

Healthcare Marketing & Communications Benchmarking Program

2018 Recap

Steering Committee
 **Cleveland Clinic**

 **DukeHealth**

 **MAYO CLINIC**

 **Intermountain Healthcare**
Healing for life

Benchmarking Program Manager

Endeavor

Formerly Gelb Consulting

PURPOSE

By Healthcare Marketers for Healthcare Marketers

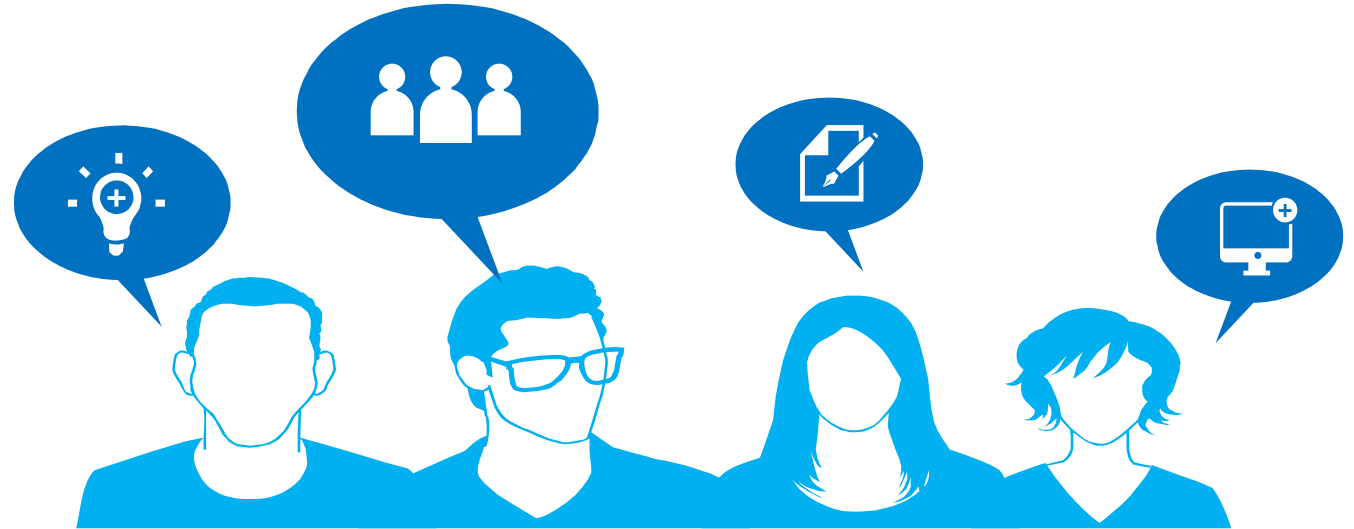
Filling the Void in Benchmarking Data

We recognized the need to think bigger than a one-time survey, so we:

Completed benchmarking for 2017 and 2018 budget years...

We engaged a steering committee for guidance....

Utilized a dashboard for blinded-data distribution.



Seed Idea

Create a datastore of how marketing and communications resources are allocated to justify budgets.

Comparable

Ensure that the benchmarks are true peers on a variety of dimensions.

Meaningful

Asking the right questions of the right people. Tested with steering committee.

Accessible

Make data viewable, downloadable, and presentable for many internal audiences.



QUESTIONS

Key Elements We Included

Gathered These Data

- Overall Marketing & Communications Budgets
- How Funds Are Spent Across the Marketing Mix
- Areas that Marketing Function Supports
- Staffing Levels
- Hospital Profiles – Size, Total Employees, Revenue
- Competitive Intensity and Share of Voice

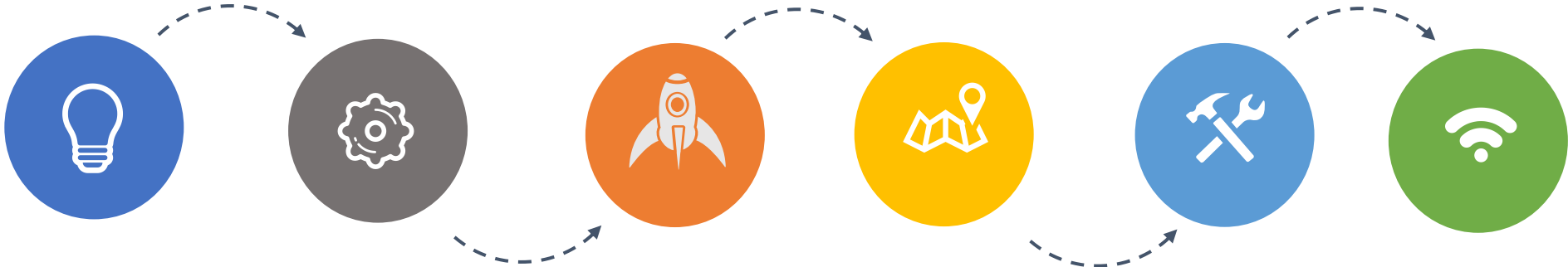
And Filtered By:

- Organization Type
- Budget levels
- Institution Size
- Marketing Organization Size
- Areas Supported by Marketing
- Geographic Reach
- Rankings



APPROACH

A Comprehensive Process to Ensure Data Quality



Idea



#01 Recognized industry need for benchmarking specific to the needs of the largest, most complex healthcare systems

Design



#02 Identified and recruited leading organizations to help design the benchmarking survey

Deploy



#03 Fielded survey to include select organizations based on size and stature

Field



#04 Online survey fielding to include offline version for data gathering

Validate



#05 Validation of information through follow-up communication and third-party data sources

