

Considering the Consumer: How Customer Expectations Are Further Defining Healthcare's Future

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In recent years, much has been said about consumerism and its increasing effect on the world of healthcare. As is often the case in healthcare, any new trend is met with various combinations of skepticism and anxiety. With consumerism, even the word itself is often misunderstood or mischaracterized in the healthcare context.

Historically, healthcare has not been viewed as an industry susceptible to consumerism. Unlike consumer packaged goods or banking, most consumers do not actively purchase healthcare and may go years or even decades without needing healthcare services. Whether or not this was an assumption of error, recent industry shifts have created a new world of healthcare in which the customer experience is paramount and will continue to shape and define care delivery and payment models.

The contemporary definition of “consumerism” involves an emphasis on doing what is right for the consumer. When viewed through this reasonable lens, the aura of negativity dissipates.

In this context it is important for healthcare leaders to consider the implications of consumer perception on financial and care delivery decisions. This special section presents recent research delving into the meaning of “customer-centered care” direct from the consumer point of view, and provides a discussion framework for healthcare providers to develop a customer experience strategy in line with other care delivery goals and strategies many providers are in the midst of achieving, including population health management, promoting prevention and wellness, and improving quality of care while reducing costs.

The Mysterious and Contradictory Views of Consumerism

The traditional definition of consumerism is “the theory that an increasing consumption of goods is economically desirable” and this theory points to a basic human behavior: “the preoccupation with and an inclination toward the buying of consumer

goods.”¹ This definition allows for much insinuation: the guilt induced by the urge to purchase too many things and too often; the strong beliefs of consumer activists and the countless policies to protect consumer rights; the hollow ring of a society in which identity is defined by one's purchases. Clearly, subscribing to this traditional and perhaps tired definition of consumerism is neither healthy nor helpful.

The contemporary and still less recognized definition of “consumerism” is “the promotion of the consumer's interests.” This definition still evokes a pro-consumption world but carries with it an important responsibility: do what is right for the consumer. When “consumerism” is viewed through this reasonable lens, the aura of negativity dissipates. We are all consumers. We all seek to fulfill our interests through a positive experience. We reward this fulfillment with continuing loyalty to, and endorsement of, the brand that provided the experience.

Consumerism Collides with Healthcare

In keeping with the contemporary view of consumerism, what factors interest and influence consumers when they consider healthcare services? From January through August 2012, National Research Corporation conducted a qualitative study, gathering in-depth, descriptive feedback from 176 consumers to collect and understand their views of healthcare. In conjunction, a large-scale, standardized survey of 44,296 consumers across the U.S. was conducted to address the same topic. Both studies



were conducted online and consumers were selected to be representative of the general population based on age and geographic location. Questions asked included: What do you want from your healthcare provider? What would you tell healthcare providers if you had the CEO's ear? How do you feel about definitive changes to healthcare, including the Patient Protection and Affordable Care Act?

The findings from this customer-centered healthcare study (CCH study) generated 152,867 words of consumer feedback that can be distilled down to one idea: *consumers want healthcare providers to stop acting like healthcare providers.*

What is fueling this negative perspective of healthcare providers and by extension the industry itself? Most consumers' reasons in the CCH study fell into one of the following buckets:

- **A high bar for experience.** Through positive experiences in non-healthcare industries like banking and online shopping, consumers increasingly expect

1 Merriam-Webster Dictionary (online edition), 2013.

a fulfilling, customer-centric experience in healthcare as well. Consumers feel healthcare providers lag behind their expectations and fail to deliver an excellent customer experience.

- **A negative view of hospitals.** Consumers view healthcare providers, namely hospitals, as places of negativity worth avoiding unless you are having a baby. To compound this image problem, consumers often box hospitals into serious or emergency treatment providers only, and because of this limited view, hospitals are associated with healing the sick and tending to the dying.
- **A system set against the consumer.** Hospitals are associated with the “healthcare system,” a confusing maze of insurance and cost, which consumers find confusing and frustrating. For better or worse, most consumers do their best to stay out of the healthcare system, find information on their own, and only seek care when absolutely necessary.

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Much of the negativity toward healthcare providers by consumers in the CCH study was fueled by their feelings as outsiders to the industry. Study participants felt insurance companies preyed on them, doctors misled or mistreated them, and hospitals overcharged and/or underserved them. These consumers remembered these experiences and made sure to tell family, friends, and anyone who would listen.

