

The O-continuum: How independents can attract more customers in a rapidly changing world

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By most accounts 2004 doesn't seem like a long time ago. The Internet, laptop computers, even the smartphone were around then. Ironically, due to the rapid convergence of these technologies, we are now experiencing some monumental changes in how we acquire customers.* In order to appreciate these changes, let's revisit the year 2004 and examine the customer acquisition process at that time.

Before comparing and contrasting the customer acquisition process over the past decade, however, let's review the role of marketing for any business. In simple terms, there are three main tasks of marketing. They are 1) generate interest; 2) build a preference; and, 3) encourage purchase. Historically, successful businesses have managed to do these three tasks by building the mystique of their brand. In other words, by having a recognizable brand, businesses were able to acquire new customers. Until recently, no matter what type of business you were in, the process of acquiring customers was in direct alignment with the perception customers had of your brand. For example, if your brand signified quality and service excellence, you were likely to attract customers who desired those traits and were willing to pay more for them. As this white paper will show, most companies no longer enjoy the rewards of a well-known, recognizable brand.

The Customer Influence Mix

Now let's think back to 2004 and how customers were acquired. A person's decision to buy is affected by a mix of three related sources, which are shown in Figure 1 (next page). Prior experiences (PE) of the individual. If an individual customer had a pleasant experience with a business, they are more likely to be a repeat purchaser. Marketing information (MI) is the advertising (print, TV, radio) that is used to generate interest, build preference and encourage purchase. Finally, the opinions of other people (OP) plays a role in whether or not someone is going to make a purchase. Before the convergence of WiFi, interactive websites and smartphones, when customers had to rely on traditional advertisement to make purchasing decisions, PE and MI took on greater importance in the customer acquisition process. Because people did not have

*In this white paper the term "customer", rather than "patient" is used because most individuals purchase hearing aid services in an elective manner and pay at least a portion out-of-pocket for these services.

the means to learn about the opinions of a lot of other people prior to making a buying decision, it was difficult to change someone's beliefs or attitudes once you had established your brand using traditional advertising.



Figure 1. Three ways customers were acquired in 2004.

In 2014, just ten short years, we live in a different world. Due mainly to the convergence of Wi-Fi, smartphones, interactive websites and social media, customers can do a lot of homework, fact checking, comparison shopping and review of other people's opinions before they even visit your practice. Of course, the three main tasks of marketing – generating interest, building preference and encouraging purchase – have not gone away, but the primary approaches for attracting customers has shifted.

As Figure 2 suggests, the opinions of other people had been amplified. Today, prior to making a purchasing decision, customers can use their smartphone or tablet PC to connect and evaluate consumer reviews at myriad websites. And, after a considerable evaluation process, make an appointment to see you.

For anyone who's been in business for many years, this can be a nightmare because you can no longer rely on past performance. Even though you may have a well-respected brand, it has become more and more difficult to enjoy the rewards of that brand image, which is the ability to charge higher prices and rely less on expensive, traditional advertising.



Figure 2. Three ways customers are acquired in 2014.

The O-continuum

Not all businesses are as vulnerable to the rise of OP as others. The critical question for independent hearing healthcare providers is, to what extent do my customers depend on the opinions of other people (OP) when making a purchasing decision? In order to help answer that question, Simonsen & Rosen (2014) created the O-continuum. Notice in Figure 3 there is an O-dependent and an O-independent domain. If a business operated in the O-dependent domain, this means most of the customers are strongly influenced by the opinions of other people. Sectors of the economy that are very O-dependent include consumer electronics, non-luxury cars and non-chain (small & independent) restaurants. O-dependent companies must ensure that they are part of the conversation when customers are interacting with other people.

On the other hand, O-independent companies operate in a completely different space on the continuum. Customers who purchase from an O-independent business typically do not seek the opinions of other people prior to making a purchase. This would include commodity items, such as those bought at a convenience store, and expensive luxury goods, including high performance cars.

