

CONSIDERING THE CUSTOMER: UNDERSTANDING & INFLUENCING HEALTHCARE'S NEWEST CHANGE AGENT

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Executive Summary

There was a time not long ago when the term “customer” simply wasn’t welcome in healthcare. People inside the care environment were universally known as patients. A definition encompassing all individuals, including those who have received care in the past, those who are receiving care now, and those who will receive care in the future, simply didn’t exist in the context of healthcare.

HEALTHCARE IS A UNIQUE INDUSTRY—SAVING LIVES ISN’T A normal business activity, and “quality control” is affected by more variables than in other industries. In addition, the healthcare industry is one of the most heavily regulated. Yet healthcare providers must provide value, compete for patients, and profit from their efforts over time. These pressures have increased exponentially in recent years. Healthcare providers are facing an unparalleled risk to their revenue. By newly minted standards, all healthcare providers—even traditional community hospitals—are absolutely businesses.

The goal of every business is to attract customers. Healthcare providers have only recently begun to think in a customer-acquisition mindset. A common barrier to adopting this mindset is the misconception that hospitals cannot target customers. But yesterday’s healthcare referral patterns and the networks they built are simply not engineered for tomorrow’s healthcare.

One of the largest shifts ushered by reform is population health. Hospitals and health systems, once sheltered from the preferences of their customers by physician and payer referral networks, will now be directly responsible for the health and well-being of their customers, including many who never set foot through their doors. An emphasis will be placed on the relationship between provider and customer. This relationship will be less clouded by traditional influencers and the customer will have unprecedented influence over the financial success of the provider. As a result, hospitals and health systems in particular will need to market directly to customers in a way that has not been necessary before, because customers will no longer need to rely on their physicians to select which institutions they go to for care. This has obvious strategic and financial implications for hospital and health system leaders; the major implications are described in more detail throughout this white paper. The first

step to change is acknowledging the customer and considering their view.

Introducing Customer-Centric Healthcare

The idea of person- or patient-centered care is not a new concept. Its importance is underscored by how customers think about receiving—or not receiving—healthcare services. Customer-centric healthcare is a deliberate approach to designing and delivering seamless healthcare services by placing the customer experience above all other priorities. The customer experience includes what is traditionally understood to be the “patient experience” but expands that experience across the continuum of care, extending into the customer pre-experience (the forming of customer expectations months before the need for a hospital stay arises) and the customer post-experience (a phone call to a discharged patient), to form a complete view of the care journey through the eyes of the only person who travels its entirety: the customer.

This white paper discusses the collective findings from a customer-centric healthcare study (CCH study) conducted by National Research Corporation from January 2012–July 2013, involving a series of qualitative interviews with 176 healthcare customers and quantitative surveys of 111,448 healthcare customers. The primary definitive statement encompassing the feelings and beliefs of the customers in the study was: customers want healthcare providers to stop acting like healthcare providers. There is a widening gap between the healthcare customer and the provider, resulting in the healthcare customer feeling like an “outsider” who is not privy to information (related to both care and costs) that will affect his or her health outcome.

New competition in the form of government agencies, insurance companies, and various private companies is cropping up. Many of these competitors enjoy deeper pockets and are savvy about the customer experience, ratcheting up pressure on traditional healthcare providers to redefine themselves. The CCH study and others have shown that healthcare customers desperately seek guidance, education, events, and opportunities to maintain and improve their health. They want something different—something more—from healthcare.



In the CCH study, the outrageous cost of healthcare was crystal clear and a hot topic. Even though the hospital only represents a piece of the problem, customers put a lot of the blame of cost on hospitals. Cost is an issue of perception and, even though they do not completely control costs, hospitals are blamed for the meteoric rise in healthcare expense. Customers have come to expect a similar quality experience across all industries in which they invest their time and money, including healthcare.

The Customer Experience Is Paramount to Other Priorities

The ability to provide customer-centered care is interrelated with managing/improving the health of populations with chronic diseases and the delivery of accountable care. Going further than taking into account aspects of patient experience that change care at the bedside, organizations that move towards the all-encompassing customer-centered care approach will be compelled to consider what happens to the customer at all points along the care continuum, and in order to have a positive impact on those points of care, will thus need to create partnerships and affiliations with other providers, expanding the scope of affect across the entire community. These kinds of partnerships and affiliations will in turn create new healthcare systems in which managing population health and providing accountable care are at the center of the organization's culture, communication between and among providers will be key, and the result will be seamless transitions in the customer experience at every point along the care journey.

The Road to Customer-Centric Care

All of this pressure on providers to do more with less is resulting in the industry scrambling to reinvent itself in a "survival of the fittest" kind of environment. Hospitals and health systems are hoping to scoop up the majority of the market share and patient population before competing organizations do the same, and in order to do so, must find a way to differentiate themselves in a significant and meaningful way that speaks directly to the customer. Customer-centered care is the way to do just that.

In the "customer-centric healthcare" model, customers see themselves at the center of the healthcare universe and feel as though they are the most important factor in their own healthcare. As customers, they feel first on the list of hospital priorities, above other organizational goals including profitability, relationship-building with physicians, or other strategic concerns of the hospital, health system, or physician group. The customer becomes the most important stakeholder, which aligns to how they view themselves now.

Healthcare leaders need to determine which benefits of their hospital or health system are unique and unexpected in the eyes of the customer. What can the organization offer that competitors cannot? Look past the obvious, big-box benefits that 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. Smart business leaders leave no stone unturned when it comes to discovering (and effectively communicating to customers) points of value.

Healthcare providers have been historically poor at listening to their customers. While the government mandate of HCAHPS has provided base-level patient satisfaction information, truly listening to the customer involves pre- and post-experience information gathering, not just understanding what went wrong during the stay. Listening tools can include patient and consumer research, syndicated and custom studies that any hospital can conduct, and even mapping customer sentiment from numerous social and mobile media sources.

Another important step in this regard is to proactively share performance metrics with the public, and use that information to tell a unique story, rather than leaving it up to the customer to find the information via third parties and create their own assumptions (which may or may not be desirable).

To become a customer-centric organization, a few initial requirements must be fulfilled: senior leadership must be "all in," profitability must be put in its place (customers understand that healthcare providers need to make a profit, but they want to *feel* as though their needs are more important than making a profit), and providers need to find a way to provide more than "just" healthcare. When asked what providers could specifically do to become customer-centric, customers shared several clues as to what they are looking for:

- Expand the experience to include aspects of the healthcare journey beyond being in the four walls of the hospital.
- Adopt a listening culture. Customers cited the rare moments when doctors and nurses stop talking and start listening as the best moments of care.
- Let the customer be your compass—knowing what customers consider to be problems is an important step to identifying causes, setting improvement goals, and prioritizing initiatives to improve the customer experience.

Healthcare leaders from provider organizations of all shapes, sizes, and specialties should build a customer experience strategy in line with existing care delivery goals and organizational strategies, including population health management, promoting prevention and wellness, and improving quality of care while reducing costs. In fact, customer-centric healthcare cannot be uncoupled from these important issues today, as the customer ultimately will decide the success or failure of these strategic initiatives tomorrow.

Introduction

The Customer: An Unfamiliar Term in an Industry Unlike Any Other

There was a time not long ago when the term “customer” simply wasn’t welcome in healthcare. People inside the care environment were universally known as patients. People outside of the care environment were non-patients, consumers—essentially just people in a vague, undefined, and often unimportant group of non-patients. A definition encompassing all individuals, including those who have received care in the past, those who are receiving care now, and those who will receive care in the future, simply didn’t exist in the context of healthcare.

As an industry, healthcare and those who provide it struggle to embrace the business side of their being. Healthcare is a unique industry—saving lives isn’t a normal business activity, and “quality control” is affected by more variables than in other industries. In addition, the healthcare industry is one of the most heavily regulated. Yet healthcare providers must provide value, compete for patients, and profit from their efforts over time. These pressures have increased exponentially in recent years. Healthcare providers are facing an unparalleled risk to their revenue. By newly minted standards, all healthcare providers—even traditional community hospitals—are absolutely businesses.

The goal of every business is to attract customers. Healthcare providers have only recently begun to think in a customer-acquisition mindset. A common barrier to adopting this mindset is the misconception that hospitals cannot target customers. Many hospitals have clearly articulated mission statements and distinct values. The nature of this mission and vision often involves serving the entire community, including the poor or neglected. This is unique to the nature of healthcare and certainly remains true to this day.

Yet a mission statement isn’t a marketing strategy. While healthcare providers have a responsibility to the communities they serve they also must find ways to grow and strengthen their business or they will not be around to serve anyone. It is mutually beneficial to maintain the mission, which should be woven into the fabric of the organization, while at the same time defining and targeting a customer audience in need of service in order to bolster the organization’s need to survive. It’s the goal of every business in every industry to attract and retain a base of loyal customers. Through this lens, healthcare no longer appears to be different.

Healthcare: Twisting in the Winds of Change

What better time to shift to a business mentality than the present? The Patient Protection and Affordable Care Act (ACA) is inverting nearly every traditional healthcare business

model—the most sweeping change to the healthcare industry in 50 years.¹ Reform has created highly publicized incentives to provide valuable care (i.e., good quality at a reasonable cost) rather than a high volume of care without attention to patient outcomes or cost. The Centers for Medicare and Medicaid Services (CMS), the nation’s largest healthcare payer, is now issuing financial penalties and refusing to pay for traditional revenue-generating activities including unnecessary readmissions and duplicative testing. Yesterday’s healthcare referral patterns and the networks they built are simply not engineered for tomorrow’s healthcare.

As healthcare providers—especially hospitals and health systems—gear up for these foundation-shaking changes, they will come face to face with a strangely familiar partner: their own customers. One of the largest shifts ushered by reform is population health. Hospitals and health systems, once sheltered from the preferences of their customers by physician and payer referral networks, will now be directly responsible for the health and well-being of their customers, including many who never set foot through their doors. An emphasis will be placed on the relationship between provider and customer. This relationship will be less clouded by traditional influencers and the customer will have unprecedented influence over the financial success of the provider. As a result, hospitals and health systems in particular will need to market directly to customers in a way that has not been necessary before, because customers will no longer need to rely on their physicians to select which institutions they go to for care. This

has obvious strategic and financial implications for hospital and health system leaders; the major implications are described in more detail throughout this white paper.

