

# COR HEALTHCARE MARKET STRATEGIST

MARKET STRATEGY  
DEVELOPMENT & IMPLEMENTATION

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## CAM programs: Not alternative any longer

Leaner, more focused programs holding steady through word-of-mouth, physician referrals

Mark Hagland

A decade ago, complementary and alternative medicine (CAM) was all the rage, as treatment centers began readily offering acupuncture, therapeutic massage, and homeopathy. But alternative medicine had a difficult time during the last few years of the 1990s, with many facilities closing. Recently, healthcare has seen a resurgence of alternative therapies, though this time there is a key difference—complementary medicine is no longer viewed as “alternative.” It has been added to mainstream medicine and several health plans are covering it.

The rise and fall and rise again of complementary medicine, and the hospital-sponsored CAM programs that have succeeded in recent years provide some important lessons in strategic planning and marketing.

### The pitfalls of early complementary programs

What went wrong with those CAM programs that closed in the late '90s, and what did the survivors learn? Industry experts say that the CAM programs that crashed and burned suffered from the following issues:

- **Excessive overhead.** Failed CAM programs tended to

*(Continued on page 10)*

## Market segmentation: Successfully targeting the senior population

Defining the values of the elderly can be the key to appropriate mature market strategy

Robert Snyder

Marketing to seniors can be a vital activity for health-care organizations. What complicates things is identifying just *how* to appeal to them in a marketing sense. What message is most effective when addressing this target audience? What strategies appeal to them? And when do nontraditional marketing messages come into play with this burgeoning demographic group?

### Mass marketing to seniors doesn't work

Healthcare organizations are interested in appealing to the senior population, and typically mass market to it. But not all seniors are the same. Thus, marketing should be tailored to each segment of the mature population. And, though segmentation is typically based on differences in demographics, attitudes, opinions, or life stages, *the key to capturing the mature market is to understand their essential values or convictions—and the eight distinct segments that have been identified based on senior belief systems.* Although members of any



*Robert Snyder*

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## Market Segmentation

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generation are linked by the shared life experiences of their formative years, it is not the experiences and events that have meaning, it is the attitudes, beliefs, and values that have been created as a result of these events that is important.

A failure to understand these core beliefs and key values will result in production of stereotypical communications based on the marketer's personal beliefs and values. This occurs because each individual views the world (including its material contents, human interactions, and human behaviors) through his or her own frame of reference or "values eyeglasses." While the goal is to create effective communications, when we look at others through our own values eyeglasses, the result is often communication that misses the mark and, when seniors are involved, even borders on ageism.

### Values-based segmentation

A segmentation approach based on market research done by J. Walter Thompson's Mature Market Group breaks the mature market into eight distinct segments, or Value Portraits<sup>SM</sup>, based on the relative importance and influence of key values of individuals in those groups.

With an understanding of the distinct value-based segments that this Matter of Values<sup>SM</sup> approach identifies, healthcare product or service marketers can develop more robust, targeted senior population marketing plans. Specifically, values based segmentation allows them to better:

- Identify the market segments most likely to feel the strongest affinity for their specific product and service offerings;
- Develop more effective marketing messages/programs by underscoring the important values of consumers in each target segment;
- Effectively position products and services by emphasizing attributes that are linked to the values of a particular segment; and
- Identify new product opportunities or modify existing products to be consistent with consumer value profiles and emerging trends.

### Values do not change

Values are developed over time as a result of beliefs and attitudes. And once developed, values are not likely to change. Beliefs and attitudes are shaped by three important factors:

- *Personal experience* is the strongest reference involved in belief building. The reason so much time is spent reviewing seniors' "generational experiences" is that it is assumed they've developed similar behaviors as a result of these shared yet personal experiences.

**The key to capturing the mature audience lies in understanding their essential values or convictions.**

- *Social proof*, or confirmation by others, either validates or invalidates our beliefs. In effect, continual confirmation from others whom we have "judged" to be wise either increases or decreases the intensity of a held belief. Our parents, or those who were most influential during our impressionable youth, provide much of our social proof. Even as adults, we validate our beliefs and values through our most trusted friends and advisors.

- Finally, and most dangerously, our *imagination* plays a part in defining our beliefs. Clearly, our imagination can lead to the development of beliefs that may or may not be based on reality, as indicated by Anthony Robbins in *Awaken the Giant Within*, a guide to mental conditioning techniques to generate conviction in one's personal power and potential for success.

Beliefs themselves exist in levels of intensity. *Opinions* are beliefs we all possess—and that we can change—but to which we have little psychological attachment. From there we move into those beliefs that become our constant measure of how we run our day-to-day lives. They become our *guiding rules*. Mostly, they operate in the background, helping us make decisions. We generally don't think about many of the routine daily decisions we each must make, but rather respond to any communication or event without hesitation

in the context of these deeply rooted beliefs and values.

