

The Best-Kept Secret In Health Care Marketing Research:

Why The Most Valuable Tool In Your Research Toolkit Is The One You Might Not Be Using

By Ingrid Steblea, Jeff Steblea, and Julie Pokela, PhD
Of Market Street Research, Inc.

How do people in your health care marketplace make decisions about which health care facilities to use? If you're like most health care marketing professionals, you probably feel you know the answers to that one. If you're smart, you've probably done some research to find out those answers. But the real question is: are you sure you're asking the right questions to get the answers you need?

The answers you need are the *real* answers, the ones that will paint the clearest picture about what people in your marketplace truly look for when they're making decisions about where to go for health care. Unfortunately, it's difficult to get these answers using the questions that are most commonly asked in health care marketing research today. The best tool you have for finding out how people really make decisions—what they want, what they need, and what they'll sacrifice to get what they need—is one you probably aren't using.

Health Care Marketing's Best-Kept Secret

Conjoint analysis has been used for years outside the health care marketing industry. It's a critical tool for marketers who need to figure out how to price a new product and what features will be most appealing to prospective buyers. While conjoint analysis has been slowly gaining awareness within the health care sector in recent years, many health care marketing professionals still aren't familiar with this versatile, valuable technique.

The power of conjoint analysis lies in its ability to find out from your consumers what trade-offs they are accepting every time they make health care decisions.

In an ideal world, we'd all like to live just down the street from a hospital with the highest possible quality of care in all specialties, the best doctors, the most advanced technology, the friendliest staff, the warmest and most inviting facilities, and the best ratings and awards.

But for most consumers, that isn't the case. Maybe that ideal hospital exists but it's far away and there's another hospital, not quite as ideal, but much closer to home. Maybe there are two or three great hospitals nearby, and each of them has an edge over the others in some way. Which hospital are consumers going to choose? They're going to have to make some trade-offs. They might decide they're willing to travel a long way to use that ideal hospital even if it means their friends and relatives can't visit. Or maybe they want to stay close to home where they

know they'll be comfortable and treated like family. To find the hospital that's best for them, they're going to need to make a few sacrifices. How can health care marketing professionals find out what their consumers are willing to sacrifice to get the best health care solution for their needs?

Don't Ask Them What They Want

Most health care marketing survey research uses closed-ended rating questions, multiple-choice, or rank-order questions to ask consumers about their health care decisions. The findings are typically analyzed by looking at the percentages of consumers who provided each response and averages for scale-based questions. While there's a lot survey researchers can learn about their consumers using these standard tools, these approaches have limitations when it comes to finding out what's really important to consumers when they're selecting health care providers.

For example, one method of asking consumers about their health care decisions is to ask them about the importance of various criteria individually, and have consumers rate the importance of each criterion on a category-based or numeric scale from *very important* to *not important*.

The problem with this approach is that in most health care markets, most consumers will answer that each of these criterion are *very important*. And why not? Who doesn't want to live in that ideal world where we can have it all? But when you get your survey results back and you see that 95% of health care consumers identified every single criterion as *very important*, it's hard to know what decisions you need to make to grow your market share.

A second common method of asking consumers about their health care decisions is to ask them to choose from a list those factors that are most important to them when selecting a hospital. Consumers can be asked to identify the single-most important criterion, the top two or three most important, or they might be asked to rank-order every item on the list.

This method is likely to get a better range of responses than the first example, but nonetheless, this approach has limitations as well. For example, it is difficult to assess the magnitude of preference between two items. If two consumers identify "location" and "reputation" as the first and second most important criteria, location could be much more important than any other criterion for one of these consumers, while for the other, location may be only marginally more important.

So if we can't get the answers we need by asking consumers what they want when they're selecting health care providers, what should we ask them?

Ask Them What They'd Sacrifice

The key to the conjoint analysis technique for health care marketing professionals is that it shifts the focus away from what consumers feel is important and would like to have in an ideal world, and focuses instead on what consumers would be willing to sacrifice in the real world. Only by understanding what consumers would sacrifice can you truly understand what matters to them in choosing a health care provider.

To conduct conjoint analysis, we begin by coming up with several pairs of attributes we want to test against each other. The attributes are the criteria we think health care consumers in this market area are likely to weigh when selecting a hospital, and might include criteria such as location, physicians, technology, personal care, and hospital reputation. The attributes you ask about will vary based on the competitive landscape in your market area.

