12-1986


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The topic of physician marketing often elicits strong reactions among both supporters and detractors. In many cases the disagreement results from differing perceptions about the nature of marketing. In particular, debates about the potential "evils" of health care marketing often stem from an overemphasis on advertising and a lack of understanding the more comprehensive nature of the marketing process. Marketing certainly includes advertising—if you have a good service, you should tell people about it—but marketing also means being sensitive to the needs and desires of those you serve (patients, referring physicians, and other "target markets") and developing and providing services that meet their expectations.

When understood as a tool for increasing responsiveness to people's needs and desires, marketing becomes the core strategy for practice enhancement. This paper provides an overview of key marketing concepts and elements of the marketing process that physicians can use to better understand their practice, develop strategies for growth, and implement those strategies.

In using the marketing process to enhance your practice, the following seven steps are involved:

1. Market research and assessment: Gather relevant information about your practice, consumer expectations, and the competitive environment in which you operate.
2. Strategy development: Articulate the actions necessary to respond to the marketplace, identify priority areas of practice opportunity, and meet your goals.
3. Product/service development, modification, and/or elimination: Infuse the market with new services, modify services to be more attractive to relevant consumers, and eliminate those services for which there is insufficient need or those which are tangential to your main practice goals.
4. Pricing strategy: Develop market-sensitive approaches toward pricing services based on competitive factors, the external environment (eg, reimbursement policies), and your own position in the marketplace.
5. Access and distribution channels: Assure that your services are available to patients in a convenient manner, including factors such as geographic access, appointment availability, urgent care, and waiting time.
6. Market communications: Inform the relevant audiences (eg, prospective patients, referring physicians, and third parties such as health maintenance organizations [HMOs] and employers) about the distinctive features of your services by using a variety of potential mechanisms including advertising, public relations, and personal presentations.
7. Evaluation and control: Determine the success of your efforts and their impact on your practice objectives, and make appropriate adjustments in your strategies.

The entire marketing process has become increasingly important as the health care environment becomes more competitive. This competitiveness is a function of shifts in both the supply and demand for services.

Factors influencing the supply for services include both the number of practitioners and the types of organizations involved in delivering health care. In terms of numbers of practitioners, there does appear to be a nationwide surplus. Medical schools continue to produce approximately 15,000 physicians per year, and the Department of Health and Human Services predicts a surplus of about 70,000 physicians by 1990. In addition, a variety of new forms of delivering care are developing, including freestanding facilities such as primary care centers, urgent care centers, and various diagnostic and ambulatory surgery centers.

As the supply of services increases, several factors affect demand, particularly the changes in financing of health care. The emergence of Medicare per case reimbursement, HMOs, preferred provider organizations (PPOs), and employer mandated utilization review programs all have led to a decrease in usage rates for health care services. Changes in medical technology and science also have led to new modes of treatment which are
less invasive and which can be performed on an ambulatory basis, decreasing the amount of physician resource needed in certain specialties. Demographic changes such as slowed population growth, geographic movement of the population, and the changing age structure all contribute to shifts in demand for services (2).

Competition is inevitable given the types of changes in the supply and demand for services presently taking place in health care delivery. The consumer, whether a patient or a referring physician, now has more choices and is more willing to exercise that choice. Marketing is designed to assist in understanding what motivates such choices, how to adapt to meet expectations, and how to communicate effectively with those who need to understand your message.

**Market Research and Assessment**

**Purpose of the assessment**

Assessment of a physician's practice is the first step in developing a marketing plan of action. The assessment determines the current market position of a medical practice and the factors in the external environment that affect it. Given an examination of internal and external factors, it is then possible to summarize the strengths and weaknesses of a practice—its market position within the competitive environment. The assessment will lead to the identification of potential threats to the practice, as well as opportunities for growth. This type of analysis—Strengths, Weaknesses, Opportunities, Threats—is commonly referred to as a “SWOT” analysis and frequently is a first step in the marketing process which will form the basis of subsequent strategy formation.

