

## RESEARCH BRIEF

# The Target Market for Top Hospital Ratings: Who Is Really Interested?

April 2008

## HIGHLIGHTS

- » Adults who say that a top hospital rating has a major impact share these characteristics: higher educations, higher incomes and older.
- » Nearly one-third of adults say top hospital ratings from a national source have a major impact.

## INTRODUCTION

Given the increasing significance of healthcare quality to consumers, opportunities abound for hospitals to incorporate top ratings information into marketing messages. The challenge, of course, is to deliver those messages to the right consumers and in a way that resonates with them.

### What is quality, anyway?

The shaping of consumer perceptions of quality and quality ratings is dynamic and complex. According to consumer research from Thomson Healthcare, two in five adults describe quality healthcare as “good physicians,” while one in five adults call quality healthcare “the best treatment options.” With this degree of uncertainty, what matters to consumers needs further definition.

So how can hospitals help customers distinguish among quality elements? Do top hospital ratings matter to consumers, or do they appeal only to the internal hospital audience? One source notes that non-clinical customers may appreciate guidelines, such as quality ratings, to aid their own decision-making:

When customers lack the expertise to judge a company’s offerings, they naturally turn detective, scrutinizing people, facilities, and processes.<sup>1</sup>

### Are top hospital ratings used in sending quality messages?

Hospitals use a variety of indicators to establish their value propositions and help consumers identify the strengths that differentiate them from the competition. Using available tools or earned top hospital ratings, hospitals can craft community outreach and education messages. Indeed, 81% of hospitals have used top hospital ratings in marketing messages in the last five years.<sup>2</sup>

For customers seeking more information about hospitals, top hospital ratings have a major impact. However, some marketing professionals caution that the use of top hospital ratings alone does not singularly influence hospital selection and re-use by consumers. Hospital marketers sometimes use top hospital ratings coupled with other key value statements to develop their quality messages.

<sup>1</sup> *Harvard Business Review*, “Clueing in Customers,” Berry, L, & Bendapudi, N, February 1, 2003

<sup>2</sup> “Marketing Quality to Consumers — Does it work for hospital marketers?,” Burdette, December 2007

## Who finds top hospital rating messages important?

Nearly one-third of adults say top hospital ratings from a national source have a major impact. But who are these consumers? What can be said about them, characteristically and specifically?

According to researchers at Thomson Healthcare, adults who say that a top hospital rating has a major impact share these characteristics:

- Advanced educations: Post-graduate degree
- Higher incomes: Adults earning more than \$50,000 annually
- Older than younger: Baby boomers 55-64 years of age

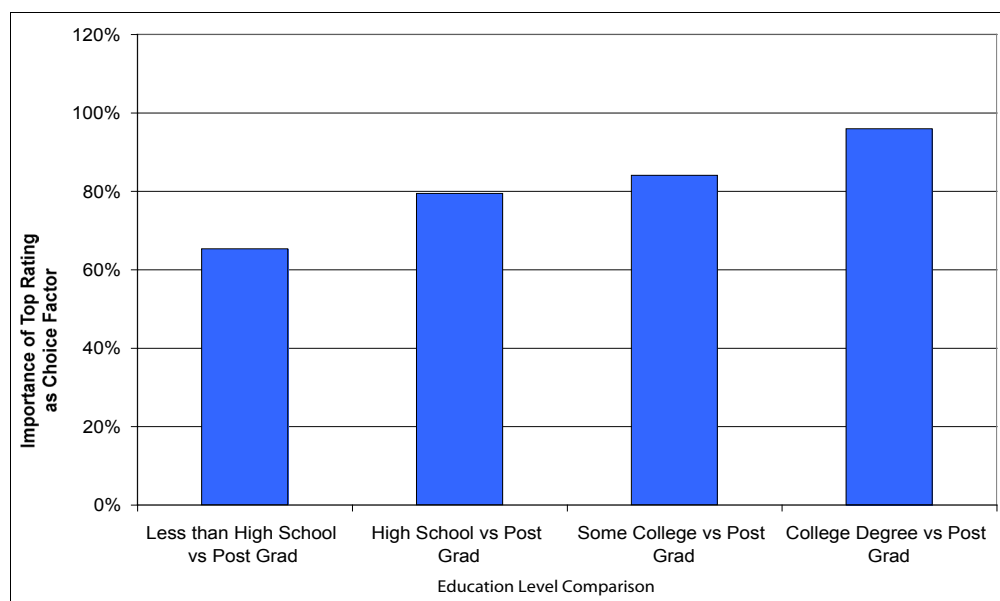
But are these characteristics alone enough to identify, target, and reach likely consumers? Thomson Healthcare researchers set out to clarify which segments were already using a hospital and how they could be reached.

## METHODOLOGY

Thomson Healthcare analyzed four years of consumer research data. In this research, population segments were identified that consider the top hospital ratings to have a major impact on them. Multivariate analysis was used to identify demographic factors characterizing these consumers, based on their reaction when reading the news of a top hospital rating. The research findings were then reviewed using both HouseholdView™ market segmentation system and the PRIZM® NE segmentation system from Claritas.