Next, we assign levels to each of these attributes. This illustrates to consumers the type of trade-off they are making. For example, the levels for location might be "located nearby" and "located farther away." For physicians, the levels might be "exceptional" or "average," for technology, "state-of-the-art" or "average." Note that we are not assigning levels that represent *extremes*: we don't provide the consumer with a choice of "state-of-the-art technology" or "sub-standard technology." The choice we are providing to consumers highlights the advantage they stand to gain, the exceptional over the merely average.

At this point, we enter these attributes into a statistical software program, such as SPSS. The software takes the attributes (e.g., location, physicians, technology) and levels (e.g., exceptional, average), and combines them into a limited number of scenarios. The scenarios describe the possible configurations of these exceptional and average attributes. We present consumers with each scenario and ask them how likely they would be to use the hospital described by each scenario.

For example, we might open by asking the consumer to imagine that they have moved to a new state and there are a variety of hospitals they can use. The first hospital is farther away, has exceptional doctors, average technology, and an average overall reputation. The next hospital is farther away, has average doctors, state-of-the-art technology, and a strong overall reputation. We proceed through each of the possible combinations, asking the consumer after each one how likely they would be, on a 10-point scale, to use the hospital described by that scenario.

After collecting the data from consumers and inputting it into our statistical software program, we derive a rating for each of the attributes. These ratings show us the relative importance of each attribute. What this method gives us is the dimension of trade-off, the real-world context in which consumers are making decisions. By presenting consumers with a series of such scenarios, we get them to think actively about the trade-offs they are willing to make and their answers reveal the true underlying preferences that guide their health care decisions.

In analyzing this data, we are not only able to assess the relative importance of each of these attributes, but we can also use this data to conduct a market segmentation analysis based on the attributes that are important to different types of consumers. This analysis can show us how large the location-driven segment of the market is, for example, and what demographic characteristics this segment has in common.

Teaching From The Marketplace

We've learned a lot from conjoint analysis that has important implications for health care marketing professionals. One of the most powerful lessons is that in almost all health care markets – regardless of where they are in the country and what the competitive landscape looks like – the single most important driver behind health care consumers' hospital selection is

the hospital's physicians. A hospital's physicians are more important to consumers than its location, the level of personal care it offers, the level of technology it has, its overall reputation in the community, its affiliation with teaching hospitals, or other criteria. More than any other factor, the presence of exceptional physicians equates to a top-notch, high-quality hospital in the minds of consumers.

What this means for health care marketing professionals is that a hospital's physicians are its most important strategic resource. The most effective way of communicating to consumers the competitive strengths of a hospital is to utilize its physicians as the public face and representative of these strengths. Campaigns showcasing particular physicians and their contributions to medicine and to the hospital's centers of excellence will be highly effective at building and maintaining a strong reputation for that hospital, particularly when supported by positive word of mouth within the community.

In addition, our research assessing the importance of sophisticated technology at hospitals has shown us that there are rarely consumer segments that prioritize technology above other factors. In most markets, technology has a strong interrelationship with physician expertise. The focus groups we have conducted with health care consumers make the reasons behind this interrelationship clear: people want to make sure that whatever hospital they are using, the technology does not outstrip the capabilities of its physicians. No matter how cutting-edge the technology may be, it does the consumer no good in the hands of a physician lacking the expertise to utilize it effectively.

While there are several clear commonalities that exist across markets, we have found that the greatest differences exist within hospital's individual consumer segments. As described earlier, findings from a conjoint analysis can be used to conduct a segmentation analysis based on the attributes that are important to consumers. This enables us to understand what types of health care consumers – young, old, rich, poor, male, female – place more importance on particular hospital attributes. This understanding enables hospitals to better target its communications so that it is tailoring messages to consumers around the strengths that mean the most to them.

In most markets, there will exist unique consumer segments for which other attributes have particular importance. There is likely to be a segment that prizes friendly, personal care and a segment that gravitates toward the most conveniently located hospital. Interestingly, although there are some markets in which consumers who prioritize convenient locations and friendly care above other factors tend to be lower income and less educated, these segments do not always fall out along consistent demographic lines.