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**Internal assessment**

This portion of the overall assessment phase involves a thorough, dispassionate examination of your practice. Before developing new strategies, it is crucial to understand your current customers—patients and referring physicians. For example, how do your customers learn about you, who refers them, how they view your practice, why do they perceive it that way, and how would they like to see it change?

Several types of activities, such as examination of patient origin and demographics, should occur as part of an internal assessment. Patient origin refers to the geographic distribution of your patients. As population shifts occur, you may find that the geographic “pull” of your practice is altered, either causing a threat to your traditional market or an opportunity for growth in a new area. Similarly, the practice analysis should include 1) a demographic profile of patients (eg, to what extent is your practice disproportionately aging?), and 2) an analysis by any special procedures or services offered (does the pattern vary by service, and can stronger services be used to build the reputation of services in a weaker market position?).

Another extremely important element of the internal assessment should be a patient (or referring physician) satisfaction survey. Patients use surrogate perceptions to judge the differences between your quality of care and that of your competitors; that is, they judge your environment, staff, and nurses and the amount of convenience, comfort, information, and understanding you give them. Patients are influenced by others’ opinions, which also are based on those surrogate perceptions. Referring physicians also judge and make choices based on a variety of perceptions, not just technical quality. Important factors referring physicians include the promptness of feedback, the avoidance of “stealing” patients, and the personal knowledge of the consultant. In any case, no internal assessment can be complete without an objective survey of the customers. The practitioner’s own involved assessment is not sufficient.

The performance of your practice can be measured by monitoring traits such as appointment access. The availability of an appointment when a patient feels sick is an indicator of the accessibility of a practice. In addition to checking access as represented by the formal appointment book, friends can pose as patients and telephone your office. Monitor how well they are treated on the telephone and how successful they are in obtaining an appointment. Other variables to monitor include waiting times in the office (both waiting room and examination room times), the appearance of the office, and how much time you give to the patient.

**External assessment**

The external assessment is designed to determine environmental factors that pose a threat or create an opportunity for your practice. These factors can be grouped into the following six categories:

1. Demographic changes: Depending on the location of the medical practice, population shifts, age distribution changes, and socioeconomic characteristics all will affect the practice differently.

2. Economic changes: Economic cycles also affect medical practices, especially to where there is reliance on government-insured patients or patients employed through industries sensitive to economic cycles.

3. Practice style/technology changes: The increasing range of ambulatory capabilities (eg, ambulatory surgery), growth of noninvasive treatment modalities, and emphasis on avoiding unnecessary services shift demand for various types of care.

4. Consumerism/lifestyle changes: Individuals take an increasingly active role in health care in terms of interest in health behavior, in choice of provider, and in greater demands on the quality of the doctor-patient relationship.

5. Financing changes: Increasing emphasis is placed on transferring economic risks of “overutilization” to the physician, whether through HMOs, PPOs, prospective payment, or other emerging mechanisms.
Putting it all together: SWOT

The internal and external assessments permit you to perform a SWOT—Strengths, Weaknesses, Opportunities, Threats—analysis leading to strategy formation.

Strengths and weaknesses are a summary of your internal and external analyses, that is, your overall position in the marketplace, your ability to meet consumer expectations, and your relative susceptibility to initiatives by competitors and changes in the environment. The summary should be specific to the extent that your strengths and weaknesses vary by the services or "products" that you offer and their relative importance to your practice.

Once you understand the workings of your practice and its environment, it is then possible to begin to set practice goals and identify threats against and opportunities for achieving those goals. Opportunities to be explored should be thought of in terms of market segments. A market segment is a subgroup of the population which is similar regarding variables affecting choice of a service. A market segment may be defined in terms of geography (eg, people who live or work a certain distance from your practice), demographics or life stage (eg, working women over age 30 who are considering having their first child), or attitudes (eg, people who place a high value on health behavior and preventive care). In some cases an appropriate segment may also be based on a disease category (eg, diabetics or hypertensives). Assess your own strengths and weaknesses as well as the threats and opportunities in your environment to focus on a limited set of targeted opportunities that will help you achieve your goals.