Consumers in the CCH study were asked to reframe what they want out of healthcare in the future. In reality, healthcare consumers seek guidance and education from healthcare providers and less unnecessary treatment and cost confusion—two elements that heavily contributed to an overall negative view of the healthcare industry. It remains to be seen if healthcare providers can become beacons of health education and lifestyle intelligence for their communities, but this strategy could create space between how consumers view healthcare providers and the industry in general.

Customer Lessons from Outside Industries

The customer experience has been a heavy focus for non-healthcare companies for decades. Save for healthcare, it seems every industry has endured a sea change in how it builds and delivers a top-notch customer experience. Common culprits of change include government regulation and technological advancement, forces now entering the healthcare arena. Perhaps the most powerful change agent of all is the customer itself. Now familiar with what a great customer experience looks and feels like, consumers are expecting more from their healthcare providers. Who would have imagined a world where Wi-Fi in patient rooms would be a selling point for a hospital stay? This is the world of healthcare we now live in. To understand these foreign influencers on the consumer base, below is a look at a few factors driving the customer experience in other industries.

Convenience Is King (Banking/Finance)

When perceived quality is the same and access is not an issue, convenience becomes an important consideration. Look no further than the advent of the ATM and the utility of online banking. Banking and financial institutions found a way to differentiate from the competition by removing the teller, or middle man, and allowing customers complete control over their money every minute of every day. Even better, they simplified the process of managing money, a process consumers weren't very comfortable with in the first place. Sound familiar? The parallels to healthcare are ever-present.



Go Public with Price (Online Shopping)

When consumers were asked to cite a brand from an outside industry to fix the healthcare experience, Amazon.com was the most frequently mentioned company. They offer a simple, seamless experience where price is the main filter for choosing a dance partner. Amazon's Web site embodies the power of price transparency, while not overlooking the importance of product quality and user feedback. Having the lowest price doesn't mean everyone will purchase your product, but being clear about cost allows the consumer to move past perceived expense and on to finding the best healthcare provider for them. Online shopping has long mastered a concept that has barely set foot in the world of healthcare.

Promote Unique Benefits (Automotive)

Who knew cup holders could sway a consumer to buy a \$30,000 vehicle? The automotive industry has long been saturated with suppliers and model/make options that are overwhelming to most consumers. The general public goes years between car purchases and often re-enters the market for an automobile through an unexpected event. Healthcare providers can glean a lot from the automobile industry in terms of building latent value with the consumer over the long haul. What features of your hospital or health system are unique and unexpected in the eyes of the consumer? What can you offer that competitors cannot? Look past the obvious, big-box benefits most hospitals can boast (non-profit status, community involvement, compassionate caregivers) and start thinking about smaller, sophisticated details that could stick in the minds of future patients (exclusive surgical treatments, technologically-focused patient and family experience, simplified payment options) and create competitive space in the most unorthodox ways.

These trends may not seem to fit healthcare now, but five years ago it was hard to imagine Mayo Clinic tweeting to consumers. Outside industries are an important bellwether for customer expectations and their trends are likely coming soon to the often-lagging world of healthcare. Knowing what's next in healthcare is typically what's now in other industries. Being ahead of cross-industry customer trends could prove to be an important competitive advantage.

Unlikely Consumer Influencers

While it is generally thought consumers are most influenced by their doctor and their insurance plan, there is emerging evidence that these traditional decision drivers are losing some of their grasp on consumers. A new set of influencers is causing consumers

to take more control over their healthcare choices. A 2010 Market Insights survey conducted by National Research points to the power of the hospital, and the reputation it holds in the eyes of area consumers, as the most important reason people select healthcare (see **Exhibit 1**).

In addition to hospital reputation, there are emerging financial, technological, and lifestyle changes altering the way consumers are making decisions on healthcare. In Market Insights surveys conducted from 2008–2012, the following three factors surfaced more than any others.

Consumers are still deferring healthcare procedures at levels comparable to the economic crisis at the end of the previous decade.