Share

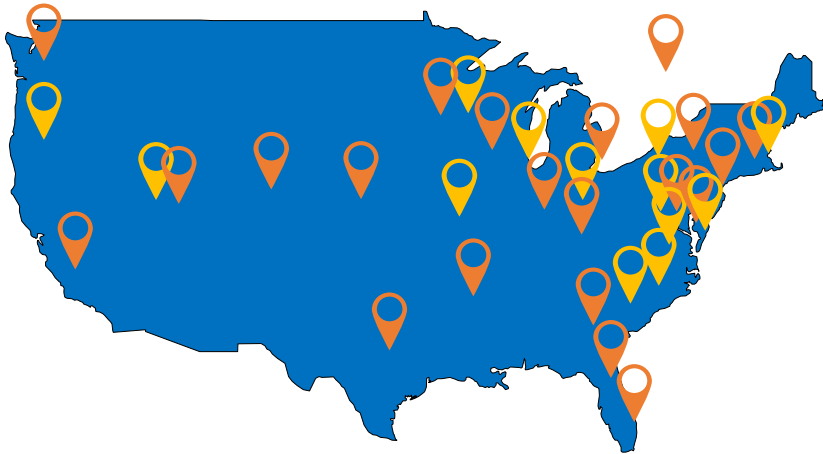


#06 Release of data to all participants and sponsors via dashboard



PARTICIPANTS

A Nationally Representative Sample of Healthcare Care



Sponsors

- Cleveland Clinic*
- Avera Health
- Brigham Health
- City of Hope
- Dana Farber Cancer Institute
- Duke Health*
- Geisinger
- Henry Ford Health System
- Intermountain Healthcare*
- Jefferson Health
- Johns Hopkins Medicine
- Martin Health
- Mayo Clinic*
- Medical University of South Carolina
- Mercy Health
- Mount Sinai
- Oregon Health & Science University
- Sharp Health Care
- University of Chicago Medicine
- University of Colorado Health
- University of Utah Health
- University of Virginia Health System
- Vanderbilt University Medical Center

*Steering Committee

Participants

- Aspirus
- Baptist Health of Northeast Florida
- Beaumont Health
- Emory Healthcare
- Hackensack Meridian Health
- Indiana University Health
- Martin Health System
- Massachusetts General Hospital
- Methodist Health System
- Methodist Le Bonheur Healthcare
- MUSC Health
- Nebraska Medicine
- Penn State Health
- Piedmont Healthcare
- Temple Health
- The Ottawa Hospital
- Tufts Medical Center
- UnityPoint Health
- University Health System
- University of Cincinnati Health
- University of Washington Medicine



PARTICIPANT PROFILE

A Cross-Section of the Country's Leading Healthcare Systems

Sample Size **41**

All respondents are non-profits; over half are AMCs

Networked Physicians **53%**

Network physicians slightly outnumber employed physicians on average.

Centralization **83%**

The majority of respondents are centralized. Most MarCom components are **integrated** or **unified**.



27 Nationally Ranked

In addition, 7 survey participants are on US News Honor Roll.

Net Patient Revenue **\$3.6B**

Respondents reported an average of \$3.6B Net Patient Revenue for 2016; with a range from \$500M to \$12.0B

Adjusted Discharges **154K**

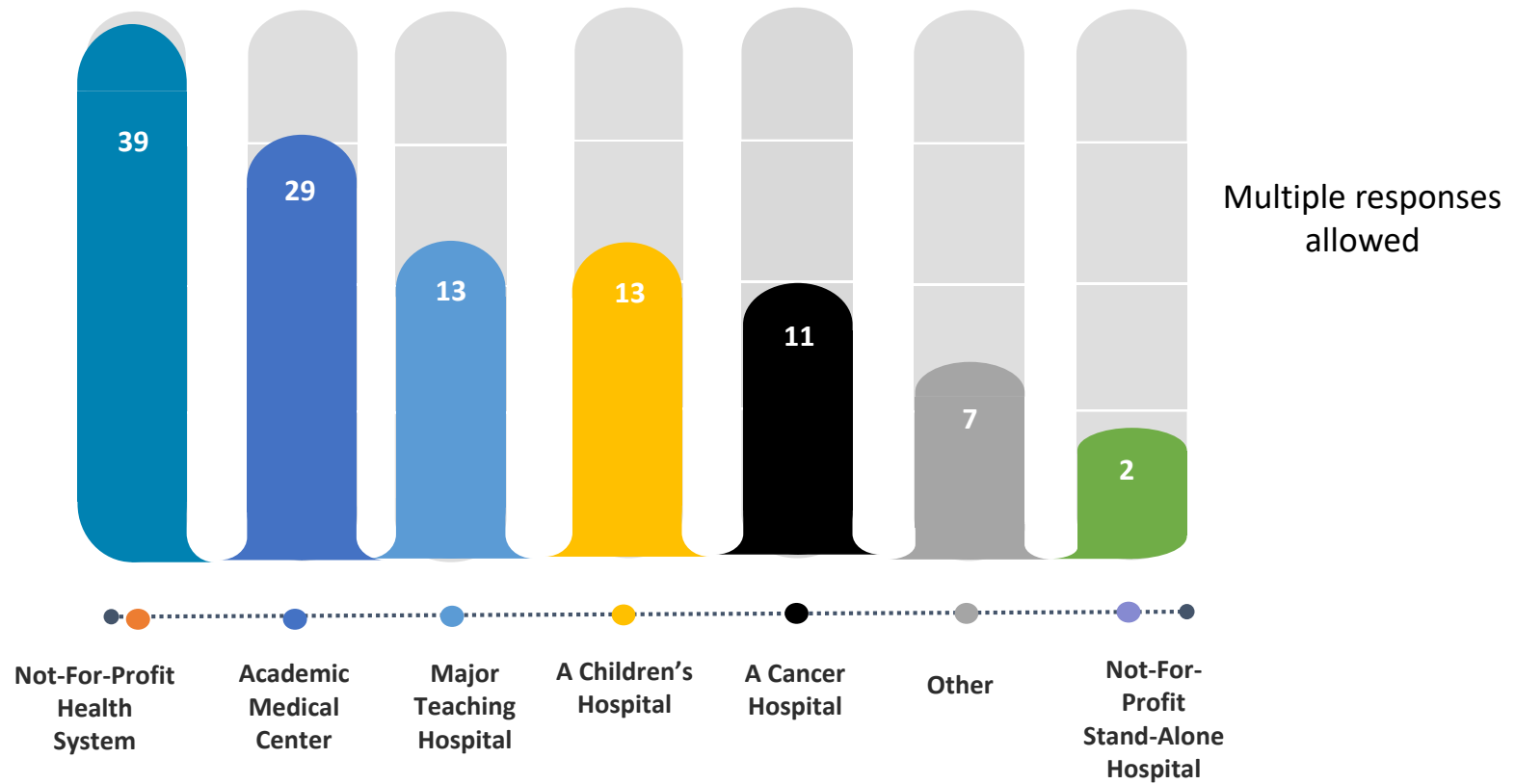
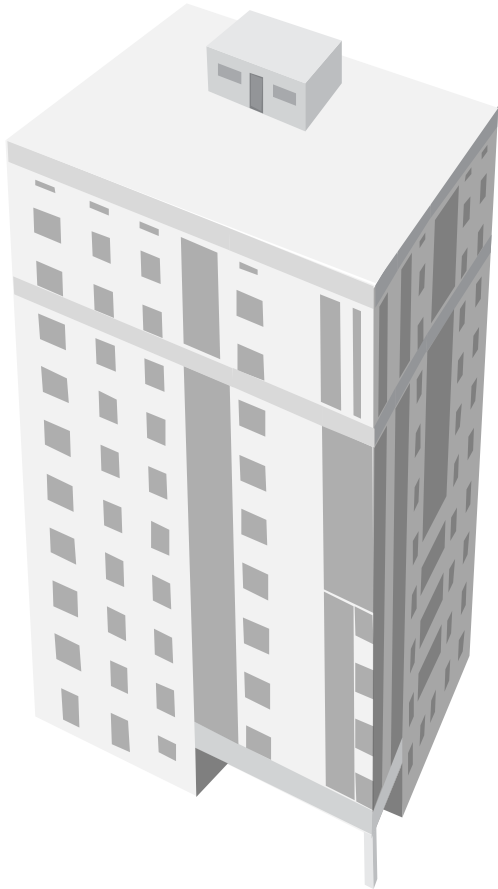
The average respondent had 154,086 discharges. The largest system with nearly 500K.

