, and the insights 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 and customer data and then combining this with third-party data to find meaningful patterns amid the chaos that exists.

Healthcare providers can take a similar tact, combining behavioral and psychographic data with their patient data 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 your patients and refer them to other screenings and services they may need. Such detailed information can help you design a growth strategy that makes sense over the long term.

Michael Smith

GENDER
Male

AGE
38

INCOME
$100K

ADDRESS
11 Wimberly St.

ETHNICITY
Caucasian

LIFESTYLE
Works out 3x per week, shops at Target, frequents area restaurants, interested in travel

Lesson Two

Location matters when it comes to serving patients effectively and maintaining their loyalty. In fact, convenience is becoming increasingly important in this highly competitive marketplace. When you identify your patients – and your potential patients – 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, most medical services were typically located on hospital campuses, meaning people had to travel to this location to access the care they needed. Thanks to the rise of patient-centered care, the growing popularity of retail-based clinics, and patients' increasing desire for convenience and accessibility, this has changed. Couple this with growing competition and it's easy to understand why healthcare organizations must use household-level data to determine how far consumers are willing to travel by service line, understand penetration decay by service line, and evaluate the competitive landscape to make smart site selection decisions.

The concept of convenience also extends beyond the physical location to incorporate how you market your brand, how well your facilities are maintained, how clear the signage is, and how accessible your services are. 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.

Using analytics to understand your patients will help ensure your presentation is on target with their preferences and will go a long way toward building a lasting relationship.

Patient
Data

Household
Data

Look-a-Like
Audience
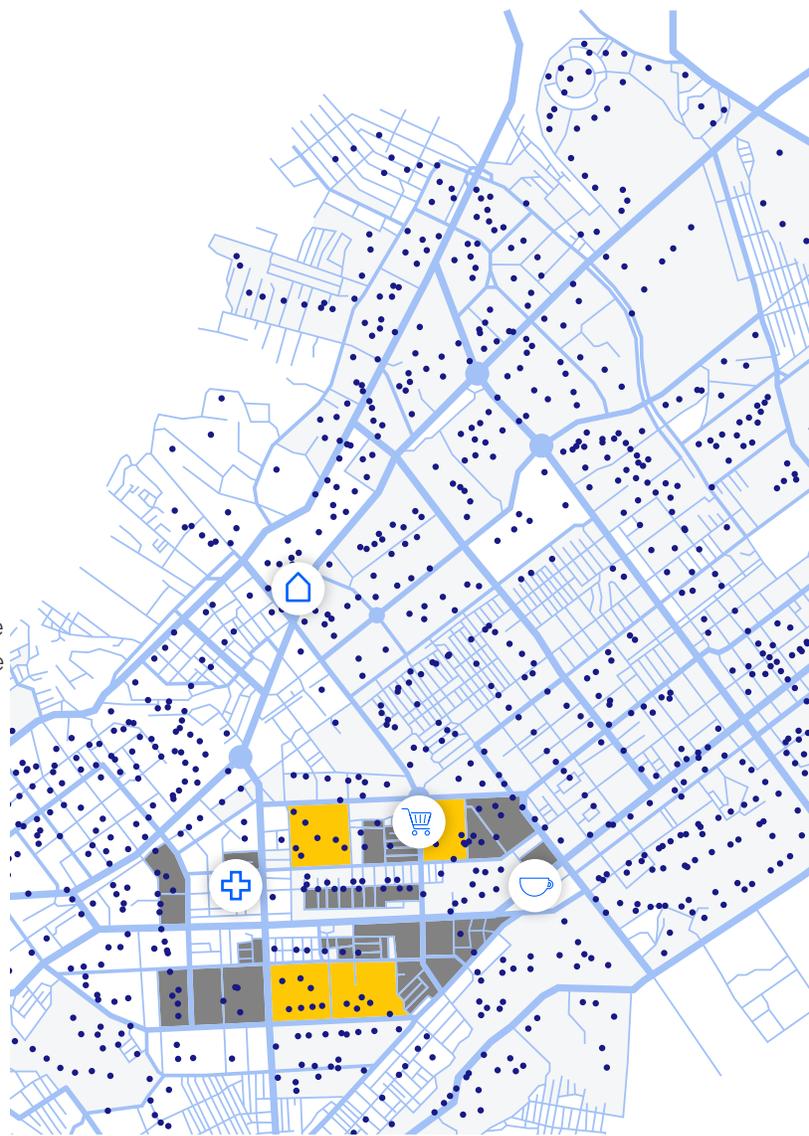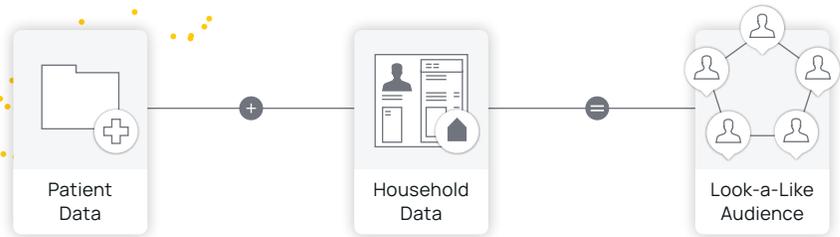
Lesson Three

