

DEVELOPING A STRATEGIC MARKETING PLAN FOR THE CANCER SERVICE LINE: *BEYOND MASS ADVERTISING AND BROCHURES*

**SOCIETY FOR RADIATION ONCOLOGY
ADMINISTRATORS (SROA) ANNUAL MEETING**

PHILADELPHIA, PENNSYLVANIA

NOVEMBER 2006

PRESENTED BY NANCY A. LYLE & JOSEPH M. SPALLINA

SESSION OUTLINE

- Why the need for a cancer strategic marketing plan?
- What is a strategic marketing plan?
 - Research process
 - Strategy development - the marketing mix
- An example cancer service line marketing plan.

SESSION DESIGN

Expertise and Experience:

- Advanced
- Practical

Audience mix:

- Has your program experienced a decline in volumes, marketshare, and/or revenue?
- Are you considering marketing strategies for your department or the overall cancer service line?
- Is the competition escalating in your marketplace for a share of the cancer business? Does your organization recognize the importance of marketing? Do they understand what strategic value cancer represents to your organization?

LEARNING OBJECTIVES

- Discuss current market trends that may influence cancer growth initiatives
- Overview of process for developing a strategic marketing plan:
 - Situation Assessment
 - Market Analysis
 - Operational Capabilities
 - SWOT Analysis, Assumptions and Conclusions
 - Goals and Objectives, Target Markets
 - Strategies - considering the marketing mix
- Establishing a monitoring and audit function to evaluate ROI
- Discuss critical success factors for successfully implementing a strategic marketing plan for the cancer service line

CANCER SERVICES

CURRENT MARKET DYNAMICS

- **Highly competitive - particularly the high volume, high profit cases**
 - Hospitals and Specialists (outpatient services)
 - Academic Medical Centers and Community Hospitals
 - Introducing and competing on new technology
 - Promoting education and research

- **Changing market dynamics:**
 - Practice consolidation
 - Infusion therapy shifts to hospitals
 - For-profit companies proliferating in many markets
 - Radiation oncology units proliferating in some markets

CANCER SERVICES

CURRENT MARKET DYNAMICS

□ Technology growth:

- Many/more frequent introductions
- More capital intensive
- Increases in alternative/substitute technologies

□ Consumer demands:

- Consumer-driven health plans
- Pay-for-performance initiatives
- Public reporting of outcomes
- Pricing transparency
- Customer service expectations

□ Financial challenges:

- Payer mix continues to shift to Medicare with aging population
- Reimbursement and margins continue to shrink
- Becoming more capital intensive; less capital available

FY 2007 INPATIENT PROSPECTIVE PAYMENT SYSTEM (IPPS) MEDICARE CHANGES

- Refining the current DRG system to capture severity of illness
 - Refined DRG system to be implemented by FY 2008
 - Winners will be those hospitals that treat higher acuity patients
 - New DRG system will be highly dependent on:
 - Documentation and coding
 - Cost management
- CMS moving from charge-based method for determining DRG weights to a cost-based methodology
 - Transition will occur over next 3 years
 - National average will be used to determine “costs”

WHY THE NEED FOR MARKETING?

- Marketing is what supplies the customers and revenue!
- Simple equation: ***Revenue - Costs = Profitability***
 - Factors affecting revenue:
 - Declines in marketshare/volumes
 - Declines in reimbursement
 - Factors affecting costs:
 - Increases in direct costs such as staff and supplies
 - Increases in indirect costs such as technology and utilities
 - Inefficient operations
- **Healthcare costs are increasing & reimbursement is declining:**
 - Cancer programs must increase volumes to offset declining revenue
 - Name of game is to attract volume in the highly profitable clinical services

THE MARKETING PYRAMID

ALL ASPECTS CONSIDERED IN THE PLAN

Consumers

Consumers are exposed to Hospital's/Cancer brand.

Consumers & physicians seek more information. Create image in minds of consumer.

Consumer trial. Physician refers. Services match needs of consumers.

Consumers evaluate experience (may compare to past experiences with competitors).

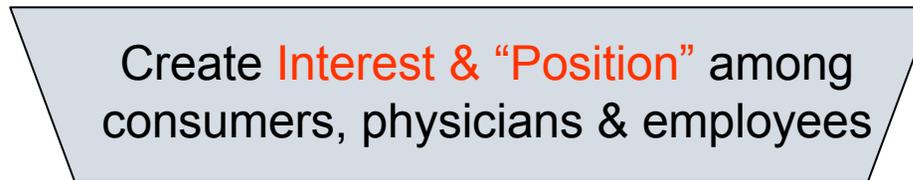
Marketing

Special Events
Advertising
Consumer Awareness
Preference & Attitude
Communications/Public Relations

Positioning/Channeling Ads
Website
Outreach/Seminars
Health Plan Participation

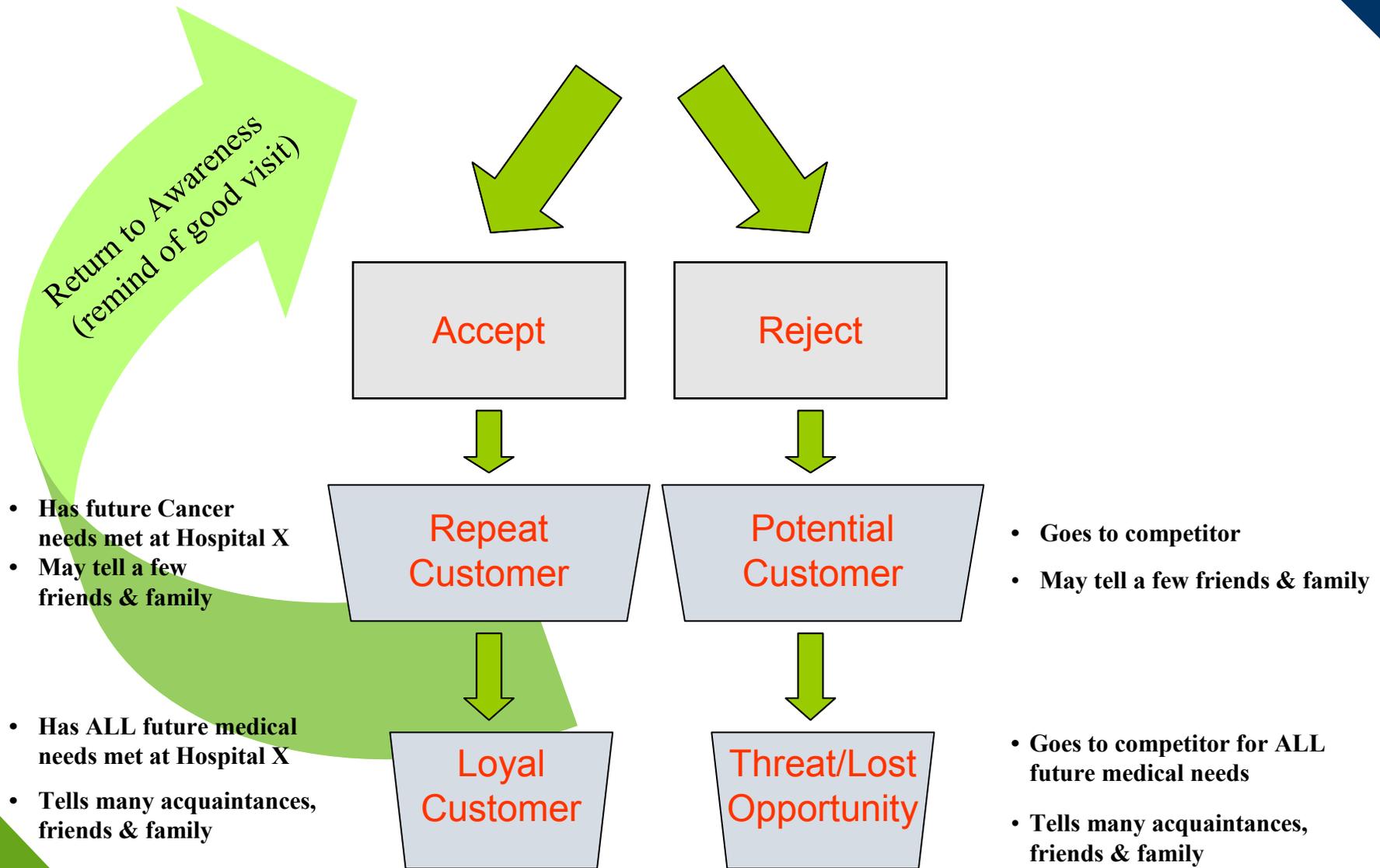
Call Center
Screenings
Lobby/Entrance
Customer Service
Locations in Community
Products/Programs/Services