Geographically Narrow **61%**

More than half of participants are geographically narrow health systems, with a healthy representation of national and regional health systems

PARTICIPANT PROFILE

Respondent Organization Type



PARTICIPANT PROFILE

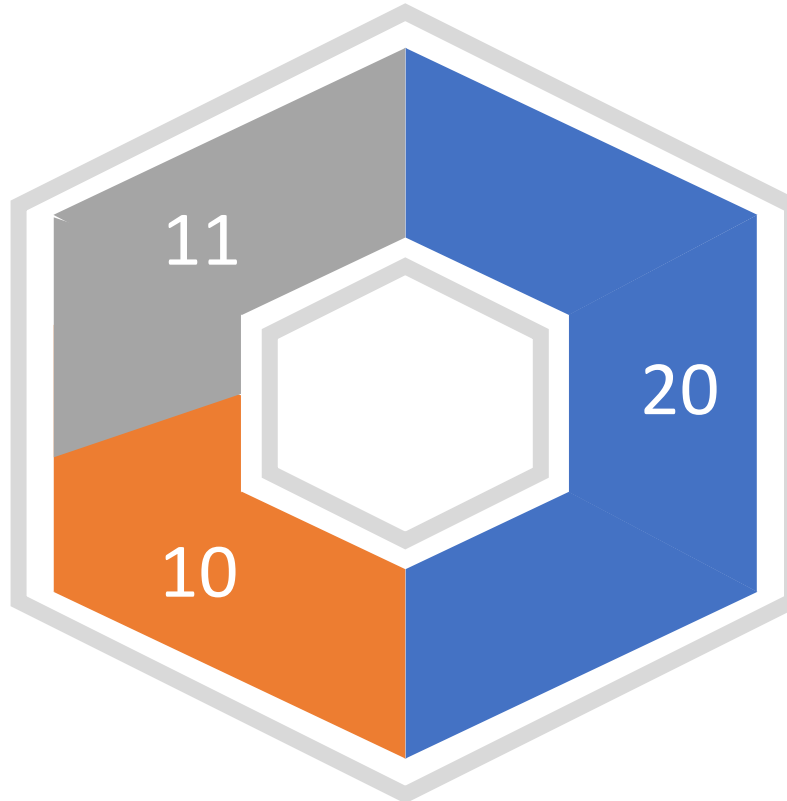
Facility Locations – Geographic Reach

Percentage of patients being reached outside of primary region.

Inpatients outside primary market
0 – 10% **49%**

Inpatients outside primary market
11 - 20% **24%**

Inpatients outside primary market
21% or more **27%**

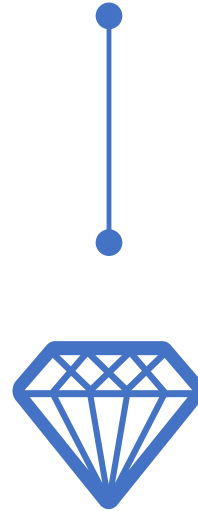


Nearly half of participants are geographically narrow health systems, with a healthy representation of national and regional health systems.

BUDGETS

These Healthcare Systems Are Spending (Given) Far Less than Other Chief Marketing Officers

Hospital Systems' revenue range from
\$500 million to \$12 billion



MarCom Expenses averaged only
.5% of Net Patient Revenue, *vs.*
0.7% last year.

This is well below broad industry
benchmarks of 10%.*

The highest ratio in our sample was
only 2%.

Total Marketing & Communications
Expenses vary greatly per organization,
from \$3 million to **\$75 million**.

