

Using Internal Data for Marketing Research

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Most health care organizations have immediate access to a “gold mine” of information—their own internal records. Health care organizations routinely generate a large amount of data as a by-product of their normal operations. Depending on the organization, data on patient characteristics, utilization trends, financial transactions, staffing, and a variety of other topics can be retrieved.

While data such as these are routinely collected by most healthcare organizations, they may not be as available or useful as desired. Adequate computer technology must be in place in order to efficiently extract these data. These internal data may also have limitations due to the fact that they are seldom collected with marketing in mind. The fragmented nature of data processing within the hospital and the historical orientation toward function-specific databases have been major barriers to the revamping of information systems to be responsive to a marketing orientation. As database marketing becomes more of a reality for hospitals and other health care providers, managing internal customer data (and the ability to interface them with external data) will become critical. To the extent that they are available and usable, internally generated data are essential for marketing researchers.

Data internal to a health care organization can be acquired in a number of ways. However, a systematic approach would involve the performance an *internal audit*. The internal audit involves a review of the internal operations and organization of the health care organization as it relates to the marketing process.

The internal audit can be broken down into a number of functional areas for discussion purposes. An audit examines the organization’s *structure*, its *processes*, its *customers*, and its *resources*. The structural analysis involves an examination of the “organization of the organization”, identifying what personnel are responsible for what functions and, in the case of a hospital or physician group, profiling the medical staff or group partners. The process analysis investigates the flow of clients through the system and the accompanying flow of “paper”. It identifies and evaluate the lines of communication, from the decision-making process at the top to the transfer of operational minutiae at the bottom of the organization. The process analysis also involves a review of financial trends, including the price setting process.

The following types of internal data are typically accessed by marketing researchers:

Patient Characteristics. Health care providers and those assisting them in marketing activities must start by examining the characteristics of their own patients. A basic profile of existing patients includes demographic and socioeconomic characteristics, case mix (e.g., diagnosis, procedures), payer mix, and place of residence. It is also important to obtain information about referring doctors and other medical relationships if possible. With this information, one can evaluate the “quality” of the current patient population,

determine which segments are more “desirable,” and identify the categories of patients one would like to target.

Utilization Patterns. As noted above, clinical databases offer information on the types and volumes of services utilized. The marketing analyst must be able to categorize these admissions by clinical category (e.g., cardiology, orthopedics), by patient characteristics (e.g., age, sex), by pay or category (e.g., Medicare, private insurance), and by geographic origin (e.g., census tract, ZIP code, county). Physician practice managers need to have access to the same types of information, perhaps even disaggregating clinical information down to the procedure code.

Utilization analyses not only provide a “snapshot” of the organization’s current status, but they are particularly important for tracking organizational performance. Changes in utilization patterns over time provide information on the changing status of the organization in relation to the market.

Financial Data. In the past, financial data were considered best left to hospital accountants and external auditors. However, in today’s marketing environment, the marketing analyst must know more about the organization’s finances than ever dreamed in the past. Financial information has direct implications for product and service development, for promotional activities, and for competitive analyses. The relative financial performance of members of the medical staff may contribute directly to strategic marketing initiatives. As managed care negotiations become a more common aspect of organizational life, financial information is essential if the organization is going to be able to negotiate from an informed position and, for non-profit organizations, to be able to justify their tax-exempt status.

Staffing and Other Resources. Staffing data represent a valuable information resource for virtually every healthcare organization. Personnel databases may provide information on the residential location of the organization’s staff, the match between those treating patients and the patients’ characteristics, an inventory of the skills and experience available, and opportunities for the marketing of services (e.g., a health plan) to the organization’s employees. For hospitals, internal systems are likely to contain extensive information on the characteristics of the medical staff.

The healthcare marketer requires this information to evaluate the strength of various specialty areas, identify gaps in the medical staff, anticipate future specialty shortfalls (e.g., an aging staff), and develop marketing programs that focus on particular specialty areas. For physician groups, especially larger ones, internal information on physician characteristics, their activity patterns, and their productivity levels provides important information for assessing the group’s position within the market.

Referral Patterns. Healthcare has historically differed from other industries due to its disinterest in the sources of its customers. Hospitals may have had some vague notions as to who their heavy admitters of patients were, but they have seldom analyzed in detail the sources of their patients or the sources of their customers’ (i.e., physicians) patients.

Specialty groups have seldom systematically tracked the referral patterns of physicians who send them patients. Except for an occasional marketer-initiated inquiry, few clinics have monitored their patients' sources of information or patterns of referral.

One of the first types of data accessed in determining referral patterns is patient origin information. Patient origin information should be collected at the lowest geographic level possible, preferably the census tract, for certain purposes, although the county level may work as well for others. (With geo-coding capabilities, an address can be linked to virtually any unit of geography.) The patient's origin provides direct information on the organization's penetration within various subareas of the community and, as such, serves as a basis for estimating market share. Patient origin is also an indirect measure of the strength of referral patterns within various parts of the market area. Patient origin data are often collected at the state and county level by, for example, the state health department, making it possible to calculate hospital market shares.

Marketing Activities. While many internal audits focus on the above types of data, the marketing audit also needs to consider current marketing activities. In a small organization or one that doesn't have a formal marketing program, it may be a simple matter to inventory the various marketing activities. In a large organization like a hospital any number of marketing initiatives are likely to be underway, with or without the involvement of the marketing department. As an example, this author insisted on conducting a marketing inventory for the vice president of marketing for a 2,000-bed hospital system. While the vice president insisted that all marketing was coming through her department, more than 80 different marketing initiatives were identified existing independent of the marketing department. Even in a small physicians group, there is likely to be a variety of informal marketing activities underway in the form of physician networking, sponsorship of patient education sessions, and volunteer activities on the part of the physicians.

This inventory of marketing is an important component of the internal audit, in that it provides the marketer with an indication of the types of marketing already underway, the resources that are being devoted to marketing and how they are allocated, and who is involved in what manner. This is important for developing an overview of the organization's marketing activities and determining the extent to which marketing activities may complement or compete with each other. Just as importantly, this provides the marketer an indication of the marketing mindset of the organization.