Shedding Light on the **Gap**
Between Consumers and Long Term Care Providers
Presented by Ryan Donohue
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Session Presenter

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Ryan has worked extensively with healthcare companies and providers to understand and leverage market intelligence to build and grow brands. Organizations he has worked with include Mayo Clinic, HCA, Baylor, Trinity Health, Georgia Regents Health and other brands big and small.

Ryan specializes in analyzing consumer decision making to create simple, yet effective models any healthcare provider can use to grow and prosper.

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Session Roadmap

• Defining the “Healthcare Consumer”
• Six Degrees of Consumer Separation
• How to Bridge the Consumer Gap
• Questions & Answers

Defining the “Healthcare Consumer”
Blue Sky Exercise w/ Healthcare Consumers

- Since 2012, National Research embarked on a “blue sky exercise” to qualitatively research the consumer view of healthcare
- 176 consumers in 48 states participated in focus groups
- 111,448 consumers polled through national survey
- Results in NRC white paper

The Blue Sky Bottom Line:

Healthcare consumers want healthcare companies to stop acting like healthcare companies.

SOURCE: NRC’s Blue Sky Exercise, 2012-2013
What’s **Wrong** with Healthcare Companies?

- Providers play a key role in what consumers describe as “the healthcare maze”
- Providers wrongly position as healers of the sick/dying
- Consumers believe they can “opt out” of the maze
- Consumers turn elsewhere for essential information
- Consumers seek a partner who will empower personal health and providers seek to fulfill this promise - however the two parties could not be further apart

**SOURCE:** NRC’s Blue Sky Exercise, 2012-2013

Who Do Consumers Trust the Most?

<table>
<thead>
<tr>
<th>How would you rate your overall trust and confidence in the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors/Nurses</td>
</tr>
<tr>
<td>Hospitals</td>
</tr>
<tr>
<td>Pharmacies</td>
</tr>
<tr>
<td>Hospice/End of Life Services</td>
</tr>
<tr>
<td>Your Employer</td>
</tr>
<tr>
<td>Home Health Services</td>
</tr>
<tr>
<td>Fitness/Health Companies</td>
</tr>
<tr>
<td>Health Insurance Companies</td>
</tr>
<tr>
<td><strong>Long Term Care/Nursing Homes</strong></td>
</tr>
<tr>
<td><strong>Your Government (Fed &amp; Local)</strong></td>
</tr>
</tbody>
</table>

**SOURCE:** NRC’s national consumer survey, April 2013, n size = 23,105, Top 2 Box responses only
Six Degrees of Separation

Perception: An Industry Ignored

- Healthcare consumers don’t think about healthcare providers
- Healthcare providers are poor differentiators
- Healthcare providers often lack the resources or focus to engage the consumer pre-experience
- Consumer default is to mentally opt out until physically too late
Consumer Perception Re: LTC Use

In the future, how likely is it that you or a household member will need the services of a skilled nursing facility (including nursing homes) on either a temporary or long-term basis?

Response

<table>
<thead>
<tr>
<th>Frequency %</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Not at all Likely</td>
<td>40.00%</td>
</tr>
<tr>
<td>(2)</td>
<td>20.00%</td>
</tr>
<tr>
<td>(3)</td>
<td>10.00%</td>
</tr>
<tr>
<td>(4)</td>
<td>5.00%</td>
</tr>
<tr>
<td>(5) Very Likely</td>
<td>25.00%</td>
</tr>
</tbody>
</table>

SOURCE: NRC’s national consumer survey, February 2013, n size = 21,984

Consumers on Future Long-Term Care Use

When do you anticipate needing any such services?

Response

<table>
<thead>
<tr>
<th>Frequency %</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a year</td>
<td>10.00%</td>
</tr>
<tr>
<td>0 to 3 years</td>
<td>10.00%</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>20.00%</td>
</tr>
<tr>
<td>4 to 10 years</td>
<td>20.00%</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>50.00%</td>
</tr>
</tbody>
</table>

SOURCE: NRC’s national consumer survey, February 2013, n size = 21,984
Economics: Spending is Unsustainable

- Healthcare spending is 23 percent of today’s federal budget, will be 30 percent in 10 years
- In the past 50 years, healthcare consumption has more than tripled its share of the GDP
- Out of pocket healthcare costs have doubled in the last ten years
- Cost fears are reaching chaotic proportions

SOURCE: CNN Money, Kaiser Family Foundation, Credit Suisse, 2012

Economics: Spending is Unsustainable

Do you believe hospitals are upfront and transparent about the prices of the healthcare services they provide to patients?