At the time of this writing, the official political future of reform is still plagued with doubt. But even if the ACA is never fully implemented, its changes are already well under way and will continue in the industry. The advent of accountable care organizations (ACOs), population health programs, public and private health insurance exchanges, and many more initiatives aimed at shifting healthcare away from its troubled existence are all happening now. Unlike other industries, providers in healthcare have been able to maintain an antiquated business model steeped in secrecy. But now, like every other industry before it, healthcare is undergoing a violent change that will bring great responsibility and transparency to the customer than ever before.



1 James Vicini and Jonathan Stempel, “U.S. Top Court Upholds Healthcare Law in Obama Triumph,” *Reuters*, June 28, 2012 (<http://reut.rs/L46uK7>).

While some providers will cling to the glory of the past (and surely reform is not free from defect), the oncoming era of change should be viewed with some optimism. The ability to shift health-care to a world focused on the customer could prove beneficial to all parties involved, especially the customer. All can agree that those who receive care, and pay for care, should have influence over such care. All of us are healthcare customers. If the experience of the customer can improve and those who provide it

can create new ways to survive and thrive, then no matter how difficult, change will occur and the industry will be remade in a better image.

If indeed the first step to change is acknowledging the customer and considering their view, let us explore what the customer is telling us about healthcare and what providers of healthcare must do to ensure their own survival and inclusion in what could be a very bright future.

Introducing Customer-Centric Healthcare

The idea of person- or patient-centered care is not a new concept. National Research Corporation developed eight dimensions of patient-centered care over a decade ago through its research with the Picker Institute and Harvard Medical School.

THESE DIMENSIONS INCLUDE PATIENT PREFERENCES, EMOTIONAL support, physical comfort, information and education, continuity and transition, coordination of care, access to care, and consideration of family and friends.² Its importance is underscored by how customers think about receiving—or not receiving—healthcare services.

Customer-centric healthcare is a deliberate approach to designing and delivering seamless healthcare services by placing the customer experience above all other priorities. The customer experience includes what is traditionally understood to be the “patient experience” but expands that experience across the continuum of care, extending into the customer pre-experience (the forming of customer expectations months before the need for a hospital stay arises) and the customer post-experience (a phone call to a discharged patient), to form a complete view of the care journey through the eyes of the only person who travels its entirety: the customer.

The creation of this concept implies that providers today are not considering the customer at every step of the way. While considering the customer’s needs first may be the intention, healthcare providers have become entangled in their own complexities of existence, often worrying more about competitors and contracts than the customer. Healthcare is well known for its rules and regulations that can constrict the ability to focus on anything but the red tape. The result is a focus on everything but the customer.

Considering the customer in healthcare is important for many reasons in addition to improving the customer experience.



² For more information, see www.nationalresearch.com/products-and-solutions/patient-and-family-experience/eight-dimensions-of-patient-centered-care.

Consideration applies to the very financial and operational decisions that often serve as barriers to focusing on the customer. Is there any more relevant stakeholder to a provider-wide decision than the person who ultimately decides the success or failure of the organization? Yet the customer is often treated as the king without a throne—or in this case, without a seat at the boardroom table.

A Nationwide “Blue Sky Exercise” with Healthcare Customers

Who better to talk about how a changing healthcare landscape affects customers than customers themselves? From January 2012 through July 2013, National Research Corporation conducted a nationwide research study involving a series of qualitative interviews with 176 healthcare customers and quantitative surveys of 111,448 healthcare customers.

Customer-Centered Healthcare Study (CCH Study) Methodology and Demographics

Respondents for both the qualitative and quantitative portions of the research study were selected based on their age, gender, and geographic location to best represent a national view on behalf of the healthcare customer. Only Alaska and Hawaii residents were excluded. Fielding was performed in conjunction with National Research Corporation’s Market Insights survey, the largest study of healthcare perception gathering approximately 270,000 returns annually. For the quantitative portion of the study, the Market Insights survey provided the best mechanism for gathering customer insights due to its vast array of questions spanning from consumer preference to patient experience and the opinions, preferences, and behaviors in between.

The premise was simple: give healthcare customers a rare opportunity to provide their perspective on healthcare with the promise their insight would reach providers. Some of the questions asked include:

- How are customers affected by healthcare reform?
- What do they want from their healthcare providers?
- If they had the ear of the local hospital CEO, what would they tell him or her?
- If a healthcare provider were truly customer-centric, what would they do?
- What would the customer-centric organization look like?

The answers provided by participating healthcare customers, as well as their thoughts, considerations, and pleas, form the basis of the “customer-centric healthcare” concept discussed in this white paper.

The collective findings from this customer-centric healthcare study (CCH study) generated hundreds of thousands of words of customer feedback on a multitude of challenging topics. A study of this magnitude on such a sprawling topic often proves difficult to summarize in any brief or meaningful way. However, in the case of the CCH study, a distillation was possible. Those hundreds of thousands of customer words can be bottled up in one definitive statement: **customers want healthcare providers to stop acting like healthcare providers.**

What’s wrong with today’s healthcare providers? The reaction of most people who work within healthcare, from physicians to nurses to administrators, would be to defend the amazing advancements in medicine. There are surgical treatments and techniques available today to treat conditions that would have been fatal even just a few years ago. There is a sense of wonder in the progression of medicine over the years and this is not lost on those who perform or work within such a miraculous environment. Yet for those who don’t live and breathe healthcare, the perception is far different. Customers often know little about healthcare’s advances, but are acutely aware of healthcare’s problems.

For reasons explained further below, there is a widening gap between the healthcare customer and the provider, resulting in the healthcare customer feeling like an “outsider” who is not privy to information (related to both care and costs) that will affect his or her health outcome. This gap between the provider and the customer is very real and very troubling.

A View from Healthcare’s Outsider

Today’s healthcare customer is quite aware of their excluded status. To know today’s healthcare customer is to know a self-proclaimed outsider. When customers enter the world of negativity and distrust they call healthcare, the most common reaction is confusion. In the CCH study, healthcare customers often described the entire system of healthcare as a maze. They found navigating the system to be a hopeless process. Twists and turns involving self-diagnosis, a glut of online information, physician opinions and second opinions, referrals to specialists, one or more procedures, a lack of understanding of healthcare coverage terms, and a multitude of confusing bills.

Defining the Audience: Consumer vs. Patient vs. Customer

Consumer

As a healthcare provider, the search for a meaningful relationship with those you serve can be obscured by how these individuals are viewed and labeled. In healthcare, the term “consumer” has encountered resistance due to the baggage of “consumerism” it brings along. 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” (from Merriam-Webster’s Dictionary). 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, especially in the context of driving change in healthcare.

Patient

Perhaps the biggest source of obfuscation of those in need of healthcare is the longstanding view that anyone receiving healthcare is a “patient.” While this definition is true of those admitted to the hospital, preparing for surgery, or sitting down with their doctor, the term “patient” is limited by its traditional view as someone within the four walls of a provider building. Social and technological advancements have blurred the line of conventional patienthood. The rise of ambulatory care, telemedicine, and even self-medicine administered through mobile technology have all shifted the medical experience out of the hospital room and into virtually any room a patient chooses. Even before one considers these means of care, they are often seeking information and carefully considering options for their healthcare, crossing the line into patienthood before any hospital paperwork is signed. Thus, the healthcare industry and its insistence on drawing the traditional line on what makes a patient, must open its eyes to the stages before and after a traditional patient experience, which includes the full journey one would experience as part of attending to their overall health.

Customer

Is there a term that captures the essence of the consumer and the choices they enjoy while also respecting the unique role of the patient in healthcare? “Customer” is a balanced term. Unlike the consumer, the customer doesn’t carry the socio-economic baggage and has clear meaning. Unlike the patient, the customer isn’t confined to the traditional care setting and can better represent the direction of modern healthcare delivery. The customer is someone who consumes (or uses) healthcare services, in all typical and atypical methods, while also retaining the ability to choose when and where they go for care. The customer must be valued because they can choose not to seek services and they can choose to become someone else’s customer. Further, the customer seeks an experience in healthcare like that of other industries—an experience of the highest value. Provide the best experience and the customer will reward with future loyalty. Only those who truly care for the customer will enjoy the ability to stay in business.

Customers in the study also possessed an unsettling fear toward the companies involved in their care, from the insurance companies that seemed to exist primarily to take premiums and deny claims, to the doctors who used the little time they had with the customer to mislead or mistreat them, to the hospitals that overcharged and underserved them. These customers vividly recalled their healthcare trails, surely sharpening the details of their stories by telling and telling them to family, friends, and

anyone who would list to their story of confusion and frustration. The one thing they were sure of was the immense and out-of-control expense they would incur by stepping foot in a hospital.

Healthcare providers (namely, hospitals and health systems) often reinforce this fear by positioning themselves as healers of the sick and saving people from death. Hospitals often invest millions of dollars to communicate and advertise their ability to cure the ill. Whether in need of treatment or not, customers don't think of themselves as ill or sick or dying and the messages often don't connect. Or worse, they increase the customers' fearful view of the hospital and serve to further divide the customer and provider. By their own hand, hospitals have become the center of "The Problem with Healthcare."

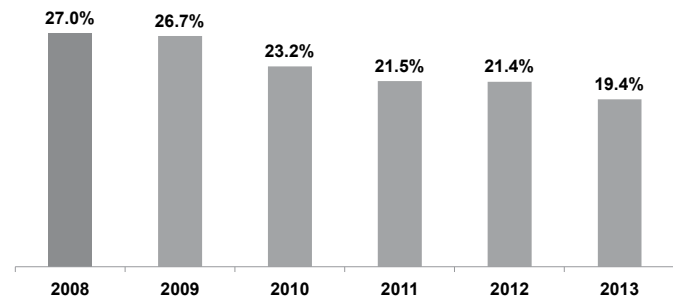
We all make every attempt to avoid problems and healthcare customers are no different. They will attempt to stay away from the healthcare system as much as possible, making the difficult decision to defer even necessary forms of care for an extended period of time. When they must reluctantly enter the system, they first seek as much online information as possible, attempt to determine pricing or price ranges of services they may need, and enlist the opinions of family, friends, neighbors, and eventually their doctor, whom they only visit if they have one and when they deem it necessary, on what they should do and if they should take further action. It seems most customers finally enter into the system when all other options have been exhausted or when their condition has worsened.



According to a National Research Corporation Market Insights study,³ one in five people 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 1**).

Exhibit 1: Healthcare Deferment

Have you delayed necessary medical treatment or services over the past year?



Source: National Research Corporation's Market Insights survey of 1,097,969 consumers from 2008 to 2013.