Track Customer Opinions, Awareness, Recognition, and Preference Research
Customer Surveys
Volumes, Revenue, Referrals



THE MARKETING PYRAMID

ALL ASPECTS CONSIDERED IN THE PLAN



CANCER STRATEGIC MARKETING

- **Every cancer service line should have a strategic marketing plan for long-term survival:**
 - **The marketing plan should be linked to the organization's overall marketing plan**
 - **As market conditions change, the plan should be flexible and encourage rapid responses and agility**
 - **The marketing plan must be able to demonstrate return on investment**

WHAT IS STRATEGIC MARKETING AND THE MARKETING MIX?

- **Strategic marketing is designing the right products for the right market segments; in the right place; for the right price!**
- **Strategic Marketing Plans go beyond promotional strategies. These plans address the marketing mix:**
 - **Product**
 - **Place/Distribution Channels**
 - **Price**
 - **Positioning and Brand**
 - **Promotion**

MARKETING PLAN DEVELOPMENT

ADDRESS THE MIX

□ Target Markets:

Identifies potential customers by market segments (demographic, geographic, lifestyle factors, and product-use factors)

□ Brand and Positioning Strategies:

How the organization differentiates itself from the competitors and influences consumer perceptions. Product design and delivery must reinforce and deliver on the brand promise

- *Differentiation strategies*
- *Niche strategies*

MARKETING PLAN DEVELOPMENT

ADDRESS THE MIX

□ Product Strategies:

Focuses on designing products to best meet the needs of each market segment. Operational capabilities are aligned with the market and deliver on the brand promise (customer service, product design and delivery)

□ Pricing Strategies:

Focuses on the value delivered to customers, accounting for price discrimination, cost, competition, and market leadership. This is more than an exercise of annually updating the charge master with an overall mark-up applied across the organization

MARKETING PLAN DEVELOPMENT

ADDRESS THE MIX

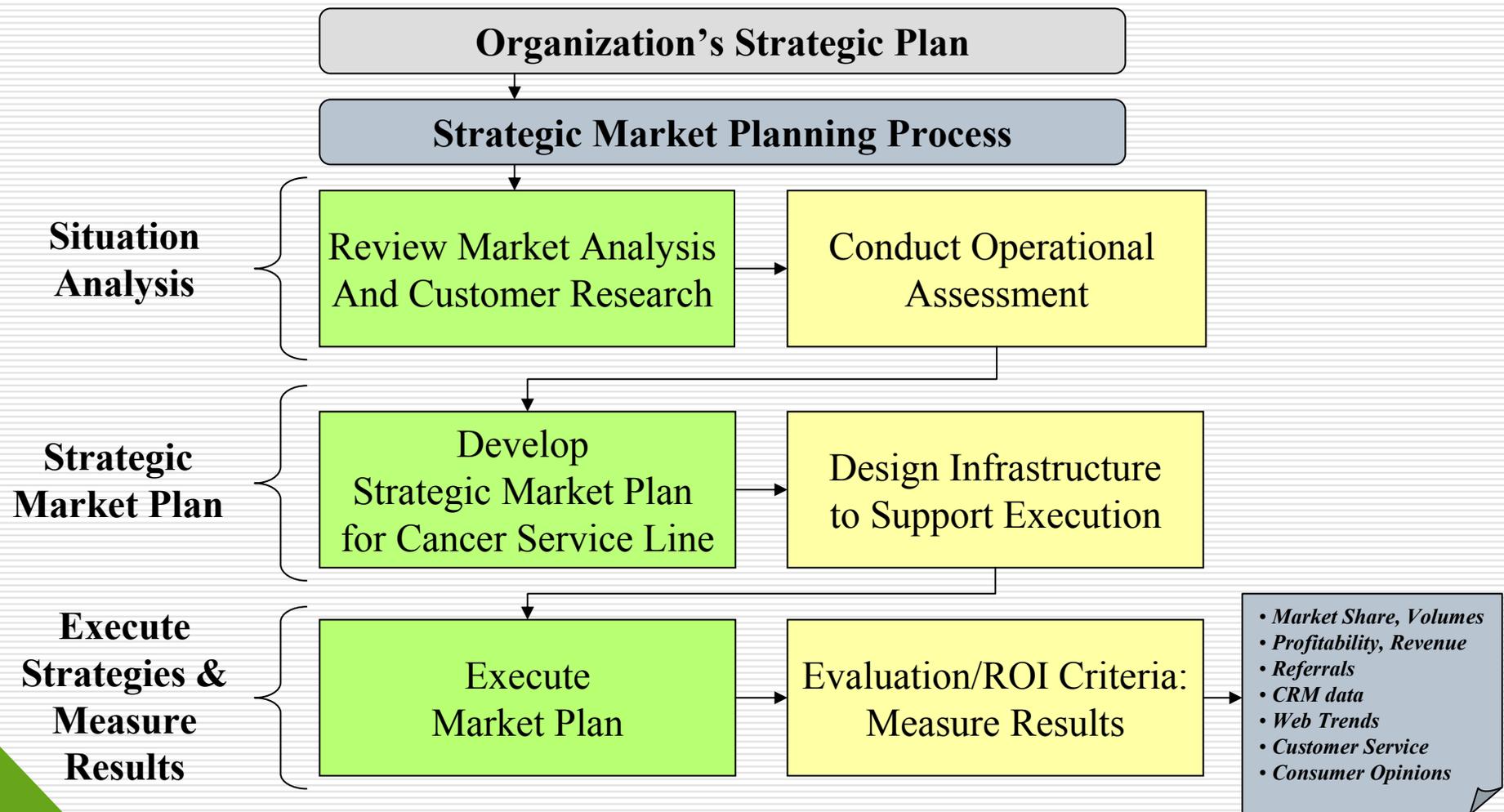
Place/Distribution Channel Strategies:

Mechanism for how patients enter the delivery system. Identify all current channels - augment as necessary. Develop new channels (e.g. new locations, outreach, networks, alliances, etc). Manage channels and patient acquisition strategies

Promotional Strategies:

Promotional strategies leverage how different segments best receive your message – should be specific to each channel and target market.