- Yes: 13.3%
- No: 62.7%
- Don’t Know: 24%

SOURCE: NRC’s Market Insights national survey, 2013, n size = 21,824
Media: Healthcare is Broken

- The heat is on: healthcare costs are perceived as careening out of control
- Though many stakeholders play a role in driving up costs, the providers of care often take the most blame
- Media is telling one-sided story on healthcare

SOURCE: Consumer Reports, 2008

Technology: A Social/Societal Revolution

Google
- Instant access to information

facebook
- Instant ability to share information

Constant connectivity everywhere

#3: THE BRIGHT LIGHT

#4: INFINITE INFORMATION
Technology: Social Media in Healthcare

- 1 in 4 use social media as source of healthcare info
- Customers use and trust social media to find health info (average age: 44.1)
- Customers trust social media info 5 times more than traditional advertising
- 52 percent of customers will prefer a provider in the future based on engagement via social media


Technology: Social Media Activities

<table>
<thead>
<tr>
<th>Healthcare Activities Performed Through Social Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search for health information</td>
</tr>
<tr>
<td>Ask for health advice</td>
</tr>
<tr>
<td>Seek out support from others</td>
</tr>
<tr>
<td>Ask for doc/hosp. recommend.</td>
</tr>
<tr>
<td>Share stories about experience</td>
</tr>
<tr>
<td>Raise awareness of health info</td>
</tr>
<tr>
<td>Keep others informed of health</td>
</tr>
<tr>
<td>Rate quality of care</td>
</tr>
<tr>
<td>None of the above</td>
</tr>
<tr>
<td>Health-related fundraising</td>
</tr>
</tbody>
</table>

# Technology: A Mobile/Social Revolution

- 1 in 3 have used a mobile device to access healthcare information
- Mobile use will only increase in healthcare
- Consumers seek interactions exclusively through their smartphone (1 in 10 want app only)
- Hospitals who don’t adapt will continue to struggle to build a strong customer experience

*SOURCE: NRC’s Market Insights survey, PEW Internet Study, 2013*

# Non-Healthcare: Outside Experiences

- Outside industries have faced customer revolutions and been forced to adapt
- Customers experience other industries more frequently and consistently than healthcare
- Customers expect the same high level experience
- The pressure on healthcare providers to appease the customer will not go away
Lesson: Master the Experience

Industry: Banking/Financial

Non-Healthcare: Master the Experience

- Experience must make consumer feel like #1
- When quality and cost is unknown or perceived as similar, convenience becomes influential
- Focus on consumer-facing elements of technology can infuse value
- Translate experience benefits into plain English
Healthcare still losing ground in industry comparison:

Non-Healthcare: Industry Comparison

Please rank each industry on how well they serve you as a customer

1. Retail
2. Banking
3. Utilities
4. Hospitality/hotel
5. Automotive
6. Hospital/healthcare
7. Entertainment
8. Airline

Source: HRI Consumer Survey, PwC, 2013

Consumer Choice: The Consumer Arrives

- Consumers don’t pay attention to healthcare but when they do they feel the industry is broken
- Consumers are paying more than ever before for their healthcare services
- Consumers can’t turn on TV or read the newspaper or surf online without hearing healthcare woes
- Customers expect more choices and demand influence over their care
The Age of the Customer

Figure 1 We Have Entered The Age Of The Customer

1900  1960  1990  2010

Age of manufacturing
Mass manufacturing makes industrial powerhouses successful
- Ford
- Boeing
- GE
- RCA

Age of distribution
Global connections and transportation systems make distribution key
- Wal-Mart
- Toyota
- P&G
- UPS

Age of information
Connected PCs and supply chains mean those that control information flow dominate
- Amazon
- Google
- Comcast
- Capital One

Age of the customer
Empowered buyers demand a new level of customer obsession
- Macy’s
- Salesforce.com
- USAA
- Amazon

#6: THE RISE OF CHOICE

How to Bridge the Consumer Gap
Bridge #1: Understanding Brand Equity

The Components of Brand Equity

**BUSINESS AND COMMUNICATION TOOLS**
- Advertising
- Public Relations
- Collateral
- Direct mail
- Publications
- Forms
- Patient bills

**DIGITAL CHANNELS**
- Online marketing
- Website
- Social media
- Mobile marketing

**EMPLOYEE AND RESIDENT INTERACTION**
- Staff attitude
- Staff knowledge
- Employee satisfaction
- Organizational culture
- Service response & follow-up

**FACILITY**
- Presentation & appearance
- Way-finding
- Cleanliness
- Care environment
- Quality of Care Setting

**OVERALL BRAND EQUITY**
What is a Brand?

- The gut feeling others have about us
- What keeps the customer coming back
- The reason our employees enjoy their jobs
- Our most important asset

What is NOT a Brand?