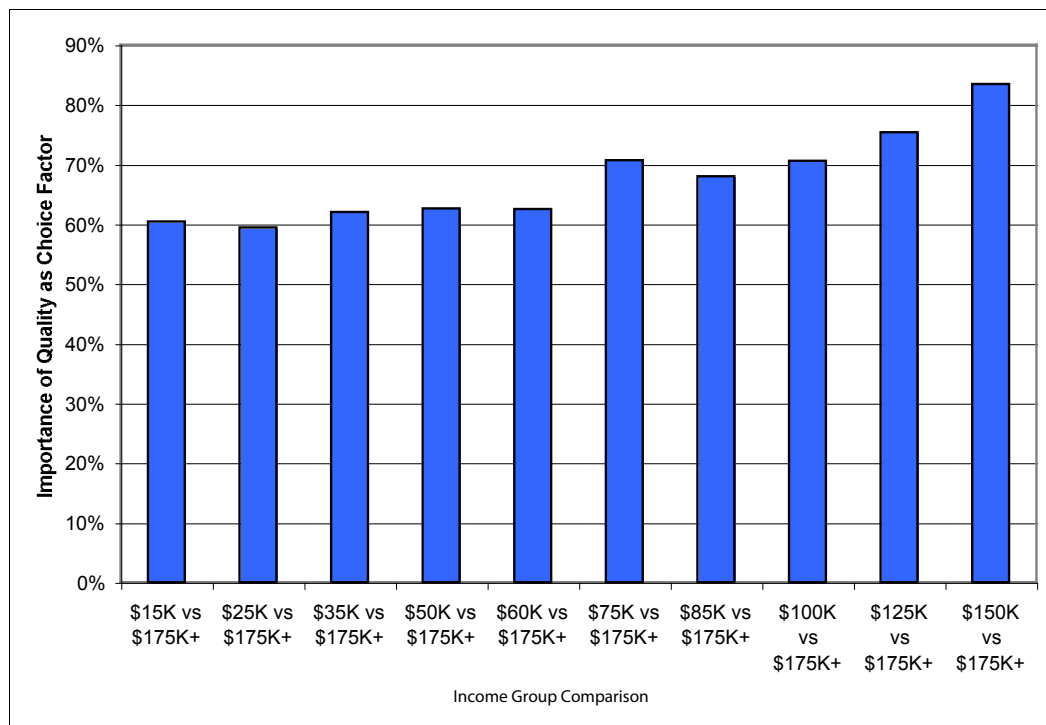
## Post-graduate-educated consumers say top hospital ratings have a major impact.

In all, research indicates that top hospital ratings have a major impact on many adults, although they have the most impact on post-graduate-degree earners. Consumers without high school degrees are only 60 percent as likely to cite quality as a factor in hospital choice, compared to those with post-graduate education.



### Consumers with higher incomes say top hospital ratings have a major impact.

Consumers with incomes above \$50,000 are also more likely to cite top hospital ratings as having a major impact on them. Consumers in the lowest income brackets are only about 60 percent as likely to cite top hospital ratings as having a major impact compared to consumers in the highest income brackets.



### Older consumers say top hospital ratings have a major impact.

Baby Boomer adults (55-64 years) are most likely to say that top hospital ratings have a major impact as compared to younger adults. Older age is an important factor of this audience in how it also matches the customers' higher hospital utilization rates.

#### Who are these consumer groups?

Thomson Healthcare researchers compared these same characteristics (education, income, and age) to 2007 research using both the HouseholdView segmentation system and the PRIZM® NE segmentation system.

Research conducted in 2007, identified the following PRIZM NE segments, representing the high-income, Baby Boomer and older-age segments, most impacted by top hospital ratings.

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PRIZM Segment	Upper Income	Baby Boomer and Older
Money & Brains	X	X
Upper Crust	X	X
Winner's Circle	X	X
Hometown Retired	X	X
Traditional Times	X	X
Movers & Shakers	X	X
Blue Blood Estates	X	X

Source: PRIZM® NE Segmentation system

Among HouseholdView™ consumer segments, researched from 2002 to 2007, for whom top hospital ratings have a major impact, virtually all share the upper-income, older-age characteristics of other research findings.

HouseholdView Segment	Upper Income	Baby Boomer and Older
Golden Years	X	X
Time To Travel	X	X
Spa Goers	X	X
Antiquers	X	X
Salon Setters	X	X

Source: HouseholdView segmentation system

Several other consumer segments report that top hospital ratings have a major impact, although they fit other profiles and represent a minority of the most impacted groups.

The majority of consumer groups impacted by top hospital ratings represent the Baby Boomer or older consumers. Since age is a greater predictor of healthcare utilization than other any other demographic variable, the age profile of these consumers is of interest to healthcare providers. These consumer groups are also in higher income brackets and are more likely to have the means to exercise their options.

## SUMMARY

The use of top hospital ratings impacts some consumer segments more than others. For those hospitals that receive and use top ratings as part of their marketing messages, it's vital to understand and target who is really listening. This research points to three key characteristics: older, higher income, and more educated. Understanding these findings and implementing the ideas in marketing programs will help healthcare providers find, reach, and engage customers with relevant messages about top hospital ratings.

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