Marketing Accountability
Metrics and ROI

David Marlowe
Strategic Marketing Concepts
Ellicott City, Maryland
The Parameters of Metrics

• “Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted”.

-Albert Einstein
First – A Quick Exercise

• Write down five (yes, only five) key “marketing” metrics that you would report on a regular basis for a “provider” organization (hospital, physician group, system, etc.).
Not a New Issue...

• Here is a list of “metrics” from a quarterly “Marketing and Public Affairs” report to the Board... from 1982!
  – Inpatient market share (State Data)
  – Top of mind awareness (annual survey)
  – Media coverage
  – Number of active admitting physicians
  – Number of events held w/hospital participation
  – Number of collateral pieces produced
....But Still A Key Issue

• In an (informal) survey of health system marketing leaders, the issue of “tracking/metrics” was considered the greatest challenge.
  – Figuring out what to track.
  – Having access to the needed information
  – Having the resources (systems, staff) to do the tracking
METRICS CHALLENGES
Lack of External Requirements

• Finance, Clinical Area, Operations, etc. all have external sources that (to one degree or another) dictate the parameters of their metrics.
  – FASB, Bond Rating firms, CMS, JCAHO, etc.

• Marketing/Public Relations in a provider setting pretty much lacks any external, standardizing direction for metrics.
  – Moody’s doesn’t mandate a report on unique web visitors per month.
  – JCAHO has no standards for Overall Preference ratings
Lack of Consensus on What is Important to Measure

• It isn’t at all unusual to find a lack of consensus on what Marketing should be tracking. Example (200 bed suburban hospital w/50 doctor employed group):
  
  – CEO/CFO – “Share”, “Volumes” with little understood value in production, activity or image related metrics.
  
  – Board – Strongly focused on public image (“why aren’t we in the local paper more”).
  
  – Marketing – Focused on operational metrics they could control (media coverage, calls, web activity).
What Does Marketing “Control”?  

- Another debate – does Marketing track only activities it “controls” or does it track a broader spectrum of Marketing Metrics?  
- Clearly depends on organizational culture, but what is the consequence of not including a broader spectrum of “Marketing” metrics, including elements beyond the full control of the Marketing function?
What Does Marketing Control?

• A quote…”We manage all digital activities, so web visitors and social media followers are fair metrics. But we have limited influence on referrals by PCP’s to our faculty specialists so that’s not a metric we track.”

• A quote…”Our focus is on brand image. I know the CFO wants to see “hard” returns but we don’t control those. I have to convince them that image-related metrics are strategic”.

Strategic Marketing Concepts
Data Needs and Challenges

• The viability of Marketing metrics is clearly tied to the availability of key information – complete, timely or even accessible.
  – The service area consumer survey hasn’t been done in 3 years.
  – The call center doesn’t report to Marketing – and can’t (won’t?) provide timely call volume information.
  – The organization’s Foundation runs most community events and doesn’t track attendance.
  – Finance can’t provide direct cost estimates (see ROI below).
  – State IP share data is over one year behind.
Metrics Resources

• Tracking results takes time and resources, which can be a major challenge for many functions.
  
  – Some larger systems have dedicated “analysts” in Marketing but metrics can be tough for a 6 or 8 or 10 person team.
  
  – The key is to (a) limit the metrics to a reasonable number and (b) monitor results on an ongoing basis so it isn’t an all hands on deck scramble before the year-end Board meeting.
CATEGORIES OF METRICS
Categories of Metrics

- There are 3 categories:
  - Production Activity Metrics
  - Marketing Operations Metrics
  - Strategic Results Metrics
- Yes, the lines can blur a bit between them but by and large most of what we can or should measure falls into one of these 3 categories.
Production Activity Metrics

• The quantification of marketing “work”. For example:
  – Number of collaterals produced
  – Number of events sponsored or conducted
  – Number of press releases sent
  – Number of press inquiries handled
  – Number of tours given
  – Number of micro-sites developed
  – Number of videos produced
Marketing Operations Metrics

• Quantification of marketing-generated “results” (Activity). For example:
  – Number of attendees at events/screenings
  – Number of placements or minutes of media coverage
  – Call center activity
  – Web site unique visitors (and other web usage metrics)
  – Newsletter readership levels
  – Social Media “Friends”/“Followers”
  – Inquiry/contact conversion rates (to usage of some type)
Strategic Results Metrics

• Quantification of the return from marketing results that supports organizational strategic development.