[Source: The CMO Survey, February 2018](#)

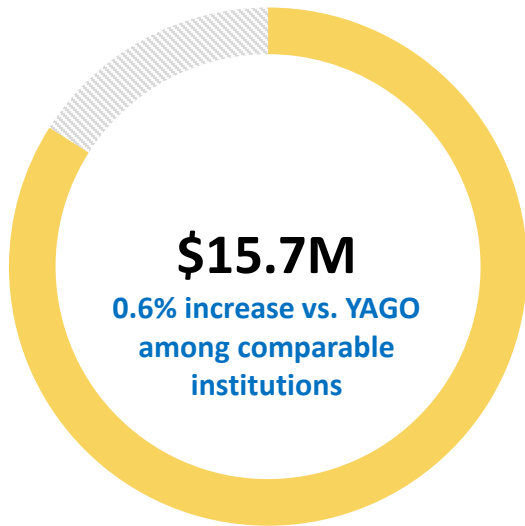
**Includes healthcare/pharmaceutical companies*



EFFICIENCY

Marketing Leaders Aren't Building Big Teams with Their Budgets

Average MarCom Budget



Marketing and Communications expenses vary widely, from \$3MM to \$75MM depending on the size of the system.

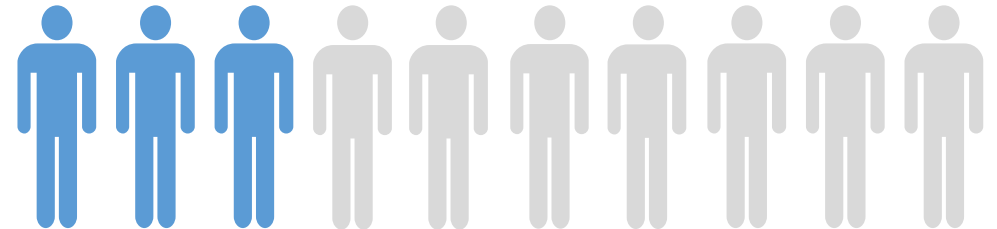
**Average Budget Allocation
on Advertising Media
26%**

The average number of FTEs
in a marketing department:

37

Average Budget Spent on Salaries and Benefits

31%



Most of MarCom budgets are used outside of the organization, the lion's share to advertising media.



ALLOCATION

Traditional Advertising Still Most Common Tactic

Advertising media and production expenses in this total sample were **\$199 million** and about **26%** of total marketing expenditures (**4%** below 2017 distribution).

The average spend on advertising is **\$4.9M** (**6.6%** above 2017 average for comparable institutions)



Emerging digital tactics are currently less supported as a proportion of overall budget:

- Website Development – 5.5% (6.3% in 2017)
- Digital Media Management – 1.7% (5.6% in 2017)
- CRM/Data Sciences – 1.7% (similar to 2017)
- Social Media Management – 1.2% (similar to 2017)

Traditional advertising still leads the pack, and there hasn't been a big allocation shift toward digital...yet.

ALLOCATION SHIFTS

Hospitals Starting to Get Serious about Digital - Shifts Toward Brand, Illustration and Digital Media

Metric	2018 Budget	Growth (%)
Brand Strategy & Development	\$924,252	43.10%
Medical Illustration	\$407,250	38.50%
Digital Media Management (Search Engine + Pay Per Click)	\$1,379,244	37.70%
Physician Outreach/Physician Liaison/Sales	\$1,026,973	21.40%
Sports Sponsorships	\$1,443,049	19.30%
Strategy/Business Development	\$687,777	7.50%
Patient Experience/Customer Service	\$1,121,331	7.50%
CRM, Marketing Automation and/or Data Science/Analytics	\$425,791	-7.80%
Media Production/Video Production	\$538,827	-7.90%
Writers & Designers/Publications & Newsletters/Collateral Materials/Graphic Design	\$1,165,834	-12.50%
Public Relations/Media Relations	\$688,616	-31.00%
National Media	\$853,059	-32.40%
Call Center/Fulfillment	\$1,916,322	-43.40%

Note: Includes items with at least 2% of budget; compares institutions participating in both years of survey.