Finally, the values that have become such a part of us that they indeed make up our identity are called *convictions*. These are the unchangeable values that have become a part of us. We don't question them. We have satisfied ourselves through life's tests and experiences that these are the values that lead to the best decisions and quality of life. It is these last two groups of beliefs that form the "values eyeglasses" through which we make daily judgments. They, in fact, become the nearly unconscious "traffic cop" of our every move and choice.

Values are not held distinctly or separately, but as part of an integrated belief system, according to Shalom Schwartz and Wolfgang Bilsky in the *Journal of Personality and Social Psychology*. Values guide actions and judgments across situations. Attitudes and opinions, on the other hand, are "domain-specific"—beliefs about a particular object within a particular context. Although attitudes and opinions affect behavior, they are likely to change throughout one's lifetime. Values, on the other hand, are deeply engrained and remarkably stable, and change slowly, if at all, over the course of life. Moreover, values constructs are relatively few in number and are largely universal. *Values* can be defined as:

- Relatively stable thoughts or beliefs;
- About desirable behaviors or ways of living;
- That transcend situations;
- Guide decisionmaking, and
- Are ordered by relative importance.

## Eight distinct groups of seniors

What does vary from one individual to the next is the relative importance one assigns to different values, depending on one's background and life circumstances. Mature Americans with similar belief systems can be classified into eight distinct groups (see Figure 1). Members of each group share a mindset that reinforces a predisposition to behave in a certain way and underlies specific attitudes—such as the purchase of certain products or healthcare services.

**True Blue Believers** are in remarkably good health and experience less health issues. More than a third of these seniors reported having control over their own healthcare decisions and nearly half indicated they are "very satisfied" with their overall healthcare.

**Hearth and Homemakers.** A group where one in five

seniors belongs, they tend to be in good health, with close family ties, and are active in social, community, and church groups. They tend to have moderate to complete control over their own healthcare decisions.

**Fiscal Conservatives.** As the name denotes, these seniors tend to rate financial security and health and well-being as very important in their lives. They are twice as likely as the average senior to rate their health status as poor, and a significantly higher proportion of them have experienced depression. They tend to not be completely satisfied with their overall healthcare.

**Woeful Worriers** are cost-conscious and twice as likely to rate their overall health status as either fair or poor. They also tend to have fewer financial resources, and are more dissatisfied with their overall healthcare.

**Intense Individualists** are seniors who tend to be independent, and travel more. They generally rate themselves as quite healthy and are slightly more likely than the average senior to be dissatisfied overall with the healthcare they receive.

**Liberal Loners** have a strong sense of purpose, and value honesty and social equality. Although they tend to fall into a lower income category, they are generally healthy. They are not overly satisfied with the healthcare they currently receive.

**In-charge Intellectuals** are more affluent seniors, generally in good health, and are typically satisfied with their overall healthcare. They are more likely to participate in social and physical activities and travel frequently.

Figure 1

### Segmentation of the Mature Market



Source: J. Walter Thompson

The value dimensions led to the segmentation of the 62-and-over market into eight different and distinct groups.

**Active Achievers.** These seniors are quite active, and comfortable with computers and electronic communications. Social expectations, health, and age limitations do not generally deter them from doing what they want. They tend to be fairly satisfied with their overall healthcare.

### Appealing to each senior group

*Hearth and Homemakers* and *True Blue Believers* make up 40% of the market and possess the values that marketers stereotypically superimpose on all seniors. This stereotyping leads marketers to develop and implement communication tactics and messages that may not be effective with over 60% of the mature market, as each segment possesses very different demographic and psychological characteristics.

For example, when the segments are overlaid with data on 30 different health problems and diseases, the *True Blue Believers* turn out to be very healthy individuals. They skew significantly lower in experience with the medical conditions associated with rheumatoid arthritis, other bone and joint disease, glaucoma, prostate cancer, ovarian cancer, other types of cancer, liver disease, depression, insomnia, hearing problems, stroke, high blood pressure/hypertension and neurological disorders.

The *Fiscal Conservatives* on the other hand, skew very high in rheumatoid arthritis, glaucoma, liver disease, depression, insomnia, hearing problems, stroke, high cholesterol, migraines, and neurological disorders. *Intense Individualists* skew high in only three areas—rheumatoid arthritis, prostate cancer and ovarian cancer. This same group skews low in osteoporosis. *In-Charge Intellectuals* skew high in only one health problem—heart attacks.

In another example, the *In-Charge Intellectuals* and *Active Achievers* skew very high in use of the Internet, while it is clear the *Woeful Worriers*, *Fiscal Conservatives*, and *Hearth and Homemakers* skew very low in the use of this medium.

Each of these groups can be profiled in terms of its own hierarchy of “Value Dimensions”—shown for the senior population overall in Figure 2.