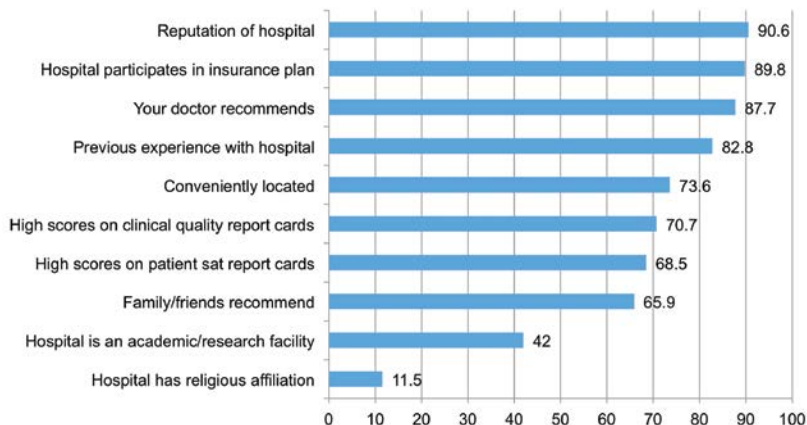
1. The Pervasiveness of Cost in Decision Making

Cost is the one constant in terms of consumer decision making and was prevalent at every step of care delivery for the consumer. Rising insurance premiums and the growing adoption of high-deductible health plans has left consumers footing more of their healthcare bill. Their interest in shopping around for healthcare has risen with the pressure on their pocketbooks. Cost also played a role in the dichotomy between consumers and healthcare providers. Consumers cited profitability as the main barrier to hospitals providing great care. Because of this wedge, consumers felt the major players in their healthcare were primarily on the hunt for a buck.

The perception of cost in healthcare is skewed by a lack of price transparency from providers. Consumers did not know how much treatment would cost and through past experiences or complaints from family and friends, they expected the worst in terms of their final bill. Misperception of cost was a main driver for the negativity consumers felt toward healthcare providers. This points to a hidden but important factor on cost: its ability to dissuade consumers from selecting care at all. The Market Insights surveys found consumers are still deferring healthcare procedures, including those of a serious nature, at levels comparable to the economic crisis at the end of the previous decade (see **Exhibit 2**).

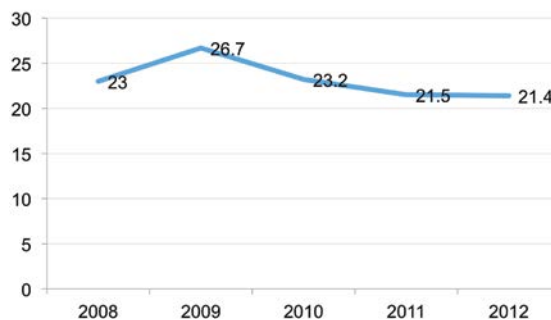
In the past, the cost of healthcare has been discounted to secondary status because of the important, sometimes life and death nature of healthcare. Who wants the cheapest cancer treatment or the most discounted heart bypass surgery? However, many consumers remarked that cost is

Exhibit 1: Important Healthcare Selection Factors



Source: National Research Corporation, Market Insights Survey of 264,892 consumers in 2010.

Exhibit 2: Deferment of Healthcare Services



Source: National Research Corporation, Market Insights Surveys of 1,097,969 consumers from 2008–2012.



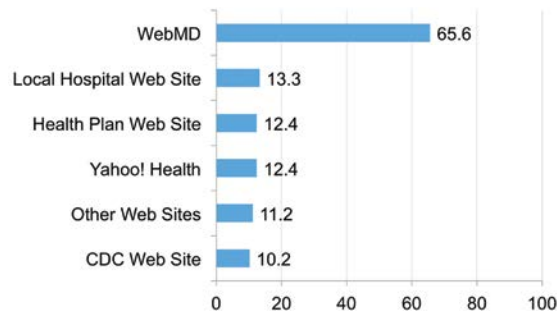
important when other factors like quality or access are perceived as comparable among healthcare providers. Since consumers often stay away from healthcare, they lack the ability to differentiate healthcare providers on issues like quality. In fact, they may assume all options are of high quality. When this occurs, cost becomes important and consumers are growing bolder in their expectation to know how much treatment will set them back.

Consumers desire expertise in healthy living and pointed to the possibility of trusting their local healthcare provider for the role of expert.