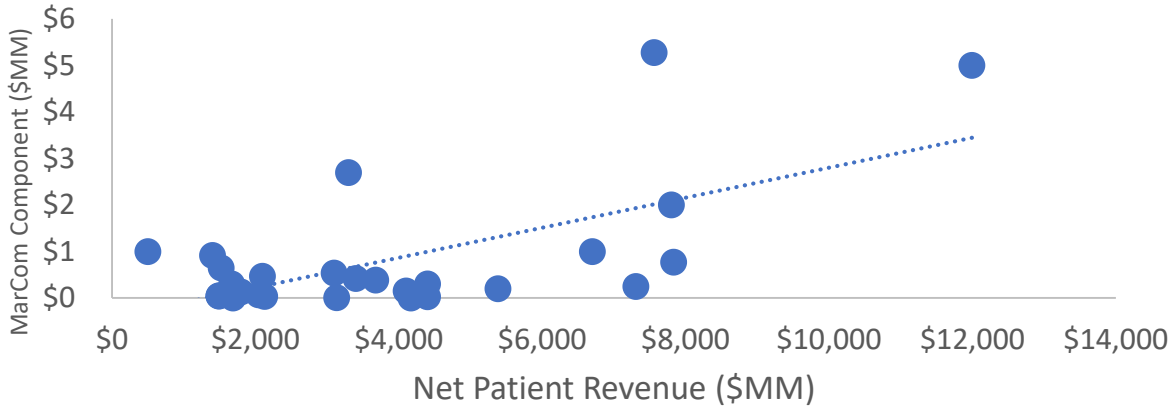


DIGITAL DRILL DOWN

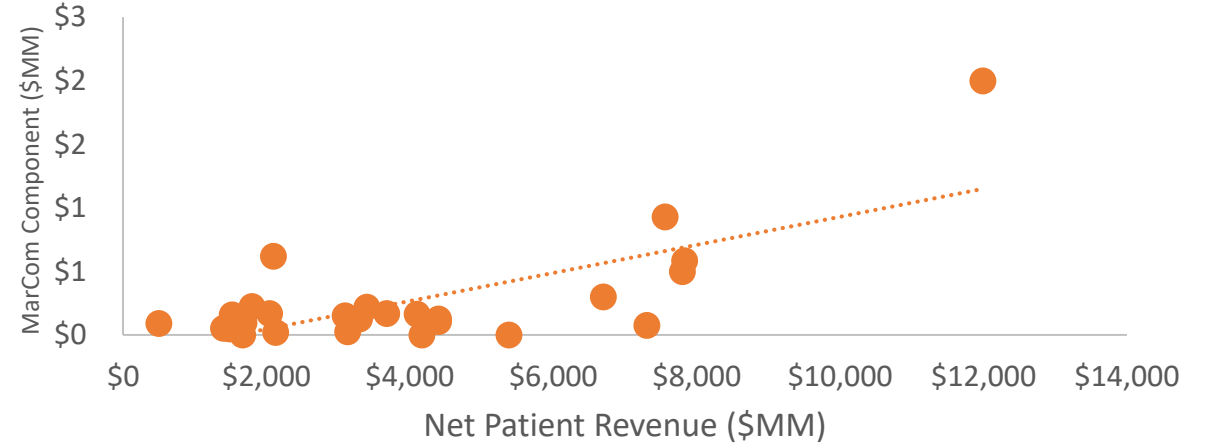
Staying Digitally Focused Key for Those with More NPR to Protect

We see some trailblazers who are investing heavily in future marketing and communications channels.

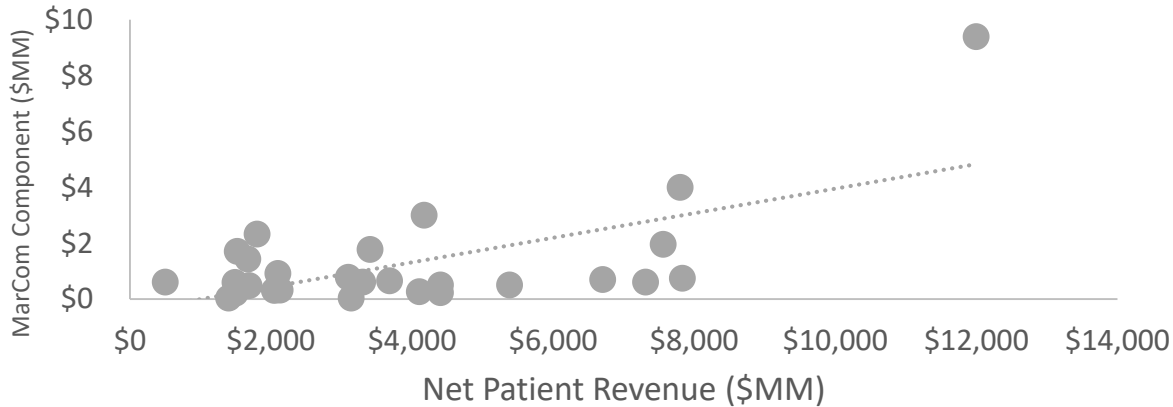
● Digital Media Management (INCLUDES Search Engine Optimization but NOT Pay Per Click)



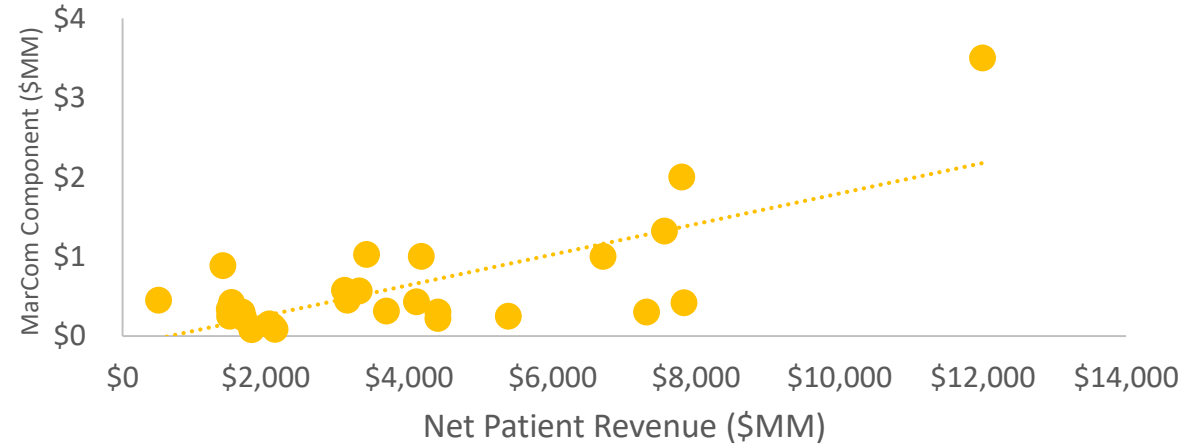
● Social Media Management



● Writers & Designers/Publications & Newsletters/Collateral Materials/Graphic Design



● Media Production/Video Production



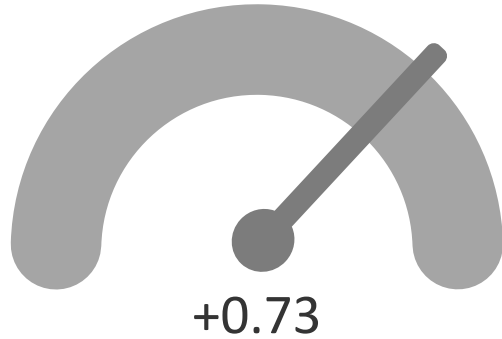
[For More Information About this Study](#)

Note: Digital MarCom components are among those most highly related to NPR



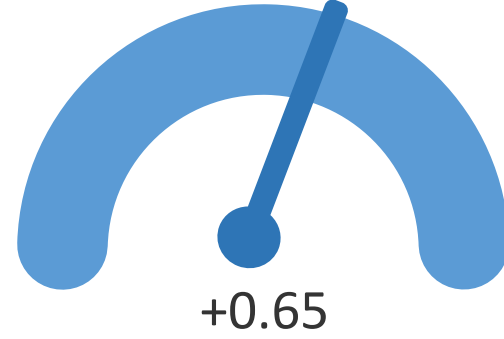
ALLOCATION DRIVERS

Institutions with Higher NPR Have More Resources, but What Comes First?



