Novant Health
Designing for the consumer landscape: new models and tools

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Objectives for today

1. Describe key elements of Novant Health’s consumer strategy
   a. Establishing a bold vision for the future
   b. Defining consumerism
   c. Optimizing the approach
   d. Breaking through the clutter

2. Illustrate why new tools and capabilities are essential in today’s environment

3. Highlight examples of the new work and its early impact in the market
About Novant Health
Embracing a bold vision
Novant Health’s future
Novant Health set an ambitious vision for the future

<table>
<thead>
<tr>
<th>NOVANT HEALTH TODAY</th>
<th>NOVANT HEALTH TOMORROW</th>
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</thead>
<tbody>
<tr>
<td>$4 Billion+ in system revenue</td>
<td>$10-15 Billion in system revenue</td>
</tr>
<tr>
<td>Select local market presence in four states</td>
<td>Pervasive in communities across a multi-state region</td>
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<tr>
<td>Hospital-centric</td>
<td>Distributed, multiple points of care delivery</td>
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<td>Physician-partnered</td>
<td>Physician-partnered and physician-aligned</td>
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<tr>
<td>Leading patient safety, quality and outcomes</td>
<td>Nationally recognized leadership in patient safety, quality and outcomes</td>
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<td>Focused on performance in local markets</td>
<td>Focused on system-wide operational excellence and growth</td>
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<td>Building out a remarkable patient experience in the existing healthcare model</td>
<td>Delivering a remarkable patient experience across a new healthcare model</td>
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<td>Pockets of excellence across the system</td>
<td>Fully integrated healthcare system</td>
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Are brand and marketing poised to drive system-wide growth?
Only 3 ½ years ago, we did this through over 350 separate brands...
In 2013, the Novant Health brand was launched...
...internally, with over 25,000 employees...
...and externally, across every touchpoint
Investment in brand has driven awareness and interest, which has tripled since launch...

Interest over time

Google search volume on Novant Health vs. Sum of individual facilities
April 2011 – April 2016


*a* Interest over time is a proprietary measure by Google Trends that indicates the relative interest in a search term. The measure is normalized by the total searches in that time period. The exact formula used to calculate the measure is not shared by Google.

*b* In July 2015 over 50,000 searches were done on Novant or Novant Health.
...but it required a complete re-engineering of the marketing function

- Assessed the current state
- Created a vision for the future state
- Added new capabilities and skills to fortify the team
- Transitioned to a new operating model: test, learn and adapt mindset

Adopted from Kates Kesler, Leading Organization Design 2011
...and challenges the silo mentality...
...by partnering closely with operations to seamlessly shape the experience
We are now focusing on higher order activities with greater measurable impact.

Tightly aligned w/ the enterprise and markets:
- 5 system and 3 service line priorities

>1,400 tactics, supporting 600 team members

“The paradox is that to grow, you have to cut back and do less.”
Everyone is talking about consumerism
Why? Because consumers are spending more and with greater influence

How much are consumers spending, “beyond the basics”?  

What do most consumers want?

- Discounts
- Consistent availability
- Greater value
- Better quality
- Low prices
- Multiple options
- To be served, not sold

Source: GALLUP, IBM Institute for Business Value analysis
But what does consumerism really mean in healthcare?

**KEY TRENDS**

- Pressure to pay for their own care
- Rise in self-directed health plans
- Shift towards emerging retail options

**Novant Health Call to Action**

To provide a variety of products and services that consumer/patients want, at prices they can afford
How?
Consumer Segmentation
Learning about the people we serve
Segmentation: Grouping people with *common characteristics* to deliver messages, products and services that match their unique needs.
Arranging people into population segments helps tailor our focus and activity...

Focus provides guidance on where to invest so that we can best meet the needs and preferences of our target segments.
...and it helps us deliver the brand promise in a personalized and inclusive way

Segmentation SHOULD...

- Uncover the unique attitudes and needs of those we serve
- Inform and validate new approaches to our work

Segmentation SHOULD NOT...

- Replace the human element of understanding and empathy
- Lead to different standards of care
For example, three overarching priority areas led to several work streams in 2015:

**COST CLARITY**
- Billing 101
- Financial Navigation

**WHEN & WHERE & HOW**
- Menu of Care
- Care Connections

**DIGITAL INTEGRATION**
- Caregiver ePortal and Proxy access
- Open Appt. Scheduling
- Fitness Tracker Integration
Optimizing the approach
How much do we spend, by market and channel?
MARKETING OPTIMIZATION OBJECTIVES

BUILD CAPABILITIES
Equip the team with tools, techniques and best practices for collecting and managing data, reporting, analysis and modeling.

