



Getting Inside the Minds of Healthcare Buyers

Dodge Communications recently hosted a webinar featuring Porter Research President Cynthia Porter on the newest market research techniques and analytical models in use today. In addition to learning ways to capture more meaningful healthcare market intelligence, attendees were presented with valuable insight into how to transform this data into actionable knowledge that illuminates competitive challenges, enhances product positioning and heightens brand awareness. The following is a condensed transcript of that presentation:

1. Porter Research and Billian's HealthDATA have been conducting B2B healthcare market research for a number of years. As healthcare has evolved, how have you seen market research evolve along with it?

Cynthia: Yes, we've been conducting B2B research for over 25 years, and, similarly to how slowly healthcare has adopted technology, it has also been one of the last verticals to embrace market research. When we first started, healthcare technology and service vendors didn't really grasp the value of the market's opinions like other technology verticals did. Sure, vendors were conducting customer satisfaction studies, but weren't really diving into all that market research had to offer. They conducted vanilla Customer Satisfaction surveys - not even as far as customer loyalty - and very vanilla Win-Loss studies, not the SWOT (Strengths, Weaknesses, Opportunities and Threats analysis) we see today.

There's definitely been an evolution in this attitude, of course. As healthcare and healthcare IT have become more sophisticated, so have the market research methodologies, and results. We're in this amazing and challenging era of healthcare right now, where healthcare reform, no matter what side of the aisle you're on, is prompting tremendous change. Providers are having to keep up with this frenetic pace of implementing new technologies with less patient reimbursement, but hopefully more government incentives; and vendors are still feeling the pinch from a few years ago of smaller pipelines, consolidating markets and smaller research budgets.

Healthcare in general has definitely become adept at doing less with more, and we're finding that, as a result, healthcare companies are integrating research into total company strategy, rather than just occasional one-off projects. Vendors in today's economy now realize their research projects need to target a complete process.

They need to look at:

- **Market demand** – what is driving or inhibiting market demand for technology solutions?
- **Customers** – what are customer needs – especially unmet needs – and what are their key buying factors?
- **Competition** – what competitive set best represents competition and how are they competing?
- **Differentiation** – what differentiators are sustainable and difficult to replicate by competitors?
- **Solutions** – which best meet market demand and customer needs?

- **Channels** – what channel structure and programs enable reaching desired customer segments cost-effectively?

On top of all this, companies need to have a true understanding of providers' needs, and this means they need to understand all the variables that impact their buyers - from industry trends such as ACOs, PCMHs and health insurance exchanges to technology drivers such as business intelligence, HIE ... I could go on and on with the acronyms healthcare has today!

In our own experience, we realized a long time ago that to get the best insight into the market, you have to know healthcare inside and out, and vendors are certainly realizing this, too. Industry education is crucial to successful research programs today.

2. Where do you find healthcare vendors and colleagues are utilizing B2B research the most?

Cynthia: That's a great question – one that I tried to touch on as I wrote our company blog last week, and it's almost an extension of the first. Healthcare vendors today are trying their hardest to get inside the minds of the C-suite – executive-level folks at hospitals that influence technology purchasing decisions. They are hard nuts to crack, because as I mentioned before, they have so much less time to devote to side projects like research studies.

As I mentioned in our blog, 41 percent of healthcare technology executives say interoperability is one of their top three priorities for 2012, and almost 100 percent of CIOs expect it will be a top-three focus area for their organizations through 2014. So, vendors realize there are great opportunities out there. The question then becomes, how do they effectively use market research to uncover the best opportunities, to understand the needs, wants and opinions of the buyers.

There are new research methodologies to reach the C-suite, to better enable a company to uniquely message the same solution to different types of executives.

We are also seeing companies wanting to better understand what top sales performers are doing that average reps are not. They want to know the skills, behaviors, knowledge and attitudes ...

Innovation research is also big right now. We're starting to see more and more companies – even hospitals – with innovation in their C-suite titles. Vendors are grasping the idea that healthcare needs to get more innovative to remain profitable. But to succeed in innovation, you have to design what the market needs and is willing to pay for (sometimes even before they realize they need it).

The bottom line is customers today want metrics they can trend with. Are we getting better or worse? How do we compare with the industry?

3. What types of new tools and methodologies are making an impact today? How are they affecting clients' strategies and focus?

Cynthia: It's definitely no longer just about telephone calls and basic survey research tools, or Access and Excel files. There are new tools and methodologies that are making market research exciting. I'll share with you two of our favorites right now: Bulletin Board Focus Groups and Net Promoter Scores.

