Reducing Costs on New Patient Acquisition for Orthopaedic Offices

by Ray Osborne   Sponsored By Clearmind Solutions, Inc.

Executive Summary

This paper gives an overview of online lead generation with insights from the past, present and future. By reviewing the past we better understand where we are in the present which will reveal to us more informed possibilities for the future. Although this paper is primarily focused on new patient acquisition for the Orthopaedic/Spine Industry, many of the concepts and principles can be applied to other industries. In the development of this white paper the author has interviewed and surveyed orthopedic professionals to determine the relevant issues facing this industry today.

A Brief History of Online Patient Acquisition and Lead Generation

"US Online lead generation is growing at 71% Year to Year — more than twice as fast as the online advertising market....

... The rapid growth is primarily driven by the advertiser demand for ROI focused marketing, a trend that is expected to accelerate during a recession" said GP Bullhound Research in their 2008 study. (1)

Since this study was published in 2008 it has become a well known fact that Online Lead Generation is more effective than traditional display advertising. But from time refinements have been made. This paper will look at these changes and what we have learned in the short years from when this study was first made.

Ineffective Past Practices

In the early 90's and still somewhat today online companies engaged in unsolicited email (USE) or SPAM to generate online leads. The majority of these meaningful ads got lost in a SPAM folder and many times created a negative impression from the recipient towards the advertiser. Changes in emailer applications and blacklisting has made USE ineffective and worthless for most legitimate organizations.

Some advertisers took a different approach by running obtrusive 'pop up' ads that were popped into the user's face as they were trying to read content or surfing their favorite site. This practice also turned out to be counter-productive and created a negative impression for the advertiser.

Would a consumer really choose a company that inconvenienced them?

Both of these techniques had their hey-day but have succumbed to a much mature Internet environment and savvier users. Email open rates are dwindling and technology that blocks ads is now standard on all browsers.

Enter Analytics.

Analyzing Amazing Analytics

"We need to invest more in analytics", said Business Insider in an article from their October 2011 issue entitled, "Turning Your Website Into A Lead Gen Magnet". The story continues "While the majority of B2B marketers understand the importance of analytics and have implemented analytic programs on their Web sites, they're still not using the data that's being reported to improve performance or better convert visitors." (2)

Although analytics, the application of computer technology, operational research, and statistics to solve problems in business and industry is old as computers themselves, web analytics came into widespread use after Google rolled out its version in November 2005.

With analytics we can solve one of the original problems with Online Lead Generation in that leads could come from anywhere around the globe. For many businesses operating within a specific geo-location this was a large problem, why pay for a lead or a click when the logistics of that prospect coming in to use their services were prohibitive. Enter Analytics, not just on the back-end after the visit to a web resource but on the front-end to actually drive customers to a business's website. With this technique, lead generating ads could use analytics to only present the ad to specific clients in their specific geographical area.

Another method that is increasing in popularity is the application of predictive analytics to online advertising. This process looks for patterns in user shopping behaviors that indicate a likelihood to buy particular products or services. Powerful relational databases seek out correlative purchase activities; to apply intuitive processes. The more data that gets fed into algorithms, the stronger the algorithms are likely to be. *ie: A patient shopping for a Chiropractor may be more responsive to the ad of an Orthopedic specialist.*

Behavioral Target Marketing

"Online advertisers in the US will spend more than $1.1 billion on behaviorally targeted advertising," said Emarketer Digital Intelligence. " By 2014, spending will hit $2.6 billion. The estimate represents steady growth rates of about 20% from 2009 through 2014." (3)

Behavioral analytic applications started when many web resources would place an identifier (cookie) on a visitor's web browser which enabled them to identify visitors when they returned. Information collected from previous visits could then be analyzed alongside broader search engine queries. Currently with the explosion of Social Media Behavioral Marketing relies less on cookies and more on information provided by the by consumers profiles and relationships on the Internet.

"Business analytics is going mainstream, and the explosion of data from the social networks is a sign that the tides are shifting," said an April 2011 IBM Research paper entitled *Yale School of Management and IBM Collaborate to Prepare Students with Analytics Skills for the Next Generation of Jobs.* (4)

Follow the Industry Leaders

There are many online companies already using behavioral targeting advertising, one of the first online companies to use such analytics was Amazon. This online retailer uses historical data collected in the choice of books by a consumer to make suggestions for new books on a follow-up visit.

