ARTICLE

The real reason loyalty lacks in healthcare

Brian Wynne
Vice President and General Manager, NRC Health

Healthcare systems have long been relatively successful at attracting and retaining customers with the, *if you build it, they will come* mentality—or perhaps more accurately, *if you build it, they must come.*

Yet with the meteoric rise of healthcare consumerism within the past few years, people like you and me have an unprecedented number of choices of provider and care options, including opting out of care altogether. As a result, creating loyalists in today's healthcare industry is nearly impossible without the right insight into the wants, needs, and expectations of those we in the healthcare industry hope to serve.

THE DEMAND FOR A PERSONALIZED EXPERIENCE

Consumers are scrutinizing the quality and cost of their healthcare, and they're more apt and able to look elsewhere when their providers don't measure up to their expectations. According to a report by Accenture, 7 percent of customers have switched healthcare providers due to a subpar experience, which could add up to more than $100 million in lost annual revenue per hospital.

This number will climb. The value equation in healthcare is already out of balance. Higher out-of-pocket expenditures for extremely personal—and in many cases life-changing—encounters bring with them extremely high expectations for service and care delivery; in fact, a recent study by NRC Health found that 82.3 percent of consumers said hospitals and healthcare systems should consistently meet or exceed their expectations. When these expectations are unmet, the "switch economy," previously seen in all other consumer-driven industries, develops.

Since both the risks and the costs of healthcare are high, consumers insist that healthcare systems with which they engage understand their preferences and offer experiences to satisfy their needs—perhaps even delight them. Consumers demand that their healthcare be designed and delivered in the same way that other industries they consume and experience are, like retail, hospitality, and consumer electronics.

Still, few healthcare executives I know would say their services offer an experience akin to that of a luxury hotel or boutique spa. Although we know that high cost means high expectation, there is still a hesitancy in healthcare to base design on models proven to work in other consumer-driven industries.

Why? Because most healthcare systems lack a comprehensive understanding of who their customers are, what they need, and how they want to access care. As a result, those systems are unable to consistently provide personalized and coordinated care experiences throughout their consumers' healthcare journeys—and when the experience doesn't meet the expectation, loyalty becomes an unrealistic and unattainable goal.

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CUSTOMER CONFUSION EQUALS LOST OPPORTUNITIES

The more frequently consumers visit their healthcare providers, the more frustrated they become. According to a report by Prophet and GE Healthcare Camden Group, 81 percent of customers are unsatisfied with their healthcare experience. What's more, 75 percent of those who frequently use healthcare services three or more times a year— and 48 percent of all other healthcare consumers—say they're frustrated. For people to fully engage with their healthcare, it's imperative that they understand the process, their coverage, and what to expect from their providers.

Research shows that when consumers first embark on a healthcare journey, confusion is the primary emotion felt. The reasons for this are intuitive: out-of-pocket costs are a mystery, consumer reviews of care providers remain strangely elusive, experiences are inconsistent from one care provider or facility to another, hospital consolidations are increasing each year, and consumers are unsure of inter-hospital relationships and affiliations. And yet, so few organizations ask their customers, "How can we make your experience less confusing?" or "How can we reduce the frustration you feel?"

A $100-MILLION BLIND SPOT

According to the U.S. Census Bureau, the average lifetime value of an individual healthcare consumer is $1.4 million, or $4.3 million for a family of four.

With this much potential spend at stake, the value equation comes under scrutiny. As mentioned earlier, when the cost of a service outweighs the experience it delivers, it sets the stage for consumers to become switchers.

Not only are consumers finding new providers in these cases, they're increasingly seeking care from non-traditional care providers, such as chain pharmacies offering primary care and testing services, borderless digital e-visit providers, and alternative medicine and holistic-healing practitioners. Healthcare systems need to make a deliberate commitment to offer high-quality, cost-transparent, and easily accessible healthcare services if they want to remain a viable option for today's consumer.

HEALTHY CONSUMERS, HEALTHY BOTTOM LINE

Naturally, healthcare systems that understand the value of loyalty and take steps to build trusted relationships at every touchpoint of the customer journey reap financial benefits, but the quality of care and the consumer's well-being improve as well. In fact, people who have a primary-care physician rather than a specialist as their personal physician have a 19 percent lower mortality rate and 33 percent lower annual healthcare spending, according to a study in the *Journal of Family Practice*.