When you marry patient data with household-level behavioral and psychographic data, you'll get a deeper understanding of your patients' attributes 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 consumers 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 while improving 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 20,000 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.

152 Index — Ideal Customer Account — HIGH

134 Index — Ideal Customer Ratio — HIGH

179 Index — Ideal Customer Similarity — HIGH
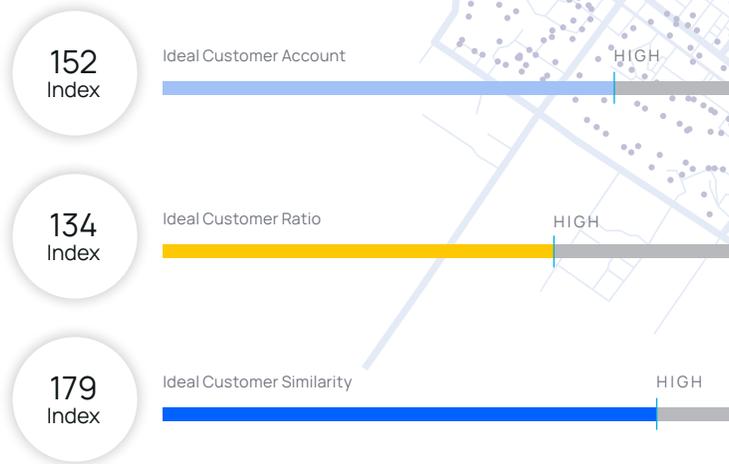
Lesson Four

In the past, the phrase, "If you build it, they will come," was true. But now, in a world focused on convenience, it's becoming increasingly important that you bring your facilities to the patients. This is where predictive analytics come in.

Fortunately, predictive analytics can help you forecast the best sites for new facilities and determine strategic changes that will make existing sites more effective.

When it comes to making decisions about where to locate your primary care clinics, urgent care centers, and other outpatient locations, you need to understand the geographic and spatial components. It's not just who the patients 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 two.

Retailers have also used predictive analytics to forecast the results they can expect for different potential locations. For healthcare folks, a similar option exists for 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 to location B, it will do 20 percent less. This is important to know before you decide where to locate your facilities.

Additionally, the retail sector can provide helpful guidance when it comes to understanding your patients by product category, instead of an overall group. For instance, if a trade area has a high demand for a specific service, it's crucial to ensure the location where that type of care is offered is convenient. Understanding your patients' habits allows you to configure your operations to meet their needs and extend your offerings to other services they may be likely to try based on their specific characteristics and behavior patterns.

Using analytics to evaluate existing locations can also help determine if an under-performing site truly isn't living up to its potential, or if its full potential is less than you had expected. This is an important distinction, and your answer will guide how you respond to the issue.

Lesson Five

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.

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

For instance, if you're making the decision to start a new location or renovate an existing facility, it's important to involve your operations, marketing, and clinical staff so everyone is on the same page about which services to include and how to market the additions. One way to organize this is to begin with the data and help everyone rally around it. 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 patients can prevent this issue and unite your different departments around common facts and goals. Further, through reporting, visualization, and mapping tools, as well as an 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 is that data provides a great starting point, making it easy to overcome barriers and achieve a collective vision of how everyone can contribute to your organization's success.