Strategy Development: Directions for Action

Upon completing the internal and external assessments, including the identification of opportunities to assist in achieving your goals, market strategies can now be formulated. The development of market strategies can be grouped into four primary areas:

1. Service enhancement: Improve the service to existing patients and referring physicians to better meet their expectations and to build loyalty and gain referrals from your satisfied customers.

2. Development of new markets: Expand access for your existing services and promote them to new markets, such as new geographic markets or demographic and life-style segments.

3. Development of new services: Change the present mix of services in your practice, adding and emphasizing new ones designed to better appeal to both new and existing patients.

4. Repositioning services: Change the "position" or image of your services so that your strengths are more widely perceived by consumers.

The decision to use one or more of the previous strategies is dependent on practice growth objectives and the identified needs of the target market. Some questions that will guide the selection of a particular set of strategies are:

How can I improve the operation of my current practice to more effectively retain current patients and attract new patients? How can I modify my practice to benefit most effectively from typical consumer choice patterns? What are my strengths, how well do they match what is desired in the marketplace, and how can I best build on those strengths? What services can I offer that are not available from my competitors, and how can I offer them in a distinctly better way? What can I do to increase my visibility and availability to patients and referring physicians? To what extent am I satisfied with the current patient mix (eg, age, disease type, location, and insurance type) using my practice, do I need to change the mix, and if so in what way? What must I do to target my services to the patients whom I would most like to attract or to whom my service would most benefit?

Your answers to these questions will provide the framework for effective strategy decisions. Clearly, an important element of marketing is analysis. First, analyze the strengths and weaknesses of your own practice, and then analyze the external world as it affects your practice. Given those analyses, it is possible to realistically assess what your goals are in light of the realities of the marketplace. Once strategies are decided on, it is time to act—to change or develop a service, for example. To do so, you must consider the specific characteristics of the service you offer, how people will access the service, what its price will be, and how you will communicate its existence to relevant audiences. To do so, you need an implementation plan.
Product/service attributes

Knowing your sales product and matching it with what consumers want are the cornerstones of successful marketing. Domino's Pizza sells service, and they consistently deliver a hot pizza on time. Similarly, in health care, you need to know your products or services and what people expect from them. Some services may be global in nature (eg, primary care for children), but the more focused your services become (eg, executive phys­icals for top management in large companies), the easier it will be to appropriately configure them.

One approach toward configuring your service is to consider what happens at each step in the patient flow process. For example, consider what happens at the following stages: the call for appointment, arrival for appointment, reception area, waiting times, treatment by staff, interaction with physician, and after­visit contact. At each of these steps it is important to design your delivery system to meet patients’ needs. The initial telephone inquiry is particularly important, and receptionists should be instructed how to best represent your practice. The “script” for the receptionists will vary depending on the caller. An executive arranging a comprehensive physical, a nurse arranging a referral from another doctor, and a young mother new in town all have different information needs. The receptionist must be capable of understanding and emphasizing the relevant themes to each audience represented in a practice.

The last stage in the process—post visit communication—is also important in framing the impression of a medical practice. Thorough, clear reports are expected for executive phys­icals. Timely written information, as well as telephone feedback, are expectations for referring physicians. Patients like their doctor to keep in touch through periodic means such as a newsletter.

To design how you and your support staff conduct your prac­tice, it is important to remember to whom you are attempting to appeal and how you can best meet their needs. Existing patients remain the number one source of new referrals. Practices that best meet the needs of patients will develop the most loyal patients and, therefore, the largest base of advocates leading to practice growth.

Place: Distribution and access

In the classical marketing framework, “place” refers to the distribution channels for products. In health care this may seem to have less relevance, since many practices have only one location. However, the concept of product distribution is significant in terms of how services are made accessible. Well-designed access is a major element of successful health care practices.