  – Awareness, Preference, Image (Brand Position)
  – Volumes, Market Share (Wide array here)
  – Referrals, Active Referral Sources, “Leakage”
  – Membership (Fitness Center, etc.)
  – Satisfaction, Loyalty (HCAPHS, Other Audiences)
  – Enrollment/Re-Enrollment (Insurance Products)
  – Population Health Goals (ACO)
  – ROMI (Specific $$ tied to marketing effort)
The Metric Mix – What Matters

• All three categories are important and should be considered in any Marketing Plan or for any Marketing function.

• But at the end of the day, a Plan or Marketing function that doesn’t take in to account a reasonable dose of “strategic” metrics (however that is defined for your organization) is walking on a tight-rope.
Which “Strategic” Metrics?

• There are many candidates here but optimally the metrics should connect back to the key strategic “drivers” for the organization. Some examples:

• **Suburban Hospital** – Top strategic focus is gaining ground in it’s “Secondary South Area”.
  – Strategic Marketing Metrics – Preference; IP/OP Surgery Share; Active Patients in Employed PCP sites – all from South Area.

• **Rehabilitation Hospital** – 68% of profit margin comes from highly specialized IP cases (Peds, Trauma)
  – Strategic Marketing Metrics – Active referral sources; number of referral sources; new sources from designated “outlying” markets; conversion rate on consumer self-directed web searches.
Which “Strategic” Metrics?

- **Regional Cancer Hospital** – Only included in 20% of “narrow network” insurance products in 3 state area.
  - Strategic Marketing Metrics – Number of plans included in; consumer preference; national quality rankings.

- **50 bed Rural Hospital** – Has only 50% share in its own Primary market, badly needs volume retention to stay financially viable.
  - Strategic Marketing Metrics – Leakage in key service lines; brand image represented by “prefer not to use” ratings and “perceived quality” ratings (Consumer Survey).
Which “Strategic” Metrics?

• **Academic Medical Center** – A key strategic challenge for this AMC for the past decade has been access – to faculty specialists in particular.
  – Strategic Marketing Metrics – Volume and related revenue “lost” due to no timely appointment access; wait time for appointments; consumer “ease of use” attitudes; physician referral source attitudes.
METRICS REPORTING (DASHBOARDS)
Health Care Marketing “Dashboards”

• Not per se a new concept. 25 years ago the presentations centered around the “Marketing Monitor”.

• But, 10 years ago it was relatively rare to see a regular “Marketing Activity/Results” report to leadership or the Board.

• Today, an estimated 75% of provider Marketing functions have some form of regular metrics reporting... though there is a wide variance in frequency and types of information.
Health Care Marketing “Dashboards”
(Informal Survey of Dashboards)

• Informal review of 25 organizational Marketing “Dashboards” – stand alone hospitals, regional systems, AMC’s, etc.

• Frequency:
  – Majority (75%) – Monthly
  – Some (20%) – Quarterly (but a couple also had weekly or bi-weekly “internal” dashboard summaries)
  – A couple were bi-monthly
Health Care Marketing “Dashboards”  
(Informal Survey of Dashboards)

• Receiving Audiences:
  – All – C-Suite leaders
  – Close to half – Board (though in many cases only selected elements from the Dashboard)

• Report “Style”:
  – A very wide range – from single page with no graphics to a nearly 50 page “bound” book with advertising samples.
Health Care Marketing “Dashboards”
(Informal Survey of Dashboards)

• Almost All – Contained some “production activity” metrics – events held, materials produced, releases sent, etc.