STRATEGIC MARKET PLAN DEVELOPMENT PROCESS



SITUATIONAL ANALYSIS

Cancer Service Line

MARKET ANALYSIS

KEY TO DEVELOPING STRATEGIES AND ENSURING ALIGNMENT

- External industry and business trends
 - New programs or expanded programs by competitors
 - Reimbursement changes
 - Regulatory requirements
 - Treatment trends/new models of care
 - Technology trends
- Population trends and characteristics (primary and secondary market)
- Patient origin: primary and secondary market volumes
- Market share and current volumes
- Utilization and prevalence rates
- Demand estimates – inpatient, outpatient
- Physician supply and demand
- Drive time analysis
- Consumer research – connect with customer needs & opportunities to fix or create products
 - Focus groups
 - Opinion research – regarding cancer service line
 - Awareness & recognition research

OPERATIONAL CAPABILITIES ASSESSMENT

LINK WITH MARKET NEEDS

- Operations**
 - Quality**
 - Facilities and technology**
 - Financial performance; payer-mix profile**
 - Customer satisfaction**
 - Accessibility**
- Inventory of services (current and planned)**
- Gaps in services**
- Inventory of service delivery locations (distribution channels)**
- Medical staff profile (skills, activity, referral patterns, relationships, recruitment plans)**
- Research and education**
- Organization structure and decision-making**
- Health plan participation**

SITUATIONAL ANALYSIS: SWOT

Strengths

- Strong consumer preference in the market for Community Hospital's Cancer Services
- \$65.8M Net Revenue business/\$34.1M CM
- Fellowship trained Breast Surgeon (only one in region)
- Market leader in complex cancers (hem/malignancy, head & neck, BMT)

Weaknesses

- Main campus difficult to access (parking, location)
- Services not organized into "program"
- Gaps in physician resources in key specialties
- Capacity/facility/technology issues in Radiation Oncology Services
- Improvement in selected service financial performance required

Opportunities

- Increased prevalence/demand for Oncology Services; (More than **14%** projected increase in PSA: 2003-2008)
- Population growth projected to increase by **15%** in xx county from 2006-20010 (200,000 to 230,000).
- Aging population; Women in age 45+ expected to increase by **18%**; Males in age 45+ segment expected to increase by **15.9%**
- XX County does not have a Radiation Oncology facility for a population of 200,000.

Threats

- Community Hospital has less than **10%** market share in the PSA
- Competitor Health System is dominant provider in PSA; they are aggressively pursuing increased marketshare in breast, lung, colorectal, and prostate
- Competitor Health System has plans to build new facility in xx county; major focus will be cancer services
- Declining reimbursement (e.g. Chemo Infusion)
- Patients value convenience location

CONCLUSIONS, ASSUMPTIONS, & PRIORITY ISSUES BASED ON SITUATION ANALYSIS & SWOT

Conclusions & Assumptions:

- **Market growth in xx County projected to be 15% over next 5 years due to population growth and aging:**
 - Cancer Service Line continues to be one of Community Hospital's largest and most profitable service lines
 - Community Hospitals should target xx County for growth
- **Competition continues to increase, as evidence by current competitor strategic initiatives:**
 - Community Hospital should strengthen its' competitive position through product design
 - Significant investments are required to support growth
- **Continued consumer choice in cancer care selection process:**
 - Provide services in convenient location
 - Target direct consumers is essential
 - Link community screening and education with service line marketing
- **Financial performance challenges due to changes in reimbursement and technologies:**
 - Surgical oncology (Breast, Colorectal, and Prostate) is expected to provide attractive margins
 - Community Hospital needs to improve cancer cost position and payer mix

Priorities & Goals:

- **Target markets:**
 - Geographic: XX County is most attractive market based on population growth and socioeconomic characteristics
- **Product Design:**
 - Target/invest in high return products and services (Breast, Colorectal, and Prostrate) through outpatient screenings
 - Develop multidisciplinary clinics (differentiation strategy)
 - Invest in state-of-the-art, contemporary services and facilities (Radiation Oncology)
- **Place/Distribution Channels:**
 - Establish cancer screening and treatment centers in convenient locations in XX County (Radiation Oncology and Mammography Screening)
 - Recruit and establish Medical Oncology practices in XX County
- **Promotion:**
 - Leverage consumer preference and awareness of Community Hospital Cancer Service Line
 - Develop campaign for cancer service line (overall and channel specific for breast, colorectal, and prostate)

TARGETED SEGMENTS

WHO ARE OUR PRIMARY CUSTOMERS?
POTENTIAL CUSTOMERS?

Referring Providers

Direct Consumers

■ Demographic (household income, gender, etc)

■ Geographic (growth areas)