Access refers to a number of dimensions of a medical prac­tice, including appointment hours (eg, evening and weekend), availability of appointments (eg, same day, walk-in), telephone access, and off-hours accessibility. As with other aspects of the marketing mix, the goal is to match your accessibility with the needs of your target market. For example, executive phys­icals may require office appointments at 7:00 AM, while after-school and weekend hours are important for a practice concentrating on adolescents.

Appointment availability is one of the most important aspects of access. Although patients’ medical needs may not be immediately apparent from an objective assessment, they generally will not tolerate delays in obtaining appointments. For example, a referred patient may be capable of waiting, but the very act of having been referred to a specialist creates anxiety and decreases the tolerance for a delay. Pediatricians have long ad­justed to the demands of their patient population for prompt ac­cess to service. As consumers become more demanding and alter­native choices expand, other specialists are likely to adjust with greater appointment availability.

Access also relates to perceptions. It is important that patients perceive the physician as accessible. This includes assurance that the physician can be reached in an emergency or that other arrangements satisfactory to the patient have been made. A simple mechanism to accomplish this is to use business cards in­cluding an after-office-hours telephone number. Even if they never use this number, most patients expect their doctor to be available at all times.

Pricing strategy

Analysis of appropriate pricing strategies can be complex in an era of changing regulation, governmental reimbursement policies affecting health care services, and alternative financing mechanisms such as HMOs and PPOs. In addition, pricing strate­g­ies will vary considerably by specialty and type of service.

Hillestad and Berkowitz (4) suggest several different types of pricing strategies: 1) skim pricing: pricing at a high level to de­velop a status position in the consumers’ mind; 2) penetration pricing: pricing below the prevailing level to gain market entry or increase market share; 3) elasticity pricing: taking advantage of consumers’ known or perceived price indifference within a range; and 4) cost-plus pricing: traditional approach involving cost plus a markup.

Each pricing strategy has its own advantages and risks. For exam­ple, skim pricing may encourage new competitors to offer the same service at a lower price. In addition, maintaining a “status position” will likely involve additional expenditures for extra amenities within your practice, therefore reducing the profit potential associated with greater revenue.

Specialty may have a significant impact on pricing. For rou­tine office visits, pediatricians may have similar market-based prices because consumers appear to be price sensitive (in econo­mists’ terms, there is little price elasticity). Plastic surgeons probably have the widest latitude in establishing pricing strategy and using innovative mechanisms such as packaging multiple services. In their efforts to control the growth in health care ex­penditures, various third parties (HMOs, PPOs, and Medicare) may further limit the ability to independently adopt varying pricing strategies.
Promotion

Communicating to target markets is part of the marketing process. Unlike those who assume that if you build a better practice, patients will somehow know it, marketing professionals recommend that you tell relevant audiences about your services and how you are prepared to meet their needs.

Well-designed market communications are targeted at specific market segments and contain themes or messages relevant to those segments. Those themes should reflect the service characteristics that were implemented in response to strategy development. For example, if a pediatrician wants to attract working mothers, communications should emphasize extended hours, ease of access, and telephone "triate" to avoid unnecessary visits and lost work time. If a subspecialist wants to attract referring physicians, communications should emphasize prompt consultation availability, timely feedback, involvement of the referring physician in decisions (eg, whether to make a subsequent referral or hospitalize the patient), and return of the patient to the primary physician. Market communications involve telling your markets about your services, influence perceptions and public opinion, about a new service, increase use of a service, and convey information.

Advertising may be used to position and introduce a new service, generate trial (ie, first time use) of the service, increase use of a service, and convey information. Advertising mechanisms typically involve television, radio, newspaper, magazines, or direct mail. Other forms of advertising include the brochure placed in the physician's own office. A well-designed and targeted brochure can "cross-sell" your services among your own patient population, exposing them to new aspects of your practice.

The process of choosing an appropriate advertising strategy involves answering the following questions: Who is the target audience? What is to be accomplished? What are the key selling points or advantages of the service to the target audience? What is the best media to use to reach the desired market segment? How will the results be measured?

