

Case Study in Marketing Planning*

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Overview

SouthCoast Institute, a rehabilitation hospital with a historical focus on inpatient services, perceived an opportunity to expand its outpatient capabilities in response to various developments in its market. A shift toward outpatient services would require considerable reorientation on the part of the staff away from an inpatient mindset along with the planning and implementation of a number of new services.

Among the options for new services was the development of an aquatherapy program to supplement the services SouthCoast was already providing rehabilitation patients. An aquatherapy program would expand the capabilities of the existing program and make physical therapy available for a wider range of patients than historically served by the inpatient program. Given that Medicare and most commercial health plans provided reimbursement for aquatherapy services, the program was seen as a potential source of additional revenue for SouthCoast. An aquatherapy program would further serve to differentiate the SouthCoast Institute from other providers of rehabilitation services. While aquatherapy services could be utilized by the Institute's hospitalized rehabilitation patients, the intent was to bolster the fledgling outpatient program and attract other clients who were not involved with the hospital's inpatient program.

Planning for Planning

The decision to explore the development of an aquatherapy program was one result of a major strategic planning initiative that was being carried out by SouthCoast Institute. Many of the organizational issues had been addressed within the context of the ongoing strategic plan. A planning team was already in place, and a planning framework had been established. The aquatherapy initiative was incorporated as a component of the overall implementation plan. It remained for the rehabilitation staff to develop and implement a marketing plan to support the development of this new program.

Initial Information Gathering

The initial steps in the information gathering process involved collecting background data on existing aquatherapy programs in other markets. Data were compiled on the types of procedures and services offered by most programs, the types of patients typically served, reimbursement prospects, and so forth. A general notion of what was involved in operating an aquatherapy program was developed.

At the same time, a preliminary internal information gathering process was implemented. This focused on the potential for developing the program within the confines of the existing rehabilitation therapy framework. The analysis examined the availability of personnel to provide aquatherapy services, the potential for training additional staff, existing equipment and additional equipment needs, and perhaps most important, the attitude of the medical staff with regard to this proposed service.

The internal information gathering process uncovered a certified aquatherapist on staff who could serve as the service line champion. There was also a pair of physical therapy aides who, with minimal additional training, could support the aquatherapy program. Although the hospital did not have an existing therapy pool, renovation plans for the rehabilitation facility included the construction of a

therapy pool and a regulation-size exercise pool. Further, the medical staff who were primarily involved in referring patients to the Institute were generally supportive and, in some cases, enthusiastic about the prospects of aquatherapy.

Baseline Data Collection

These positive initial findings set in motion the formal data collection process. Data were collected on the market potential for this service within the Institute's market area. The number of potential customers, in fact, turned out to be much greater than anticipated. Potential sources of referral were identified and subsequently interviewed concerning their interest. Local health plans were contacted to determine their willingness to reimburse for this service, and aquatherapy programs in other markets were contacted in order to obtain their input.

Several secondary target audiences were identified that, while contributing no major revenue streams, would increase utilization of the pools and perhaps contribute to some fixed costs. These secondary audiences included community groups, swim teams, social service programs, and even a "commercial" audience of water aerobics customers willing to pay out of pocket. Employees of the Institute were found to have an interest in using the pools as part of their employee fitness program.

A competitive analysis was conducted, and it was determined that no medically supported aquatherapy program was being offered within the community. Options for interim use of existing area pools were explored, and a suitable temporary site was identified for piloting the program. Preliminary financial statements were prepared to provide an estimate of the potential profitability of the service.

When the potential barriers were identified, few if any were found to exist. The only barrier identified was a lack of knowledge about aquatherapy in the community (even among medical practitioners). No inherent resistance was identified from any segment of the community.

Developing the Plan

With this background data indicating significant potential for a successful and profitable service, the planning team set a goal of establishing the Institute's program as the premier aquatherapy program in the region. In terms of strategy, the team decided that an approach that emphasized education and relationship-building was appropriate. The intent was to stay away from aggressive advertising and flashy promotions.

In support of this goal, the following objectives were established:

- Create and implement a comprehensive internal marketing program for aquatherapy within six months;
- Directly contact all potential referrers outside the Institute and its affiliates within six months;
- Recruit and train a marketing/liaison person to work with the aquatherapy program on a full-time basis within six months;
- Identify and contact within six months all community groups that might potentially benefit from the recreational pool and/or the aquatherapy pool; and
- Integrate aquatherapy services into the Institute's sports medicine and occupational medicine programs within one year.

With these objectives in mind, a number of action steps were identified. The following marketing-related actions were planned:

- Create promotional material for distribution to potential referral agents;
- Set up meetings with relevant internal parties (including medical staff) to explain the program;
- Identify an appropriate person to train for liaison with the community; and
- Identify any appropriate external targets for promotional and educational activities.

The fact that the program was new and unique in the area guided the development of the marketing plan. The appropriate message to be delivered was formulated, and the means of spreading it were determined.

In keeping with the educational/relationship-building approach, the marketing mix focused on low-key promotional activities and avoided high-profile media advertising. For internal marketing, the plan included a newsletter, articles in other internal publications, flyers in Institute employee pay envelopes, posters, special information sessions for staff and referring physicians, and a videotape to explain the purpose of the program. For external audiences, the plan called for a newsletter, press releases (and other media coverage as appropriate), print advertising (probably limited to the *Yellow Pages*), limited electronic media (for the grand opening), videotape, exhibits (e.g., schools, health fairs), and public presentations (e.g., support groups, medical society, voluntary health associations).

An implementation plan was developed as part of the marketing plan that identified the resources needed, the required financial commitment, the responsible parties for the various tasks, and timeliness for all activities. The SouthCoast program director was given primary responsibility for implementing the plan. The physical therapist with the aquatherapy certification would assist the program director.

An evaluation procedure was put into place to assess the progress of the program. Since it was a start-up operation, it would be easy to track the volume of services utilized. The plan also called for a pretest and post-test to be administered to referral agents to determine the extent to which they were made aware of the program. Satisfaction surveys were to be developed for administration to patients and referrers. The extent to which the program generated secondary benefits in the community (e.g., with community groups, schools, swim clubs) would be tracked and periodically reported.

*Project carried out by Richard K. Thomas, Ph.D. The name of the client has been changed for purposes of confidentiality.