■ Lifestyle Factors

■ Product-use Factors

Health Plans

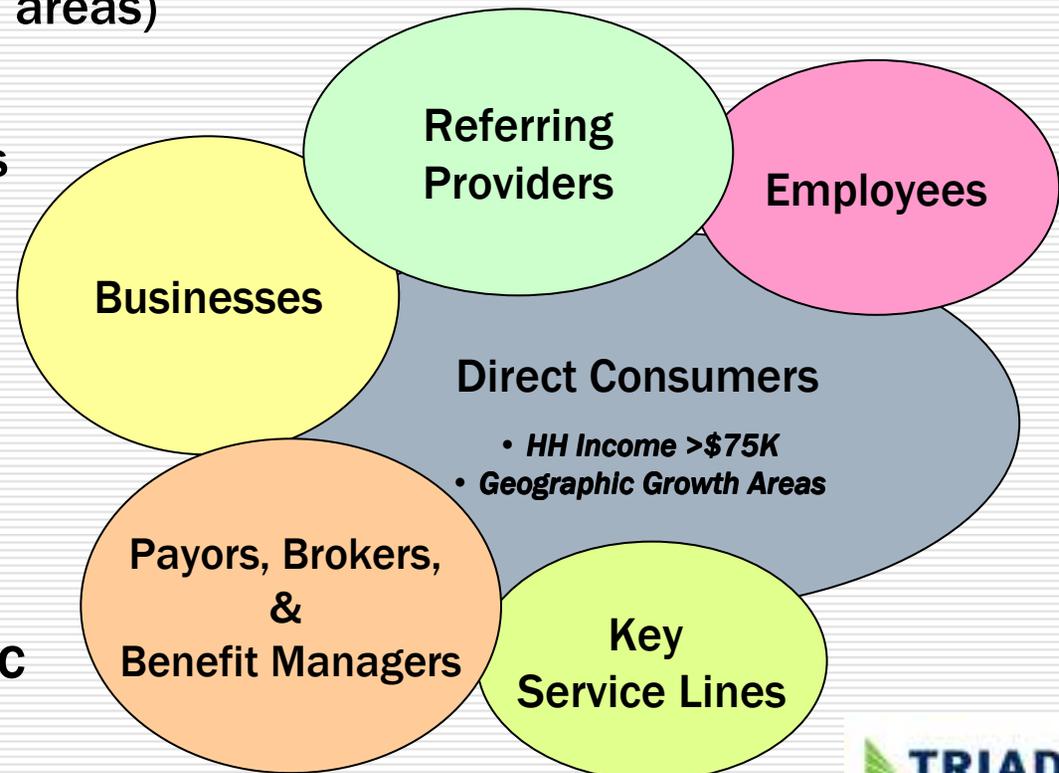
■ Payers

■ Brokers

■ Benefit Managers

Businesses

Service Line Specific



PLACE/DISTRIBUTION CHANNELS

- Identify all current channels – how patients enter the healthcare system
 - Locations
 - Ease of access
 - Geographic distribution
 - Services (screening, diagnostics)
 - Referral sources
 - Direct to consumer through call center (self-referral)
 - Health plans

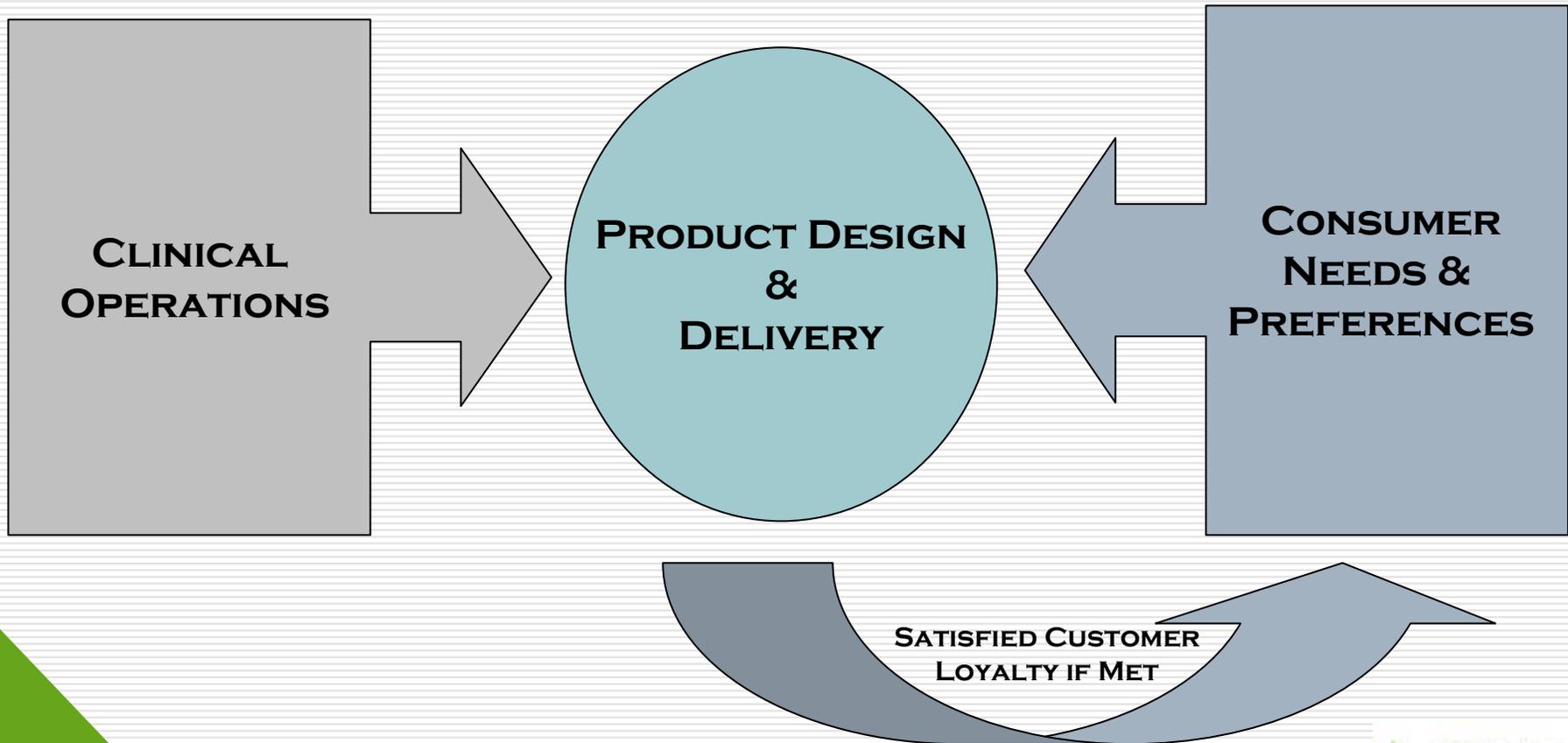
PLACE/DISTRIBUTION CHANNELS

- Identify and develop new channels
 - New geographic locations
 - New services and unique delivery models
 - Outreach and networks
 - Alliances, mergers, and acquisitions
 - Health plans

- Manage channels and retain customers
 - Sales and promotion
 - Service delivery and recovery

PRODUCT DESIGN

BRAND PROMISE AND POSITIONING



PRODUCT DESIGN

- Service components in place
 - Customer service scores in good/excellent range
- Package
 - Virtual vs. single location (Cancer Institute)
 - Distribution sites (radiation oncology, mammography)
 - Quality measures within or above standards
- Pricing, if appropriate

OPERATIONAL READINESS

- Capacity to handle new volume
- Consumer access
 - Phones
 - Scheduling streamlined, timeliness
 - Parking and wayfinding
- Referring providers
 - Loyalty and relationships
 - Service standards: communication within 24 hours
- Ability to track effectiveness of promotional campaign

BEING THE BRAND

POSITIONING STRATEGIES

- Having a unique, credible, sustainable, fitting and valued place in customers' minds

1. *Consistent look and message*

Inconsistency creates confusion in the minds of the consumer

2. *Product promise*

The right positioning over the next 3–5 years to ultimately help shape product development and communication

BRANDING PROMISES: FAILURE

- Holiday Inn – “No surprises” campaign
 - Guests experienced lots of surprises
 - Long lines
 - Rooms that weren’t ready

BRANDING PROMISE SUCCESS

- **McDonalds – Maximize customer satisfaction and happiness messaging**
 - **Fast food**
 - **Friendly services**
 - **Value prices**
 - **Clean bathrooms**
 - **Consistent world-wide**

PROMOTIONAL STRATEGIES

DIRECT TO CONSUMERS

- Based on profiles of each market segment, including:
 - Demographics
 - Geography
 - Product-use factors
 - Lifestyle factors

PROMOTIONAL STRATEGIES

DIRECT TO CONSUMER

- Considers most effective pathway for each segment, including:
 - Print (Newspaper, Journal, Magazine)
 - Outdoor (Transit, Billboard)
 - Radio
 - TV
 - Direct mail
 - Relationship/sales
 - Internet

