

PROVING THE VALUE OF MARKETING

Case Study

Strategic Planning and Marketing

BJC Healthcare

For years, BJC Healthcare has spent a significant portion of its marketing budget on direct-to-consumer campaigns designed to generate incremental business within key clinical service lines.

Much of this effort has been focused on promotion of upcoming health education classes, screenings, and other community-based events—all used as lead-generating events to identify and engage at-risk populations and drive downstream clinical encounters and revenue.

While BJC often measured the rate of response to its direct-to-consumer campaigns, the system did not have a simple process or mechanism for assigning control groups and tracking incremental downstream revenue generated as a result of attendance at one of its promotional events. Without the ability to analyze ROI at the campaign level, BJC marketers had no way of knowing which specific marketing tactics worked best and no way of demonstrating to senior executives the value that marketing actually provided to the system.

“What BJC needed was a master database for all marketing activities—a system that could store clinical and non-clinical information going back several years,” says Tess Niehaus, Director of Corporate Marketing and Communications for BJC Healthcare. “Ideally, it would be the source of all data for direct marketing campaigns and the repository for all relevant information back from these campaigns. This corporate memory would grow as each individual’s experience with the hospital was recorded. Most important, it would provide a simple and effective way to measure the ROI of each of our marketing campaigns.”

COURSE OF ACTION

BJC partnered with the Healthcare business of Thomson Reuters in 1999 to implement a customer relationship management (CRM) program. CRM involves the collection, integration, and analysis of disparate sources of data to help establish a highly



targeted and measurable marketing process. A key part of this process is the construction of a supporting database known as a master customer information file (MCIF), which is used to capture marketing results and deliver timely customer intelligence.

The construction of an MCIF has given the marketing managers at BJC a powerful tool for the targeting and measurement of its campaigns. With five years of transactional patient data, call center data, membership program data, and market prospect data integrated into its MCIF, BJC is able to distinguish between customers and prospects and deliver highly targeted messages to subsets of each. And because new clinical utilization data is automatically incorporated into the MCIF on a quarterly basis, BJC marketing managers can easily measure the downstream impact of their marketing efforts.

“Before working with Thomson Reuters, we had lots of data, but this data did not talk to each other,” Tess Niehaus says. “Our hospital data was on a different information system than our call center or Web site data. We also kept many lists—such as senior affinity program members—in Excel spreadsheets or Access databases, which cannot be easily compared with other data.

“Another big problem was that when we initiated a marketing campaign, we were not using control groups to prove our results. To do this correctly, you must be diligent about tracking the amount of clinical activity that came in after the campaign, from both the mailing group and the control group.”

BJC HEALTHCARE

Location:
St. Louis, MO

Size:
The largest provider in the area, with 13 hospitals in the St. Louis area and surrounding communities.

Scope and services:
Two teaching hospitals, Barnes Jewish Hospital and St. Louis Children’s Hospital; BJC facilities have a total of 26,000 employees and 4,600 physicians on staff.

Solutions:
crmView™



The use of campaign control groups is a proven method for measuring the incremental effect of the marketing effort. By purposely not mailing to small but statistically valid numbers of target households, BJC can measure and compare the rate at which recipients of the direct mail campaign and members of the control group convert into downstream clinical activity. Calculating the difference between these two conversion rates helps determine the incremental effect of the marketing effort.

RESULTS

Since the initiation of its relationship with Thomson Reuters, BJC has seen significant improvements in marketing productivity—that is, mailing fewer pieces while achieving much higher response rates. For example, one of BJC's first sets of targeted direct mail campaigns executed in partnership with Thomson Reuters produced two-and-a-half times the number of respondents as the previous year's efforts for the same campaigns. Yet, working with Thomson Reuters, BJC sent out 15 percent fewer mail pieces.

This level of success was due in large part to BJC's ability to utilize the Thomson Reuters consumer research and life-stage segmentation system. Through appropriate segmentation of its customers and prospects and a strong understanding of how the various segments make healthcare decisions, BJC has been able to focus its resources on the most valuable and responsive consumer segments in its market.

Recently, Barnes Jewish Hospital, BJC's flagship facility, conducted a campaign designed to help grow its cardiology program. They used their MCIF to identify customer and prospect targets who had profiles that suggested a high risk for heart disease and who, according to Thomson Reuters research, were likely to respond to direct mail. Recipients were instructed to call the hospital's call center to sign up for a free heart screening. All households received three mailings over a four-month period to reinforce the message and offer. The response rate to the first mailing was 2.5 percent—a good response rate for direct mail programs in general. By the third mailing, the response rate had risen to 6.9 percent.

Perhaps more important, however, was BJC's ability to demonstrate the incremental effect that this campaign had on overall cardiology volumes. Analysis of the MCIF showed that within 12 months of campaign execution, 7 percent of respondents had converted into cardiology patients. At the same time, BJC was able to show just a 3-percent conversion rate among households that had not received the direct mail piece (the control group). Thus, BJC marketers were able to show an increased

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conversion rate and incremental revenue of more than \$570,000 for this campaign alone—revenue that would otherwise not have been captured by the hospital.

To date, BJC has used the **crmView™ Strategic Marketing Solution** from the Healthcare business of Thomson Reuters to launch more than 300 direct marketing campaigns. The rate at which BJC has converted campaign respondents into actual downstream customers has been 25 percent higher than the rate at which control group members have converted. The marketing effort at BJC is indeed generating incremental new volume and revenue for the system.

How to prove the value of marketing

- **Set up a control group**
To demonstrate that a campaign generated incremental new business, each campaign must have a control group, consisting of a random but statistically significant subset of the overall target group, that does not receive the mailing.
- **Track response rates**
Capture the names of all campaign respondents and match them against the original mail list. One way to do this is to ask respondents to register for each event through the call center.
- **Track clinical activity**
Compare the rate of downstream clinical activity of all respondents to that of the control group. Comparing these two rates will show the increase in the number of patients and downstream revenue that is directly attributable to the marketing effort.

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