

# Loyalty 2.0: Insight Gaps Inhibiting Customer Loyalty

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**H**ospital and health system executives and industry experts fill podiums, pages, and boardrooms debating the importance of customer loyalty in the oh-so-unique healthcare space. This has quickly become an antiquated argument. Studies provide ample evidence that confidence in healthcare wanes<sup>1</sup> and consumers claiming loyalty to a healthcare provider are near all-time lows at 61 percent. Also not up for debate is the threat lack of customer loyalty represents to the present and future success of organizations operating in nearly any industry. Why the surge of disloyalty in healthcare?

At the crux of the issue is a matter of centrality. As in, for whom are your healthcare organization's *goods*—services and experiences—designed? The healthcare industry has seen many transformations in centrality. Most recently patient-centered care dominated dollar, time, and effort expenditure, undoubtedly spurred on by incentive-based measures like HCAHPS. This focus on what matters most to patients *during* a care experience was preceded by an era of provider-centricity. Recruitment, incentive, and hierarchical models making the provider, not the patient, the primary customer of the health system. Both models were appropriate for their time, but now we are squarely in the era of consumerism in healthcare. So, with a new customer—the *actual*, paying customer—at the center of acquisition and retention strategies, a need arises to reimagine customer experience and what it means for one to be loyal, calling into question sources of insight informing design and execution strategy.

This *customer-centricity* can produce a deep understanding of what's important to those you serve, leading to better experiences in all aspects of the customer journey. Better experiences lead to increased customer loyalty, and increased loyalty leads to better outcomes for health system and consumer alike.

Reliance on standalone market research, patient satisfaction, or measures like CAHPS fails to fully illuminate the meaningful experiences customers are having with your brand. These experience "blind spots" allow expectations to go unmet, leakage to occur, and would-be loyalists lost.

## Customer-Centricity Gut Check

What does the board know about your customer today? Both out-of-industry and progressive homegrown leaders would likely reply "not nearly enough." This begs the question: if you had a more complete understanding of their wants, needs, preferences, behaviors, and experiences, what would that enable your hospital or health system to do by way of design and delivery? How might that impact the long-term success of the organization's brand?

Thankfully, customers are quick to say what matters most along their self-described healthcare journey. The art is in the ask—the right question, of the right customer, in the right way, at the right time. Organizations that consistently listen and tune that approach are well-positioned to meet and exceed customer expectations, provided they take appropriate action on the insight gleaned.

Boards should focus on these aspects where customers feel healthcare organizations can have the greatest impact in their journey:

- **Discovery:** Well before becoming a patient, consumers are researching options, primarily online. Prospective customers need to be aware of your brand, what makes you different than other providers, the accessibility of your services, and the ease and convenience with which those services can be utilized.
- **Transparency:** Given the importance customers put on quality and cost transparency, this part of discovery deserves its own domain. Quality transparency via publicly reported measures are difficult for the lay consumer to find or comprehend. However, the recent surge of organizations publishing verified patient experience rating and reviews to their Web site has redefined "quality" at least in the consumer sense. Nationwide, patient ratings and reviews are consistently one of the most important items for consumers on a hospital Web site.<sup>2</sup> Cost transparency is in its

## Key Board Takeaways

As boards are thinking through their customer loyalty strategy, they should consider the following questions:

- Are customers aware of your brand? What makes you stand out against your competitors?
- Are patient ratings and reviews easy to find (e.g., on your Web site)? How transparent is your organization when it comes to healthcare costs?
- How is customer feedback collected? Does this need to be improved to receive better response rates? What steps are taken if a negative experience is reported?
- What are you doing to ensure your brand is relevant to all customers (including those who are healthy)?

infancy, but we'll see a rapid evolution in price transparency for a wide range of services and procedures. How long should we expect today's consumer to tolerate anything less?

- **Experience:** 73 percent of healthcare customers prefer to provide experience feedback within minutes to a few days after an encounter. Key to collecting feedback is the manner in which it is solicited. Short-form digital, multi-mode outreach yields the best response rates, and offers customers a frictionless way to provide real-time consultation on how to improve their experience.
- **Service recovery:** Hospitals and health systems simply must have visibility to experiences that fall short of expectations, and real-time experience outreach provides that needed visibility. Service recovery is a staple of customer-centric industries, complete with issue identification, triage, and multi-faceted approaches to resolution. The same concept can, and should, be applied in a healthcare setting. In fact, 84 percent of healthcare consumers expect to hear from a hospital or provider if they report a negative experience. Loyalists are often created from a negative experience that ultimately results in optimal, timely resolution.
- **Billing:** Intuitive invoicing and bill pay is overdue and represents a massive

<sup>1</sup> *The Consumer Confidence Crisis*, NRC Health, 2018.

<sup>2</sup> NRC Health, 2018 Market Insights Study.

source of customer frustration. In many cases, a shocking and/or confusing bill is the final touch the healthcare organization has with their customer. Billing navigation and digital modes of pre and post payment, informed and designed by customer feedback, is a worthy undertaking for the customer-friendly health system.

- **Wellness:** Most Americans spend a small percentage of time directly receiving, or even considering, healthcare. How can you position your brand to be relevant in the lives of individuals who are well, and wish

to stay that way? This is a question deserving of an answer for an aspiring 365-day healthcare brand.

None of the above should read differently than how healthcare boards (also healthcare consumers), or anyone else (still healthcare consumers) expect their favorite brands to behave in their daily life. From hospitality to banking to consumer goods, these aspects are table stakes to attract and retain customers.

As other customer-driven industries can attest, efforts to build brand loyalists are not picked up and put down. For healthcare organizations, a

shift to becoming customer-centric requires meaningful, *transformational* change. What will separate successful hospitals and health systems from their peers is commitment to enabling change, execution rigor, and the proper customer-centric insight. The prospect of brand loyalists hangs in the balance, and stakes are high. ●

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