MEDIA PROFILE OF TARGET MARKET: PROSTATE CANCER VS. PEDIATRIC EMERGENCY

Pediatric Emergency

Affluent Full Nesters — \$75,000+ with kids @ home, in XX metro area. Heavy exposure to:

Radio

- 97% listened to radio in past 7 days
- 74% listen 60+ min/day

Billboards

- 65% drive 200+ miles/week
- 19% drive 100-199 miles/week

Internet

- 61% exposed for 200+ min/week

Average to fair exposure to:

- **Newspaper**

Prostate Cancer

Graying Affluents — Age 50+ with family income \$50,000+, in XX metro area. Heavy exposure to:

Direct Mail

- 70% read

Newspaper

- 80% read weekday
- 81% read Sunday
- 52% read 30+ min/day

News time television

- 28% watch before 9 am
- 45% watch 5-6 pm
- 50% watch 6-7 pm
- 47% watch 3+ hours/day

Fair exposure to:

- **Internet**
- **Radio**
- **Billboards**

PROMOTIONAL MAXIMS

THE RATIONALE BEHIND CAMPAIGNS

- Use media profiles of target markets and evaluate most effective pathways using:
 - **Reach:** *Total number in target audience who sees or hears ad at least one time*
 - **Frequency:** *Average number of times the target audience sees or hears an ad*
 - **Rules of Frequency:**
 - *It takes an average consumer 9 exposures to an ad before it is readily remembered*
 - *Audience should be exposed to ad at the very least 3 to 5 times to remember and act*
 - *Audience should be exposed to ad at a minimum of 3 times for any hope of being remembered at all*

COST EFFECTIVE USE OF MEDIA PLACEMENT:

□ Creative

- Color ad attracts **40% more** readers than a black & white (is cost to add color less than 40%?)
- A half-page ad is 2/3 as effective as a full page ad (if 1/2 pg ad is 1/2 the cost, it is most efficient – use budget to increase frequency)
- Create “buzz” (draw attention)

□ Consistency

- For every 3 ads viewed, a consumer will ignore 2. Don't spread ads too thin; better to be heavy in one medium than light in several!

□ Media Selection

- Cost per Gross Rating Point (reach x frequency)
- Cost per 1,000 (CPM)

Media	Ads / Week	Total Cost	Reach	Frequency	GRPs	Cost per GRP
Station 1	15	\$750	1.2	5.2	6.3	119
Station 2	15	\$1,125	2.6	5.3	13.9	81

PROMOTIONAL STRATEGIES

- Consistent message and look that reinforces the brand
- Cost-effective campaigns based on research and targeted segments
 - Reach and frequency requirements
 - Selection of creative message and media pathway
- Must have call to action

MEASURING RETURN ON INVESTMENT (ROI)

EXAMPLES

- Website trends
- Volumes
 - Admissions
 - By disease, by procedures
 - Ancillary diagnostics
 - Physician practice (new patients)
- Referrals by physicians
- Fiscal performance and payer mix
- Qualitative and quantitative market research trends
 - Awareness/recognition/preference
 - Opinion research and focus groups
- Customer Relationship Management (CRM) and call center databases

CANCER SERVICE LINE

PULLING IT ALL TOGETHER!
EXAMPLE OF BREAST CANCER

CANCER SERVICE LINE STRATEGIC MARKETING PLAN KEY QUESTIONS:

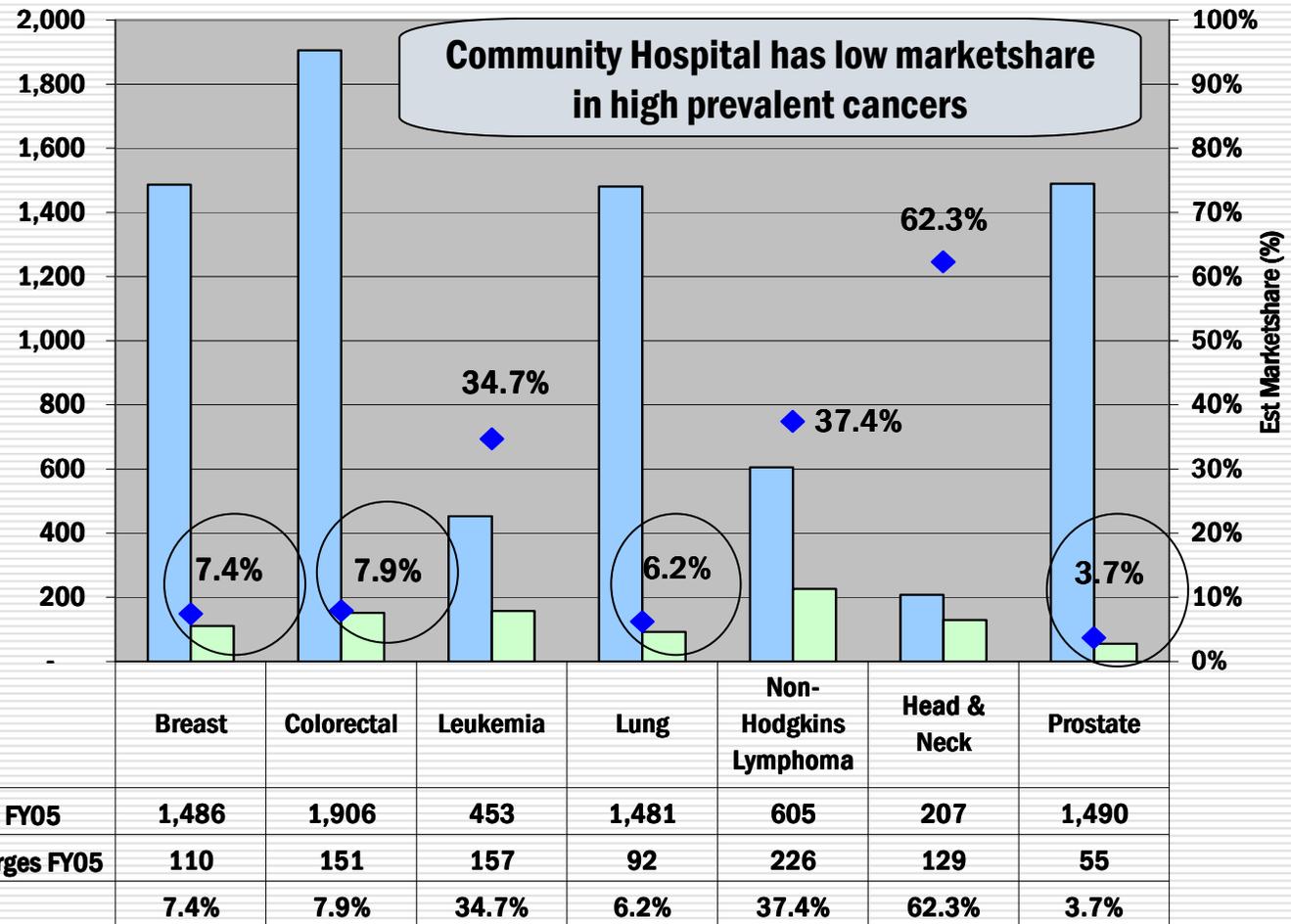
- Where are we (where do we stand in the market today)?
- Who is the customer?
- What do customers want?
- What are customer current opinions regarding our cancer services?
- How do our targeted segments make their healthcare decisions?
- What are the best growth opportunities?
- What do we want the service line to look like in the future (e.g., 2015 vision)?
- How do we get there and grow, how do we improve profitability, how do we differentiate ourselves, how do we fund, how do we