Netflix another leader in behavioral analytics uses previous selections of videos watched to make suggestions for your next rental. A selection comes up with a declaration "Because you enjoyed____" "We suggest this____"

Ebay provides personalized suggestions of available items that buyers may also be interested in, based on their searches, bids, and purchases. This feature has led to substantial increases in click through rates on new merchandise.

These industry leaders know that through the use of Analytics you can better understand the consumer and therefore increase sales and conversions.

Pay Per Action

Today's marketers recognize that Pay-Per-Action (PPA) advertising is superior to earlier Pay Per Click (PPC) methods. With PPA the business only has to pay for the lead after the patient has filled out a form and requested an appointment.

With PPC, the actual cost per lead can be bid up by demand and there are ways that providers can commit fraud by manufacturing leads or blending one source of lead with another (example: search-driven leads with co-registration leads) to generate higher profits. Another issue is that PPC can be hit by the popular use of bots designed to capture information about companies. These bots are computer programs designed to click on links which results in increased PPC costs. Health care advertisers want to target humans, not computer coded bots.

Bringing Online Lead Generation to the Healthcare Industry

Market indicators demonstrate that the Healthcare industry, specifically the spine industry, has a steady growth rate.

"Globally, the market will grow to over $26 billion over the next ten years, demonstrating double digit growth in the process." said Patrick Driscoll, president of MedMarket Diligence, Diligence LLC. "The orthopedic arena in general, and spine surgery in particular, are major areas of continued opportunity in the medical technology industry." (7)

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Interviews with members of the spine and orthopedic industry revealed that many professionals recognize that bringing in new patients is imperative in any practice. It was also recognized that the main source of patient referrals to a doctor can dry up due to different circumstances and that having an extra source of referrals is a good asset to have, this is especially true of the growing practice where fresh new doctors are coming on-board. The orthopedic industry is poised well to take advantage of behavioral analytic lead generation campaigns to bring in new patients. Numerous studies show that potential patients are relying heavily on the Internet for direction for their health care decisions.

"100 million adults in the US use the Internet to look for health care information," said J. G. Sandom known as Father of Interactive(Internet) Advertising. "That is 85% of all Net users, 47% of the total population." said Marketing Sherpa in their 2002 report. (5)

Eight years later Harris Interactive did an in depth study and reported 175 million people using the Internet for health care concerns, a 75 million increase from the 2002 report.

"The number of Cyberchondriacs has jumped to 175 million from 154 million last year, possibly as a result of the health care reform debate. Furthermore, frequency of usage has also increased. Fully 32% of all adults who are online say they look for health information "often," compared to 22% last year." said Harris Interactive in a study completed and reported in August 2010. (6)

Orthopedic professionals recognize the need to pinpoint the ideal client they want to bring to their practice.

"The whole purpose of my business model is to convert the practice to attract the cash patient," says Dr. Connor in a October 2011 paper published by Becker Orthopedic and Spine (8)

Many orthopedic practices recognize that they must focus on the more lucrative patient relationships in order to achieve their business goals. Online new patient campaigns are perfect for finding the cash paying customers as demographics and studies have proved that web surfers are usually educated and affluent. In the aforementioned article it said that Dr. Connor was focused on finding athletic clients interested in better performance, online patient acquisition with analytics makes this a perfect tool to accomplish this.

But costs have to be mitigated especially in the Spine Industry. A recent survey to Spine and Orthopedic Industry professionals was conducted by the author. It was determined from this poll that the areas of greatest concern among industry professionals were; regulatory fears/Obamacare reimbursements, physician owned distributorships, inferior technology adopted by hospitals based on cost, and hospital reimbursements. All of the aforementioned items has an effect on the bottom line of any orthopedic practice yet because of the need for new patients, especially the cash paying patient, make spine and orthopedic practices especially suitable for PPA new patient acquisition campaigns. PPA programs in this scenario typically are a formed filled out and an appointment made to consult with a orthopedic/spine specialist.

Summary

Just as the landscape for the web is evolving, so is the playing field for patient acquisition changing. Whereas developing referral sources from other doctors is always a worthwhile marketing method, supplementing the supply of new patients with online generation has merit. Now with the use of behavioral analytics and powerful algorithms the ideal case scenario of cash paying patients complete with a scheduled appointment through the doctor's website can be achieved.

Sources

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About Ray Osborne

Ray started as a freelance industry correspondent in 1994 when he wrote articles for a Human Resource publication on using the new Internet as a sourcing tool. Since that time he has written hundreds of articles for both print and online publications. He authored a book Images of America: Cape Canaveral and several self published ebooks.