The fact that 20 percent of healthcare customers are choosing not to treat what could be a serious medical issue is a striking criticism of the healthcare industry. Through action—and inaction—customers are demonstrating displeasure with the way healthcare works and a desperate longing for a healthcare process more inviting, more affordable, and not solely focused on providing "sick care." They seek a refreshing source of knowledge to lift their veil of confusion and make their journey of care more clear and enjoyable. Customers are asking for a figurative hand to hold as they go along, and any provider who can fill this guiding role will reap significant financial rewards. Yet few hospitals and health systems have been successful in this role to date.

New competition in the form of government agencies, insurance companies, and various private companies is cropping up. Many of these competitors enjoy deeper pockets and are savvy about the customer experience, ratcheting up pressure on traditional healthcare providers to redefine themselves. The CCH study and others have shown that healthcare customers desperately seek guidance, education, events, and opportunities to maintain and improve their health. They want something different—something more—from healthcare. Who will provide that remains a mysterious opportunity.

3 National Research Corporation, Market Insights survey of 1,097,969 consumers from 2008 to 2013.

Defining the Industry: Healthcare vs. Health Care vs. Health

Healthcare

The word alone is a magnet for all that is wrong with the industry. In the CCH study, the first utterance of “healthcare” ignited negativity and derision for a system designed to take control away from the customer. “Healthcare” often translated to health insurance. Customers in the study remarked that they had “no healthcare,” meaning no viable coverage. Given the historically negative perception of health insurance companies, heated further by the criticism of the industry as it enters reform, it’s easy to see why the word alone invited such a burst of negativity. Beyond the equation to insurance, “healthcare” invited descriptions of a prison, of a world built without the customer in mind and run by companies that hope to profit at the expense of the customer. Customers painted healthcare as a system of collusion between payers and providers of all types, all with profitability as the first order of business. Customers were in awe of the power of healthcare and many felt even a sweeping force (such as healthcare reform) may not be able to change the resiliently corrupt world of healthcare.

Health Care

While “healthcare” drew the full wrath of customers, a slight variation appeared to avoid much of the heat. When the word was split by a space into “health care,” customers in the CCH study did not immediately associate negativity with it. Fewer comparisons were made to health insurance, and the focus on profitability wasn’t as emphasized. Instead, customers felt some control over “health care,” feeling it was a system designed as an end point in their journey for good health—a necessary evil in case something goes wrong and a system in which they have some control and can actively avoid if their health stays

optimal. However, when this is not the case, “health care” is a means to receive medical treatment to solve a real problem of the customer. Even with such a slight change, “health care” avoided the political and economic trappings of its one-word variation while capturing the value of having a system of providers and payers available to help a customer in need. Still, negativity was abundant when discussing “health care,” but not near the level of “healthcare.”

Health

“Health” was as positive as “healthcare” was negative in the CCH study. Health was synonymous with personal well-being and evoked a lifestyle of healthy eating, exercising, and time with family and friends. “Health” is fun. As a word, “health” is a big container to put in positive things: the ability to live life to its fullest, be pain free, manage stress, achieve longevity, and more. “Health” applied to not only physical health but also mental and spiritual health. All the while, customers recognized that health must be maintained and such a precious gift can be taken away. Customers were adamant about having resources to guide and maintain their health. Physicians and payers were mentioned in this context, though other healthcare players, including hospitals, were conspicuously missing from the list of health helpers. Not all players were traditional (celebrities Dr. Oz and Oprah, technology like Nike Plus, a smartphone application for running, and even the Wii gaming system, which has personal health programs, were all mentioned as important sources of health information). Given the importance of health and the positivity that surrounds the word in customers’ eyes, it’s clear being seen as a provider of health is a far better position than a provider of health care, or worse yet, the most dreaded service of all: healthcare.

Six Degrees of Separation between Customer and Provider

What is behind the widening gap between the healthcare provider and the healthcare customer? There are six distinct sources of separation, some of which have been in play for decades, and all of which are contributing to a severe misunderstanding of value between those providing healthcare services and those in need.

First Degree: An Industry Ignored

As mentioned previously, customers view healthcare providers (primarily hospitals) as negative places worth avoiding at all costs. Excluding maternity, a trip to the hospital is often unplanned, wrought with fear, and a direct result of a negative event. In this vein of thinking, many customers in the CCH study boxed hospitals into a category of serious and emergency providers only, serving to compound the negative view. The customer thinking is simple: a person enters the hospital because their health has been challenged in some way. These naturally negative associations to the event tend to stick with the hospital long after the customer has been discharged.

To be fair, healthcare providers, especially hospitals, don't do themselves any favors when it comes to improving their images in the minds of customers. Hospitals often struggle to differentiate their product and most did not invest in customer-facing business strategies like marketing and advertising until the 1980s. As a result, most hospitals use the same colors, say the same things, and generally struggle to provide reasons why they are different or better than other hospitals. As promotional laggards, many hospital marketing departments are insufficiently resourced.

When healthcare providers do invest in connecting with the customer, they are often inconsistent. Very few do outbound or content marketing to build an ongoing relationship with consumers through traditional (e.g., direct mail) and technologically advanced (e.g., social media) methods. Most providers eschew a one-to-one connection in favor of mass advertising campaigns, which, once exhausted, force many hospital marketing teams to go dark for extended periods of time. This on-again, off-again blast strategy of communicating with the community breeds weak engagement between the provider and the customer and often fails to encourage further communication between the two parties. Without communication, customers continue to view hospitals as an inconvenient place to land at best and a last resort for the sick and dying at worst.

Second Degree: Follow the Money

Though the connection between provider and customer is vital to both parties, the cost of doing business has been downright alienating over the last half decade. The economic downturn is still alive and well in healthcare, where costs have notoriously outpaced inflation for years. With tightened purse strings, customers have to consider every expense and eliminate anything deemed unnecessary. This often includes healthcare expenses—even serious procedures. The cost-aware customer must often make a judgment call, without adequate information, to decide if they should see a doctor or visit a hospital.

In the CCH study, the outrageous cost of healthcare was crystal

clear and a hot topic. Even though the hospital only represents a piece of the problem, customers put a lot of the blame of cost on hospitals. Cost is an issue of perception and, even though they do not completely control costs, hospitals are blamed for the meteoric rise in healthcare expense, including a doubling of out-of-pocket costs over the last decade.⁴ However, there is no reason to believe that as costs continue to rise, customers will continue to blame hospitals. If healthcare costs rise to the top expense of the average household as some analysts predict,⁵ the negativity we see in healthcare today may

pale in comparison to what the future holds.

The issue of cost has many layers and healthcare providers are now also cost conscious, due to the combination of stagnant consumer spending, reform-related cuts to reimbursement, and new payment models designed to reduce costs. As a result, attempts to reach out to the customer and promote valuable services are axed as part of a decision to cut back. This in turn can repel the most profitable forms of patient volume and spawn a vicious cycle of cost-cutting and declining revenue. The



4 Jessica Dickler, "Family Health Care Costs to Exceed \$20,000 This Year," *CNN Money*, March 29, 2012 (<http://money.cnn.com/2012/03/29/pf/healthcare-costs/index.htm>).

5 Judith Graham, "The High Cost of Out-of-Pocket Expenses," ("The New Old Age: Caring and Coping" blog), *The New York Times*, September 21, 2012 (<http://newoldage.blogs.nytimes.com/2012/09/21/the-high-cost-of-out-of-pocket-expenses/>).

traditional perceptions are exacerbated by poor economic conditions. Healthcare is clearly no different.

Third Degree: The Bright Light

The U.S. healthcare system is in the limelight like never before. Nearly every point of media attention, domestic and abroad, has fixated on reform as damning proof of a broken industry. Every healthcare customer has an opinion on healthcare reform, and in most cases the view is clouded by negativity.

Much like healthcare in general, the most common customer sentiment regarding the healthcare reform legislation is confusion. National Research Corporation's Market Insights survey in January 2013 found that most customers possessed a fairly negative perception of healthcare reform overall, primarily fueled by distrust in the government and fear of the unknown. On average, 44 percent of national respondents indicated they did not understand various components of the healthcare reform law, yet they possessed a firm belief that reform overall was negative.

The CCH study was conducted both before and after the U.S. Supreme Court ruling to uphold reform in June 2012. While healthcare was shrouded in negativity beforehand, it increased further after the ruling. Many customers could cite the most popular criticisms of the law, including the view that it is a tax, without recalling many of the cited benefits. Media coverage has seemingly only worsened a deeply troubling view of the healthcare industry, and continued to widen the gap between provider and customer.

Fourth Degree: Infinite Information

Unlike the deep-seated and seemingly unchanging views of traditional healthcare, customers have changed their minds on how they consume available information. Customers have enjoyed a rapid explosion in social and mobile media over the last decade, unlike anything ever before in technology. Virtually everyone has access to these social outlets, all of which were generally built by the customer rather than the traditional, one-sided information doled out by companies.

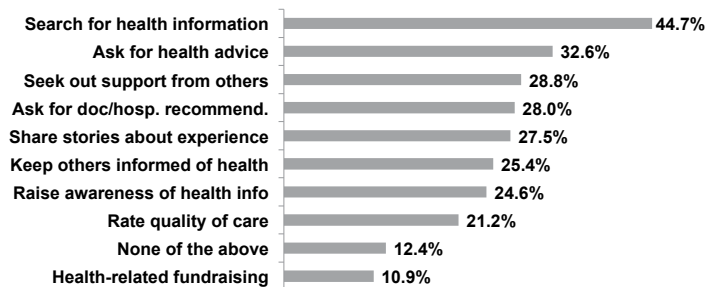
Social media is the perfect example of how information and technology have changed healthcare. National Research Corporation's Market Insights study has tracked how the healthcare customer is using social media for healthcare purposes since 2008. According to this study, customers who use social media sources to obtain information on healthcare has increased markedly in the recent past, leaping from 16 percent of consumers in 2011 to 22 percent in 2012. Also according to this study, Facebook is by far the most commonly used social media site to obtain healthcare information, capturing 94 percent of customers. YouTube and Twitter run well behind, with usage rates below 30 percent. If hospitals and health systems do nothing else, they should create a presence on Facebook, a step that requires a very small investment.



In terms of the activities performed, when it comes to social media and healthcare, customers desire an experience that includes information and guidance from those they trust, along with the ability to share their experience with others (see Exhibit 2).

Exhibit 2: Healthcare Activities Performed through Social Media

Which activities do you perform when using social media for healthcare information?



Source: National Research Corporation's Market Insights survey of 45,151 consumers in 2012.