### Make sure marketing doesn't get tossed into the black hole

Value-based behavior segmentation is not only logical but also statistically accurate. The key difference between this segmentation and others

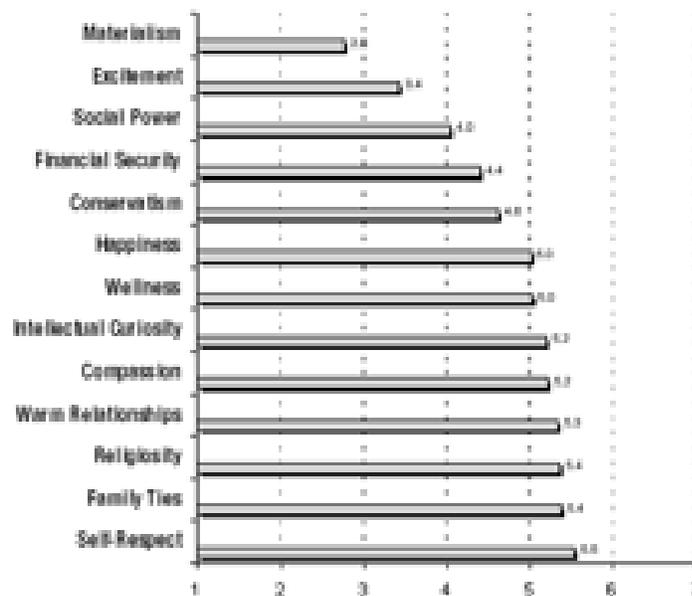
**Stereotype-based marketing may be ineffective for more than 60% of U.S. seniors.**

based on life stage or demographics is that values don't shift—while life stage and demographics do. Even attitudes shift. Values, on the other hand, are virtually constant in the guidance they provide for each of us.

In fact, if one were to view each segment as a different solar system, then each would have a different combination of values at the center representing its sun. Around these values revolve not planets, but words, phrases, and images that work for that segment. There are also negative values or values that *repel* each segment. These might be considered the black holes of this little universe. If the creative images and words or even communications tactics used are the wrong ones for the target audience, then they repel it. In other words, your marketing pieces

Figure 2

#### Ranking of Defined Values for Senior Population Overall



Source: J. Walter Thompson

These Value Dimensions represent 13 key values that were identified by seniors as being most important.

may get tossed into the black hole, not necessarily because the product offers poor features or benefits, but because the words and phrases used were repellent in the context of the audience's universe of values.

Likewise, values-based segmentation is important in media planning for the 62-plus population. It is important to know the different media habits of the value-based segments. With this understanding, marketers targeting the *Active Achievers* or the *Intense Individualists*, for example, can design more productive and cost-effective media placement and tactics.

The values-based segmentation has a huge potential to help those who market to seniors by providing them with greater insight into which words and phrases to use and which to avoid in each universe.

Another potential benefit of values-based research is that it provides a first step toward a general strategy of marketing to an "ageless market." For instance, *Active Achievers* and *Intense Individualists* place a very high value on thrills and excitement. This explains some of those "odd" seniors who don't fit into the stereotypical view of the mature population. They are the ones who are interested in skydiving and

trekking off to some reclusive place on earth to visit a hidden temple. Of course, we know there are younger individuals doing the same thing. Why? Because thrills and excitement are also an important value to them.

As the leading-edge boomers move toward maturity, every company in America is scrambling to grab this market. But the numbers are so large, there are so many life stages, and there are so many different types of boomers, demographically, that trying to make sense of it all can be confusing, costly, and fruitless. Values-based segmentation research provides an unchanging baseline against which all known demographic information can be categorized and evaluated.

Now marketers can take the known information and look at it through the "values eyeglasses" of their target market, instead of filtering the information through their own biased eyes. ■

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# Conflict Management in Healthcare

A new leadership development series from COR Health

## Conflict at MidAmerica

Late leaving his office because of the most recent "hit and run" voice message from the hospital director, Steven Newman, MD, hurried to the parking garage of MidAmerica Hospital. Today's round of problems and frustrations had him feeling beleaguered and out of sorts. Muttering to himself, he thought, "Being director of surgery isn't what I thought it would be." Everything seemed out of control—too many fruitless meetings, problem personalities, and worst of all, an acute nursing shortage affecting surgery schedules. He wonders what is happening with his old friends in surgery. They don't talk and joke around like they used to.

Underlying nearly every critical management decision you make is a web of conflicting views, interests, and personalities. The success or failure of your healthcare organization rests largely on the ability to manage conflicts among key stakeholders in a way that achieves the organization's mission. The keys to conflict management are prevention, effective communication, and effective negotiation. By studying the mechanics of common conflicts and learning proven conflict management methods, the members of your organization will be better equipped to succeed.

Newman's interactions with Forrest Barker, CEO for MidAmerica, have become more and more difficult. Barker has been under intense pressure from the board of directors to make the hospital profitable.

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To complicate matters, Catherine Savio, chief nursing executive for the hospital, told Newman about the developing crisis with surgical nurses. He knows that a staffing shortage is already affecting smooth turnover of operating room cases. Waiting time for elective cases has increased, and surgical revenue is dropping because the staff shortage has limited OR hours.

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