Your own market area will be a relatively unique entity. Understanding the size of these consumer segments and where to find them will help you make decisions about your marketing dollar. For example, if you know that a large proportion of your consumers in the eastern portion of your market area value personal, friendly care, compared with only a small proportion of consumers in the western portion of your market area, you will be better able to distribute your marketing resources so that your messages are reaching the right consumers.

In summary, conjoint analysis is an invaluable tool for health care marketing professionals, helping you understand what really matters to the community you serve by enabling you to see what your consumers are willing to sacrifice.

The unique nature of each hospital's market segments underscores how important it is for health care marketing professionals to conduct customized research of their own consumer base. These tools will help you enable you to learn what segments exist in your market and how many consumers are represented by each segment. You will be able to determine which segments of the market to target with specific marketing campaigns, based on the hospital's perceived strengths within the community, and the types of consumers who will have the strongest response to particular strengths.

Using these findings will help ensure that you are reaching your key consumer constituencies with the right messages, the messages that speak to what really matters most to them.

Common Strategic Decisions Where Conjoint Might Help

- We need to re-brand our health care services. Who should we be targeting our messages to, and what aspects of our services will have the strongest appeal to these consumers?
- We are designing a new marketing campaign to attract patients to our orthopedic department. What are our strategic advantages and disadvantages, compared with our biggest competitor?
- Should we expand our cardiac care department to offer a wider range of services, or should we focus our resources on specializing in a particular area of cardiac care and building our reputation in that area?
- What postnatal services matter most to our maternity patients? Would they rather have additional recovery time in the hospital, or shorter hospital stays followed by in-home doula services?
- What pricing structure should we set for our complementary and alternative medicine services, such as homeopathy or acupuncture treatments?
- We're having difficulty attracting young people who are moving in to our area. What matters most to these patients and why are they going elsewhere?
- We have a new medical device we're introducing to the market. What features will be most appealing to potential buyers and how much should we charge for the device?
- What matters most to diabetic patients who are purchasing insulin and testing supplies online?
- What kind of information do parents really want to know about our new pediatric services?

Ingrid Steblea is Vice President of Research at Market Street Research in Northampton, MA. Jeff Steblea is a Research Analyst at Market Street Research, and Julie Pokela, PhD, is President of Market Street Research, a company she founded in 1978. For further information, please contact Lou Davis at ldavis@marketstreetresearch.com or call him at (413) 584-0465

Case Study: Pediatric Hospital Identifies Its True Target Market

Research Objectives: A pediatric facility wants to understand its competitive position in order to increase its market share.

Methodology Used: Telephone survey of parents in the hospital's market area, including a conjoint analysis and market segmentation.

Findings and Recommendations:

- Our research found that this hospital faced **serious competition** from a major competitor that dominates its market area. This competitor was much more well-known than our client and it had characteristics that are more in line with parents' preferences for the type of facility they prefer to use. Our client nonetheless had a very strong image among parents who had actually used its services.
- This study enabled us to provide our client with information that is key to **understanding pediatric hospital selection** among parents living in its market area, such as the extent to which they rely on their pediatricians to recommend hospitals versus making decisions independently, based on hospital reputations; and their tolerance for how long they were willing to drive for their child's health care.
- The market segmentation analysis we conducted for this study allowed us to identify several **distinct market segments**, defined by the criteria parents look for when selecting a pediatric facility. We provided the hospital with information about the proportion of their total market area accounted for by each of the identified market segments, and unique demographic characteristics of specific key segments.
- Furthermore, we were able to identify **specific challenges and opportunities** among the market segment of parents that the hospital was most interested in: parents in this segment were particularly likely to prefer hospitals with the characteristics of our client's primary competitor, but on the other hand, they were more familiar with our client, compared with parents in the other market segments, and had a stronger image of our client in key respects.
- Based on the findings of this research, we were able to recommend a **specific strategy for marketing the pediatric facility** that would be successful in an environment where a competing facility dominated the market in terms of the strength of its reputation. We were able to recommend a method for branding its pediatric services by focusing on key aspects of the service that would be most compelling among parents.
- Moreover, we recommended that the facility make a **fundamental shift regarding the focus of its marketing efforts**. The hospital had been concentrating its resources on marketing services to parents. Our research indicated, however, that the segments of the market that our client was targeting relied heavily on their pediatrician's recommendation, and therefore the hospital would be best served by identifying referring physicians as their primary target population for future marketing endeavors.