2. The Rise of the Web as Key Influencer

Consumers now seek the Web first and foremost to aid their decision-making process. When consumers are asked to imagine a health issue arising and questioned about what they would do first, the vast majority said they would go online to research their symptoms. According to a 2012 Market Insights survey, of consumers who visit healthcare Web sites to gather information, two-thirds visit WebMD.com (see **Exhibit 3**). This points to an interesting idea behind the Web's popularity as an information source; consumers who go online are still seeking an expert, trusted

Exhibit 3: Web Sites Used for Healthcare Information



Source: National Research Corporation, Market Insights Survey of 160,094 consumers who accessed healthcare Web sites in 2012.

opinion. Consumers consistently mentioned their doctor as the first actual person they consult with about health issues (before family and friends); however, many were concerned about the cost and time of meeting with their doctor. Thus, much of the popularity of WebMD.com and other online health resources may be attributed to the “surrogate doctor” feel of these sites.

The top reasons for going to WebMD.com are, in order of importance:

- Free
- Convenient
- Private

As an example of consumer use of online resources, WebMD.com marries two attributes: the inherent benefits of the Web and similar reliability/expertise of the doctor.

When consumers did physically seek out a doctor's advice, they held their physician relationship in high regard. Top reasons for trusting and using their physician include:

- Education
- Experience
- Access to information
- Ability to steer to best destination for treatment
- More likely to know patient as a person and have the most relevant information for patient

When consumers were asked if they would be open to health information and education coming from the hospital, they were open to wellness-related information but preferred that it be sent from their doctor, or at least had a tone of personalization. They also preferred this information to be sent through online means.

3. The Wellness Paradigm of Care Delivery

Consumers' openness to health-related messaging demonstrates an important trend: the need for health-related information and advice to promote a better life. Consumers desire expertise in the area of healthy living and pointed to the possibility of trusting their local healthcare provider for the role of expert. This relationship is an important opportunity few healthcare providers have capitalized upon.

In addition to wanting health-related information, consumers also demonstrated a strong willingness to participate in hospital-sponsored activities if they saw a personal health gain. Given consumers' fondness of health-related activities and their openness to engage with brands to improve their own health, hospitals are in





a perfect position to become the healthcare authority in their respective markets. Because consumers box hospitals into the emergency-provider category, they are not often considered early in the treatment process, before a consumer is forced to seek treatment. Hospitals can create an earlier access point to show value to the consumer by engaging them in wellness activities, allowing consumers to know the hospital before they need the hospital.

Consumers liberally defined wellness activities and included any activity that involved physical fitness (walking, running, hiking, exercising at the gym, health classes, walking the dog, cleaning the house), healthy eating, managing stress, taking time off, and keeping family members and friends healthy. Consumers grouped in healthcare-related activities including preventative measures (regularly scheduled doctors' visits, rehabilitation exercises, taking prescribed medications, insurance planning, and managing the healthcare received by family members, often elderly parents).

Nearly every hospital has the opportunity to be the healthcare authority of the market. It's often the largest employer in the community and has extensive relationships with other area employers. Consumers are hungry for health guidance and hospitals are the perfect partner. In isolated pockets, this

relationship is developing. In Roanoke, Virginia, Carilion Clinic offers a weekly "Walk with a Doc" program where area consumers can join physicians and walk for 30 minutes every Saturday morning. In Farmington, New Mexico, San Juan Regional Medical Center hosts "A Fair of the Heart" for local residents to gather information on heart-healthy living and seek cardiac testing. These examples are not widespread, but when executed well they build value with consumers and create a positive relationship with the public outside the negative bonds of the healthcare industry.



In the eyes of consumers, putting the customer first could solve much of what ails the healthcare industry.

Customer-Centric Healthcare

Consumers were candid in sharing their uneasiness and anxiety over healthcare options. Wellness, the Web, their wallets—these sources all help them along their journey through the labyrinth-like world of healthcare. Yet consumers are looking for something more when navigating the system, they are looking for the system itself to change. Consumers pointed much of their hope for the future on healthcare providers putting the customer first. In this model of "customer-centric healthcare," consumers aim to be the most important factor in their own care. When they become customers, they want to feel they are first in all priorities, above organizational profitability, relationship-building with physicians, or other strategic concerns of the hospital, health system, or physician group. In the eyes of consumers, putting the customer first could solve much of what ails the healthcare industry.