We've already touched on the fact that it is very hard to pin down C-level hospital executives to participate in research studies. Getting them to focus groups is no longer the most efficient way for anyone – participant or researcher. Bulletin Board Focus Groups are online focus groups, in a sense, that busy executives can participate in from anywhere, at any time of day. Participants are screened for knowledge of the study subject, and put into an online group similar to them. Their names are blinded, however, so they feel freer and open to response – two things that are sometimes hampered in traditional face-to-face focus groups. Our moderator asks the questions, and after participants complete their answers, they can see how other C-level executives responded.

Our healthcare vendor clients that use Bulletin Board Focus Groups check on the progress behind the scenes throughout the study, and work with our moderator to tweak a line of questioning, so they can dive deeper for clarification or additional questions. Participants can also ask questions of each other, and it's been very cool to see new lines of discussion open up between hospital executives, which end up providing valuable insight to our vendor clients.

Mike Mistretta, VP of Information Systems and CIO at MedCentral Health System in Ohio, told us that after participating in one of our client's Bulletin Board Focus Groups that the questions and topics are usually timely, and there is a diversity of opinions and geography, which allows him to see if the challenges and opportunities his facility faces match those of other providers across the country. He also mentioned that he views these types of studies as an opportunity to see if the direction his organization is heading in matches that of the industry - his point being that he certainly wants his team to be leaders in what they do, but they don't want to head down a path that the market might not be conducive to.

The Net Promoter Score is a very interesting metric in that it asks one simple question – How likely are you to recommend a company or product to a friend or colleague? Companies like Apple, Amazon, Chick-fil-a, and our affiliate HITR.com use it to track responses and get a clear measure of company performance through their customers' eyes. Customers respond on a 0 to 10 rating scale. Their responses categorize them as either Promoters – loyal enthusiasts who will keep buying and referring others; Passives – satisfied but unenthusiastic customers; and Detractors – unhappy customers who can damage your brand. There's a science behind it, but the main benefit is that it's simple and easy to understand.

There are a lot of new tools using social media I wish we had more time to discuss. More and more healthcare companies are realizing that social media marketing is an absolute necessity, but they often don't realize that it can be incorporated into market research projects. Social media monitoring tools are still in their infancy, going through a few growing pains, but I think if used in the proper context, they can provide real value to market research projects.

4. We're seeing the healthcare IT market grow and shift every day. What strategies can new and even established companies use to successfully differentiate themselves and move to the front of the market?

Cynthia: The first part of that question is so true. For the last several years, we've had the privilege of helping to compile Healthcare Informatics' annual list of 100 healthcare IT companies by revenue, and it has been really interesting to see the market shift and

change each time we do so. I don't know if any of our attendees out there have had a chance to look at it yet, but if you get a free minute, be sure to check out the healthcare IT consolidation chart over at HISTalk.com. It's a pretty interesting look at healthcare IT's mergers and acquisitions over the years.

As for strategies, understanding the market and that education that I mentioned before is crucial, and then conveying that knowledge to prospects and customers becomes crucial, too. I know the phrase "thought leader" is overused, but a company really does need to strive for this title, or groom several of its employees for this role. And this is where content marketing strategies come into play. Everything from website content, to social media, thought leadership and case studies, white papers, webinars ... the list goes on and on. Companies have to also ask themselves, can we handle this internally, or do we need to take it to an outside firm that already has experience in delivering these types of thought leadership projects?

We're also seeing that successful vendors are tightly segmenting their market – and not just by the old bed-size method. You can do it by product areas, or EMR adoption stage. For example, if a company sells a portal-type software, they might want to look at what hospitals are becoming ACOs and start with larger, more complex hospitals, rather than small, rural facilities. There are many ways to skinning healthcare segmentation. Our Billian's HealthDATA customers do this every day – they use over 3,000 unique data points on Hospitals to better segment their markets and prospects to offer better relevance in product solutions and touch points.

5. What's the latest technology Porter Research and Billian's are using to get C-level executives to participate in your clients' market research studies?

Cynthia: I have to go back to the Bulletin Board Focus Group. We have just gotten so much great feedback from clients on its format and ability to drive additional, and often unexpected, insight from hospital executives that it really does stand out. We have a great relationship with MedeAnalytics. Ken Perez, their senior VP of marketing, was really happy with the tool and the results of the study on ACOs it enabled last year. It was the first time they had used Bulletin Board Focus Groups. They had a lot of experience with behind-the-glass focus groups, but that wasn't going to work for their particular project. They were trying to find the best and the brightest, the leading organizations in the ACO world of commercial payers and providers – two different populations not clustered in a given metropolitan area. So we helped them come up with a list of executive-level payers and providers from across the country that we then recruited to participate in the MedeAnalytics project. Ken was very complimentary of the process because of the ability to drill down into particular threads of conversation amongst participants and glean additional insights they hadn't planned on.