IMPROVE PROCESSES
Increase efficiency by streamlining data collection, improving knowledge sharing, and better leveraging agency partners.

OPTIMIZE IMPACT
Create models to empirically determine the effectiveness of marketing and optimize media budget and mix by vehicle, market and message.
The fundamentals of marketing mix modeling were established by CPG industry; their application today is widely accepted...

1940
The term marketing mix is introduced to describe the "mixer" of tactics

1960
The ‘Four Ps of marketing’ emerge

1980
The Four Ps framework is expanded to Seven Ps for service industry: Physical Evidence, People, Process

1990
Companies solely dedicated to the development of Marketing Mix Modeling appear

2000
Marketing Mix Modeling is applied at Consumer Packaged Goods (CPG) manufacturers who invest significantly in marketing and trade promotions and historically had good access to data on sales and marketing

2010
‘Big Data’ computational power allows for increasingly sophisticated modeling

...which guided our development of a platform for growth and investment decisions

Model construct:
The number of cases is a function of media, prior visits, and numerous factors outside of marketing.

\[
[C] = \beta_{c0} + \beta_{cE}[E - t] + \frac{\beta_{c1}[media_1]}{[media_1] + r} + \frac{\beta_{c2}[media_i]}{[media_i] + r} + \frac{\beta_{c3}[nonmktg_1]}{[nonmktg_1] + r} + \frac{\beta_{ci}[nonmktg_i]}{[nonmktg_i] + r} + e
\]

The number of encounters is a function of media, prior hospital stays (cases), and base demand

\[
[E] = \beta_{e0} + \beta_{ec}[E - t] + \frac{\beta_{e1}[media_1]}{[media_1] + r} + \frac{\beta_{e2}[media_i]}{[media_i] + r} + \frac{\beta_{e3}[nonmktg_1]}{[nonmktg_1] + r} + \frac{\beta_{ei}[nonmktg_i]}{[nonmktg_i] + r} + e
\]

[E]: Encounters; [E – t]: Prior encounter
[C]: Cases; [C – t]: Prior case
\(\beta\): Coefficient; \(\beta_c\): Coefficient in Case model; \(\beta_e\): Coefficient in Encounter model
\(i\): number of independent variables
\(e\): Residual; Base demand (model includes variables on clinic/hospital openings (distribution), holidays, and weather events not shown here)
\(r\): Rho Value; the rate at which patient volume changes relative to a change in media support
media\(_i\): weekly number of impressions for a particular marketing channel
nonmktg\(_i\): weekly non-marketing activity by type (expressed in various units of measurement)
The ability to discern base volume from marketing-driven volume is the most powerful feature of this methodology...

*The model performs simultaneous regressions of time series data, which enables it to decompose and attribute total patient volume—based on correlations with each, pre-specified, independent variable*
We determined optimal spend levels for each media channel, market and the enterprise...

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<tr>
<th>All Markets</th>
<th>Greater Charlotte Market</th>
<th>Greater Winston-Salem Market</th>
<th>Brunswick Market</th>
<th>Northern Virginia Market</th>
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<td>Transit/Mall signage</td>
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...and shifted to higher performing media channels
At the same time consumers are dealing with a ton of clutter...

Consumers are exposed to 5,000 brands per day
...so, the challenge for marketing is to break through the clutter to help build trust and loyalty...

1. Messages that reach me and pique my interest...

2. ...encourage me to inquire, buy, try...

3. ...and share positive experiences
...by capturing both the hearts and minds of the people we serve
“I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

— Maya Angelou
We also took a hard look at our existing campaign.
CONSUMER INSIGHTS

Consumers feel emotionally vulnerable; you must address their physical and emotional needs.

Actions that communicate intimacy and familiarity work hard to disarm. They want to be seen as a person; not a patient.

Quality care is table stakes in today’s healthcare landscape.

Source: Novant Health & Ingul Research Qualitative Study October 2015
REMARKABLE COMMITMENT TO PEOPLE

People are the reason we do what we do. They’re the reason we’re dedicated to going the extra mile every step of the way. We don’t see our patients as just an illness, or a condition. We see and treat them as people, which is how we are making healthcare remarkable.
“However, the best advertising is done by satisfied customers”

- Philip Kotler
The “Godfather” of Marketing
Questions?

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