To provide customer-centric healthcare, many organizations will need more than buy-in from senior leadership—they will need senior leadership to own such an extensive shift in strategy. Barriers to focusing on the customer experience are ever-present given the abundance of

priorities facing the C-suite, board, and all levels of senior leadership. *HealthLeaders Media* conducted a study to understand what stands in the way of an organization focusing more on experience at the strategic level (see **Exhibit 4**).

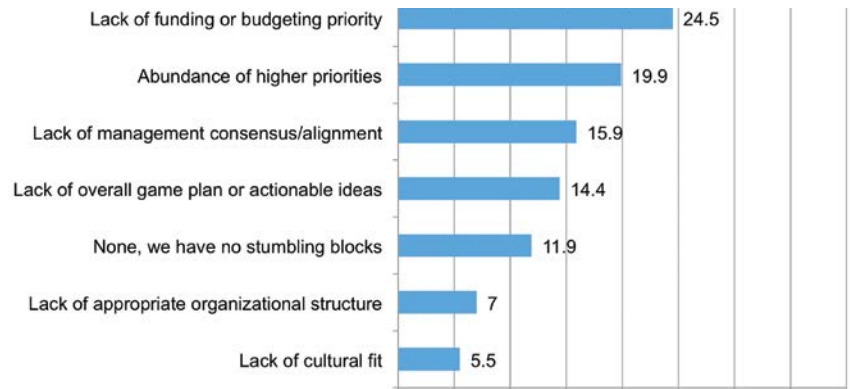
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Though it is difficult to identify anything more important than the experience provided to the patient, it's clear that other provider priorities, often short-term or financially-driven, tend to undermine any focus on the customer. For customer-centric healthcare to take hold, senior leadership must agree the customer experience is unparalleled in its importance and resources must be allocated to match this valuation.

It seems the road to customer-centric healthcare will be a challenging and perilous path. Organizational profitability, a factor cited as especially contradictory to customer-centric healthcare, is obviously the most important consideration for today's healthcare providers. Given the industry focus on value over volume, it's difficult to foresee profitability becoming any less important in the future—in fact the opposite will likely play out. Hospitals and health systems who don't adjust their bottom line and manage the problems that declining revenues bring will be sold or forced to shutter their doors. The question becomes: to truly be customer-centric, do healthcare providers need to cast aside profitability to focus completely on the needs of the customer?

The answer may come from an unlikely source: the consumer. In the Market Insights surveys, the same consumers who wanted to see the customer put ahead of the almighty dollar also pointed to the financial realities of healthcare. Consumers

Exhibit 4: Biggest Stumbling Block to Adopting More of a Patient Experience Strategy



Source: *HealthLeaders Media* study of 200 C-suite executives in 2010.

understand that hospitals have a duty to stay in business and must have a financial responsibility first and foremost, but they want to *feel* like the customer is treated as the top priority. They want healthcare providers to build an experience around the customers' needs. While they know hospitals must do what it takes to keep the lights on, they must feel they are the most

important piece of the puzzle or they are willing to go elsewhere.

From a care delivery perspective, the desires of consumers described above are not in conflict with reform aims to increase quality while maintaining or lowering costs, increase price transparency, and promote wellness and prevention. The ability to provide customer-centered care is closely



interrelated with managing/improving the health of populations with chronic diseases and the delivery of accountable care.

With a holistic definition of experience, healthcare leaders must reframe how they present themselves in a long consumer journey of care.

The Healthcare Leader's Role in Promoting Customer-Centric Healthcare

In consumers' eyes, healthcare providers have a lot of ground to make up if they are going to put the customer first. In the industry, there are certain mechanisms coming into play that will help the consumer navigate the healthcare maze, including expanding sources of healthcare information, the advent of price-transparent health insurance exchanges, and the availability of consumer-friendly healthcare provider comparison tools and hospital quality ratings. Still, there is more that can be done at the leadership level to drive customer-centric healthcare. The following are a few consumer-inspired ideas:

- Expand the experience.** The traditional view of the customer experience in healthcare is at best limited to the patient experience. However, consumers feel their time spent as a patient is only a small part of their overall healthcare experience. The experience includes that famous first step of gathering healthcare information online, consulting family and friends on care options, and setting expectations for the physical treatment event and follow-up treatment, necessary medication, and rehabilitation. Knowing this holistic definition of experience, healthcare leaders must reframe how they present themselves in a long consumer journey of care. Hospitals need to provide education on wellness and health-related activities on the front end and guide consumers to their doors through knowledge and support, while managing expectations for the actual patient experience and follow-up care. Doing this will not only align with consumer needs for an experience



navigator, but it will also improve the patient experience and, by extension, the hospital's bottom line.