• All – Contained “marketing operations” metrics – event participation, calls, web activity, inquiry conversions, media coverage, etc. Metrics in this category were by far the bulk of the dashboards reviewed.
Health Care Marketing “Dashboards” (Informal Survey of Dashboards)

• Most (but again not all) contained some degree of “strategic results” metrics but there was no single or small group of these metrics that was consistently shown in these dashboards. Most common:
  – Consumer image metrics (preference, etc.)
  – Market share (usually public)
  – Referrals (to physicians, from physicians)
  – Key audience satisfaction
  – ROMI (fairly few and limited instances)
Dashboard Example 1

• Suburban Hospital (150 beds, 50 employed physicians, Marketing staff of 3).
  – Monthly report (most of the time)
  – Mostly a text summary of specific actions, articles that month.
  – “Statistics” reported:
    • Web site activity (visitors, etc.)
    • Referrals made to staff physicians
    • Media $$ spent by source
    • Media story placements
    • Events held, attendance estimates
Dashboard Example 2

- Academic Medical Center (700+ beds, 600 doctor Faculty, Marketing/PR staff of 18).
  - Monthly report (part of a larger “Advancement” Report)
  - Some elements only updated quarterly or annually.
  - Uses a Green/Yellow/Red Light system against goals
  - Sample Statistics Reported (Marketing):
    - On-Line Video Views
    - Top of Mind Awareness, Overall Preference
    - IP Market Share
    - Web site unique visitors
    - Monetary value of news coverage
Dashboard Example 3

• Single metro area System (10+ hospitals, 300+ employed physicians, extensive ambulatory care network, Marketing/PR staff of 80).
  
  – 2 Dashboard reports – one weekly primarily for internal Marketing operations and one quarterly for leadership audiences. Both printed and bound.

  – Quarterly report includes key statistics, campaign summaries, media coverage, event summaries, project updates, financial (budget) summaries and staff changes.

  – Sample Statistics – Call Center (registrations, physician referrals), web site activity, media coverage, value of media coverage, specific campaign results (inquiries, referrals, patients, ROI)
Health Care Marketing “Dashboards”  
(Guidelines)

1. Choose metrics that matter –
   - To the audience reading the Dashboard.
   - To the strategic direction of the organization.
   - Consider the “so what” factor – does the metric impact operational or strategic decisions?
   - In candor – “Production” metrics are probably better limited to internal departmental tracking purposes.

2. Don’t assume the reader understands the jargon.

3. As much as possible, keep it visual.
Health Care Marketing “Dashboards” (Guidelines)

4. Keep it current or don’t bother.

5. Make it simple to access, read and use.
   – And check once in a while – is anyone really reading it?

6. Be honest – if the results are not up to goals, acknowledge and look at solutions.

7. Decide how often to report:
   – Time periods of the data elements (why report monthly if many elements only change quarterly or annually)?
   – Resources available within Marketing
   – Patience/interest of the target audience
Health Care Marketing “Dashboards”
(Guidelines)

- Decide how many metrics to report.
  - How available is the data?
  - How much support and staff resources do you have to do this?
  - Financial metrics reports typically focus on perhaps 10-12 key ratios and results. Maybe that’s a good guideline.
Health Care Marketing “Dashboards”  
(Resources)  

• There are some general industry metrics reporting software out there (NOT health care specific).  
  – iDashboards  
  – VisualIQ  
  – Tableau
Challenge – Comparing to “Norms”

• There is a lot of pressure across health care to compare ourselves to “standards”, “norms”, etc.
  – Clinical Areas have come a long way in establishing benchmark outcomes standards and studies.
  – Finance has detailed profiles of “norms” for key ratios (days in receivable, etc.)
  – HR functions have organized studies looking at salaries, benefits, turnover, etc.
Challenge – Comparing to “Norms”

• Marketing (in health care) has not come as far down the path of creating comparative norms – and we may never do so.
  – Standards are hard to come by and agree upon – what is a “good” range of preference share for hospital in its Primary Service Area? What is a “good” ROI on a direct mail campaign for bariatric surgery?
  – There have been few organized attempts to set any standards beyond marketing operations studies (Number of staff, budget as a % of NPR).
Challenge – Comparing to “Norms”

• The big question – how important are comparisons to “norms” for Marketing?
  – Is it more critical for a system in North Carolina to compare to a national average – or to the other 3 systems in North Carolina that it competes with?

