A Return on Investment Approach to Urgent Care Marketing

Urgent message: In a volume-driven business like urgent care, marketing should be viewed as an investment with a financial return that can be measured in order to allocate the center's advertising dollars among the tactics most effective in generating patient revenue.

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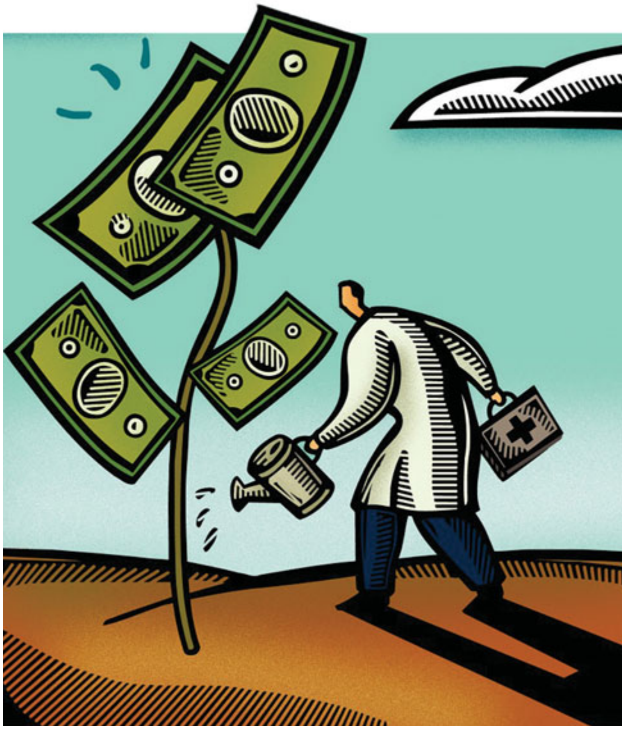
Success in the "business" of urgent care boils down to one factor: "feet through the door." That's because once a center's fixed costs are covered, each additional patient visit contributes directly to the center's bottom line. And while it's been shown that satisfied patients "evangelizing" about your clinical outcomes and outstanding service delivery act as powerful allies in your ongoing effort to increase volumes,[1] word-of-mouth alone takes too long to achieve critical mass. To reach the minimum number of patient visits required for a center to operate profitably, it must effectively attract new patients from its surrounding community. **Table 1** illustrates some common marketing tactics utilized by urgent care centers.

Ideally, a center will employ a mix of these tactics to raise awareness and encourage prospective patients to try the center. A significant number of urgent care operators, however, view marketing not as a worthwhile business-building activity, but instead, as a "necessary evil."[2] Hence, they either consistently underspend on advertising—believing themselves to be saving money—or worse, they slash their marketing budgets entirely in times of economic uncertainty.



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This short-sighted and detrimental fiscal behavior occurs when urgent care operators incorrectly perceive marketing as a "cost" to be controlled or eliminated instead of an "investment" with a financial return.

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Table 1. Common Marketing Tactics Used by Urgent Care Centers

Paid Advertising	Grassroots Involvement
• Billboards/Outdoor Advertising	• Social Media
• Yellow Pages	• Chambers of Commerce/Networking Groups
• Internet Banner/Pop-up/Sidebar Ads	• Community Event Participation
• Internet Search Engine Advertising	• Local Schools/Athletic Boosters
• Website Search Engine Optimization	• Hotels/Motels
• Newspapers and Magazines	• Parks and Recreation/Sports Leagues
• Direct and Shared Mail	• Churches/Religious Congregations
• Radio and Television	• Ethnic Groups/Advocacy Organizations
• New Movers Campaigns	• Volunteer/Service Activities

Introducing Return on Marketing Investment

Return on Investment (ROI) calculates the rate or yield of return on some initial outlay (financial, time, or otherwise).[3] Historically used in the context of long-term capital expenditures such as real estate, leasehold improvements, and equipment, the concept recently has been applied to measure the return from marketing endeavors. Therefore, Return on Marketing Investment (ROMI) can be defined roughly as the profit attributable to marketing (net of the marketing spend), divided by the amount of marketing "invested":

Return on Marketing Investment (ROMI) = [Incremental Revenue Attributable to Marketing ($) X Contribution Margin (%) - Marketing Spending ($)] / Marketing Spending ($) X 100

Incremental revenue times contribution margin can also be expressed as revenues net of direct, variable expenses incurred in generating those revenues. Another way of calculating the financial contribution is the revenue brought in from the campaign minus the cost of serving those patients.

