eHealthcare Strategy & Trends

Internet Management, Marketing, Analysis and Intelligence

Volume 13 Number 6 ▪ June 2011 www.strategichealthcare.com

ASK THE EXPERT … PAM HEDMAN

Question: Web Site ROI – How Do I Get the Hard Numbers?

Unlike billboards, television, radio, or event marketing, there is solid data behind just about every metric related to the Web. Traffic data is collected constantly for your site via tools such as Google Analytics. You can track revenue through online transactions such as bill pay and gift shop. You can evaluate online visitor market share using metrics from Hitwise or Nielsen. You can measure social media impact with tools from Facebook and Twitter.

As a general rule, all healthcare marketers should measure ROI to communicate the value of their function and specific initiatives. Such reporting can also help senior hospital executives understand the value of the Web, while marketers avoid wasting effort and funds on plans that don't generate results.

But it's not easy

Very few people connected with a hospital Web site are measuring ROI effectively. Why? Because getting the hard numbers is *hard*.

There are two overwhelmingly important elements to gathering and making sense of the revenue data coming from your Web site, and you have to accomplish both before you can accurately analyze figures and provide meaningful data:

- **Obtain executive buy-in** for what you want to do. Get a high-level "champion" behind your plans to assemble a realistic picture of your Web site's effectiveness. You need someone to "run interference" and break down the inevitable barriers to obtaining internal data.
- **Make friends with the people in the finance department,** because that's where you'll get some of your numbers. Members of the finance staff will also help you figure out your methodology. You will have to learn to speak their language, though.

The deep end of the pool

Of course, there are "soft" ways to gauge ROI – impressions, anecdotes, visits to the site, appreciative comments, even awards. These responses are good to have, but in the end, none of them matter in moving you closer to your goals and to the ultimate object – visitors to your Web site who actually become patients.

Hospital executives primarily want to see new business, increased efficiency, and reduced costs. If you really want to prove that you are earning actual dollars for every marketing dollar invested by your team, you have to dive into the deep end of the pool and come up with the hard numbers.

Let me describe the process I used to determine ROI when I worked for a major hospital system a few years ago:

Six-month steps

When my marketing team embarked on a serious effort to obtain ROI for our health system Web site, I first spent six months working with a solid Web steering committee made up of executives who truly cared about where we were going with the Web and our strategy for the future. In addition, there were financial

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people on the steering committee who were interested in supporting our attempt to capture ROI.

So I had that critical buy-in, even before I was assigned a decision-support analyst from finance. Then my marketing team worked for another six months with finance. I also had access to a customer-relationship database and data warehouse on top of the methodology for assigning a value to a new patient. The year spent in preparation was invaluable.

Patient-tracking scenario

I had to develop a scenario for tracking a particular patient; let's call her Patient A. She visits the Web site, registers for a class, then comes back in a month and registers for a newsletter. Three months later Patient A schedules a mammogram; two months after that, she comes in for a biopsy.

Patient A is worth more to me than just her first visit. She's worth follow-up visits: Perhaps she develops a wart on her foot, and six months later she has back pains and gets therapy. She has a "downstream" value and is not catalogued as a one-time or even two-time transaction. So the marketing team and I decided to consider her value over a specific time frame – three years.

Going back in time

Were we really going to track Patient A and others during a period of three years, wait 36 months, then file an extensive report about all the customers who came through the Web site, with the money they generated? That wasn't realistic.

Instead, we went back in time and did a *retrospective* study, to determine averages. From a starting date of 2008, we worked backward with the finance department and data warehouse and pulled data on every single new patient in the hospital system in 2005.

Let's say the total was 1,000 new patients. (A new patient was defined as someone who had not used our services in the previous 36 months.) So the marketing team took those 1,000 names and had the data warehouse find out how much they were charged in 2005, 2006, and 2007.

The 'contribution margin'

Of course, charges don't equal profits. And one patient isn't the same as the next. An OB patient makes less money for the hospital than a heart patient. But my system's finance department had a raw percentage that could be applied universally to every patient, called average "contribution margin." Contribution margin is the percent remaining from revenues after all variable expenses for providing a service or product have been deducted.

With every dollar we brought in, the average contribution margin turned out to be about 16 percent. The figure fluctuated a little bit, year to year. It was based on costs, reimbursements, and a lot of other factors. But for every $1,000 the Web site brought in, there was $160 in contribution margin. Those funds had to go to cover fixed costs, and anything remaining was profit.

