COMPONENT REPORT

Targeting Oregon’s Healthcare Segments

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December, 2010
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A. Background

Once sectors of a population are identified, the question is: Which of the segments are to be targeted for special attention? After all, the ND community cannot be all things to all people, especially since the various sectors differ greatly in their orientation to healthcare.

In our illustrative analysis of hypothetical data, the population of interest is the population of adults (18+) living in Oregon who have received healthcare service from at least one type of healthcare provider (broadly defined) in the last two years. The population is composed of six segments:

- Cost Conscious Concerns
- Oblivious to Alternatives
- Unconvinced Skepticals
- Adamantly Opposed
- Personalized Patients
- Firm Believers

Which of these merit special attention because they offer a greater opportunity for increasing the reach of the ND community? From a marketing perspective, some segments offer a greater opportunity and so should be “targeted” for special attention. These target segments should be identified and then marketing/communication initiatives by the ND community in Oregon should be based upon the target segments’ behaviors and orientations.

B. Assessing “Targetability”

How do we gauge whether a segment merits being selected as a target segment? Four criteria are pertinent:

- SIZE, the percentage of the population that belongs to a segment.
- HIT RATE, the percentage of a segment that has the characteristic of interest. Here that characteristic is being high in Potential Demand for NM care. For example, a hit rate of 28% indicates that 28% of the adults in that segment have high Potential Demand for NM Care.
• **RETURN**, the number of people in that segment with the characteristic of interest, here, being high in Potential Demand for NM Care. It is obtained by multiplying the segment Size by the Hit Rate.

• **COVERAGE**, the share of those with the characteristic of interest. Here coverage is the percent of those with high Potential Demand for NM Care that belongs to a segment.

Of these four, the most useful is Return and the second most useful is Coverage.

For example, the Cost Conscious Concerns may include 18% of the Oregon population; and in that segment, 28% are high in Potential Demand for NM Care. That segment’s Return would be 5%, i.e. 5% of the Oregon healthcare population. Coverage might be 16%; i.e. 16% of those in the Oregon population with high Potential Demand for NM Care.

The figure below displays (using totally spurious numbers) a comparison of the segments’ targetability. Here, the three largest segments (Cost Conscious Concerns with 18%, Oblivious to Alternatives with 20%, and Unconvinced Skepticals with 32%) do not merit targeting. Either their Size or their Hit Rate is too low, rendering their Return and their Coverage too low. The most targetable is the Firm Believers followed by the Personalized Patients.

Compensating for their fairly small size (12% and 10%, respectively) is their high Hit Rate (86% and 73%), yielding a relatively very good Return (10.3% and 7.3%, respectively) and Coverage (35% and 27%).
Let’s look closer at the Coverage. While the two target segments combined include 22% of the healthcare patients in Oregon, they account for 62% of those with high Potential Demand for NM Care. In the near future, focusing upon the two target segments seems appropriate. Why?

a) There is still quite a bit of untapped potential in those segments and so targeting those segments can well increase the total patient base for NDs.

b) We should always be sure to solidify our current patient base; patients can be lost to non-ND providers.

c) We cannot publically present one message to one segment and then try to publically present an inconsistent (or a totally separate) message to a second segment. On the bright side, given the complementarity between those two segments, it is possible to present a coherent communication/marketing thrust to these two.

Can we try to target the segment with the third most to offer? The Unconvinced Skepticals have a projected Return of 7% and a Coverage of 19%, the third best segment. BUT, the great majority (78%), do not have high Potential Demand, so the majority do not buy into NM Care. Also, their orientations are so different from the first two segments that an effective communication plan that simultaneously speaks to them and to the first two segments would be very different to execute. Let’s stick to the two target segments for now.

**C. Target Strategy**

How should Oregon’s NDs address the target segments? The segment profiles which offer insights as to how this can be done. One major way is to offer an integrated communication thrust. The nature of this is the subject of the “Component Report: Strategic Positioning.” A second way is to ensure that when in contact with potential patients, an ND should keep in mind what each type of patient desires from a primary care physician and, if appropriate, act accordingly. The displays below show what each patient type (segment) desires in a primary care physician. This is a preference map as used elsewhere in this project.
The first map displays the different healthcare provider characteristics. Only 10 of the 20 stated are displayed in the map below.

**Physician Characteristics:**
The second display shows the various segment “ideal points,” the standard of comparison or most appealing type of primary care physician. The closer together are two ideal points, the most agreement is there between the two segments in the type of primary care physicians they wish to deal with. Here, the desired primary care physician in the eyes of Segment 6 is fairly similar to that desired by Segment 4; they both are quite different from what is desired by the Cost Conscious Concerns.

**Segment Ideal Points:**
The third display shows the final map. The closer a characteristic is to an ideal point, the more does that segment desire to visit a primary care physician with that characteristic. Here, Cost Conscious Concerns are attracted to a physician who offers a convenient location and one who makes it simple to schedule appointments at convenient times. The map also shows who is drawn more to a particular characteristic. For example, an ND’s highlighting his/her emphasis on preventative medicine will resonate strongly with Firm Believers and, almost as much, with Cost Conscious Concerns. Relatively speaking, the Adamantly Opposed and Segment 6 would be left cold.

**Complete Picture:**
If we target Firm Believers and Personalized Patients (remember, this is illustrative only!), then NDs should keep in mind what these patients appreciate. Again, Oregon patients in the target segments feel they would like to go to a primary care physician with the particular characteristics revealed in the map. BUT, this part does not tell NDs to stress those particular characteristics in communication initiatives. The “Component Report: Strategic Positioning” discusses the issue and shows an approach to selecting the most effective advertising themes and communication vehicles.