Social media represents an early access point to the customer and clearly plays a significant role in driving preferences as customers make decisions about their health over time. In fact, according to the Market Insights study, over half of customers indicate that they are heavily influenced by social media interactions when forming preferences for hospitals and considering which hospital they will use when they are in need of healthcare services. The impact of social media isn't limited to the young. According to a 2013 Pew Internet study, the number of Americans 65 and older using social media has tripled in the past four years.⁶ Given the important role social media plays with customers of all ages, hospitals and health systems in particular need to consider the strategic implications of having a social media presence—and the consequences of not having a presence at all.

In addition, mobile devices represent the next frontier in information and technology. According to National Research Corporation's Market Insights study, from 2011 to 2012, use of mobile devices to access healthcare information grew from 11 percent to 19 percent. From 2013 to 2015, the Web will undergo an incredible shift as more Americans go online via smartphone than any other type of device.⁷ Mobile technologies are changing everything else: the Web, social media, and the way customers

6 Pew Research Center, Internet & American Life Project (2005–2013). See e.g., www.bit.ly/1851jjq.

7 Karen McGrane, "The Rise of the Mobile-Only User," *Harvard Business Review* (blog), May 28, 2013 (www.bit.ly/18loGUw).

use technology, and they represent an entirely new way for customers to research healthcare providers and access the services they provide. Hospitals and health systems in particular need an explicit social media and mobile strategy, from the basics (i.e., ensuring the organization's Web site shows up on mobile devices in an accessible manner) to advanced approaches (i.e., creating a branded mobile application for customers to download), to successfully connect with the healthcare customers of today and tomorrow.

Fifth Degree: The Greener Grass

As complex as healthcare is to those involved, it's only one industry. This reality is not lost on the disenchanting healthcare customer. Through a multitude of positive experience in non-healthcare industries like retail and banking, customers are increasingly expecting a fulfilling experience within healthcare. They may not know the differences between healthcare and non-healthcare industries, but more importantly, they don't care. They expect a similar quality experience across all industries in which they invest their time and money.

Customers do consider healthcare differently when it comes to results. A great technological example is the lack of unified, electronic medical records among different providers. Most other industries allow the customer to see stored information and even give them the ability to share this information with others, but healthcare has been shackled by HIPAA and the fear of HIPAA violations, leaving customers without much of their own health information nor the ability to share it. For example, while electronic medical records are making progress, most customers still have to repetitively fill out information every time they enter a healthcare setting. This source of frustration often precludes customers from truly viewing their healthcare experience as positive. As non-healthcare industries continue to advance in their customer experience efforts, healthcare providers risk falling further and further behind in customers' eyes.

Sixth Degree: The Rise of Choice

The previous degrees of separation have created a new behavior previously unpopular in healthcare: customer choice. The gap between provider and customer has created customer isolation, giving rise to the idea that the customer is on his or her

own. This is especially true with regard to cost. In return, the customer has access to information, assumes responsibility for much of the cost, and often discovers that the care journey is a road they must navigate on their own. Thus, customers have now demanded a choice in the matter.

The perfect example of customer choice is one of the most seminal and imminent components of healthcare reform: the health insurance exchange. While it remains unclear exactly how health insurance exchanges will operate, there is no debate about what they will provide customers: a forum to purchase healthcare coverage much like they snap up airline tickets, in just a few clicks.⁸ In terms of customer convenience, exchanges could be considered an important advancement. In terms of customer choice, exchanges could be considered a revolution. An essential component of the exchanges will be price listings for various types of coverage. While consumers sort by price, they will also likely view other customers' comments and user feedback on plans they are considering, and see a "good-better-best" tiered value structure (ranging from "bronze" at the low end to "platinum" at the high end) to consider various options. Certainly, the ability to offer customers price transparency, crowd-sourced feedback, and valued tiers is not groundbreaking in most industries. Amazon.com has been providing this since the 20th century, but offering these items in a healthcare setting could introduce a sea change in how customers select their healthcare.

Since having more options can lead to problematic decision making and healthcare is naturally confusing to the uninitiated, customers will need guidance and support like never before to avoid making poor choices. Healthcare providers of all kinds must be ready for the attention, competition, and choice that exchanges will infuse in the industry. Once customers can effortlessly select health insurance they will surely pull at the loose threads of other choice-challenged healthcare decisions. Which doctor to choose? Which clinic to visit? Which hospital to stay in? They will also expect a similar mechanism to exchanges. Furthermore, those newly insured customers will be entering the market after time away, meaning they may not have an existing provider and thus won't have deep-seated allegiances. They will be hungry for education to use their newfound empowerment. An opportunity will be presented to providers to educate new customers, win their loyalty, and boost market share in the process.

8 See www.healthcare.gov/what-is-the-health-insurance-marketplace/.

Lessons in Customer-Centricity from Outside Industries

Healthcare isn't the only industry that has undergone a massive shift in customer thinking. In fact, when it comes to focusing on the customer, healthcare may be the last remaining industry to face this type of change.

SO MANY INDUSTRIES HAVE ENDURED DEEP SHIFTS IN HOW they communicate with customers and deliver an experience of value to the customer. Common culprits of change include government regulation and technological advancement, forces firmly at play in healthcare; though the most powerful change agent is the customer itself. Familiar with what a great customer experience looks and feels like from the non-healthcare interactions in their lives, customers are expecting more from their healthcare provider. The evidence is already mounting. A decade ago it would have been hard to imagine the importance of Wi-Fi in patient rooms as a selling point to attract more customers—or the lure of valet parking during a hospital stay. Yet this is where the healthcare world is heading, steered in large part by the wants and needs of the new healthcare customer. To understand these once foreign customer concepts now invading the healthcare industry, below is a look at five factors and the industries they changed forever.

Lesson #1: Brand Yourself (Consumer Packaged Goods)

The brand of a company is determined by its customer and ultimately serves as the connecting point between the two. The consumer packaged goods industry has understood the power of branding for centuries. Procter & Gamble focuses intently on each brand it builds, from Tide detergent to Crest toothpaste. It attempts to build a brand to tell a story of value to the customer. An intense understanding of the customer's needs is also important. Procter & Gamble positions Tide as the premium detergent but understands some customers prefer lower cost, so it also offers Era detergent. The brand positioning is based on what the customer wants. Customers in turn connect and relate to well-defined brands; pursue regular, meaningful interactions with those brands over time; and build loyalty toward them.

The key component to branding is defining and quantifying the brand's value. The business-last mentality in healthcare proves a serious barrier in this area. Consumer packaged goods companies don't view branding as black magic. These companies put tools in place to measure how many consumers are aware of, prefer, and ultimately use their products and services. They apply a science to the art of branding. They invest resources in brand management and measurement; brand strategy always has a place at the boardroom table. Once a brand is in place, benefits can be clearly and consistently communicated to build value. The effects of the brand on the customer can be measured, allowing the ability to change and improve services and in turn better communicate any new value. The more articulate and defined the brand, the more effective story it tells to the customer.

Lesson #2: Promote Unique Benefits (Automotive)

Who knew cupholders could sway a consumer to buy a \$30,000 vehicle? The automotive industry has long been saturated with suppliers and model/make options are overwhelming to most consumers. The general public goes years between car purchases and often reenters the market for an automobile through an unexpected event. Healthcare providers can glean a lot from car-makers in terms of building latent value with the customer over the long haul.

Toyota Motors has built its brands around the benefits that become purchase trigger points, big and small. Even a seemingly inconsequential feature such as cupholders can persuade or dissuade a buyer who is having trouble making a decision.⁹ If car-makers all offer similar cars of similar sizes with similar colors then what really matters to the customer? What might tip them over the edge? Automotive companies invest a great deal of time and effort into determining this before their products ever hit the market. Once they do, they diligently track which customers bought what and why.

Healthcare leaders need to determine which benefits of their hospital or health system are unique and unexpected in the eyes of the consumer. What can the organization offer that competitors cannot? Look past the obvious, big-box benefits that 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. Smart business leaders leave no stone unturned when it comes to discovering (and effectively communicating to customers) points of value.

Lesson #3: Adapting to Customer Need (Banking/Finance)

The quality of the customer experience matters in healthcare, but it also matters everywhere else. A look at the last 30 years in the banking and consumer finance industry sheds light on the importance of adapting to the customer's needs. Barclays was lambasted when it introduced the Automatic Teller Machine (ATM) in 1967.¹⁰ Many industry experts felt a customer's money was too important to be doled out by a machine. Customers

9 Michael Martineck, "The Psychology of Cupholders," *The Truth About Cars* (Web site), April 10, 2008 (www.thetruthaboutcars.com/2008/04/the-psychology-of-cupholders/).

10 "Enfield's cash gift to the world," BBC London, June 27, 2007 (www.bbc.in/1do9rkZ).

had another idea and eventually used ATMs in droves due to their incredible convenience. Meanwhile, banks that used ATMs reaped savings from employing fewer tellers and gaining new customers. Now virtually every bank offers ATMs.

In the same vein as evaluating brands and benefits, when customers perceive the quality and cost of providers as similar, the customer experience in general and convenience in particular will likely move market share. Automation can create greater customer convenience and a sense of independence, while greater scale of service can lead to higher levels of customer confidence. While companies must recognize the situations in which convenience becomes secondary to quality, they must be ready to provide a different customer experience and take risks to edge out the competition. Healthcare is increasingly flooded with new market entries, including formidable brands like Walmart and Walgreens, so an edgier approach may be necessary to provide a great customer experience.

The parallels between healthcare and banking are clear. In the face of technological change, some are calling for healthcare providers to return to the personal touch. Much like money was too important to be handled by a machine, some say the same about health. Yet we know when the customer values convenience, they will sacrifice other values to receive an experience they desire. Healthcare providers must be ready to offer the same convenience for health.

Lesson #4: Go Public with Price (Online Shopping)

A persistent factor in customer confusion with healthcare is the lack of price transparency. Healthcare providers have been notoriously opaque about their pricing structures, to the point that it is now national news when a hospital price sheet is uncovered by the media. Price transparency is crucial because it gives the customer a feeling of control over their experience. Understanding what's happening means knowing what it will do to your personal situation when it's over, and cost is a big piece of this puzzle.

In the CCH study, when customers were asked to cite a brand from an outside industry to fix the healthcare experience, Amazon.com was mentioned most frequently. Amazon offers a simple, seamless experience in which 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 very best healthcare provider for them. Online shopping has long mastered a concept that has barely set foot in the world of healthcare.