Using this formula, ROMI is expressed as a percentage (%). An ROMI of 25%, for example, indicates that every dollar invested in a marketing campaign has yielded (after all financial factors are considered) 25 cents in profit in addition to returning the original $1 invested.

Similarly, a ROMI of 0% is breakeven: For every dollar spent, exactly $1 is returned but there is no additional contribution to profit. A ROMI of less than zero indicates that the campaign cost more than it brought in and lost money.

Once you are able to determine how well (or how poorly) a marketing effort has performed in terms of a demonstrable ROI, you can proceed with the confidence that allocating dollars for the marketing budget, far from being a cost, are in fact adding to your center's bottom line.

Steps in Calculating Return on Marketing Investment

Seven factors are considered when calculating the return on a marketing campaign for a health care entity like an urgent care center:[4]

- Consensus on the program or service being marketed
- Consensus on which revenue to count
- Total cost of the marketing effort
- Patient visits linked to the marketing activities
- Time period for tracking results
- Consensus on what constitutes "new business"
- Evaluation of revenues and costs of services

Consensus on the Program or Service Being Marketed. Before successfully measuring the return on a marketing investment, an urgent care operator must define exactly what he/she is marketing. While it's a given that urgent care revenue derives from patient encounters, a marketing campaign may focus on driving seasonal walk-in visits for illness and injury, specific services like flu shots and sports physicals, return of occupational medicine patients for their family's care, or attendance at events like a lunch-and-learn or open house. The objectives of the marketing campaign will drive the metrics that are used in the ROI analysis and should be defined long before the actual marketing campaign is launched.

To that end, individuals responsible for the center's marketing, operations, billing, finance, and information systems should all be working in concert to accurately capture:

- Financial results for the measurement period;
- Direct (or loaded) costs of the specific marketing activity; and
- Process to link incoming patients to the marketing effort.

Whether the activity being measured is, say, drive-thru flu shots, how many members of a distinct patient group (i.e., university students) respond to an ad, or utilization by a company's employee after presenting at the employer's benefits fair, each function of your organization should be in agreement as to what data needs to be captured for a thorough ROI analysis.

Consensus on Which Revenue to Count. Because your urgent care center will earn revenue from many different patient services during a marketing campaign's tracking period, you'll have to decide how specific to be when deciding which revenue dollars to count.

The three basic marketing revenue classifications are:

- Direct: Utilization of a specific service during the tracking period as a result of the marketing of said service (e.g., received a flyer for a flu shot, redeemed coupon for flu shot)
- Indirect: Utilization of an unmarketed service during the tracking period (e.g., received a flyer for a flu shot but saw physician for treatment of a urinary tract infection)
- Non-Credited: Utilization unrelated to the marketing effort (e.g., received a flyer for a flu shot, but is visiting the center because employer sent them for a random drug screening)

Essentially, is the effectiveness of the marketing effort only being measured by how many patients seek out the specific marketed service, or will the ROI measure any revenue that results from the marketing effort? And will both direct and indirect revenues be factored into the final revenue count?

Ultimately, it's up to the marketing director to decide which classification to implement, depending on his/her specific goals for the ROI analysis.

Total Cost of the Marketing Effort. Ascertaining an accurate total cost of the marketing effort is crucial in calculating ROI. Examples of marketing campaign cost elements include:

- Allocated internal staff time (staff who either wouldn't be necessary or would be involved in other profit-generating activities if not for the marketing effort, including their overtime or supplemental pay)
- Costs of designing and printing/ordering promotion-related materials (either internal or outsourced)
- Costs of media advertising placements (including agency fees)
- Miscellaneous costs associated with event participation (booth rental fees, prizes, transportation, booth/tent setups, food/drink, etc.)

Failure to subtract all attributable marketing campaign costs from total revenue will result in an overstated ROI, which effectively undermines the credibility of the entire tracking effort.