• Consider comparing with:
  – Yourself – how is your function doing over time?
  – Competition – how are you doing against those who can take business away?
  – True Peers – Geographic, Same System, Same Category (e.g. – AMC vs. 20 other AMC’s)
“Cutting Edge” Metrics – 2014
(A Few Examples)

• “Patients Turned Away” – Volume lost because operating elements within a System couldn’t schedule or take a referral in a timely manner.
  – Tracked via a combination of formal and informal metrics by one AMC.
“Cutting Edge” Metrics – 2014
(A Few Examples)

• Share of health care expenditures from a finite population pool.
  – Initially developed in the late 1980’s with the first wave of Integrated Delivery Systems.
  – Coming back as “Systems” combine risk pools (insurance) with wide range of provider entities.
  – 100,000 people generate $X in H.C. expenditures in a year – what % does the “System” control?
“Cutting Edge” Metrics – 2014
(A Few Examples)

• Correlation between advertising $$ and donations.
  – Tracked by Development arm of a specialty organization.
  – Found over a 4-5 year period that donation conversion and overall donations tracked (down) with a decline in advertising visibility by the organization.
MARKETING RETURN ON INVESTMENT
What is ROI?

**Traditional (Accounting)** - Return on Owner’s Investment
- Net Income divided by Owner’s Equity

**Specific Effort** - Revenue (net of costs) divided by investment (expenditure?) made.
- For our purposes, THIS is the “ROI” we are talking about.
ROI Parameters

• ROI (ROMI) is a specific process that shows a level of net revenue return connected to the specific marketing effort.

• If there isn’t a revenue return, it isn’t ROI. Period.
ROI Parameters

• Metrics such as media coverage, calls, web visitors, social media followers – even referrals - are valuable metrics in and of themselves.
  – And they may be an important interim step to an eventual ROI measurement.

• But calling something “ROI” when it isn’t can undermine the credibility Marketing.
ROI Parameters

• ROI measurement (if it can be done) must be planned for BEFORE the marketing effort is initiated.
  – Trying to capture the results after the fact is very, very difficult to do.
ROI Parameters

• There are few absolute “rights and wrongs” – each organization must decide on its own acceptable assumptions.

• There are no established “norms” for good or bad health care marketing ROI – yet. Too few provider organizations have done this for such a measure.
  – Though the pace of ROI seems to be picking up over recent years.
Challenges to ROI Measurement

• Is the Marketing effort really aimed at driving revenue? If not, ROI is probably not the right metric.
  – Participation in the 4th of July parade.

• Time delay between the marketing effort and when the health care service is used (Weeks? Months? Years?).

• To what degree can the service be influenced by any marketing activity? (Emergent, Urgent, Elective)
Challenges to ROI Measurement

• Can the organization’s financial systems provide the needed information?
  – Especially the cost of services provided.

• Can the organization’s Marketing function effectively connect Marketing effort “A” to Results “B”? (Tracking mechanisms).

• Will Marketing fall in to the trap of claiming too much?
  – The “gain” from a specific effort rather than all volume coming in.
Challenges to ROI Measurement

• Can ROI be done for specific elements or is it enough to track the return on the entire effort?
  – Radio vs. Print vs. SEM

• Does the leadership have the patience to wait?
  – Want return 90 days out – but it can take 6 months to see the impact.

• Are there other factors that create “skepticism” among key leaders?
  – System X shows positive ROI on 10 different campaigns – but overall Market Share hasn’t moved an iota in 4 years!
ROI Metrics Logistics

• Define the specific service being marketed and the specific marketing effort being measured.

• Decide the parameters for what you will and will not count coming from the specific Marketing effort.
  – Ms. Smith is targeted for OB promotion but comes in for elective Orthopedic surgery. Does it count?