- Adopt a listening culture.** Even inside the four walls of the hospital, consumers in the CCH study still felt like outsiders in the treatment of their care. They cited a lack of attention and understanding toward the patient. They felt their families and friends were not always welcomed or included in decision making. Above all, they felt they were not always treated as a person. The idea of person- or patient-centered care is not a new concept, but its importance is still underscored by consumers as they think about receiving—or not receiving—healthcare services. The ability to listen to the patient extends outward into the

community through positive patient experience but it also extends inward. The hospital organization itself must be willing to take on a patient-first approach. This approach must extend to every level of the experience. Many consumers cited the rare ability of nurses and doctors to simply stop talking and listen to them as a reason to believe in the possibility of customer-centric healthcare. A listening culture is reflexive between patients and those who deliver care and closes the perceived experience gap.

- Let the customer be your compass.** Through the research process, a fact about consumers emerged time and time again: they will tell you what they think. Even when reciting problems about the healthcare industry, consumers were quick to point out what they felt would address or solve the issue. Of course, consumers do not have all the answers, but knowing what they consider to be the problems is an important step to identifying causes, setting improvement goals, and ultimately building a customer-centric organization. Think to your own organization: is it a priority to gather customer feedback and make decisions based on that feedback (beyond the government-mandated patient satisfaction surveys)? Do you know how consumers feel about your organization before they become patients and after they are discharged? Creating a feedback loop between your organization and the



customer can be a powerful tool to direct resources. Being open to customer feedback means taking the arrows when something goes wrong but also taking credit when something goes right, and either way the customer will guide you.

Healthcare leaders should be able to link customer-centered care priorities to existing strategic goals related to population health, prevention/wellness, and value-based payment models.

Summary of Consumer Point of View

To summarize the consumer point of view during this process, the following insights should be considered, all of which are in the consumers' own words:²

- Healthcare is a world of negativity driven by insurance coverage and confusing bills and this world is not built around the customer.
- I'm a customer long before I'm a patient and I will make decisions on my care before I enter the traditional care setting.
- I go to the Web for health information first because it's free, convenient, and private, and I'm on the hunt for information that will keep me out of the doctor's office and hospital room.
- I don't think about hospitals often and when I do I usually associate them with emergencies, though I'm open to a relationship built on communication and education on my health.
- Cost is important to me and if I fear care will be too costly I actively delay and avoid it.
- "Customer-centric" means putting customers over profit—even if money must be made, I should still feel the system revolves around me, my family, and our needs.

Frame the Discussion: Leadership Implications

Hospital and health system board members and senior leaders can use this information to frame a discussion about the implications of consumer perceptions on the

current healthcare business model, how this trend will continue and grow in the coming years, and determine their organization's strategic priorities regarding customer-centered care. Ideally, healthcare leaders should be able to link customer-centered care priorities to existing strategic goals related to population health, prevention/wellness, and value-based payment models. The following are some questions to be considered at the board level:

1. Do we currently provide customer-centered care? What does this mean specific to our organization, and how does this term and its definition go beyond patient-centered care?
2. What system, process, and culture changes will need to be made across the organization in order to improve the customer experience and change consumer perceptions about our organization?
3. How do these changes tie into our existing strategic priorities? What resources will need to be allocated to meet these goals?
4. How are the care delivery changes regarding customer-centered care related to changes we need to make to address

population health management, value-based payments, and accountable care?

Conclusion

As hospitals and health systems continue to vie for a prominent place in the volatile world of healthcare, one thing is clear: the healthcare consumer is increasingly empowered to make his/her own healthcare decisions and understanding how those decisions will be made is essential to the survival and growth of healthcare providers in the coming years. Since the healthcare consumer usually has a different background than those in the healthcare industry, their viewpoint may appear alternative and their motivations may surprise, but much of what they value can be distilled to a few very simple concepts: access to information, the ability to influence their own care experience, and the feeling they are being valued along the way. ●

The Governance Institute thanks Ryan Donohue, corporate director of program development at National Research Corporation, for contributing this article. He can be reached at rdonohue@nationalresearch.com.



² From the National Research CCH Study, January through August 2012.