SITUATIONAL ANALYSIS: INTERNAL AND EXTERNAL MARKET ANALYSIS

- Market Analysis**
 - **Population and demographic trends**
 - **Incidence and prevalence**
 - **Volume**
 - Mammography**
 - Biopsies**
 - Surgery**
 - **Competitor analysis**
 - **Marketshare**
 - **Mammography sites in location**
 - **Drive time**
- Operational Capabilities**
 - **Physicians (e.g., capacity, expertise)**
 - **Imaging**
 - **Breast Surgery**
 - **Radiation Therapy**
 - **Medical Oncology**

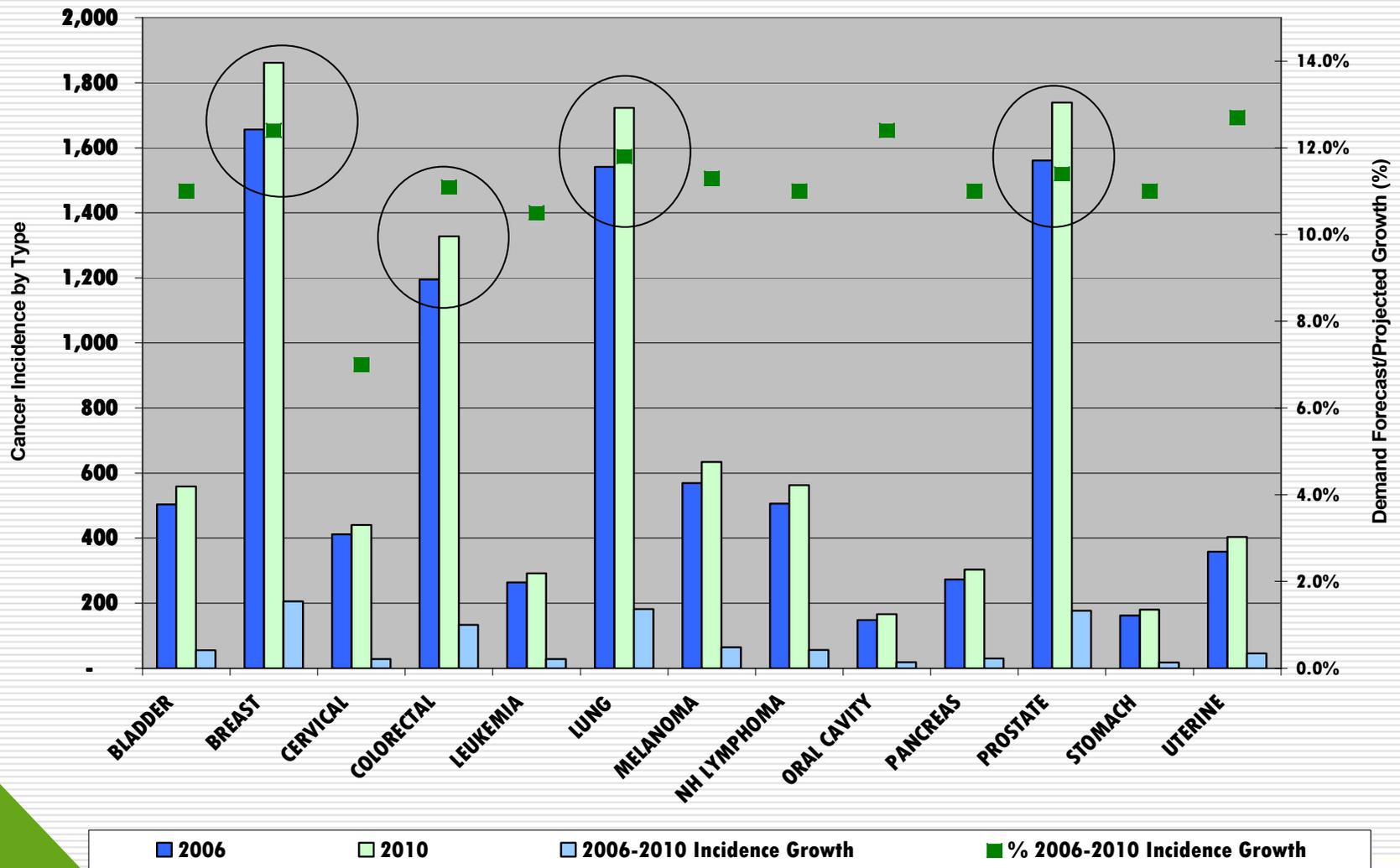
ESTIMATED MARKET SHARE

INPATIENT/DAY/OBSERVATION BY KEY CANCER TYPE



DEMAND PROJECTIONS

INCIDENCE OF NEW CANCERS

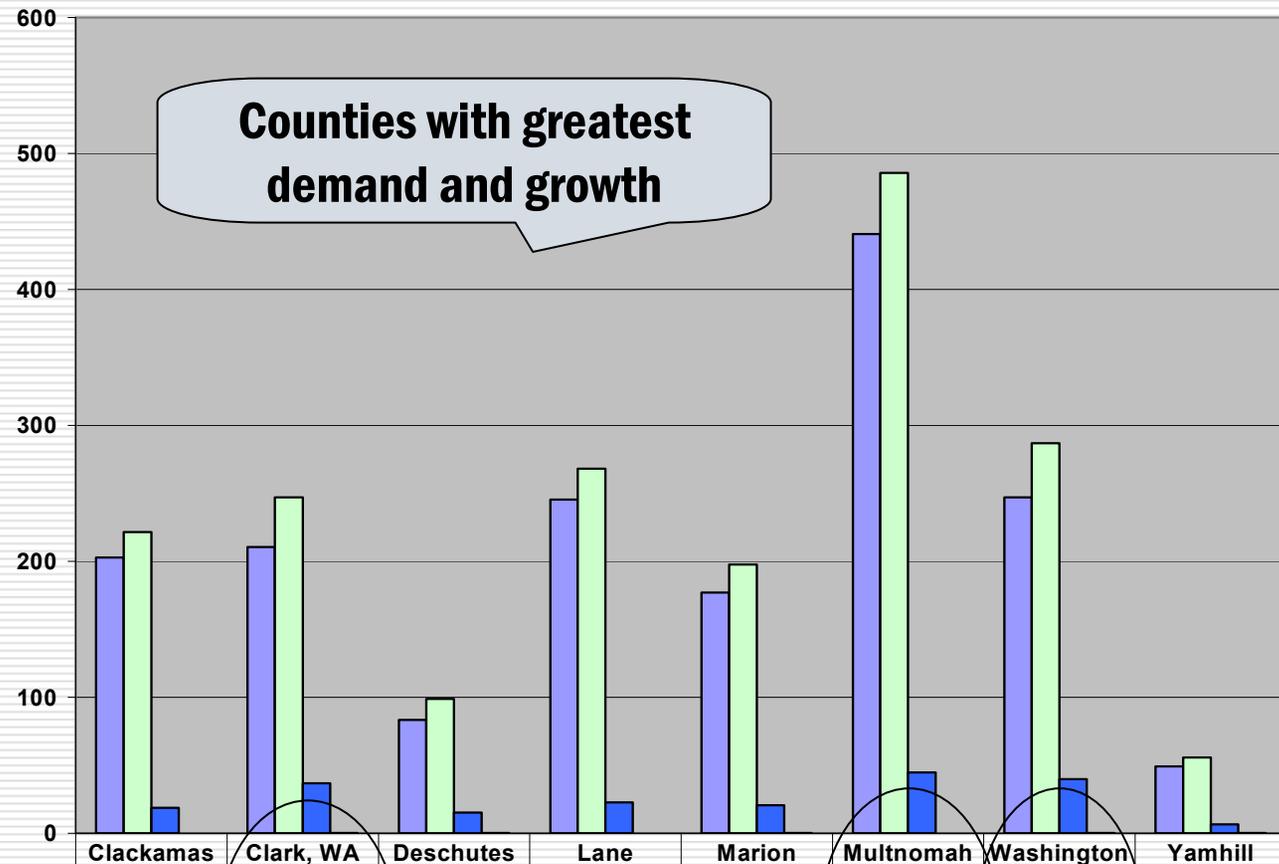


