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The Real Reason Loyalty Lacks in Healthcare

By Brian Wynne, Vice President and General Manager, NRC Health

Healthcare systems have long been relatively successful at attracting and retaining customers with the "if you build it, they will come" mentality – or perhaps more accurately, "if you build it, they *must* come."

Yet with the meteoric rise of healthcare consumerism within the past few years, most people have an unprecedented number of choices of provider and care options, including opting out of care altogether. As a result, creating loyalists in today's healthcare industry is nearly impossible without the right insight into the wants, needs and expectations of those whom we in the healthcare industry hope to serve.

The Demand for a Personalized Experience
Consumers are scrutinizing the quality and cost of their healthcare, and they're more apt and able to look elsewhere when their providers don't measure up to their expectations. According to a report by Accenture, 7 percent of customers have switched healthcare providers due to a subpar experience, which could add up to more than $100 million in lost annual revenue per hospital.

This number will climb. The value equation in healthcare is already out of balance. Higher out-of-pocket expenditures for extremely personal – and in many cases life-changing – encounters bring with them extremely high expectations for service and care delivery; in fact, a recent study by NRC Health found that 82.3 percent of consumers said hospitals and healthcare systems should consistently meet or exceed their expectations. When these expectations are unmet, the "switch economy," previously seen in all other consumer-driven industries, develops.

Since both the risks and the costs of healthcare are high, consumers insist that healthcare systems with which they engage understand their preferences and offer experiences to satisfy their needs – perhaps even delight them. Consumers demand that their healthcare be designed and delivered in the same way that other industries they consume and experience are, like retail, hospitality and consumer electronics.

Still, few healthcare executives I know would say their services offer an experience akin to that of a luxury hotel or boutique spa. Although we know that high cost means high expectation, there is still hesitance in healthcare to base design on models proven to work in other consumer-driven industries.

Why? Because most healthcare systems lack a comprehensive understanding of who their customers are, *what* they need and *how* they want to access care. As a result, those systems are unable to consistently provide personalized and coordinated care experiences throughout their consumers' healthcare journeys – and when the experience doesn't meet the expectation, loyalty becomes an unrealistic and unattainable goal.

Customer Confusion = Lost Opportunities
The more frequently consumers visit their healthcare providers, the more frustrated they become. According to a report by Prophet and GE Healthcare Camden Group, 81 percent of customers are unsatisfied with their healthcare experience.

What's more, 75 percent of those who frequently use healthcare services three or more times a year – and 48 percent of all other healthcare consumers – say they're frustrated.

For people to fully engage with their healthcare, it's imperative that they understand the process, their coverage and what to expect from their providers.

Research shows that when consumers first embark on a healthcare journey, confusion is the primary emotion felt. The reasons for this are intuitive: out-of-pocket costs are a mystery, consumer reviews of care providers remain strangely elusive, experiences are inconsistent from one care provider or facility to another, hospital consolidations are increasing each year, and consumers are unsure of inter-hospital relationships and affiliations. And yet, so few organizations ask their customers, "How can we make your experience less confusing?" or, "How can we reduce the frustration you feel?"

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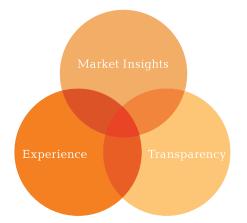
A $100-Million Blind Spot
According to the U.S. Census Bureau, the average lifetime value of an individual healthcare consumer is $1.4 million or $4.3 million for a family of four.

With this much potential spend at stake, the value equation comes under scrutiny. As mentioned earlier, when the cost of a service outweighs the experience it delivers, it sets the stage for consumers to become switchers.

Not only are consumers finding new providers in these cases, they're increasingly seeking care from non-traditional care providers, such as chain pharmacies offering primary care and testing services, borderless digital e-visit providers and alternative medicine and holistic-healing practitioners. Healthcare systems need to make a deliberate commitment to offer high-quality,

"If patients believe in us and have great experiences, that's going to improve their outcomes, as well as our business."

—**Stacy Nicholson**, MD, MPH

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