The folks over at MedeAnalytics really get the value of market research, and how it can serve as an engine for marketing in general. They've leveraged the results of that study across product marketing, product management, development, marketing communications and sales. They definitely see it as a strategic investment.

6. For companies that you work with that have a fully integrated, comprehensive communications program, where does market research fit in?

Cynthia: In addition to MedeAnalytics, we've worked with several companies that have an integrated marketing communications company - many of you that have signed up for this webinar. We have also worked companies that have an IMC or close to it,

including Siemens, McKesson, Cardinal, Navicure, MedAssurant, Medecision, etc. Let me first define what an IMC is. Most of you will find you have parts of it, or you have the process and might lack resources on a full-time basis.

Integrated marketing communications (IMC) is defined as a customer-centric, data-driven method of communicating with customers. IMC is the coordination and integration of all marketing communication tools, avenues, functions and sources within a company into a seamless program that maximizes the impact on prospects, clients and other end users at a minimal cost. This management concept is designed to make all aspects of marketing communication such as advertising, sales promotion, public relations and direct marketing work together as a unified force, rather than permitting each to work in isolation.

So we find a lot of companies have the IMC management concept, and then there are pieces of projects and full projects they do not have resources for or need third-party research to give credibility to.

Here are a few examples of what a third party offers to IMC: It can start with a database from Billian's, and can be as simple as survey design, recruiting (which may be for interviews, focus groups, breakfasts, etc.) to phone calls and analysis, and as complex as a full study for a new solution from beginning to end. Many companies with an IMC want the credibility of a third party writing their white papers.

For customer work, we have used a phrase for years: "Nobody wants to tell you your baby is ugly." – meaning your customers are more open to constructive criticism from a third party. They also appreciate and understand the value you place on it when you use a third party.

One thing you need to make sure of is that anyone calling in your market is knowledgeable and knows healthcare - not just market research. Having this knowledge makes your company look good. Also, there are studies where you do not want to use your company name, such as competitive studies, or when your company just wants to test the market's acceptance and need for a new product. Over the years we have done many of these studies. No one needs to know XYZ is considering entering this market. Conducting focus groups whether online or in person ... the knowledge of your third party not only in market research but in healthcare has your clients and prospects open up more.

In today's economy, you can't keep people on staff to do all the market research that is periodically needed, but at the same time, conducting market research part time does not equate to being a career researcher. The good thing about fully functional third parties is they know what they want, they know how to use it, they know the time and labor it can take to do market research, and they understand market research needs to assist you in. They want to learn quickly so you can act faster.

Several shifts in the advertising and media industry have caused IMCs to develop into a primary strategy for marketers. A few examples of this:

- From media advertising to multiple forms of communication.
- From mass media to more specialized (niche) media, which center on specific target audiences.
- From general-focus advertising and marketing to data-based marketing.
- From limited Internet access to 24/7 Internet availability, and access to goods and services.

7. For smaller companies that don't have massive budgets, what suggestions do you have for those looking to develop B2B research programs to develop brand awareness?

Cynthia: I think before you can begin to develop your research strategy, you need to have sources, such as hospital and physician databases, that will provide you with an accurate reflection of the market. Organizations can leverage these databases for a wide range of projects – from basic market segmentation to targeted marketing campaigns and research engagements (i.e. view of the market through the eyes of the provider through focused recruitment).

Our clients have used the metrics (quality, financial, etc.) found in databases such as that of our affiliate Billian's HealthDATA to pinpoint their ideal clients, to target the specific wants and needs of this subset of the market, and to begin to create and refine the overall picture of the market and its landscape.

Many of our clients, in an effort to adapt to budget constraints yet drive fact-based strategy decisions, rely on "observational" studies to gain the insights and opinions of key players in their market. They do not require statistical validation, and findings are directional in nature. We utilize the methodology that best fits the needs of our client's research engagement and budget requirements. Other types of research engagements that could also be excellent options include target interviews with key clients that can drive "credibility marketing" (white papers) for our clients, and Web-based research.

Market research is an extremely important part of a company's activity even before the company comes into existence. We did a lot of work during the dot.com era that helped even new companies raise capital and get funding. When attempting to create a new startup company or new product, new segment market research is imperative to determine whether there is a need for the services or products the entrepreneur plans to provide, and if so, how large the need is.

All small companies need to be aware of their market niche, and the strengths they bring to their market. Research helps a startup hone in on their niche and tailor their operations toward the market segment that is the most likely to buy their products and services. It is critical for a startup to understand what the market thinks and the perceptions of their buyers to effectively position their solutions.