Source: NCI-SEERS Database, Solucient Market Planner. Incidence is defined as number of new cancer patients (cases) diagnosed within one year for a given population

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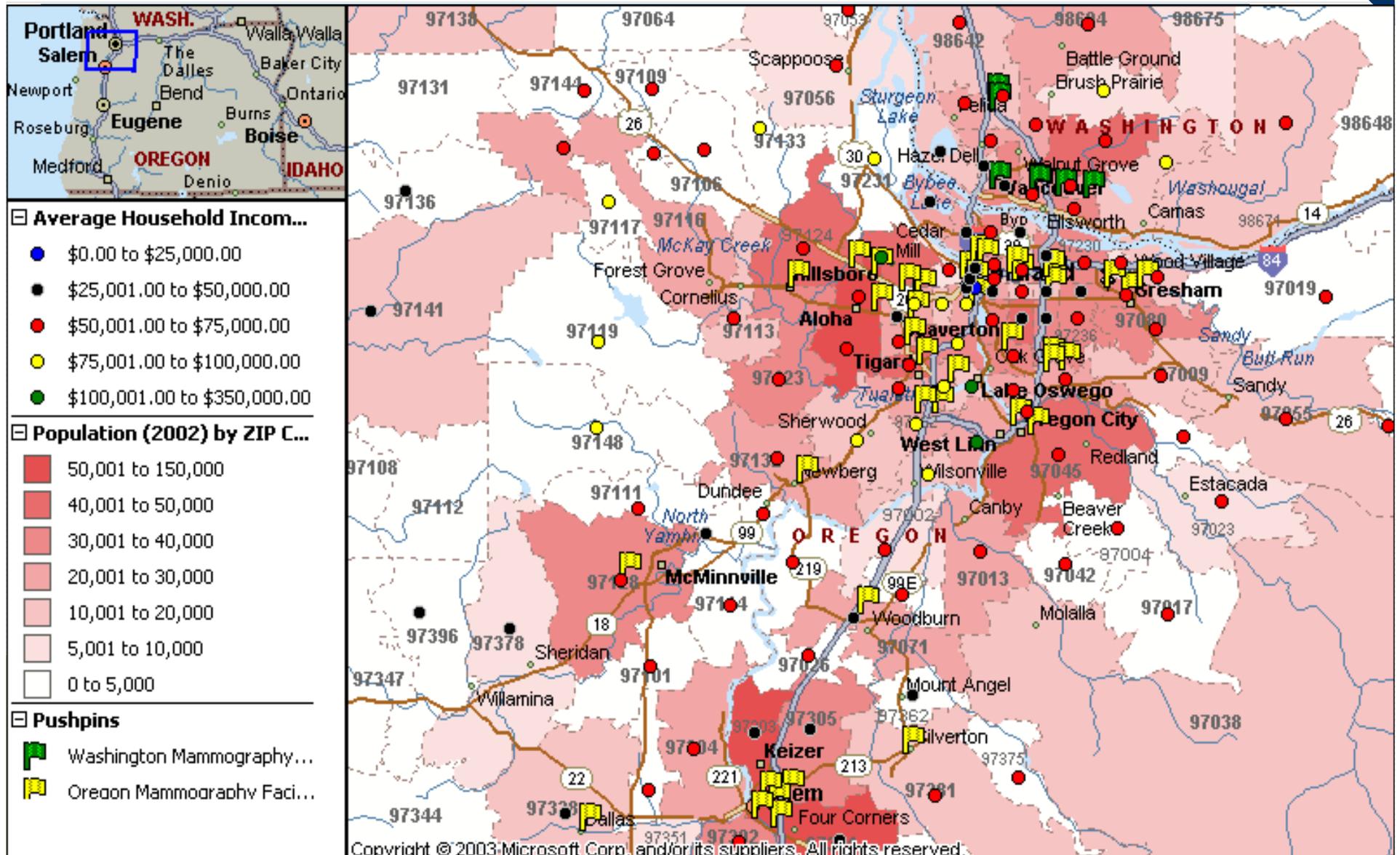
DEMAND FORECAST: BREAST CANCER INCIDENCE 2006-2010



	Clackamas	Clark, WA	Deschutes	Lane	Marion	Multnomah	Washington	Yamhill
■ 2006	202.8	210.5	83.5	245.5	176.9	440.8	247.0	49.1
■ 2010	221.6	247.3	98.9	268.1	197.6	485.6	286.9	55.7
■ 2006-2010 Incidence Growth	18.8	36.8	15.4	22.6	20.7	44.9	39.9	6.6
□ % 2006-2010 Incidence Growth	9.30%	17.50%	18.40%	9.20%	11.70%	10.20%	16.10%	13.30%

