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Adopt a Marketing Model to Increase Client Satisfaction

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Only 7% of U.S. employers offered a consumer-directed health care plan in 2004, according to a study by Watson Wyatt and The National Business Group on Health.¹ In subsequent years, however, that number grew. This year, an additional 33% of companies will add one, confirming that consumer-directed plans are the wave of the future in employee benefits. But who exactly is the consumer in a consumer-directed health plan? Employee benefits executives would be wise to take a page from Marketing 101 and define their “consumers” more clearly to increase the adoption rates, benefit utilization, and ultimately, client satisfaction.

Those three factors—adoption, utilization, and satisfaction—are all results of effective communication. Previous studies have shown that employees are more satisfied with average or even sub-par benefits that they understand than with better benefits that are less well explained. As the industry moves more and more rapidly toward

consumer-directed health plans, the job of the benefits consultant needs to transform from selling programs to facilitating decision making. Complex choices, new alternatives, and more individual involvement may overwhelm employees. Maintaining the status quo may seem more attractive than attempting to understand how a health savings account (HSA) actually works.

Incorporating marketing strategy into employee benefits communication can help. The Everett Rogers Diffusion of Innovations theory² explains how new ideas are accepted in the marketplace. (Figure 1)

Basically, the theory is that consumers can be classified by when in the marketing cycle they will purchase a product or service. Less than 3% are what are called “innovators.” They are always ready to try something new, even if it’s unproven or radically different. About 14% are “early adopters,” the group that is of greatest interest to marketers. These consumers are not only open to new ideas but also are usually respected opinion leaders that will influence the “early majority” and “late majority” consumers who together make up almost 70% of the market. The final 16% are “laggards” who avoid change

at all costs and may accept new products only when there is no other option.

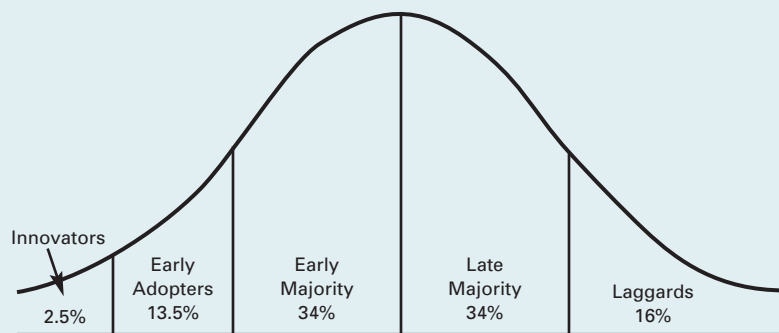
What does this all have to do with the benefits adviser putting together health care programs? It proves the importance of communicating with employees in the manner that’s most appropriate to their position on the curve.

How to Influence the Early Adopter

Innovators and early adopters are crucial to the introduction and ultimate success of a high-deductible health plan (HDHP) and an HSA within a company. These people tend to be adventurous, well educated, and will seek information from a variety of sources. Consequently, the benefits adviser should reach out to this group in very specific ways. This might include self-selection, e.g., asking for volunteers to be included in a focus group on new health care options or working with human resources contacts to identify opinion leaders. Communications should include information on trends in the adoption of HSAs, research from independent third parties, and key message points that innovators and adopters can use when discussing health care plans with peers within the company.

Advisers can help innovators and early adopters become “evangelists” for the program by soliciting their input on how details of the plan might best be communicated to other employees. Use them in case studies or short articles in the employee newsletter on why they chose this option. Innovators and early adopters may also welcome the chance to become a resource for others who want a personal viewpoint on the pros and cons

FIGURE 1



Source: Everett M. Rogers, *Diffusion of Innovations* (New York, NY: Free Press, 1962).

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of using an HSA. Basically, the benefits adviser can use this group's social influence and propensity for change to help move others into program acceptance.

Conversely, failing to adequately communicate with these key thought leaders can lead to lower and slower acceptance among the majority.

Communicating with the Majority

For early and late majority employees, a wait-and-see attitude generally prevails. Communications to this group should include clear reasoning, language about "proven solutions," and statistics on HSA adoption.

Early majority individuals, who account for about 34% of a population, are typically deliberate and pragmatic, and look to the innovators and early adopters for information. Like the early adopters, they have many social contacts, but are not as influential in changing others' behavior.

The late majority, also about 34% of a population, typically are not as educated or aware as the early majority and may be lower on the socioeconomic scale. Simple solutions, traditional communications, and clear standards appeal to this group.

How to Use the Marketing Model

Does this mean then that the benefits adviser must create completely different communications for innovators, early adopters, early majority, and late majority employees? Though that would be ideal, it is not as easy in the real world to clearly identify and segregate these populations. The solution, therefore, is to include messages crafted to the individual needs and desires of each group in all communications.

Again, returning to the marketing model of diffusion created by Rogers,

materials should be created for a five-stage adoption process.

Knowledge Phase

The first phase begins with learning about the HDHPs and HSAs. This is when the innovators and early adopters become most engaged and when the adviser has the greatest opportunity to lay the groundwork for them to influence those further down the adoption curve. At this stage, inclusion of information from a variety of sources, references, and case studies will be most effective in increasing awareness and predisposition to adoption.

Some of the evidence to include in this phase might be research, business press coverage, statistics, and other third-party endorsements.

Persuasion Phase

Using comparison charts, testimonials, and clearly communicated product benefits will reach both early adopters and early majority employees. Once they are convinced of the value of the new programs, they, in turn, will help communicate with the late majority and laggards.

Types of persuasive communications here might include benchmark studies, product reviews, cost analyses, and seminars.

Decision Phase

Innovators and early adopters are not risk averse and will most likely try HDHPs and HSAs once they are presented with the appropriate information. Advisers can help early majority and late majority employees make decisions about their programs by providing tools such as Web-based information, simplified descriptions, and pros and cons of their different options. Thoughtful and careful, early and late majority need communications that stress proof, widespread acceptance,

and clear-cut benefits. During this phase, traditional marketing communications such as brochures are effective.

Implementation Phase

Once employees commit to the program, communication becomes more, rather than less, important. Satisfaction with the decision process is reinforced with ongoing communications about how best to utilize services, benefits, and tax-advantaged accounts.

Confirmation Phase

Renewal periods will prove the ultimate acceptance of the program. You can rely on reenrollments and new enrollees to affirm your strategy.

Conclusion

Introducing innovations such as HDHPs and HSAs is laborious and time consuming but ultimately beneficial for both the company and its employees. Using the communications model proven in the marketing industry helps the benefit adviser improve the chance of adoption, satisfaction, and utilization more quickly and more effectively. ■

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(1) "Employer Interest in Consumer-Directed Health Plans Growing, Watson Wyatt/National Business Group on Health Survey Finds," <http://www.watsonwyatt.com/news/press.asp?ID=15826>.

(2) Everett M. Rogers, *Diffusion of Innovations* (New York, NY: Free Press, 1962)