Lesson #5: Listen to the Customer (Hospitality)

There are innumerable companies that thrive or die based on how well they listen to their own customers. They often consider customer feedback their most important metric of success, beyond financial or market performance. Look no further than hotels

and resorts to find an attentive ear on the customer. The Ritz-Carlton, a Marriott brand, routinely asks guests what they would like for their stay before it happens, how they can improve their stay while it happens, and what they would like next time. Great hotels also focus on the little things, like a certain bottle of champagne, understanding they can leave the biggest impression.

Healthcare providers have been historically poor at listening to their customers. While the government mandate of HCAHPS has provided base-level patient satisfaction information, truly listening to the customer involves pre- and post-experience information gathering, not just understanding what went wrong during the stay. Listening tools can include patient and consumer research, syndicated and custom studies that any hospital can conduct, and even mapping customer sentiment from numerous social and mobile media sources. Whether a provider listens to them or not, the customer will use any and all resources to tell their story, and provide an incredible research opportunity for anyone focused enough to listen.

Similar to hotels, hospitals have a responsibility to service recovery if they hope to provide the best customer experience possible. They must seek out customer comments and guard against expedited negativity by addressing customer concerns on the individual level. Stamping out issues early on can create a boomerang effect and endear the customer to the provider again, all because they were listened to and their concern was addressed. Customer feedback can also serve as an early indicator, good or bad, of future performance. Listening is the only alternative to luck in terms of building the best future customer experience possible. Now is not the time to rely on luck in healthcare.

Customer-Centric Organizations:

1. Have a well-defined brand and tell a meaningful story
2. Promote/emphasize their unique benefits (differentiating themselves from competitors in ways that matter to their customers)
3. Adapt to customer needs and make customer experience (convenience, quality, value) top priority
4. Are transparent about prices
5. Listen to customers and make demonstrable changes based on customer feedback

Outside industries have undergone customer-led seismic shifts in their business models and many have emerged stronger and more customer-centric than ever, making them an important bellwether for the healthcare industry. Knowing what's next in healthcare is often what's now in non-healthcare industries. It is essential for healthcare providers to study cross-industry customer trends and mount an early strategy for addressing changing customer needs. Doing so could prove an important competitive advantage in the future.

Traditional vs. Alternative Customer Influencers

While the findings of the CCH study introduce a host of daunting challenges, and industry forces appear to only exacerbate the issues at hand, providers can look to what influences the customer to find a potential framework for improvement.

IF WE MINIMIZE THE NEGATIVITY SURROUNDING HEALTHCARE, we can see at the core of our challenge lies the customer expectation for healthcare providers to improve. To be something different, and better, than what they currently comprise. Customers strongly desire something very simple: a customer experience built around the customer—not built around the provider, a vendor, or some other stakeholder. Yet to truly build a customer-centric experience approved by customers, healthcare providers must understand what intrinsically motivates customers to feel the way they do.

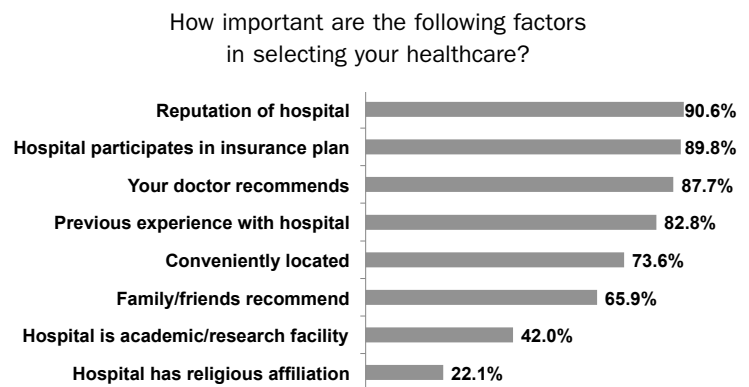
Traditional Players in Healthcare Decision Making

The traditional take on what influences the healthcare customer would point to the pillar and the post: the customer's doctor and their insurance provider. In the past, a healthcare provider might think they need only to maintain strong physician referral networks and negotiate smart network contracts and they would be all set in the eyes of the customer. However, due to the increasing gap between provider and customer, it is now quite common to find customers who don't have a regular doctor and/or lack health insurance or are underinsured (in 2011, 17.4 percent of American adults did not have contact with a healthcare professional in the past year;¹¹ over 50 million Americans don't have health insurance and another 30 million are underinsured¹²). Couple those harsh realities with the strong customer desire to stay out of the healthcare maze, and there are clearly more pieces to the customer influence puzzle.

The customer/provider gap often leaves the customer to their own devices on determining what is best for their health. Similar to other industries, the perception of the customer is incredibly important in their decision making. According to National Research Corporation,¹³ healthcare customers view several factors, including but not limited to physician and insurance

provider, as integral to how they select healthcare services, as illustrated in **Exhibit 3**.

Exhibit 3: Customer Selection Factors for Healthcare



Source: National Research Corporation's Market Insights survey of 264,892 consumers in 2010.

Many factors go into how a customer determines the reputation of a potential provider. In the CCH study, customers talked freely of emerging lifestyle, technological, and financial changes altering the way consumers are thinking about healthcare and making decisions on where to seek care. Below are the most prevalent alternative influencers on the customer, as revealed in the CCH study, as well as other National Research Market Insights surveys from 2010–2013.

Wellness: A Paradigm Shift in Care Delivery

At their core, healthcare customers seek to live a better life. According to the CCH study, customer sought information, activities, and events to support their goal of living better. In characterizing wellness activities, customers liberally included nearly every 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. Customers often grouped in healthcare-related activities including preventative measures (e.g., regularly scheduled doctors' visits, rehabilitation exercises), taking prescribed medications, insurance planning, and managing the healthcare received by family members (often elderly parents).

Respondents often sought expertise in the area of healthy living and pointed to the possibility of trusting their local healthcare provider for the role of expert. In addition to wanting

11 Centers for Disease Control and Prevention, *Summary Health Statistics for U.S. Adults: National Health Interview Survey, 2011* (www.1.usa.gov/149v28s).

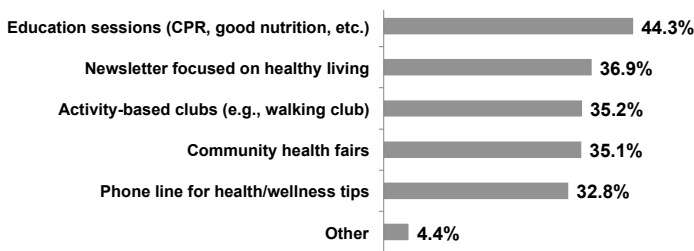
12 Sara R. Collins, Ph.D., Ruth Robertson, M.Sc., Tracy Garber, M.P.H., and Michelle M. Doty, Ph.D., *Insuring the Future: Current Trends in Health Coverage and the Effects of Implementing the Affordable Care Act, Findings from the 2012 Biennial Health Insurance Survey*, The Commonwealth Fund, April 2013.

13 National Research Corporation, Market Insights survey of 264,892 consumers in 2010.

health-related information, customers also demonstrated a strong willingness to participate in provider-sponsored activities if they saw a personal health gain. Given customers' fondness of health-related activities and their openness to engage with brands to improve their own health, providers are in a perfect position to become the healthcare authority in their respective markets. Because customers box hospitals into the emergency-provider category, they are not often considered early in the treatment process, before a customer is forced to seek treatment (see **Exhibit 4**).

Exhibit 4: Hospital Wellness Activities Sought

If your local hospital decided to promote healthy living and wellness, which of the following activities or ideas would you find valuable?



Source: National Research Corporation's Market Insights survey of 22,434 consumers in April 2013.

Reform components that tested most positively were wellness-based. In the CCH study, customers rated wellness programs, and any initiative supporting “wraparound” or a continuum of care the highest. Customers also sought access to non-hospital services as a positive part of reform. Components such as patient-centered medical homes (PCMHs) didn't test as high due to confusion around their name, but once explained they were seen in a positive light. These components were seen as fresh and innovative without threatening or withdrawing care, something customers fear greatly. But clearly, confusion rules the day on most aspects of reform.

Yet hospitals have a golden opportunity to become the guiding force customers so desperately seek. The average hospital is often one of the largest employers in the community, if not the largest, and has extensive relationships with other area employers and influential networks. In isolated pockets of the country, this relationship is developing. In Roanoke, Virginia, Carilion Clinic offers a weekly “Walk with a Doc” program where area consumers can join up with 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 customers and create a positive relationship with the public.

As a point of pure business strategy, hospitals and health systems can capitalize on wellness to create an earlier access point to their customers. By engaging them in wellness activities, hospitals are encouraging consumers to know the provider before they need the provider. Creating a relationship with the customer around *health*, not *healthcare*, is an important opportunity few providers have capitalized on to date, leaving the door open for another competitive advantage and opportunity to influence the healthcare customer now and in the future.

What Customers Value in Their Doctor

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

- Education
- Experience
- Access to information
- Ability to direct 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 in the CCH study 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.

The Web: Going Online Is Option Number One

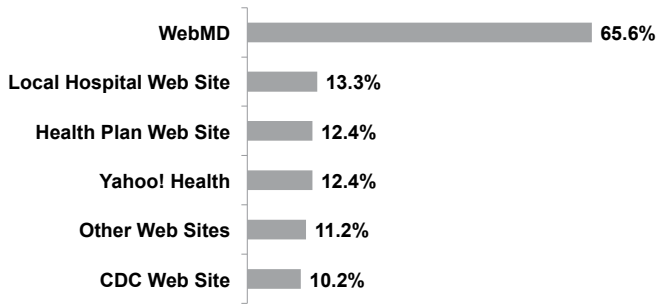
Our research shows that the Internet is the clearly preferred way of obtaining initial information (symptoms, potential diagnoses, severity) for nearly all healthcare customers. Many seek the Web first and foremost to aid their decision-making process. According to the Pew Internet study,¹⁴ 85 percent of Americans use the Internet, and of those 72 percent have searched online for health information within the past year. The Web is not only a popular destination for health information searches; it's often the first destination for the healthcare customer. According to a 2012 National Research study,¹⁵ when a healthcare customer was asked to imagine a health issue arising and questioned about what they would do first, three in five customers (59.6 percent) said they would go online to research their symptoms. Of Web sites used, WebMD was the clear favorite with nearly two out of three customers using the site (see **Exhibit 5**).