- Slogans, jingles, logos, pretty pictures, etc.
- A waste of money during challenging times
- Something only Marketing worries about
- A luxury for the most affluent hospitals
• Is there logic behind your brand architecture?

• Does your brand architecture fit who you are?
  ✓ Are ALL services and resources identified?
  ✓ Are ALL services and resources clearly tied together?
  ✓ Are consumers able to follow your brand architecture?

• Is your brand ready for rapid consolidation?
Bridge #2: Rethinking ‘Experience’

- The physical plant is the least familiar component to most consumers (and potential residents)
- Expand the value of the physical experience through traditional and digital marketing
- The web is where the adult child is making decisions on where to tour & consider
- Online experiences break the bonds of traditional healthcare perceptions and expectations

Streamlining via System Approach

- Healthcare is inherently confusing
- Consumers seek a 1:1 relationship w/ providers
- Consumers value “systemness”:
  - 65 percent said they were more likely to choose a provider that is part of a system
  - 31 percent said it makes no difference
  - 4 percent said they were less likely to choose a provider that is part of a system

SOURCE: NRC’s national Market Insights survey, Dec 2012, n size = 21,379
Creating Pre-Experience Value

- Consumers have warmed to scalable resources
- Consumers are increasingly trusting of technology (including electronic health records)
- Ignoring the opportunity to build a “virtual long term care brand” comes at great peril in the age of the online customer
- Healthcare’s sluggish tech adoption provides opportunities to providers willing to invest

The Value of Simplified Communications

- Simplifying communications means maximizing budget efficiency
Bridge #3: Resourcing the Experience

• The experience is only as strong as those who deliver it
• There is no admirable brand which does not have engaged employees
• Employees play the most visible role in the delivery of the experience - yet they are often excluded from the equation of value
• Employees are the cornerstone of the culture

The Mission/Vision/Values Factor

MISSION Why do we exist?
VISION Where are we going?
VALUES What behaviors will get us there?
EXPERIENCE The benefactor of all of the above
Bridge #4: Measuring the Experience

- Measurement allows understanding of the perceptions, needs and motivations of customers
- Measurement mitigates ‘vacuum thinking’
- Reveals insightful trends & predicts drivers of future consumer and employee behavior
- Without measurement, assumptions grow, decision-making suffers and inactivity thrives

The Many Facets of Measurement

- Monitor the overall perception of your organization, including those in the community
- Considering measuring the following:
  - Consumer awareness of your brand
  - Consumer sentiment on your brand’s image & quality
  - Consumer loyalty toward using and recommending your brand
- Measurement makes the intangible tangible
- If it cannot be measured it does not exist!
Keeping the House in Order

- Mastering ‘customer acquisition’
  - Physical location
  - Perceived reputation
  - Recommendation from others

- Mastering ‘customer experience’
  - Overall quality (of life/of care/of service)
  - Overall satisfaction
  - Recommendation to others

- Ensure the left hand is talking to the right hand

The Feedback Loop

Evidence

You take action to avoid unwanted consequences.

Action

You process the potential negative effects of poor performance.

Consequence

Your performance is quantified by an outside party.

Relevance

Your performance is matched to the performance of others.
Customers on “Customer-Centric Healthcare”

- **INDUSTRY IGNORED**: Build a 1:1 relationship with consumer through your brand
- **HARD ECONOMICS**: Be price transparent if possible; inform on cost
- **MEDIA COVERAGE**: Tell your story through targeted marketing and PR
- **INFINITE INFORMATION**: Develop digital strategy; use web/social/mobile to engage
- **OUTSIDE EXPERIENCE**: Tout resident experience and show parallels to others
- **RISE OF CHOICE**: Embrace choice and welcome the discerning consumer

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Thank you for your time!

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