Marketing FTEs

Net Patient Revenue correlates highly with the number of FTEs in Marketing Departments



Regional MarCom Resources

Regional MarCom have higher percentage of budget allocations in organizations with higher Net Patient Revenue



Social Media

Social media efforts have higher percentage of budget allocations in organizations with higher Net Patient Revenue

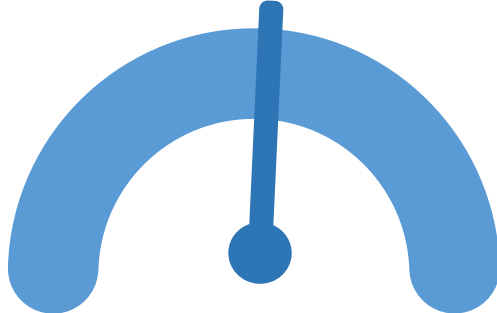
Some organizations are using data modeling to determine the precise contribution marketing expenditures have on Net Patient Revenue...

Or to make the case for higher resource levels.



ALLOCATION USES

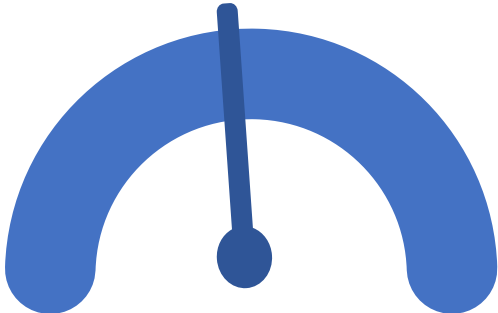
Larger Organizations More Likely to Stretch the “Marketing” Function



+0.51

Government Relations

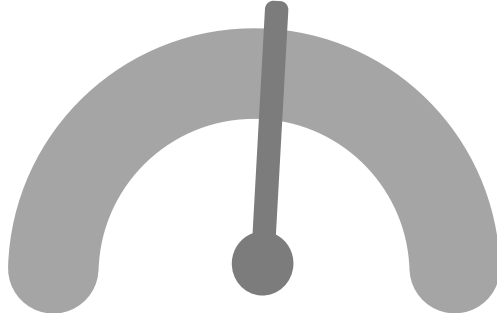
Government Relations has a higher percentage of budget allocations in organizations with higher Net Patient Revenue



+0.47

Employee Communications

Employee Communications have higher percentage of budget allocations in organizations with higher Net Patient Revenue



+0.52

Medical Illustration

Medical Illustration has a higher percentage of budget allocations in organizations with higher Net Patient Revenue



Institutions with High NPR also support more:

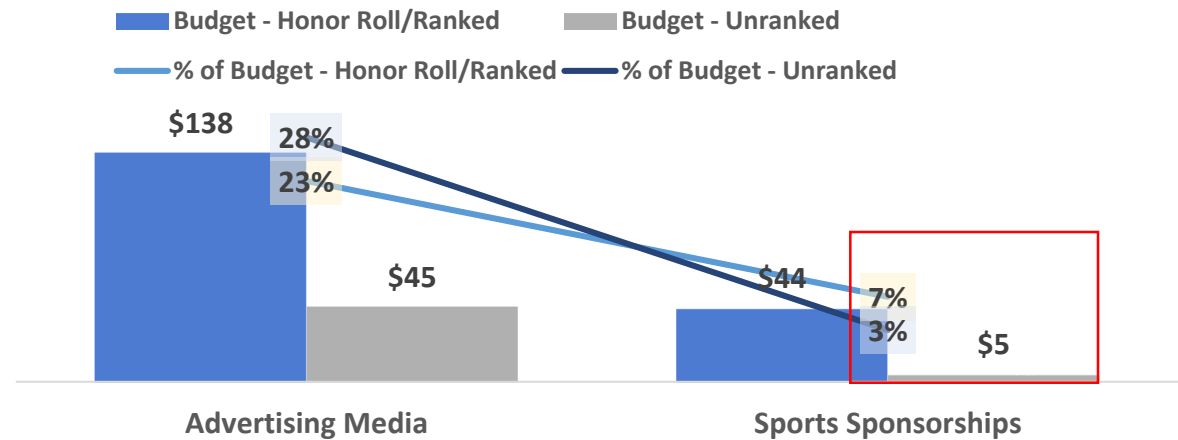
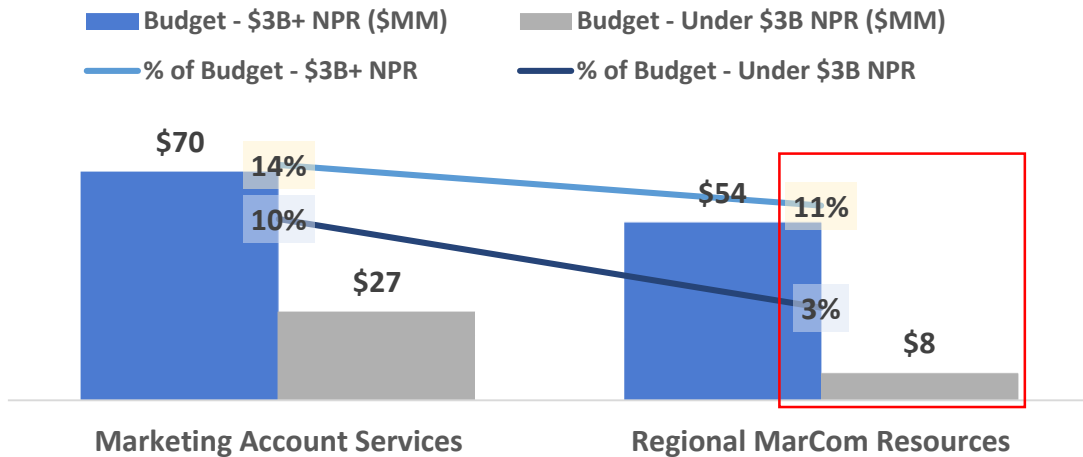
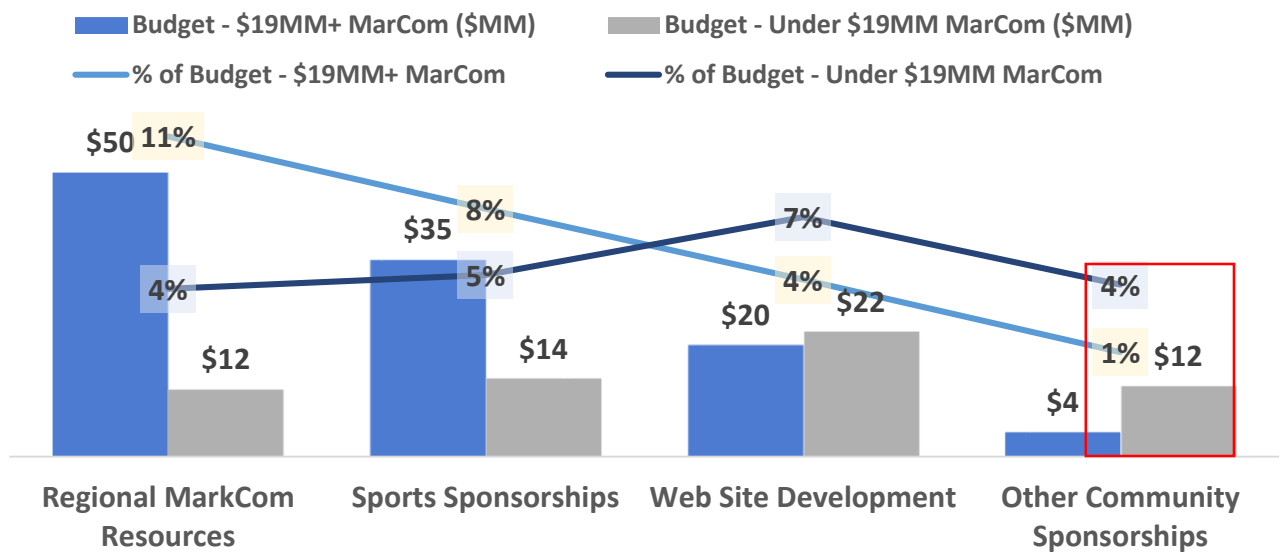
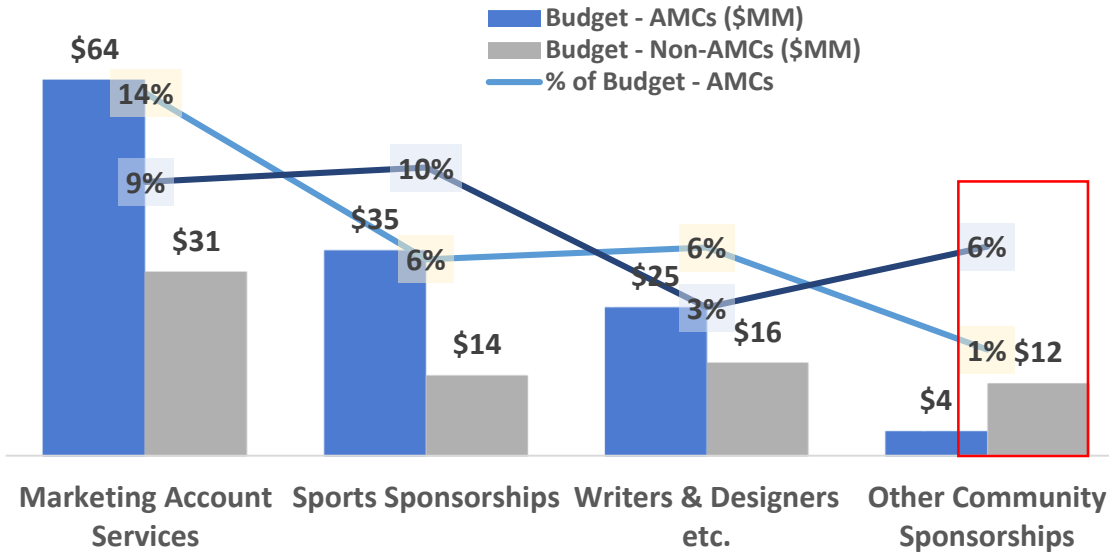
- Regional MarCom Resources
- Social Media Management
- Media Production/Video Production
- Writers & Designers/Publications & Newsletters/Collateral Materials/Graphic Design

The leadership requirements of today’s healthcare leaders have expanded to include larger remits and larger organizations, as illustrated by titles of Institutional Advancement or Chief Marketing Officer.