14 Pew Research Center, Internet & American Life Project (2005–2013). See www.bit.ly/15rVv0t.

15 National Research Corporation, Market Insights survey of 160,094 consumers who accessed healthcare Web sites in 2012.

Exhibit 5: Web Sites Healthcare Customers Use

Which Web sites have you used for healthcare information?



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

WebMD's immense popularity rewards the site as a growing source of credible information but also points to a trend of healthcare customers going online to truly seek an expert, trusted opinion on their health. WebMD's most popular feature, the Symptom Checker, allows customers the ability to self-diagnose their own ailments, proving visitors of the site are often looking for more than simply casual health information.

In the CCH study, healthcare customers 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 and other online health resources may be attributed to the "substitute doctor" feel. However, WebMD and other similar sites embody what is truly magnificent about the Web: it's free, convenient, and completely private—three things a traditional doctor's appointment is not.

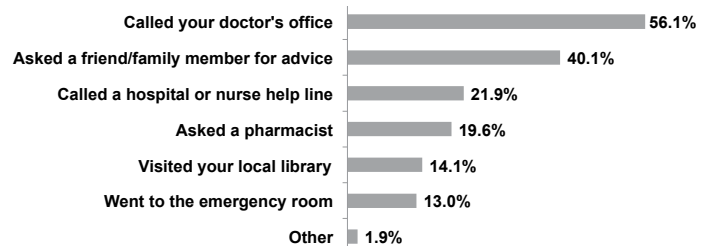
It's clear the consumer values the online vault of information at their fingertips, but once again healthcare providers, particularly hospitals, are not on the customer radar. Healthcare customers who use hospital Web sites pale in comparison to those who use WebMD, signaling a missed opportunity for hospitals to be viewed as a source of online health information. The culprit here is familiar: hospitals that struggle to successfully promote their services to consumers often fail to excel in the online space. In fact, the technology revolution has worsened hospitals' ability to connect with customers and vice versa. According to National



Research's Market Insights 2013 study,¹⁶ respondents were asked where they used to go for the information they now find online (see Exhibit 6).

Exhibit 6: Where Did Consumers Go Before?

Before you used the Internet for health-related information, which of the following activities did you perform instead?



Source: National Research's Market Insights survey of 22,434 consumers in April 2013.

Gone are the days of the customer calling on the hospital for healthcare advice. Hospitals must respect the power of the Web and funnel the same resources into their online resources as they do their mass advertising campaigns. These online resources include the ever-expanding social media sites and mobile applications. The Web and all its tools play a unique dual role as influencer to the healthcare customer and source of distance between the customer and provider due to the inability of hospitals and health systems to adapt to the technological changes. Healthcare customers live online, a place where healthcare providers must be willing to not only visit but also take up residence.

The Wallet: Pervasiveness of Cost in Decision Making

Cost is the only constant in terms of customer decision making and was prevalent at every step of care delivery according to the customer. Rising insurance premiums and the growing adoption of high-deductible health plans has left customers footing more of the bill, and their attention has been purely and predictably negative. Customers' interest in shopping around for healthcare has risen with the pressure on their pocketbooks. According to a recent poll by the Kaiser Family Foundation, 60 percent of healthcare customers have "cut corners" to avoid healthcare costs, while 38 percent have bypassed a visit to their doctor in favor of home remedies or over-the-counter drugs.¹⁷ Skyrocketing costs are influencing the healthcare customer to take alternative, and in some cases desperate, measures to address their healthcare needs.

Cost also plays a starring role in the dichotomy between customers and healthcare providers. In the CCH study, healthcare customers cited profitability as the main barrier to healthcare providers (particularly hospitals and health systems), in providing great care. How can a hospital truly address customer

16 National Research's Market Insights survey of 22,434 consumers in April 2013.

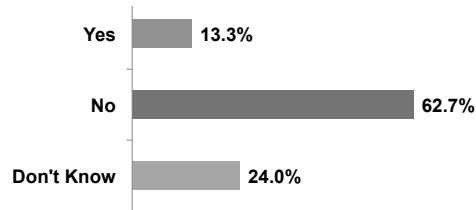
17 Kaiser Family Foundation, Kaiser Health Tracking Poll, May 2012 (www.bit.ly/15e3wH6).

needs if they are looking out for their own business needs first? Because of this wedge, customers in the study felt the major players in their care were primarily on the hunt for a buck. To the customer, this is a perversion of what should be healthcare's first focus: improving health. If the final bill is as devastating as the disease, what's the point?

Price transparency—specifically the lack thereof from providers—was the most popular point of frustration surrounding cost. Customers 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 (see **Exhibit 7**).

Exhibit 7: Are Hospitals Price Transparent?

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

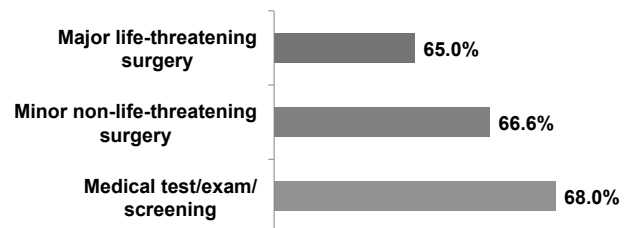


Source: National Research Corporation's Market Insights survey of 22,717 consumers in July 2013.

In the past, the cost of healthcare has been discounted to secondary status because of the serious, sometimes life-and-death circumstances surrounding a patient's need for healthcare services. (Most patients don't seek out the cheapest cancer treatment or the most discounted heart bypass surgery.) Unfortunately the issue of cost perception is more complex. In the CCH study, many customers remarked that cost is important when other factors like quality or access are perceived as comparable among healthcare providers. National Research's Market Insights study further quantifies the importance of knowing cost across all types of services (see **Exhibit 8**).

Exhibit 8: How Important Is Price Transparency?

How important is it to know pricing information upfront in the following healthcare scenarios?



Source: National Research Corporation's Market Insights survey of 22,717 consumers in July 2013.

Since there is a severe lack of discernment on the part of the healthcare customer to determine differentiating factors like quality and safety when considering various hospitals for treatment, cost becomes an important differentiator and customers are growing bolder in their expectation to know how much treatment will set them back. Once they do enter the healthcare system, customers are increasingly requesting information about prices. Even physicians, the traditional gatekeeper of care, are seeing more customers ask about price before care is provided. Given that most healthcare providers ask patients about their insurance coverage before administering services, customers can play the same game, and will continue to do so as today's economic environment remains tenuous and healthcare's future remains cloudy.

In the confusing world of healthcare, customers have made due with the increasingly powerful influencers they have available to them. All three influencers—wellness, the Web, and the wallet—allow customers to access information and make decisions about their health without consulting healthcare providers at all. It will be up to healthcare providers to establish a presence and address customer need using these influencers as north stars along the way.

Defining the Provider: Confusion from Health Insurance to Hospice

The overarching confusion felt by healthcare customers skewed their ability to discern the difference between respective healthcare providers, causing them to be lumped all together in one big bucket of distrustful partners. When you feel an entire system is negative, it's easy to label every role player as just another part of the problem. Any healthcare provider who wishes to stand out from the crowd will walk a long road to earn customer trust and confidence.

In the CCH study, many healthcare customers pinned health insurance companies as the strongest negative influence on the industry. Their perceived love for money and gusto for denying payment perfectly symbolized the main customer pain points. Past insurance companies, the view became fuzzy as customers sometimes clustered all providers together and other times delineated between fitness-type companies and traditional acute-care providers, for example.

To further define customer trust and confidence in the specific healthcare stakeholders, the National Research 2013 Market Insights survey asked customers nationwide to rate their level of trust and confidence in nine separate types of healthcare provider. The results better quantify which stakeholders customers do tend to trust versus those they do not:

- Doctors and nurses (73.4 percent of respondents ranked them first)
- Hospitals (67.7 percent)
- Pharmacies (67.1 percent)
- Hospice/end-of-life services (48.6 percent)
- Employers (36.2 percent)
- Home health services (29 percent)

- Fitness/health companies (26.9 percent)
- Health insurance companies (26.4 percent)
- Long-term care/nursing homes (24 percent)

It's not surprising to see long-term care providers at the bottom given the powerful, if not misguided, stigma of the "nursing home." It is also not surprising to see health insurance companies near the bottom of the list. Interestingly, trust in fitness and health companies overall is low, even though customer desire to perform the behaviors those companies promote is high. Trust in home health and hospice services received a strong level of trust, likely due to their innovative and seemingly non-acute feel to providing healthcare. Pharmacies, always traditionally rated high, get the bronze for customer trust. Hospitals, despite being dragged into the negative provider camp over and over, actually garnered a high level of customer trust. This could be due to the perception that hospitals are primarily emergency service providers and thus, if you need to go to a hospital, you are in a situation in which you must trust them with your life. Doctors and nurses together enjoyed the highest level of trust and confidence from healthcare customers. Note these stakeholders were grouped together at the behest of healthcare customers, who time and again in the CCH study found it difficult to tell the difference between doctors and nurses anymore. It turns out healthcare customers trust a human touch more than anything else. It would serve healthcare providers well to show the customer the human side of their business if they hope to earn customer trust and confidence.

The Customer Experience Is Paramount to Other Priorities

The ability to provide customer-centered care is interrelated with managing/improving the health of populations with chronic diseases and the delivery of accountable care. Going further than taking into account aspects of patient experience that change care at the bedside, organizations that move towards the all-encompassing customer-centered care approach will be compelled to consider what happens to the customer at all points along the care continuum, and in order to have a positive impact on those points of care, will thus need to create partnerships and affiliations with other providers, expanding the scope of affect across the entire community.

THESE KINDS OF PARTNERSHIPS AND AFFILIATIONS WILL IN turn create new healthcare systems in which managing population health and providing accountable care are at the center of the organization's culture, communication between and among providers will be key, and the result will be seamless transitions in the customer experience at every point along the care journey.

Connecting Customer Experience to Quality and Cost

At the core of the care delivery redesign being sought through healthcare reform is payment reform (as with any other business, healthcare must "follow the money"). The new value-based payment models attempt to reverse the current incentives to increase profitability through providing more services, and eventually create an environment in which providers increase profitability through providing fewer, higher-quality/evidence-based services that create enhanced patient outcomes.

In order to get there, providers are now increasingly aware of the connection between quality and cost, essentially doing whatever possible to reduce the cost of care as reimbursement pressures rise. For example, CMS is no longer providing payments for unnecessary readmissions, and beginning this year, eight HCAHPS measures are now being tied to provider reimbursements for Medicare patients:

- Communication with nurses
- Communication with doctors
- Responsiveness of hospital staff
- Pain management
- Communication about medicines
- Hospital cleanliness and quietness
- Discharge information
- Overall rating of a hospital

In the beginning, value-based payment models will only affect a small percentage of patients, but many private payers are continuing down this path as well and taking on increasing numbers of value-based contracts, regardless of what is happening at the policy level, in response to independent market demands to lower the costs of care.