Patient Visits Linked to Marketing Activities. Linking patient visits to marketing activities is the cornerstone of ROI analysis, as it's the only real way to isolate marketing campaign revenue from general, "non-marketing" revenue. There are a multitude of electronic and manual systems methods for connecting patients to marketing, and they each vary in size, scope, and complexity including:

- Paper or electronic coupons (e.g., $20 sports physical, $5 off flu shot)
- Coupon-like mechanisms (e.g., physician referral forms)
- Unique phone number or website URL

- Purchased direct marketing lists (e.g., mail or email)
- Patient identification collected at an event or through the center's website
- Questions asked during the registration process (e.g., "How did you hear about us?")

Linking patient visits to marketing activities (i.e., "How did you hear about us?" surveys) often produces unreliable information (front desk staff may not correctly capture information on registration forms, or patient recall as to which tactic—billboard, Yellow Pages, website, etc.—influenced their visit may be inaccurate).

Part of the reason urgent care operators struggle with marketing effort ROI is because utilization of urgent care doesn't take place until there is a viable clinical need, by which time the patient may have been exposed to multiple marketing tactics. Except for certain ancillary services such as flu shots or sports physicals, there is no "call to action" or "direct response" mechanism within urgent care to trigger patronage as there is with retail stores and restaurants. The natural delay between marketing message and utilization underscores the need for patience and a long-term, strategic view when measuring ROI in urgent care marketing campaigns.

Unable to link patients to a specific tactic, some centers just count all revenue during the measurement period but subtract, as a percentage, historical revenue levels and use that figure as the baseline. This way, any incoming revenue above the historical growth rate (typically anywhere from 5% to 15%) can be reasonably "attributed" to the marketing effort.

As mentioned, it's imperative that whichever tracking methods are employed in the marketing campaign be decided well in advance of the campaign kickoff so a process for data collection can be operationalized. It is wholly difficult to go back and obtain marketing metrics later if they weren't accurately captured while the campaign was "live."

Time Period for Tracking Results. Especially in health care where patient utilization is episodic, there must be sufficient time allowed for the eventual patient encounter that the marketing effort is designed to engender. From a broader perspective, enough time must elapse before the marketing effort can impact key audiences, allowing the center to achieve "top-of-mind" awareness among target audiences. Further, enough time must pass before the marketing "target" (prospective patient) incurs an urgent care need.

Except for short-term, seasonal or "one-off" promotions (i.e., school physicals and flu shots), 6 months is the usual minimum length advised by health care marketers for a campaign tracking period. Anything shorter and the resulting understated revenues will invariably result in an understated ROI. Therefore, you could have uncovered a profitable campaign model, but a premature revenue measurement left your eventual ROI calculation short,

Table 2. Urgent Care Marketing ROI Case Study

What is the ROI of a university newspaper advertisement during the first week of the Fall Semester promoting the urgent care center as a discreet, off-campus, after-hours alternative to student health services?

1) Consensus on the program or service being marketed
- Non-scheduled physician visits for minor illness and injury

2) Consensus on which revenue to count
- Net revenues from physician/patient encounters including evaluation and management, x-ray, procedure, and supply-related CPT codes

3) Total cost of the marketing effort
- Cost of the newspaper advertisement for 2 weeks: $1,500

4) Patient visits linked to marketing activities
- Patients using university health insurance can be queried from the billing system.
- Patients ages 18-25 residing in three campus-area zip codes can be queried from the billing system.
- Patients can be identified by their answer to "How did you hear from us?" on the intake form.

5) Time period for tracking results
- Start of Fall Semester; from placement date of the ad in September through December 31

6) Consensus on what constitutes "new business"
- Any patient who has not previously used the center

7) Evaluate net revenues and cost of services
- For the tracking period, there were 65 total visits linked that had an average collection of $125, for a total of $8,125 in net revenues.
- Direct variable expenses per visit = $100 (Contribution Margin of 20%)
- Net revenues generated by newspaper ad = $1,625

Return on Marketing Investment Calculation:

ROMI = [Incremental Revenue Attributable to Marketing ($) X Contribution Margin (%) - Marketing Spending ($)] / Marketing Spending ($) X 100

ROMI = [Incremental Revenue Attributable to Marketing ($8125) X Contribution Margin (20%) - Marketing Spending ($1500)] / Marketing Spending ($1500) X 100

ROMI = [$8125 x .20 – $1500]/$1500x100

ROMI = 8.3%

causing you to abandon future profitable campaigns using that same model.