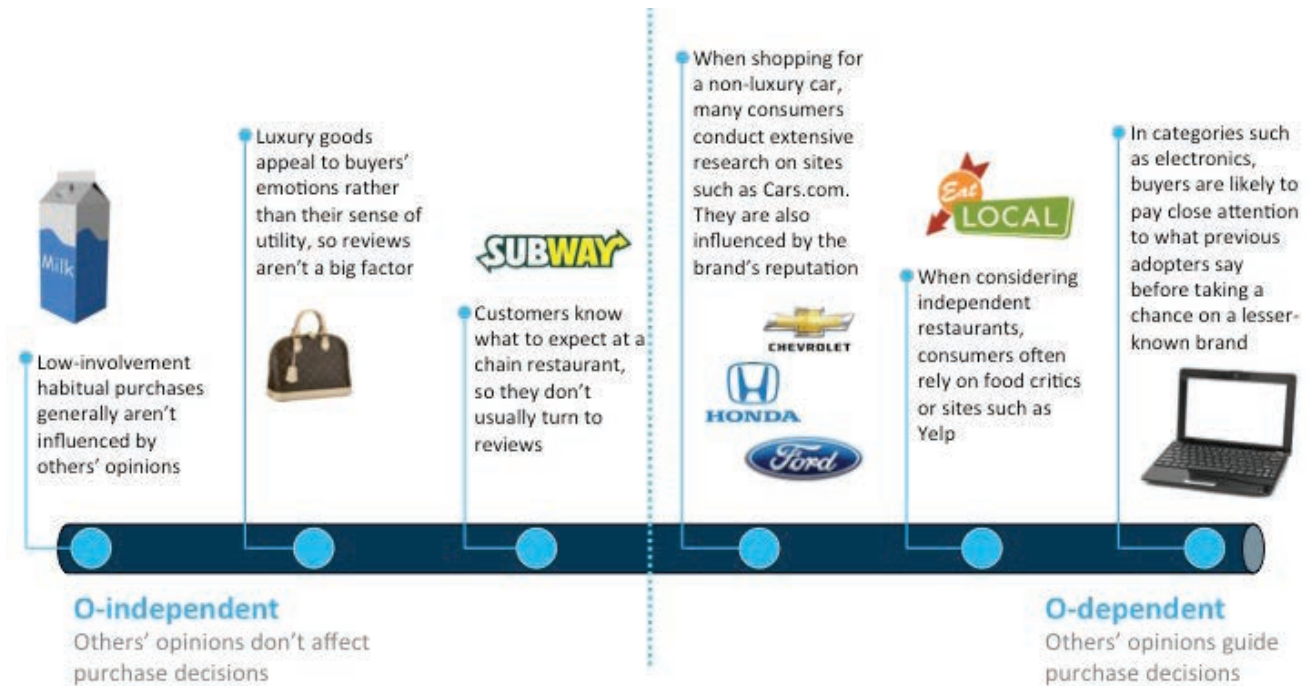


Figure 3. How various businesses align on the O-continuum.

Although most businesses lie somewhere in the middle of the O-continuum, it is thought that the majority of hearing healthcare practices lie firmly in the O-dependent side of the continuum for the following reasons.

1. **Decision importance.** Due to the relative high price point and overall importance of hearing to long-term health and wellness, individuals seeking our services are inclined to do a lot of homework prior to making a purchasing decision.
2. **Risk and uncertainty.** Again, a relatively high price point combined with stigma and the uncertainty of benefit relative to price (value) puts most practices firmly in the O-dependent camp.
3. **Rate of change.** Since hearing aid technology is continually changing and new features are constantly hitting the market, consumers want to stay abreast of all this change. Thus, they are likely to do a lot of fact finding and studying before they visit your practice.
4. **Quality and differentiation.** When a prospective customer might be in the market for hearing aids, chances are good they will hear a wide range of opinions from other people. Because the outcomes of hearing aids are so variable and tend to differ with individual experience, prospective users are inclined to evaluate the opinions of many people, via the web prior to making a purchasing decision.

The impact of the O-continuum of customer acquisition today: tips and tricks

The bottom line is that you can never rely on past performance. Because they do not have economies of scale, independent businesses are especially vulnerable to a lack of brand identity. (Think about what you know about a chain business compared to what you know and expect about a small “mom and pop” shop – you are much more likely to read reviews on Yelp before visiting a local independent restaurant than, say, buying dinner at Applebees). Here are four specific tactics you can use to ensure you are part of the conversation when a customer is making a decision to visit your practice for services.

1. **Rely on Pillar-of-Community marketing tactics.** Given the importance of other people’s opinions in the buying process, independents must take the time to ensure three distinct members of their community (existing patients, other small businesses/service clubs and primary care physicians) have a firm understanding of your business’s value proposition. And, they enthusiastically “toot your horn” when asked about better hearing and communication.
2. **Make it easy for your customers to comparison shop.** Provide a link, preferably to an independent source, where customers can do some comparison shopping from the comforts of home. This comparison shopping should not be confined to devices. Providers are encouraged to have a presence on websites that allow customers to read reviews from others on the quality of service and attention they received. For example, Hearing Tracker* allows customers the ability to read reviews of specific hearing aid models and services provided.

* www.hearingtracker.com

3. **Provide a memorable patient experience that is not centered on the device.** When the device is the center of attention, it is easy for consumers to comparison shop. However, when your core focus becomes offering aural rehabilitation, and other services that lead to patient behavior changes, you have successfully moved away from the device as the center of the transaction. The likely effect of this strategy is to move you away from the far side of the O-continuum where you are vulnerable to comparison shopping.
4. **Decouple fee for services from the products you dispense.** Make it easier for patients to comparison shop by associating a specific price for services that may be different or unique to your practice. Take the time to devise high value service packages, unique to your practice.

The convergence of social media, Wi-Fi, smartphones and the like require independents to re-think their marketing strategy and brand identity. It's no longer about running consistent advertising in your local newspaper as Yohn (2014) suggests, great brands are a combination of what you do and how you do it. They don't chase customers, they ignore trends and avoid selling "products."

Independent practices would be wise to see where they fall on the O-continuum and build a brand using Pillar-of-Community marketing tactics. To find out how these concepts can be tailored to your practice, contact your local Unitron representative at 800-888-8882.

References

Simonson & Rosen (2014) *Absolute Value: What really influences customers in the age of (nearly) perfect information.* Harper Business: NY,NY.

Yohn, D. (2014) *What great brands do: The seven brand-building principles that separate the best from the rest.* Jossey-Bass, San Francisco, CA.