In this context, the customer perception of a hospital can have a direct affect on how that customer ultimately experiences care once he or she steps foot inside. Organizations that have a customer-centered approach and take steps to create a positive perception before the customer even becomes a patient have a much better opportunity to bring in higher payments for the care being provided within their walls.

Why Customer-Centricity Is the Best Defense in an Uncertain Future

All of this pressure on providers to do more with less is resulting in the industry scrambling to reinvent itself in a "survival of the fittest" kind of environment. Hospitals and health systems are hoping to scoop up the majority of the market share and patient population before competing organizations do the same, and in order to do so, must find a way to differentiate themselves in a significant and meaningful way that speaks

directly to the customer. Customer-centered care is the way to do just that. An important step in this regard is to proactively share performance metrics with the public, and use that information to tell a unique story, rather than leaving it up to the customer to find the information via third parties and create their own assumptions (which may or may not be desirable).

True Transparency on Performance

Customer confusion in healthcare is largely fueled by lack of familiarity and experience, not to mention the complexity involved in

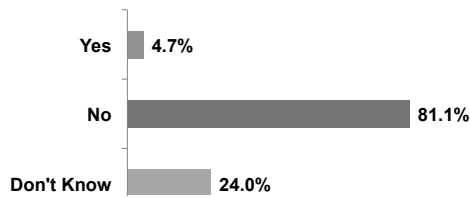


the system. The healthcare customer is also stymied by a lack of information on healthcare options with respect to quality and performance. Without knowledge, choices become clouded by angst and fear. The experience often suffers before it starts. Of course, like other industries, there are sources of information on the quality, safety, and overall effectiveness of healthcare providers. Inroads are being made into the industry by household names like J.D. Power & Associates and Consumer Reports. Companies like HealthGrades have made a business model out of calculating provider performance. Perhaps the most official source of all is Hospital Compare. This Web site, administered by CMS, boasts quality scores for over 4,000 hospitals.

However, most customers are not currently aware of or don't yet regularly use Hospital Compare to evaluate their providers' performance (see Exhibit 9).

Exhibit 9: Customer Use of Hospital Compare

CMS offers a public Web site comparing hospital performance on quality and price ("Hospital Compare" www.hospitalcompare.hhs.gov). Have you ever visited this Web site?



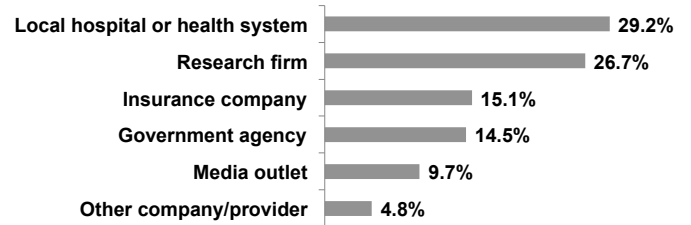
Source: National Research Corporation's Market Insights survey of 22,717 consumers in July 2013.

Instead, customers continue to vaguely judge the quality of area providers and make decisions without all the information they need. What is the answer? Providers themselves must step up and provide quantifiable information about their own performance. Remember healthcare customers look to providers as potential sources of guidance when it comes to healthcare

options. The same study (National Research Market Insights, July 2013) quantifies this view (see Exhibit 10).

Exhibit 10: Preferred Source for Provider Rankings

Efforts are underway to measure and rank local hospital and health system performance to share results with consumers. From which of the following entities would you prefer to receive this information?



Source: National Research Corporation's Market Insights survey of 22,717 consumers in July 2013.

An important part of this guidance is performance. Clearly there is an advantage to providing statistics that encourage customer choice, but there is also a need to educate customers in a general sense about the information they have available to them. Hospitals and health systems, despite their issues, are in a perfect position to play this role. Hospitals, often known as a large source of employment and a hub of medical activities, now possess the opportunity to serve as beacons of health information and education to the entire community. If any and all healthcare providers are able to create trust with customers by opening their eyes to information on quality, safety, and other metrics, their transparency may well be rewarded in the future. It's possible that eventually a source of healthcare information will break through to healthcare customers, but in the meantime whoever makes a genuine first effort stands to be rewarded greatly for their bravery.

The Road to Customer-Centric Care

The road to customer-centric healthcare will be an unfamiliar and challenging path. Healthcare customers are looking for something better from healthcare and asking the system they see as broken to undergo a fundamental shift.

IN THE CCH STUDY, CUSTOMERS WERE ASKED TO ENVISION A future state of healthcare void of the flaws and problems they experience now. As customers shared their thoughts, it became clear their hope for healthcare's future is for providers to put the customer first.

In the “customer-centric healthcare” model, customers see themselves at the center of the healthcare universe and feel as though they are the most important factor in their own healthcare. As customers, they feel first on the list of hospital priorities, above other organizational goals including profitability, relationship-building with physicians, or other strategic concerns of the hospital, health system, or physician group. The customer becomes the most important stakeholder, which aligns to how they view themselves now.

In the eyes of the customer, putting the customer first is a simple yet compelling idea—one that could solve much of what ails the healthcare industry.

Customer-Centric Criteria

To become a customer-centric organization, a few initial requirements must be fulfilled: senior leadership must be “all in,” profitability must be put in its place, and providers need to find a way to provide more than “just” healthcare.

Senior Leadership Must Be “All In”

Customer-centric healthcare cannot flourish if it's isolated in one department. The marketing team, for example, can communicate and promote a customer-centric message but is helpless to influence its actual existence at the bedside. To truly become a customer-centric organization, senior leadership and all of its overarching influence is necessary—even buy-in from senior leadership alone may not be sufficient. The CEO and board must own the customer-centric strategy and communicate its value all the way from the top.

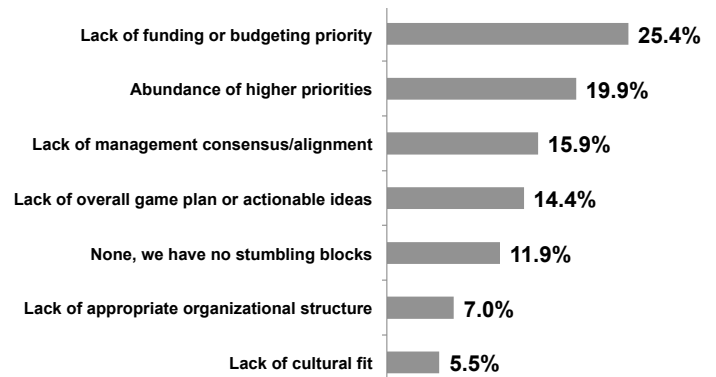
The issue here isn't desire—it's priority. Given the abundance of priorities facing the C-suite, board, and all levels of senior leadership, customer-centric care can be washed away by other initiatives. *HealthLeaders Media* conducted a study¹⁸ to understand the barriers at play when it comes to focusing on the patient experience (see **Exhibit 11**).

The top stumbling block, “lack of funding or budget priority,” is a big irony given that focusing on customer needs is the best way to improve the customer experience and retain the loyal, healthy customer necessary in a future where managing the

health of whole populations is necessary to maintain financial viability. Yet it can be difficult for healthcare leaders to see the forest for the trees, given all the existing regulations and requirements saddled to the C-suite and the board, who will need a much greater level of awareness of the customer as the most important contributor to the success of the organization. There's also an issue of short-term focus vs. long-term focus, given the firestorm of activity created by reform. Becoming customer-centric truly requires a transformation for most organizations, and doing things differently and sustaining focus over the long term will be required by any aspiring organization. For the idea to take shape, senior leaders must agree that the customer experience is unparalleled in its importance and resources must be allocated to match this valuation.

Exhibit 11: Customer Experience Barriers

Biggest Stumbling Block to Adopting More of a Patient Experience Strategy



Source: HealthLeaders Media, *Patient Experience Leadership Survey*, 2009.

Profitability Must Be Put in Its Place

As mentioned previously, CCH study participants cited negative feelings about the perception of profitability being more important to healthcare providers than the customer. Organizational profitability is obviously an important consideration for today's healthcare providers. Given the traditional 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 that 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

18 HealthLeaders Media, *Patient Experience Leadership Survey* (a survey of 200 C-suite executives), 2009 (www.bit.ly/15w4dBI).

need to cast aside profitability to focus completely on the needs of the customer?

The answer may come from an unlikely but now familiar source: the healthcare customer. In the CCH study, the same customers who wanted to see the customer put ahead of the almighty dollar also pointed to the financial realities of healthcare. These realities are something the customer understands because they live them every day. Customers 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. The concepts of customer-centricity and provider profitability are not mutually exclusive. Customers want healthcare providers to build an experience around the customers' needs, which will create the necessary value and loyalty to sustain a long, fruitful customer relationship, thus enhancing the organization's profitability. While customers 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.

To further combat the image of providers focusing on profits, hospitals and health systems are being encouraged to promote their provision of free and charity care to offset noise around cost (one aspect of the reform legislation actually requires providers to make their charity care and financial assistance policies readily available to customers, and some innovative providers are now following suit with simple online forms that calculate whether a customer qualifies for financial assistance). Leaders should also consider publishing price ranges for certain elective services, a step that can provide a competitive advantage over those not willing to take this step. Price transparency can also shatter the "veil of price expectations," as actual prices may be lower than what people currently perceive them to be. Other options include creating innovative long-term payment plans and/or medical credit or loan programs for customers to help them meet their obligations without enduring financial hardship, and offering discount and/or loyalty programs for return customers. Walgreens and other retail organizations that are looking to take market share from traditional providers already offer such programs.

Provide More Than Just Healthcare

To even think about changing the minds of customers, healthcare providers must consider transcending the business of "healthcare" altogether. Becoming a provider of more than just healthcare services (e.g., educator, wellness manager, promoter of health status, community outreach coordinator) is an immediate way to step out of the box of negativity customers have placed on providers. Even if care delivery is the core business, and it must remain that way for now, hospitals can pursue a different strategy when communicating with customers. Talking up wellness and health-related events is a way to shift the conversation away from today's negativity. Of course providers must invest in health.

If we revisit the "health" versus "healthcare" dichotomy we find healthcare customers seek more than just serious surgery.