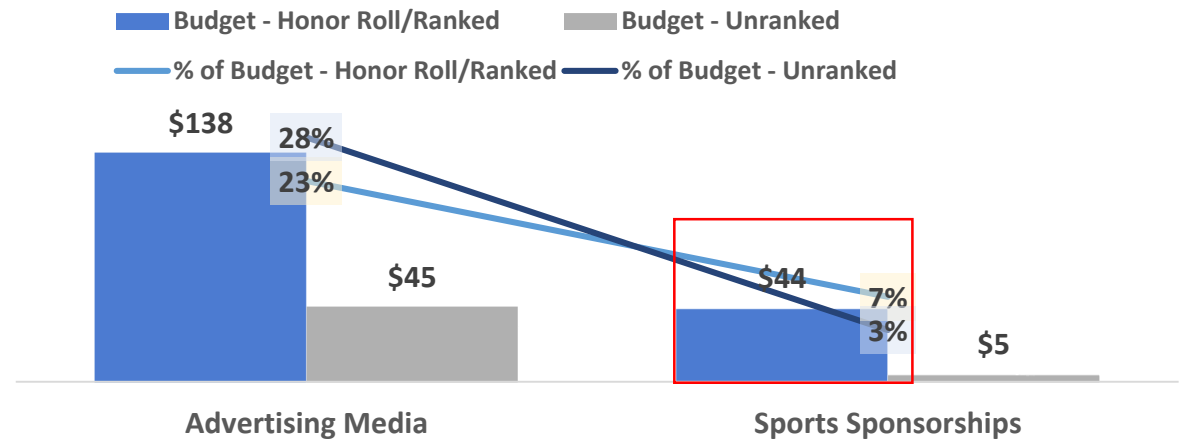
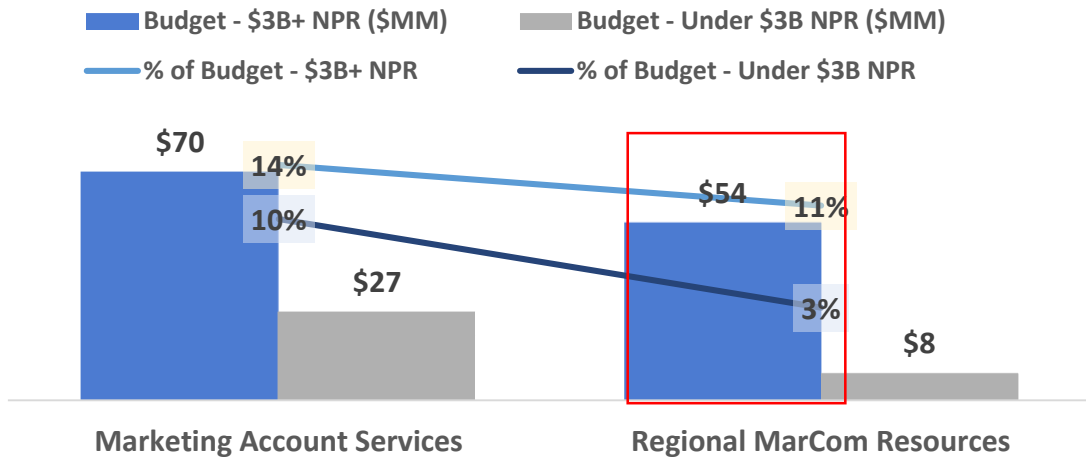
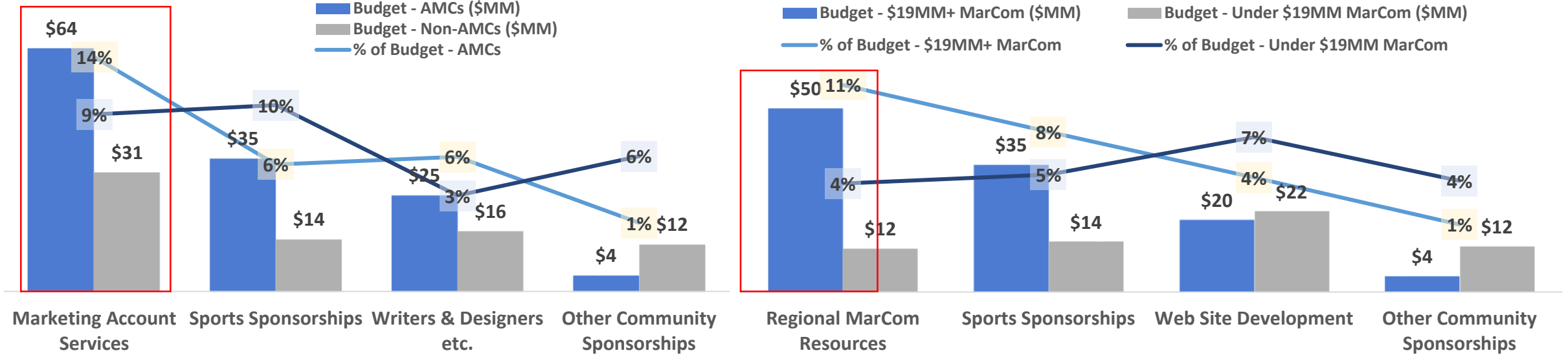
BUDGET ALLOCATION DRILL DOWN

Smaller budgets/orgs spend more on shorter-term grass roots efforts



BUDGET ALLOCATION DRILL DOWN

Conversely, larger organizations invest more in longer-term, broad reach efforts



RECOMMENDATIONS

Smaller Budgets Should Focus on Fewer Tactics

GET DIGITAL AND
EMBRACE
CONSUMERISM

Much of the overall budget growth is in this arena – particularly around content creation and distribution. If you’re not engaging consumers online, your competitor likely will. Think like a consumer, not a patient, when exploring the digital experience you deliver (think Uber and Amazon, not the hospital down the street).

DETERMINE THE TRUE
IMPACT OF YOUR
MARKETING MIX

How much money is still being wasted on billboards? Marketing mix optimization is key. Even without it, we see a top-off of website development expenses around the \$20M. We are also pleased to see a greater emphasis on channels like physician outreach – an often-neglected segment which requires both outreach/sales AND marketing. And ensure that operations are assessed and determine ready to serve the demand generated through these efforts.

GET FOCUSED

Clearly defining the role of “marketing” in the organization seems necessary – is it engaging *any* publics or just those who represent direct revenue? Ensure leaders and teams are clearly focused on their target audiences using tools like segmentation and persona development.



LOOKING AHEAD

Launching 2019 Benchmarking Program



Expand Benchmarking Programs

We have started and plan to begin additional benchmarking programs including:

- Government and Community Relations
- Quality and Patient Safety
- Law Department
- Compliance and Risk Management
- Patient Experience
- Physician Relations
- Development



Improve Participation / Sponsorship

We are pleased that a higher percentage of participants became sponsors this year. To expand our base, we are recruiting more steering committee members, including stand-alone **pediatrics** and **cancer centers**. Steering Committee members have also volunteered to recruit and obtain feedback from at least 5 sponsors/participants.



Improve Reporting Capabilities

We launched trending tables this year and provided sponsors with the ability to change their benchmarking groups, a positive improvement. We plan to include additional filters for hospital specialties (e.g., pediatrics and oncology) next year. In addition, we are evaluating ways to utilize the tool year-to-year, including saving including benchmarking groups and PDF scorecards.



Improved Survey Tool

We are always striving to minimize the survey completion burden. For example, this year we allowed participants to update their prior submissions via the online survey. Next year, we plan to provide only a PDF copy of previous year's responses to eliminate any confusion. In addition, participants will be asked only to confirm demographic information, not gather it (we will use third party data instead). **We will also allow submissions throughout the year, with quarterly updates to the dashboard.**



THANK YOU



Every life deserves world class care.

Peter Miller



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