

The Board's Role in Promoting Consumer Loyalty

BY RYAN DONOHUE, NRC HEALTH

No one provides better access to healthcare directors than The Governance Institute. And as we enter perhaps the most turbulent era in modern healthcare history, I've had the pleasure of interacting with numerous boards.

My NRC Health colleagues often ask, "What have you heard?" I always reply, "It depends on what I ask." Lately, I've been asking about priorities. I read healthcare news and listen to commentators of all kinds, but I find I have little insight into the future of healthcare. At least not from the mass media. Instead, I turn to the men and women serving on hospital and health system boards.

As I listen closely to board members, I hear a lot of anxiety and uncertainty and I can't blame them. It's a difficult time to carve out clear, consistent organizational strategy. A five-year plan feels like an exercise in absolute futility. But in chaos, when the desire to simply survive is the strongest urge, even a minimal amount of organizational focus can create immense opportunity—especially over the competition.

So where do we fix our collective gaze? From what I observe, most organizations have batted down the hatches, brought back the basics, and seem intent on waiting out the storm. I'm hearing a lot about re-focusing on quality and safety—two familiar pillars of even the most basic organizational strategy. I'm picking up on themes of innovation and partnerships to solidify market share and reduce risk through scale. I'm also hearing about growth, albeit slow and steady. To my surprise and subsequent delight, I'm also hearing more about consumerism. As an author and faculty expert on the topic, I'm relieved we haven't lost sight of the people we exist to serve. While easy to ignore, the consumer and their preferences and patterns provide a refreshingly clear path to the future of healthcare. In troubling times, why not watch consumers closely? After all, the people of our communities—not politicians or pundits—will ultimately decide if we fail or succeed.

Embracing the Consumer

In no way does focusing on consumers actually create a consumer-centric organization. If it's one thing healthcare consumers want, it's action. They expect

exceptional, personalized care, and they desire transparency before, during, and after their visits and educational tools to manage their health when they're not in a gown. They expect the very best and boards should rise to the challenge and focus on more than just the four walls and what's inside. Ignoring the consumer in their natural habitat (outside the hospital) means passing on the fastest-growing payer of healthcare services. Consumers are now paying more than ever before out of their own pocketbooks and they want more than ever before in return. If we plan to embrace the consumer, we need to be talking about how to get their business and *keep* their business.

While the "C" in HCAHPS technically stands for "consumer" it's done anything but focus on consumer needs. We've doubled down on patient satisfaction. We've fixated on and fussed over our scores. By focusing on patient experiences only, we've lost the larger consumer complexion. Instead, what if we ask ourselves: How do we not only satisfy consumers in a single experience but *keep* them satisfied time after time? How do we sew together disparate experiences into a pattern of continued usage—and satisfaction? How do we create a relationship with our consumers based on trust and loyalty? "Relationship" is not a word I'm hearing in many boardrooms, but I hear it all the time from consumers.

Cultivating Consumer Loyalty

What we need in healthcare today is loyalty—the ability to bank on our consumers coming back. While we talk about loyalty, we don't always define it. Merriam-Webster frames loyalty as "having or showing complete and constant support for someone or something." That something could very well be a healthcare organization, if we're ready and willing to cultivate it.

Loyalty has clear value. According to NRC Health's Market Insights, the largest

Key Board Takeaways

All types of hospitals and health systems should be looking at ways to address consumerism. As boards plan for the future, satisfying patients and attracting new ones is often a top priority. But boards also need be creating a strategy for *keeping* consumers around by promoting consumer loyalty to the organization. This includes:

- Investing in consumers by listening to their needs and creating a relationship with them based on trust and loyalty.
- Measuring consumer loyalty, beyond what is mandated, and creating goals for improvement.
- Understanding that consumers seek a trusted partner in healthcare, and those that have one are more likely to recommend others to the organization.

surveyor of healthcare consumers in the U.S., consumers' reflections on their own loyalty are the number one predictor of a continued relationship with their doctor. It may seem obvious, but asking consumers how they feel about returning to us and recommending us to others says a lot about how satisfied they are. Sure, HCAHPS covers "willingness to recommend" but we often view it in the context of patient experience only. We also fail to move past the dashboard and understand what causes our already-loyal patients to be loyal in the first place. It's hard to create loyalty if we don't know where it comes from.

Physicians understand loyalty. In talking to medical groups over the past five years, doctors often claim "patient loyalty" as their top tool in employment negotiations. While patients may stay loyal to their doctor, can they be loyal to an entire organization? Market Insights asked consumers their level of loyalty to a hospital or health system and only 9 percent felt "exclusively loyal," 80 percent felt some kind of lesser loyalty, and 11 percent weren't sure or couldn't name a hospital or health system in the first place. We get out of our consumers what we put in, and in loyalty, we haven't invested much.

If we're serious about consumer loyalty, just as we are operating costs and physician referrals, we need to measure it beyond what's mandated. "Willingness to recommend" can be asked of any consumer, not just a patient. Non-healthcare companies like Southwest Airlines and Ritz-Carlton

ask this all the time. They calculate their promoters (those who would recommend) against their detractors (those who would not recommend) and create a net promoter score, form goals around how to improve their scores, and report their level of consumer loyalty—all the way at the top, in the boardroom.

Beyond the scores, cultivating loyalty has real-life benefits. Consumers desperately seek a trusted partner in healthcare. When they feel they have a hospital or health system they can trust, nine in 10 will recommend it to others. Those consumers tended to better understand their healthcare options and were five times more likely to proactively submit to a health screening and four times more likely to attend a wellness event on their own volition. They would even consider bringing a friend.

Efforts to cultivate loyalty have varied from organization to organization. Large

systems are considering a full loyalty program and suite of benefits that apply across the many care points they provide. For smaller organizations and stand-alone hospitals, simply studying what kind of loyalty they enjoy from their local consumers is a good starting point. Do people only use the hospital because it's close? Hopefully that's not the sole source of loyalty, but it's good to understand how much it drives usage. For others, like academic medical centers, any approach to loyalty needs to fit their unique brand. If you aren't trying to drive growth perhaps a full-fledged loyalty program is not for you. But knowing what drives consumer loyalty is essential for every healthcare organization—especially if you hope to succeed in a consumer-led healthcare world.

At the board level, we ask for a certain pledge of loyalty from our board members. We know keeping the same folks in the fold is important for organizational health. Why

not have this collection of people—mostly from other industries that better understand loyalty and how to build it—as the guiding force on loyalty for the organization. It may seem unorthodox to have the board own something so ethereal, but in healthcare today there's nothing wrong with being different. Building consumer loyalty is critical to the future success of our organizations. Involving boards in this issue will ensure they are continuously discussing consumer loyalty and invested in improvement initiatives. Ultimately, this could be the key to strategizing how to best engage consumers, and keep them engaged for years to come. ●

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