New Location or Renovation

Operations

Marketing

Staff
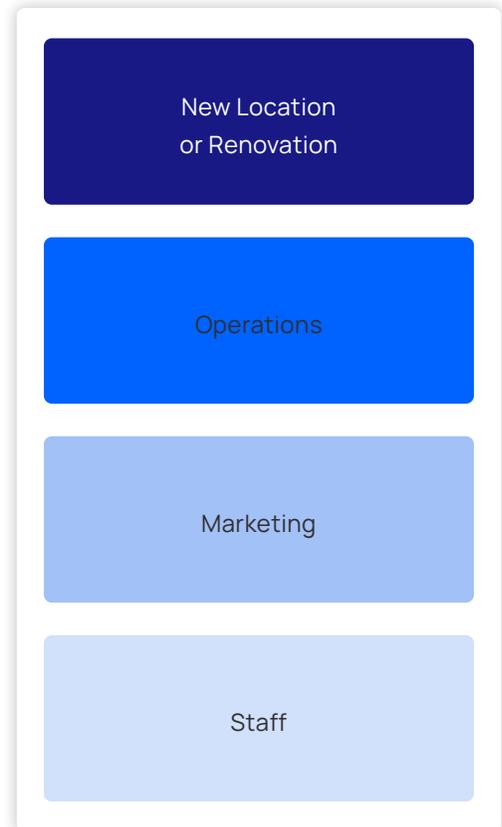
Involve key departments to align on service lines and market additions.

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 organizations 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 consumer 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 to capitalize on existing needs and opportunities.

Ultimately, this will help provider organizations 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.

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Key Takeaways from the Retail Sector

Staying status quo is never enough – providers need to find ways to grow continually. If you're not growing your market share, 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 services to meet the specific opportunities that exist.

About Buxton

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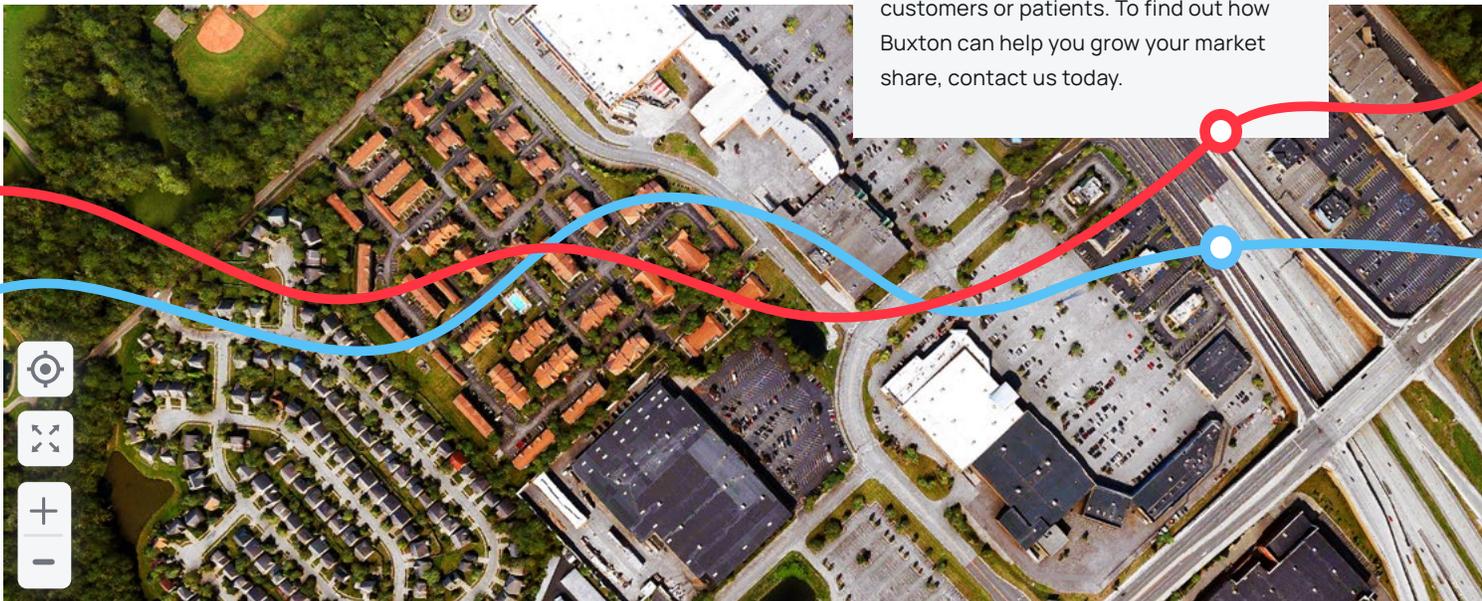
Get a Demo

Contact us to learn how we can help your organization thrive in an ever-evolving industry.

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