• What is the cost of the Marketing effort?
  – Media advertising, events, SEM, etc.
  – Allocated support costs (e.g. – Call center fees)
  – Staff time
ROI Metrics Logistics

• Tracking returns:
  – Optimal – A direct connection methodology (coupons, dedicated phone line, unique web site, unique identifier) or in the case of CRM/Direct contact – control groups.
  – Viable – Measuring change in volume over a finite pre-effort period of time with a “safety valve” factor for market “noise.”

• How long do we track ROI?
  – 6 Months?, 1 Year?, 2 Years?
ROI Metrics Logistics

• “Business We Would Have Gotten Anyway”
  – Unless the program/service/site is totally new, there is an existing stream of business and some would have come in even if no marketing effort had been expended.
  – The simplest way to account for this is to apply the current market share.

• “What is a ‘New’ Patient?”
  – Optimally, we should account for existing/recent patients, but how do we define that? (There is no standard).
  – Someone who has not been to our organization for the service in question for X years (2?, 3?, 5?)
ROI Metrics Logistics

• What are the collected revenues from volumes deemed to have come from the designated Marketing effort (after other criteria are applied)?

• What is the Direct “Cost of Services Provided” factor (a percentage representing volume driven costs such as labor, supplies, drugs, linens, etc.).
  – Industry consensus (though not an absolute rule) is to not apply fixed overhead costs unless Marketing driven volumes cause increases (e.g. – expanded facility).
ROI Formula

Percentage = \[
\frac{(\text{Net Revenue} - \text{Marketing Expense})}{\text{Marketing Expense}}\] \times 100

\[
\frac{($50,000 - $20,000)}{$20,000} \times 100 = 150%
\]

• Note: Net Revenue = Revenue collected as a result of a Marketing effort less a factor for direct costs.
• Note: Can also be reported as a ratio (2.5 to 1) or as time to break-even (4.8 months)
ROI Example

• Activity – CRM-driven direct mail for knee replacement surgery (educational class)

• ROI tracking will count only people getting knee replacement surgery.

• Marketing cost = $32,000

• Tracking done directly – participants identified uniquely, tracked through registration for the class and subsequent surgery.
ROI Example

• Time frame to track – 6 months from classes
• Business would have gotten anyway – proxy is market share for Ortho surgery overall (20%).
• New patient definition – has not been at XYZ hospital in past 3 years for any service.
ROI Example

• Results:
  – 18,000 people reached
  – 112 attend classes
    • .6 of 1% response rate
  – 15 have knee surgery (Net 11 after deductions)
  – Net Revenue (Collected) = $159,500
  – Direct Costs = 45%
  – Net Contribution = $87,725
ROI Example

• ROI Analysis:

Percentage = \[
\frac{(\text{Net Revenue} - \text{Marketing Expense})}{\text{Marketing Expense}} \times 100
\]

Percentage = \[
\frac{($87,725 - $32,000)}{$32,000} \times 100
\]

ROI = 174% (With 100% = Breakeven)
ROI Implications

• Our marketing effort had a 300% positive ROI...doesn’t that justify an increase in our marketing budget??

• In theory, yes... but in reality maybe not.

• A $100,000 investment in marketing might result in a $500,000 return this time around...but that doesn’t mean the next $100,000 investment will have the same result.

• The market potential in every market is finite and each incremental gain gets harder to achieve.
ROI – Good Targets to Start

• Services that are elective and/or have a high degree of consumer participation.
• Finite, single modality marketing effort.
• Strong tracking methodology to connect marketing to usage.
• Clear ability to provide financial results.
• Employed PCP practices; Bariatric Surgery; Joint Replacement Surgery; Occupational Health; Screening Events; Fitness Center Membership
ROI – Next?

• As long as we have “volume” driven aspects of our system, the ROI described above will hold.

• But as we shift to “Population Health Management” (especially with any risk payment models), the concept of “ROI” may change.
  
  – Marketing efforts to capture enrollment and re-enrollment.

  – “Reverse” ROI – the use of marketing resources to direct usage and thus “save” pre-paid $$. This will clearly require a different set of assumptions.