On the flip side, using too long of a measurement period can distort results as patients are exposed to advertising from competitors or enough time has passed that they "forget" your advertising. Counting patients long after the campaign has ended will overstate its effectiveness.

Consensus on What Constitutes 'New Business.' Return on marketing investment should not count business the center would have had regardless of whether the campaign occurred, so the focus should be on new business to the center. Some urgent care operators will want to ascertain whether their marketing efforts are bringing in new patients, as opposed to increasing utilization of loyal past patients, while others are concerned only with new revenue, regardless of source.

How new business is defined may include any volume that can be linked to the marketing campaign, regardless of whether the patient has visited the center before. Or, it may exclude all patients who have visited the center before, regardless of the reason. Some centers "temper" these designations with a time period (e.g., 2-3 years) or type of service. As with the other ROI calculation elements, the desired designation should be determined well in advance of the actual marketing initiative in order to obtain the most accurate final measurement.

Additionally, a detailed ROI calculation will include some factor for "business we would have gotten anyway." If you consider that almost any center open for business will get some volume irrespective of any particular marketing effort, allowing for this factor helps the provider more accurately arrive at the true ROI of a marketing campaign. This factor should also be applied to long-established marketing programs that have produced previous patient volumes.

Evaluation of Revenues and Cost of Services. Upon conclusion of the marketing campaign tracking period, net revenues (that can be linked to the marketing effort) and cost of services are calculated so they can be included in the ROI equation:

- Net revenues – Total collected revenue minus contractual allowances and bad debt. Contractual allowances are the difference between what the provider charges and what the insurance company will pay. A $50 clinical charge presented to a payor with a $40 insurance contract will leave a contractual adjustment of $10. Bad debts are estimated amounts of credit losses for a given time period. Note: No marketing effort is without expenses, so gross charges should never be cal-

Table 3. Partial ROI Measures for Urgent Care

• Press releases resulting in press citations • Social media analytics • Website analytics • Occupational medicine contracts closed • Patient experience/satisfaction (i.e. Net Promoter Score) • Number of participants at community events	• Word-of-mouth referral rate • Patient loyalty/repeat visit rate • Market share relative competitors • Size/growth of opt-in advertising email database • Acquisition cost of new patients • Unaided top-of-mind awareness	• Number of primary care referral relationships • Number of patients from referral sources • Local business sponsorships • Community service hours • Payor mix • Conversion of existing patients to new services

culated, as they will always result in an overstated ROI. Also consider that accounts receivables can take several months to mature, so revenue numbers can thereby be underreported during the marketing campaign tracking period.

- Cost of Services – Direct variable expenses generated from patient utilization of services (e.g., clinical staff time, medical supplies, billing fees, etc.). This figure should not include indirect and fixed expenses for clinical operations, as new patients who cover their incremental costs already contribute to most overhead and operational costs. Contribution margin is thus defined as the revenue per visit minus the variable cost per visit, with variable costs being those that fluctuate with patient volume including salaries and benefits, equipment and supplies, billing and technology costs, as well as purchased services including lab and x-ray.

Table 2 illustrates a real-world marketing campaign specific to urgent care that incorporates each of the seven key elements of a health care ROI analysis.

Mistakes to Avoid in Marketing ROI Calculations

For ROI measurements to be meaningful, the methodology and approach must be rigorous. However, due to both the inherent difficulty in tying advertising expenditures neatly to revenue and the desire to show a tangible return for their marketing investment, urgent care operators will often make the following mistakes:

- Substituting hard revenue figures for “vanity” or “proxy” metrics: The number of Facebook “likes,” email addresses collected at an event, entries for a prize drawing, or Internet website clicks, while important to branding goals, without being tied to associated revenue, cannot be used in calculating ROMI. ROMI measures the cash “returned” to a center in exchange for a cash outlay; proxies do not constitute cash to the center.
- Using “paid advertising equivalent” as a metric: This approach evaluates the exposure of one marketing tactic against the exposure that could have been expected had the money been spent on a different tactic. For instance, a community event incurring $500 in cost provided exposure to 10,000 people. Had that same $500 been spent on, say, print media, it would have cost twice as much to reach the same 10,000 people, so an ROI is assumed based on the cost savings. While, in actuality, the event could have been successful in raising “top-of-mind awareness” and deemed “more effective” than print, ROMI requires tangible revenues for the center.
- Choosing too many metrics to track: The more metrics involved in the marketing campaign, the greater the difficulty in tracking and compiling all of the key elements of the ROI analysis. To obtain the best, most accurate ROI number, every financial contributor to both the numerator and the denominator must be accounted for. To that end, it’s best for a center to keep metrics as simple and straightforward as possible.

There are many more mistakes that can creep into the process; most involve deviating too far from the key elements of ROI analysis, or focusing on proxy metrics other than revenue. Production outcomes, marketing outcomes, and strategic outcomes all have their place in a healthy marketing function,[5] but ROMI is the one metric that shows you exactly how much your marketing investments are returning to the practice.

Why 'Partial' ROI Matters

Granted, revenues and financial returns are at the heart of a meaningful ROI, but "partial" ROI efforts, especially in urgent care, are equally important in a different sense. Brand building, community goodwill, visibility, and "top-of-mind" awareness, for example, are all key factors in building patient volume over time, without which there are no revenues or ROI of which to speak. **Table 3** illustrates many of the production, marketing, and strategic outcomes that, while not technically ROI, still act as direct and indirect factors in increasing patient volume.

Urgent Care Marketing Tips & Strategies

When there is a full grasp and understanding of the particulars of marketing effort ROI, the next question the urgent care operator asks is, "Okay, so what campaigns have the best ROI? How do I get the most bang for my buck?" The following list is a compilation of urgent care marketing tips and strategies adapted from a multitude of authoritative urgent care & health care marketing web publications (not intended to be exhaustive):

- ROI works best, and is easiest to measure for ancillary services that have a direct response or call to action (e.g., sports physicals, flu shots, weight management). Additionally, many ancillary services boast high profit margins,[6] which of course lead to high ROIs.
- The majority of the marketing budget should be spent during the "cold and flu" season (Nov-Mar), which is a center's busiest time of year (due to upper respiratory complaints, the number one cause of urgent care visits). Further, the warmer months are a great time to advertise ancillary services like allergy testing or medical weight loss to help boost lagging summertime revenues.
- Following the retail business model, an urgent care center should dedicate a portion of its operating revenues to "maintenance" of its marketing efforts (remember that marketing is a revenue center, not a cost center) but there is no "fixed" recommended percentage. The percentage of revenues spent on marketing will vary by location and market but will likely decrease over time because a new center with no business may need to spend more than 100% of its revenues in marketing, but as volume grows and stabilizes, the percentage spent could fall as low as 3% to 5%.
- Marketing ROI will eventually decline over time since markets are finite in size, so be sure to diversify your marketing mix as needed. When "top of mind" reaches a critical mass, a market becomes saturated and it becomes increasingly difficult to reach new people who haven't previously heard of or used your center.
- Target patients where they spend their time in social, digital, and mobile channels and by grassroots engagement with the community. Early adopters have a massive advantage over the competition as most competitors will still focus their marketing efforts on the more paid media tactics to drive patient volume.
- Multiple modalities (e.g., email, billboards, web, radio) work better in concert than single, isolated tactics and have even shown to have a synergistic effect on each other in boosting overall awareness.

Conclusion

In this volume-driven business, the biggest issue faced by many urgent care operators is simply how to get enough patients through their doors to meet their profit objectives. Referrals and repeat visits from satisfied patients are important but building a business on word-of-mouth alone can take years. That's why most urgent care centers establish their brand through marketing and promote it in their communities using multiple tactics, allowing time for campaigns to bear fruit. With a firm grasp of ROI, you can not only identify the bottom-line impact of your marketing activities but you can better allocate marketing dollars to the most effective tactics and even scale up those tactics for even greater returns.

In sum, marketing is not a cost; to the contrary, it's an investment in a thriving practice. Urgent care operators who commit themselves to learning the ins and outs of ROI calculation and analysis remain ahead of the competition, have lobbies bustling with patients, and enjoy favorable numbers across their bottom line. ■

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