ABOUT MARKET STREET RESEARCH

Company Overview

Market Street Research is a marketing research company with over 30 years experience conducting customized, premium-quality marketing research services and political polling for hundreds of consumer products companies, hospitals, banks, nonprofits, and other businesses and organizations throughout the United States.

We specialize in understanding our clients' needs and delivering high-quality market information for effective business and organizational decisions. Market Street Research is a women-owned, vibrant, dedicated, client-oriented business with a long history of commitment to our clients, our employees, and our community. Market Street Research has been awarded the official recognition as one of the **Top 50 Diversity-owned businesses of Massachusetts in 2006-2010** by DiversityBusiness.com.



Description of Services

Market Street Research provides a full range of qualitative and quantitative research services, including:

- ▶ Online Surveys
- ▶ Telephone Surveys
- ▶ Mailed, Paper Surveys and Intercepts
- ▶ Traditional, In-Person Focus Groups
- ▶ Online focus Groups, including:
 - Social Networking-Powered, Bulletin Board-Style Groups
 - Chat-Style Groups with Advanced Graphical Feedback and Capture Capabilities
- ▶ In-depth and One-on-One Interviews
- ▶ Case Studies and Literature Reviews
- ▶ Secondary Source Data Analysis and Synthesis



Market Street Research's Clients

Among our [clients](#) are:

- ▶ **US News and World Report Top-10 Ranked Academic Medical Centers, Hospitals and Health Systems**, including Massachusetts General Hospital, Johns Hopkins Medicine, Cleveland Clinic, St. Louis Children's Hospital, Dana Farber Cancer Institute, Brigham And Women's Hospital and Partners Healthcare.
- ▶ **Pharmaceutical, Medical Device and Technology Companies**, including Pfizer, Boston Scientific, Avid, VCI and mPhase Technologies.
- ▶ **Banks, Credit Unions and Other Financial Institutions** including Citizens Bank, Liberty Bank, Andrews Federal Credit Union, DanversBank, Wells River Savings Bank, First Niagara, Farmington Savings, Berkshire Bank, and Enterprise Bank and Trust
- ▶ **Insurance companies**, including Blue Cross Blue Shield of Massachusetts;
- ▶ **Educational Institutions** such as, Smith College, Mount Holyoke College Brandeis University, Deerfield Academy, and Loomis Chaffee.
- ▶ **Media giants**, such as The Weather Channel, ABC TV and The Children's Television Workshop.
- ▶ **A wide variety of other organizations**, including manufacturers like Spirol International and Fortune 100 consumer products companies like Sara Lee.

Studies Performed

At MSR, our mission is to provide the highest quality customized research and analysis services designed to provide information, insight and direction for decision-making to enable our clients in achieving extraordinary results. Toward this goal, some of the types of studies we conduct for our clients include:

- ▶ **Consumer Image, Awareness and Preference Studies**
- ▶ **Market Potential Assessments**
- ▶ **Current and Potential Referring Physician Studies**
- ▶ **Community Health Needs Assessments**
- ▶ **Branding and Positioning Research**
- ▶ **Market Segmentation Studies**
- ▶ **Materials Testing**
- ▶ **Customer, Employee and Patient Satisfaction Studies**
- ▶ **Satellite Location Studies**
- ▶ **Feasibility Studies**



A SAMPLE OF OUR CLIENTS



“The MSR team listened extremely well to what our needs were and what decisions we were looking to make. They understood our problems and knew the issues we faced. The research reinforced a lot of things we already knew about our reputation and brand. But more importantly, we learned new things about how the public viewed our organization and our competitors that surprised us. The research MSR conducted provided us with a new understanding that, in turn, helped to direct and drive our strategies and decision-making.”

~David Polk, V.P. Marketing and Business Development, Hartford Hospital

We look forward to helping you.

Contact Us

For more information on who we are, what we do, who we do it for, and how we can help you, please contact:

Lou Davis
Vice President
(413) 584-0465 ext. 103
ldavis@marketstreetresearch.com