They seek preventative tools like screenings, regular events like physicals, and even health-related events like healthy eating classes. All of these activities provide the potential to flip the script on providing the positive benefits of "health" while shedding the negative aura of "healthcare." Perhaps more importantly, they provide fresh avenues to create value in the eyes of potential customers. They are also opportunities to encourage repeat customer contact. Providing a discount or credit for a future screening is an excellent way to impress customers while easing concerns around price transparency. Behind the scenes, hospitals and health systems partner all the time with physicians, payers, pharmacists, medical device makers, etc. The customer never sees the value of these partnerships. A discount for a prescription or medical device can be customer-facing as well. Even the smallest of gestures may do wonders in an industry devoid of gestures toward customer loyalty, especially in the area of cost.

Healthcare reform will likely fuel a partial shift from providing healthcare to providing health. Reform aims to increase quality while lowering costs, increase price transparency for customers, and promote wellness and prevention as alternatives to the broken acute care system. As discussed previously, the ability to provide customer-centered care is directly interrelated with managing/improving the health of populations with chronic diseases and the delivery of accountable care. In many ways, the measures of reform will force some level of customer-centeredness on its own. But much like HCAHPS only mandating that you measure the patient experience, not improve it, it will be important for organizations that aspire to become customer-centric to push past what is expected and deliver more.

The Customer Commission

To better understand the perceptions and behaviors of a healthcare organization's target audience, leaders should consider assembling a "customer commission," made up of local community members who understand the history of the organization and the mentality of area customers. Members should have a good working understanding of the hospital and/or health system and be able to meet on a regular basis. They must have a desire to set and be accountable for reaching goals related to the effectiveness of the organization's market strategy. In many cases, current and past board members, along with community leaders and advocates, will make good commission members.

Once established, the commission keeps a pulse on the community by asking their family, friends, and neighbors about their perspective on the organization; acts as a guardian of the brand by measuring both external (i.e., customer) and internal (i.e., employee) brand equity and providing perspective on other forms of measurement; drives the development of a plan to measure the effectiveness of the hospital strategy with customers; provides an insightful platform that marketing can share with others; and through fresh eyes and clear voices makes the market strategy a top priority within the organization.

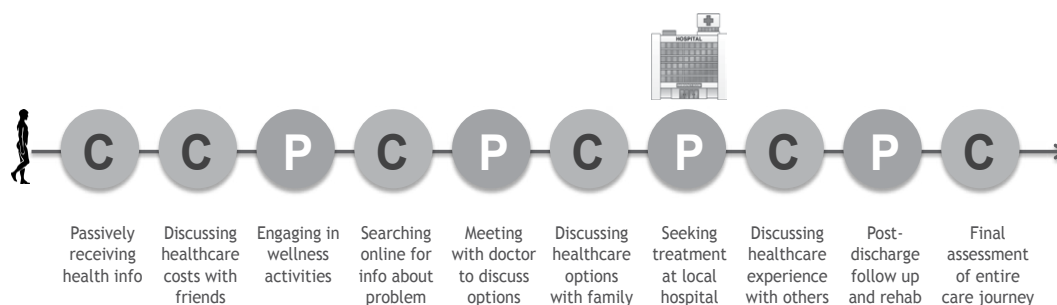
Customer-Centric Clues

In customers' eyes, healthcare providers have a lot of serious amount of ground to cover if they are going to put the customer first. Yet most customers interviewed in the CCH study did not feel it was a lost cause. Customers understand that the resources they have at their disposal—healthy activities, online information, and the ability to choose providers—can all spur the industry to change, and customers are interested in engaging with providers in a new healthcare world. When asked what providers could specifically do to become customer-centric, customers shared several clues as to what they are looking for.

Expand the Experience

Hospitals often view the customer experience as the synonymous with the patient experience, and by making this direct association they limit the customer experience to only what happens during a stay. This couldn't be further from how the customer views his or her own experience. The actual stay is only a small part of the customer experience. The experience itself begins when they first encounter a situation that could require healthcare services. Whether an injury or accident, or simply an ailment they've begun to notice, customers are already processing the experience and thinking about their next step (hence the popularity of a trip online to research and better understand what's happening to them). In fact, customers include online information-gathering about their health as part of their experience. They gather insight, form expectations, and if necessary, reach out to a healthcare provider. Time spent as a patient is only a sliver of the complete healthcare experience. After the patient leaves the hospital, there may be days, months, or perhaps years of rehabilitation. Don't discount follow-up appointments, bill payment, and even recommendations to others as parts of the overall healthcare experience. Customers in the CCH study often used the term "care journey" to describe their situation as a years-long process (see **Exhibit 12**).

Exhibit 12: The Customer's Care Journey



Source: National Research Corporation's CCH study of healthcare customers, 2012-2013.

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. By thinking about their role along the care journey, providers can better play an active role in every step. At the same time, they'll fulfill the customer's need for a guiding force along the continuum. The end result will likely improve the patient experience and, by extension, the bottom line.

As customers cited the rare moments when doctors and nurses stop talking to them and start listening as the best moments of care, it becomes clear that listening and focus on the customer is an important crux of customer-centric healthcare. A listening culture is reflexive between patients and those who deliver care, and closes the perceived provider/customer gap.

Adopt a Listening Culture

Even inside the four walls of the hospital, customers still feel like outsiders in their own treatment. In the CCH study, they often cited a lack of attention and understanding toward the patient. They felt their family and friends were not always welcomed or included in the decision-making process. Above all, they felt they were not always treated as a human being. This behavior reinforces the gap between provider and customer.

The ability to listen to the patient extends outward into the community through positive patient experience, but it also reverberates inward. The hospital organization itself must be willing to take on a customer-first approach. This approach must extend to every level of the experience. As customers cited the rare moments when doctors and nurses stop talking to them and start listening as the best moments of care, it becomes clear that listening and focus on the customer is an important crux of customer-centric healthcare. A listening culture is reflexive between patients and those who deliver care, and closes the perceived provider/customer gap.

Let the Customer Be Your Compass

Our attempts to define customer-centric healthcare based on reactions from actual healthcare customers uncovered an important fact: no matter the topic, customers will gladly tell you what they think. Even when customers

were reciting the deep-seated flaws of the healthcare industry, they were quick to provide potential solutions they felt would solve, or at least help address the issue.

Of course, customers don't have all the answers, but knowing what they consider to be the problem is an important step to identifying causes, setting improvement goals, and prioritizing initiatives to improve the customer experience. Healthcare

leaders should ask themselves the following questions in this regard:

- Is customer experience included on the organization's list of priorities and/or strategic goals?
- Is it at or near the top of the list?
- Is it also a priority to understand the customer by gathering feedback and just as importantly making solid decisions from that feedback?
- Does this extend beyond simply what is mandated by the government?

To know the customer will require a commitment to research. In the era of “big data,” healthcare providers are in a position to take advantage of increasingly sophisticated ways to extract the perspectives of area customers. If it cannot be measured, it doesn't exist. It's incredibly important that healthcare leaders know what customers think about the organization, during their stay, after they depart, and most importantly, before they ever become patients. Knowing what they value can help ensure they do actually become your patient, and that they have the best experience possible. This type of feedback between provider and customer can create a feedback loop of information and action.

Summary of the Customer 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:

- *Healthcare is a world of negativity driven by insurance coverage and confusing bills and this world is not build 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 the doctor's office and hospital.*
- *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.*

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 customer 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 customer 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.

Healthcare leaders from provider organizations of all shapes, sizes, and specialties should build a customer experience strategy in line with existing care delivery goals and organizational strategies, including population health management, promoting prevention and wellness, and improving quality of care while reducing costs. In fact, customer-centric healthcare cannot be uncoupled from these important issues today, as the customer ultimately will decide the success or failure of these strategic initiatives tomorrow.

Much like the early adopters of patient satisfaction measures, long before such efforts were federally mandated, there are pioneering organizations that choose to focus on the customer along the continuum. These providers are tackling the negativity head on, measuring the total experience, and creating action plans to improve wherever and however they must to be truly customer-centric. For their efforts, they are prepared to reap handsome rewards in an industry increasingly influenced by the decisions of the customer. As with any industry in flux, opportunities await those willing to focus and invest where others may not. A case can be made for customer-centric healthcare and the earth-shaking implications it brings to an industry in need of change.

Implications of Customer-Centered Healthcare for the Board and Senior Leaders: A Discussion Guide

To become more customer-centric as an organization, hospital and health system leaders need to begin with their current activities regarding improving the patient experience, and then identify what additional actions could be taken to expand these efforts across the entire customer care journey. Leaders need to take a deliberate approach to designing and delivering seamless healthcare services by placing the customer experience first. First and foremost, this involves a cultural change of viewpoint.

Results from the CCH study presented in this white paper provide a framework for strategic discussions for the board

and senior leaders. Consider the following list of questions as a starting point:

1. Consider the provider–customer gap, which is caused by: confusion, lack of access to information about care options, lack of trust in providers due to the perception that profitability comes before customer needs/wants, difficulty in navigating a complex system, and lack of transparency about what healthcare will cost the consumer. What are some activities we can implement to help close this gap? How can our hospital or health system become a central source of information, education, and communication to help customers better understand the system and how it works?
2. The CCH study revealed a strongly negative customer perception of hospitals in general. What is the customer perception of our organization? If we don't know, what are some steps to take in order to answer this question? Once this question can be answered with meaningful information, develop an action plan and integrate efforts to improve this perception/reduce negativity into the overall strategic goals of the organization.
3. What lessons can we learn from other industries (e.g., branding, promoting unique benefits, adapting to customer need, price transparency, listening to the customer) that can benefit our customers as well as the organization itself? What are our competitors doing in this regard? How can we do it better? How can these efforts also help other strategic priorities (i.e., reducing cost, improving quality of care, preparing for value-based payments and population health management, etc.)? It is important to place customer-centered care initiatives in the context of other priorities already being tackled in the organization, so that this effort does not become something “extra” on top of an already large list of priorities, but woven into the framework with the understanding that taking this on will help achieve other organizational goals.
4. The three most prevalent alternative influencers on customer healthcare decisions, as revealed in the CCH study, are wellness, the Web, and the wallet. How is our organization addressing these influencers so that the customer's ultimate choice is to seek care in our organization?
5. How can we connect the customer experience with the quality of care and cost of care (i.e., value) provided in our organization?
6. How are our partners (other provider organizations, physicians, community care networks, health agencies, etc.) addressing the customer experience? What can we do to extend our customer-centric efforts across the entire community?

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