Once an organization moves past the startup phase, ongoing market research helps small businesses ensure their organization stays aligned with the market and adjusts as needed proactively by continually gaining feedback from the market to drive its strategy across the organization – management, marketing, sales, product development, services and support - ultimately driving the enhancement of its product and service offerings.

Existing customers often provide valuable information with little cost simply by having them fill out a survey, or even asking those survey questions in person during onsite interviews.

Many times, customers will reveal improvements that can be made with simple adjustments. Whenever a company plans on introducing a new product or service, focus groups and interviews can help the company not only validate the product road map but also tailor the product to fit the desires of potential customers. A product should never go out to market without the knowledge that the message resonates with the potential audience and the market perceives value and is willing to pay for it – in tandem with the messaging that resonates with the economic buyer.

Apart from the data research provides to a company to improve its products and services, market research is also a form of advertisement – credibility marketing. Small companies often have low market penetration and visibility, so it is important for them to use any means possible to make potential clients aware of their company. Having thought leadership content gathered from a small targeted audience (i.e. several interviews with key clients) can result in excellent white papers that can be leveraged by the marketing and sales team in the field, at conferences, etc., and can also be posted on websites, in blogs and as trade news.

Successful small businesses thrive on word-of-mouth advertising; conducting highly visible market research is a way to create buzz while gathering useful information.

Using smaller sample sizes can be very effective, still providing a presence for your organization in the market, but you just have to be careful internally that you do not end up letting two or three healthcare providers lead the direction of your product. However, even more critical is to not let three people within your company drive a product out to market without testing the market's acceptance. A good rule of thumb is to make sure 10 percent of your development budget is set aside for market research – testing the new solution, what messages well, etc.

Be selective on your target market. For example, a leading speech-recognition company wanted to have more penetration - they knew if hospitals were at a level 5 EHR adoption, which also meant they had CPOE and clinical documentation, they were more qualified candidates for speech recognition.

Also, complement your primary research with secondary research that can assist your internal, cross-functional team to better understand your market, and then you can spend your research dollars on your unique market research needs.

8. How can market research and lead nurturing programs work together to optimize demand generation and ensure sales and growth targets stay on track?

Cynthia: In today's market, lead nurturing is critical. The process of engaging prospects by providing the information and dialogue they need at each stage of their buying process to position your company as the best choice to help them achieve their objectives is what drives the value of your solution and services.

Just sending emails to your prospects is not “engagement.” When we talk about engaging, it's important to realize that we're talking about two-way communication. So engaging your prospect involves not only what you communicate to them, but what they communicate to you through their behavior: their digital body language. You need to take into account the feedback you receive from prospects, both explicit and implicit, and adapt your communications accordingly, in order to successfully engage them and keep your company top-of-mind during their buying process.

Lead nurturing is providing prospects with the information and dialogue they need at each stage of their buying process to position your company as the best choice to help them achieve their objectives.

Dodge Communications uses a lead nurturing tool from Marketo, and has been very successful with their clients.

Lead nurturing is an ongoing, continual process. It's not a one-shot deal, and every nurture is unique. Good nurtures are the opposite of shotgun-style marketing;

they are carefully constructed with a variety of facets to gently but firmly drive prospects to a very clearly defined goal.

Why do prospects become customers? Ultimately, it's because they decide your solution will help them achieve their objectives. They believe that yours is the best choice, for whatever reason, to solve their problem.

The point here is that lead nurturing needs to be about THEM, and not about you. Too often we see nurtures that are completely focused on product features: the “what” rather than the “why.”

A well-designed lead nurture should be implemented as a conversation between you and your prospect. It needs to include the following:

- A defined objective
- Entry and exit criteria
- Touch points/key messages
- Frequency/timing
- Key messages
- Assets required
- Reporting requirements
- Post-nurture plan

I want to highlight several interesting statistics that demonstrate the importance of successful lead-generation programs:

- Companies that excel at lead nurturing generate 50-percent more sales-ready leads at 33-percent lower cost per lead. (*Forrester Research*)
- Nurtured leads produce a 20-percent increase in sales opportunities over non-nurtured leads. (*DemandGen Report*)
- Sixty percent of marketers believe technology can help them develop more high-quality leads. (*Forrester Research*)
- Sales reps dedicate 14 percent of their time to lead development, but only 6.3 percent of leads are utilized. (*Sirius Decisions*)
- Seventy-nine percent of marketing leads never convert into sales. Lack of lead nurturing is the common cause of this poor performance. (*Marketing Sherpa*)
- Eighty-four percent of qualified leads are not ready to buy. (*Aberdeen Research*)

For more information about Porter Research and Billian's HealthDATA's healthcare market research services for providers and vendors, visit www.Billian.com/healthcare.

Stay in Touch.

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