At the end of the process, the marketing team and I found out that if we could get one new patient in the door, in the course of three years, that patient would be worth roughly $2,500 in contribution margin. So we now had an actual, hard value for a single patient brought in by the Web site.

Dealing with market share

I had one more hurdle to deal with – market share. My system had an average 18 percent market share, as a result of any number of factors, including word-of-mouth, traditional advertising, and reputation. Naysayers would pop up to protest that the health system would have gotten these new patients anyway, in part because of our conventional marketing efforts, not necessarily due to the Web site.

To squash that argument, my team simply ruled out market share. For instance, if 100 new customers came to the Web site, registered for something, and then turned into new patients, I subtracted 18 of them. My team claimed the other 82.

The model

Every month I would take a list of people who had registered on the site, along with their demographic data, and share it with the data warehouse staff. I would say, "Run this list against patients of the past three years. Those who are *not* in your database – I'm marking as new, they're mine!"

Now, those names go into the Web site-gets-credit-for-these-patients column. I would then say, "Every month when the report is run, I'm going to keep sending you more names, but you're going to keep sending me a report that has all of my old ones in it. Every month you're going to tell me if a certain person became a new patient. If 'yes' – she gets credited for $2,500." I only had to count her once.

Before long, my team and I could demonstrate an ROI of 4-to-1 for the Web site for the first year. Everyone was happy.

Making the 'soft stuff' stick

If you are unable to get hard numbers and are forced to work with the soft stuff, sometimes that can be worthwhile, too. But a word of warning: Everyone *expects* you to increase the number of visitors to your Web site and have nice things said about it. Fans and cute stories won't prove that you've earned enough money to cover the costs of the Web site.

But you *can* make the soft data stick and justify a certain amount of your Web team resources. So think about ways that you can concretely compare dollars. Instead of reporting that "traffic to the Web site has gone up," show just how much each visit costs, based on your budget. For example, you might be able to compare the number with the 118,000 people who drive by a billboard and how much that billboard costs. You can point out the seconds drivers see the billboard versus the minutes visitors spend on the Web site.

Percent of reach

There is data that can help you understand how many people are actually coming to your Web site. It's not enough for you to say 100,000 went to your Web site last month. What if 200,000 went to your competitor's Web site? What if 500,000 went to other hospitals in your market? As noted earlier, comparative data is available to you by subscription from Nielsen, Hitwise, and others – which all have surveys and instruments you can use.

The interactivity impact

You can also do some highly targeted studies yourself to identify cost savings. You can focus on a particular area that you think may have an impact on your organization and try to do some time-to-task studies – cost savings for shifting people to the Web.

For example, here are just a few, as noted by *Health Data Management Magazine* in 2010:

- HealthPartners, an integrated health system in the Twin Cities, reports it saves 63 cents every time it doesn't have to mail a lab result.
- NorthShore University HealthSystem in suburban Chicago estimates it saves $17 every time one of its hospitals can handle a billing query online instead of by phone.
- NorthShore also reports it saves $7 for every appointment scheduled online.
- Geisinger Health System, a large regional integrated health provider in Pennsylvania, estimates it averts 12,000 phone calls monthly because patients can find answers and transact business online.

At the end of the day

There are flaws within every system when you are trying to do a projection. You are working with data that potentially has variables, and you have to design a methodology that people can buy into and not argue about.

My team and I could have simply gone to our friends in finance and come up with a model. But if we hadn't had the CFO or another senior executive endorse the model, it wouldn't have gone anywhere. No one else in the organization would have given the model any respect. It would have amounted to just an interesting mathematical exercise.

Instead, with the hard numbers we developed, my team and I were able to expand the Web team, gain new resources, and accomplish more with the Web site – turning visitors into customers.

The ultimate ROI: Satisfied Web site visitors

It all comes down to whether your site results in satisfied consumers. If they've had a favorable, useful experience online, they are obviously more inclined to visit your hospital and avail themselves of your services.

As reported by ForeSee Results in a healthcare benchmark study published in November 2010, highly satisfied healthcare Web site visitors, when compared with less satisfied visitors, were:

- 123 percent more likely to return to the Web site.
- 137 percent more likely to recommend the Web site.
- 113 percent more likely to use the Web site as a primary resource for interacting with the organization.

In the final analysis, that's what counts. eH