The actual media selection will be a question of matching your goals, budget, and the likely impact on your target audience. For example, reaching a well-defined, select group of households through direct mail is frequently a better choice than a newspaper advertisement, even though readership of the newspaper is greater. The newspaper audience may be too broad for your purposes, and a selective message may be better designed to have greater impact as a direct mail brochure.

Throughout your market communication strategies, it is important to remember the messages you want to convey to your various target markets. You should have a market communications plan for key segments of your practice, including first time patients, existing patients, and prospective patients.

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Evaluation: Where To Go Next

The last phase of the marketing process is evaluation. The previous phases involved analyzing the situation, formulating strategies targeted at specific audiences, determining how to implement changes consistent with those strategies, and communicating the results to relevant audiences. How will you know if you were successful? How can you measure success?

Certain specific activities that you will have undertaken can be evaluated. For example, volumes of new patients or referring physicians, as well as information about how those customers found out about you, can be tracked. If this is done on an ongoing basis, it will be possible to relate changing patient patterns with various marketing initiatives.

Generally, the marketing process should contribute to achieving your practice objectives. To determine that, you need to assess your present position. Thus, the evaluation process involves an initiation of the assessment stage that begins the marketing process, with subsequent adjustments to your marketing efforts. For example, patients' satisfaction is important for increasing current patients' loyalty to your practice, as well as converting first-time users to ongoing patients. Therefore, you should resurvey patients using the satisfaction survey from the initial assessment and compare results to determine the level of improvement and any new problem areas. Interview patients who left the practice to determine their reasons for leaving and their level of satisfaction. Evaluate your relationship with referring
Physicians and the extent to which you are satisfying their needs to help build new referral relationships and strengthen existing ones. Discuss your findings with your staff and reassess your practice strategies for the future as they continue to relate to your practice and personal objectives.

Throughout the evaluation phase, remember that the marketing process involves change. Based on a critical self-examination of your practice in relationship to the marketplace, you alter some of the ways in which you do business. The evaluation, or feedback phase, is a continuation of the process of matching your practice to the needs of consumers.

Use of Consultants: When Help is Needed

The concepts and approaches toward altering aspects of a medical practice are foreign to many practitioners. Although they have always engaged in certain marketing activities, approaching their overall practice in terms of the marketing process is new. Thus it is appropriate to consider the use of an outside practice management consultant.

Consultants are useful resources for several phases of the marketing process. For example, through access to data not readily available to the practicing physician, consultants can assist in evaluating the external environment and competition. They also can work with the practitioner in developing efficient mechanisms to perform the internal assessment. Consultants also handle internal situations which are too “political” to be properly evaluated by those involved and recognize problem areas which go unnoticed by those close to the situation.

Above all, consultants bring expertise and a broad range of experience in handling a variety of marketing problems. Although physicians know the most about their individual practices, the consultant has the responsibility to systematically analyze information about the practice and to assist the physician in formulating an achievable marketing action plan.

Choosing a consultant is somewhat similar to choosing a physician: identify consultants expert in the area of practice management, examine credentials and experience, and contact former clients to determine their level of satisfaction with the consultant. Also, the hospital with which you are affiliated can be a source of assistance. Many hospitals are increasing their services to private practitioners. The practitioner is one of the hospital’s “target markets,” and the hospital is responding by developing new services to meet the needs of the practitioner. Once you explore your options, you will be in a position to choose the consultant who best fits your needs and objectives and with whom you can establish a good working relationship. Remember, second opinions can be important to the health of your practice.

The marketing process will help you meet your practice objectives. It is the process of matching your services to the needs of the consumer—whether that consumer is a patient, a referring physician, or some organization such as a business for whom you provide occupational medicine services. Adopting the marketing process means that you must develop a better understanding of your personal and professional objectives and know who your target audiences are, their various needs, and what you must do to respond to those needs. The end result is a healthier practice in which you meet your patients’ needs, thereby enhancing your ability to maintain existing patients and to attract new ones.

References