Population health efforts are impacted by loyalty as well. Patients who are treated regularly by the same physician visit the emergency room and are hospitalized less frequently than those who frequently switch providers, a UCLA study found.
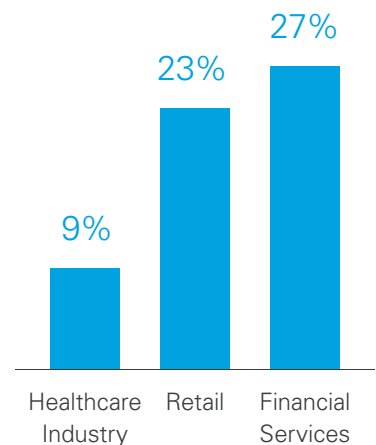
WHAT LOYALTY REALLY LOOKS LIKE

Healthcare is notorious for using patient satisfaction scores, temporary volume growth of a service line, or NPS performance as *definitive* ways to measure loyalty.

Taking the time to ensure that the customer's voice is heard and drives the future of the health system is critical in today's healthcare environment.

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is the average lifetime value for a family of four

Net Promoter Score (NPS)

Healthcare Industry	Retail	Financial Services
9%	23%	27%

Although these all affect—and in some cases indicate—loyalty, they represent different points throughout the customer journey, and fail to provide a complete understanding of who customers really are and what they need. Despite lead generation, customer experience, and strategy, the customer-acquisition process and execution are also often fragmented, which leaves voids throughout the journey.

With a Net Promoter Score (NPS) of a mere nine percent, the healthcare industry pales in comparison to other industries. Retail (23 percent) and financial services (27 percent) are perennially near the top. One of the reasons for this is that healthcare is inconsistent and unreliable—for example, the experience a consumer has with a hospital in New York City may be drastically different from the experience he would receive in upstate New York, even within the same healthcare system.

Loyalty demands more. According to loyalty expert James Kane, loyalty in any industry follows upon positive answers to three questions:

→ Do you make my life *safer?*

→ Do you make my life *easier?*

→ Do you make my life *better?*

True consumer loyalty means that customers not only seek out care, but are willing and eager to take their care provider's advice, because the relationship is already built on trust. Loyalty fosters a sense of belonging, and when customers are actively engaged in their healthcare, the outcomes are profound. When consumers are loyal, they choose to receive every single aspect of their care from a single health brand.

Studies show that once customers know what they can expect from the healthcare system, they continue to purchase the same products, purchase across product lines, and are more willing to pay for value-added products and services.

Since they are confident in the care they receive, they're less likely to look for other providers, and their lifetime value increases. They're also more willing to make referrals on their provider's behalf—which is almost always a surefire way to attract more consumers.

Creating Loyalists Takes Time. Start Here.

01

CREATE AN EASY AND EXCEPTIONAL EXPERIENCE

The customer journey starts the moment consumers start searching for a provider. Between search, social media, appointment booking, personal encounters, feedback surveys, and billing, there are countless opportunities to make the experience easy and extraordinary.

When healthcare systems are accessible, are transparent with quality and cost, and consistently meet or exceed expectations, lifelong loyalty among consumers, their families, and the people they influence is achievable. To meet their expectations, you must *ask, analyze*, and *design*.

02

GET REAL-TIME FEEDBACK WHENEVER POSSIBLE

It is imperative to get a 360-degree understanding of customers not as a demographic, but as real people. Their experience is not limited to what happens within the four walls of an exam room or a hospital. Providers must understand customer experiences and feelings, both inside and outside of the care setting.

The only way to truly have that level of insight is to constantly ask for feedback from care providers and the customers they serve. Modern methods of short-form outreach provide caregivers and customers with a chance to tell their stories every step of the way, empowering the health system to implement meaningful changes at key moments along their journeys.

03

RIGHT INSIGHT AT THE RIGHT TIME

Market and consumer research has little or no value when it's only used to confirm what we already know—and patient feedback has little or no power to change care delivery when it's collected weeks after an encounter. Research is a powerful tool, but only when used proactively to identify opportunities for improvement and to understand what matters most to those you hope to serve. Timely, actionable, and rich insights will help you stop wondering and start understanding.

If building loyalty is a strategic imperative at your organization—and I hope it is—it's time to assess the quality of the insights you have about the wants, needs, expectations, and experiences of those who provide and receive care in your system.

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