MAMMOGRAPHY CLINICS

AVERAGE HOUSEHOLD INCOME & POPULATION

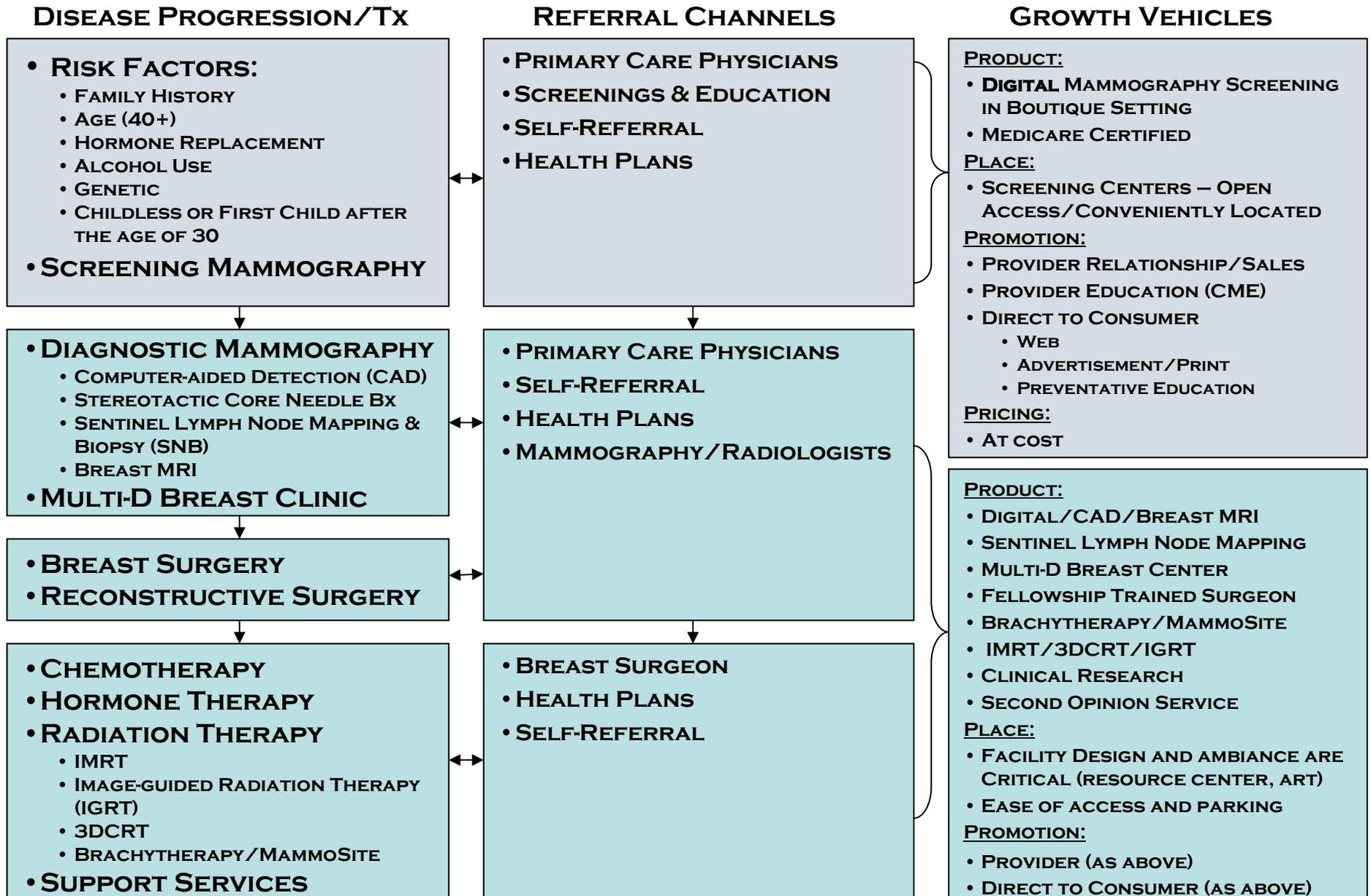


CANCER SERVICE LINE

EXAMPLE GOALS AND OBJECTIVES

- **Increase marketshare:**
 - Breast Cancer from XX% to XX% (FY06 to FY09)
 - Prostate Cancer from XX% to XX% (FY06 to FY09)
 - Radiation Oncology from XX% to XX% (FY06 to FY09)
- **Increase cancer service line revenue from \$xx to \$xx (FY06 to FY09)**
- **Improve cancer service line payer mix**
 - Provide specific measures
- **Create and strengthen Cancer Service Line brand & positioning**
 - Provide specific measures (awareness and recognition, customer opinion, preference data)

Breast Cancer & The Distribution Channels



BREAST SERVICES GROWTH STRATEGIES

Target Market:

- Direct female consumers in targeted zip codes; age 45+ and per-capita income of > \$75K
- Primary care providers
- Commercial payers, benefit managers, self-insured employers

Objectives:

- Grow screening mammography capabilities through “boutique retail sites” strategically located in community (1/100 Ca Dx).
 - Develop 4 sites
 - Increase annual screenings to 43,672 annually over 4 years
- Breast Cancer marketshare increase from 7.8% to 19.1% (FY2010)/Volume increase 110 to 320 discharges in PSA/SSA (FY2010)

Strategies:

Product:

- Digital Mammography with CAD
- 24-hour notification
- Medicare Certified

Place:

- Screening centers in 4 key geographic growth markets
- Boutique setting, open access, convenient location

Price:

- At costs

PRODUCT DEVELOPMENT STRATEGIES: BREAST

Business Strategy:

- Community based front door for Cancer Service Line and Women's Health Services
- Break even/simulated financial performance

Locations:

- Metro zip codes age 40+, per-capita income of \$75K+

Sites:

- Mall, retail setting, high consumer traffic, convenient access

Facilities Layout:

- Approximately 1,000 – 1,500 square feet

Key Features and Services:

- State of the art digital mammography
- Wellness and educational materials and resources
- Massage therapy
- Espresso, healthy snacks, etc.

BREAST SERVICES PROMOTIONAL STRATEGIES

- **Target Market: Primary Care Physicians**
- **Objective: *Enhance referring provider relationships, link with cancer service line, and increase referrals***
- **Strategies and Tactics:**
 - Cancer Service Line Newsletter
 - Sales calls/relationship management (Network/Outreach Coordinator)
 - Tools for easy referral to Breast Center and Mammography Boutiques
 - CME programs (breast exams, breast health)
 - Website for referring providers; timely report notification and access to reports
 - Breast Center brochures and information for PCP (office waiting rooms)
- **Resource Requirements:**
 - 1.0 FTE Network Outreach/Sales
 - \$150,000 (newsletter, CME, website, brochures)

BREAST SERVICES PROMOTIONAL STRATEGIES

- Target Market: Direct to Consumers
- Objective: *Increase volume of screening mammography studies and self-referrals to Breast Center/Surgical Oncology*
- Strategies and Tactics:
 - Consumer Call Center (organization-wide)
 - Website for consumers
 - Print advertisement (Women's journals, Sunday living section)
 - Direct mail campaign – targeted households
 - Preventative education
 - Active participation in community events (Komen Race for the Cure and American Cancer Society)
- Resource Requirements:
 - \$175,000 (Website, advertisement, direct mail)

MARKETING PLAN SUMMARY

- Support and synchronize with overall organization *strategic marketing plan* priorities
- *Operational readiness* that delivers on promises (brand essences)
- An integrated and *systematic approach* to marketing
- A cost effective, *research* based, targeted approach
- A focus on positioning and *channeling* (building on marketing pyramid)- as opposed to branding alone
- Coordinated campaigns with accountability, *ROI metrics*, and established timelines

SUCCESSFUL MARKETING

- Traits associated with market dominant organizations:
 - Innovation (solve marketplace issues)
 - Risk-taking
 - Agility
 - Responsive to market conditions and changes
 - Alignment with market place
 - Organization and governance structure promotes agility
 - Doing the common things uncommonly well!

CONCLUSION

*“Businesses don’t
continue growing if
their value isn’t also
growing”*

