

# Insight on Communication and Purchasing Preferences of **HEALTHCARE ORGANIZATIONS**



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## Introduction

To meet the criteria set by Affordable Care Act for providing better care facilities and efficient health services at low cost, healthcare organizations (HCOs) are inclining towards the formation of multi-specialty hospitals, establishing proper local hospital network and joining hands with other healthcare organizations offering different levels of care. As a result of which, mergers and acquisitions has become common scenario in this sector. This change is certainly going to impact the healthcare supply chain as the expansion of hospitals, and health systems will lead to the rise of new decision-makers, affecting the entire decision-making process.

With this new wave of progression, healthcare organizations will be able to witness more cash flow, greater market power, minimized wastes, less operating costs, the rise of accountable care organizations (ACOs) and increased involvement in group purchasing organizations (GPOs).

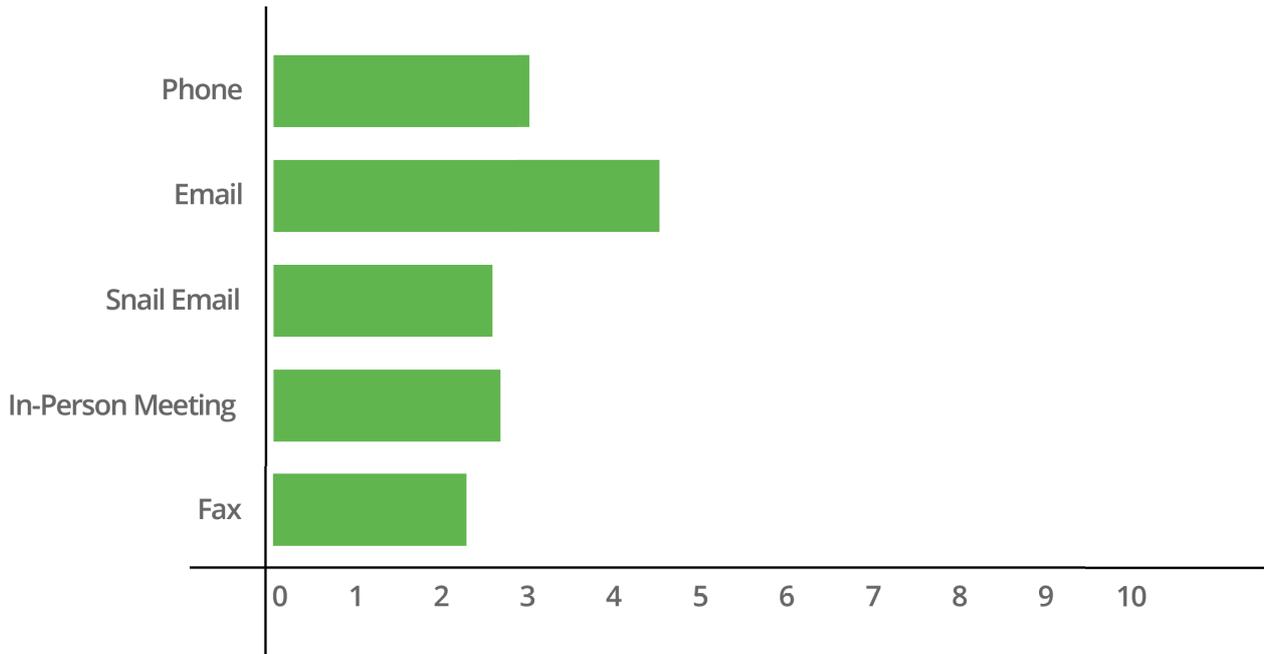
For surviving and succeeding in such a dynamic landscape, healthcare suppliers need to adjust their marketing and sales strategies according to the changing preferences and demands of decision-makers who have the power to influence the supply chain. As an informative document, this whitepaper will illuminate some valuable insights on the concerns, preferences and purchasing choices of HCO decision-makers.

## Preferred Method of Contact of HCO decision-makers

Based on the recent survey conducted by SK&A over 11,000 decision-makers at hospitals, health systems, GPOs and other healthcare organizations, the following findings were reported on the communication preferences of HCO decision-makers:

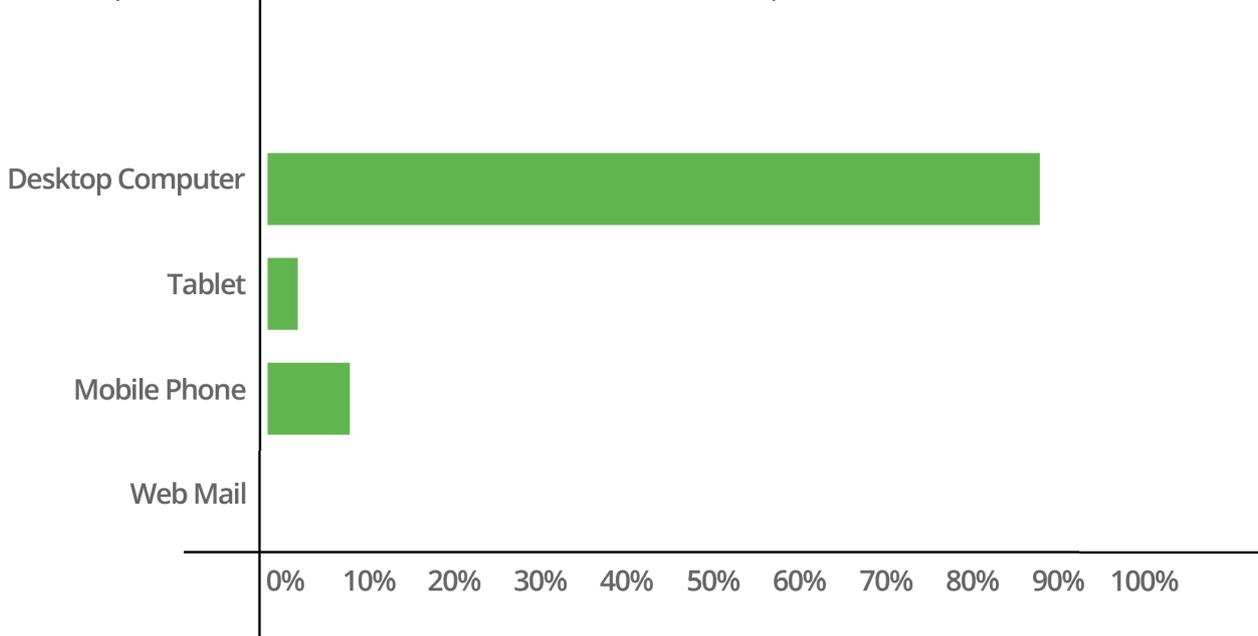
### Finding No. 1

77 percent of HCO decision-makers including the C-Suite, Administrators and Medical Directors to Buyers, Supply Directors and Purchasing Managers chose email as their most preferred method of contact. They rated each method on a scale of 1-5:



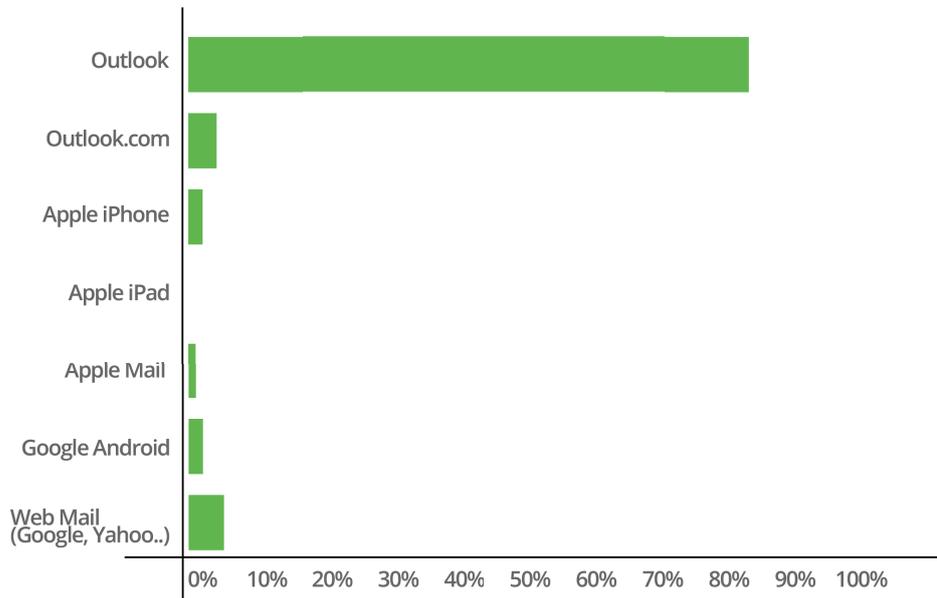
Finding No. 2

Around 88 percent of HCO decision-makers use desktop to access their emails.



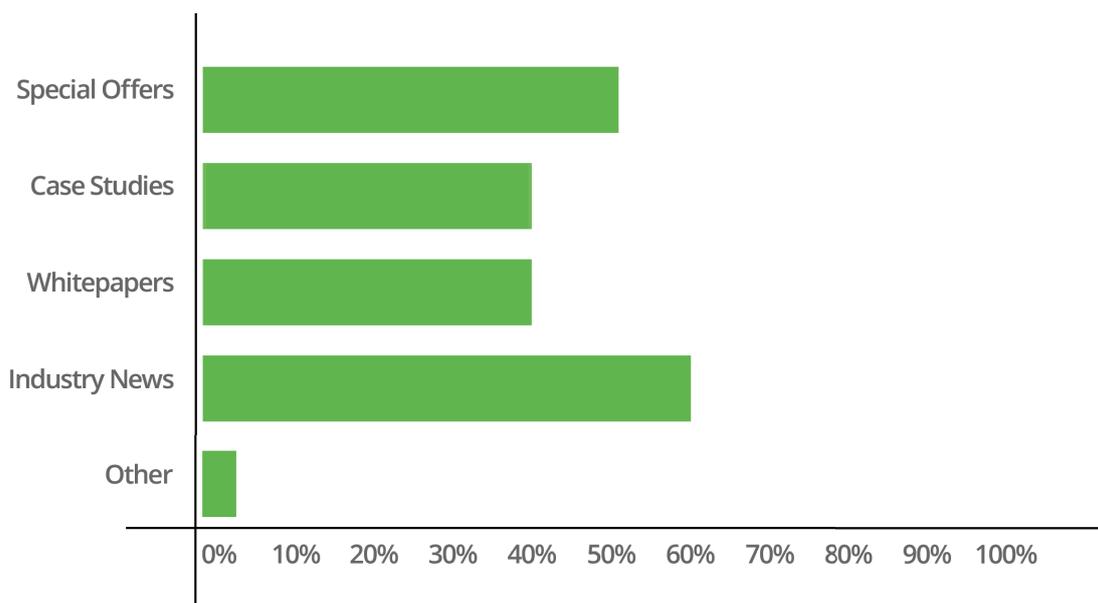
Finding No. 3

HCO supply chain decision-makers prefer Microsoft Outlook over Apple Mail.



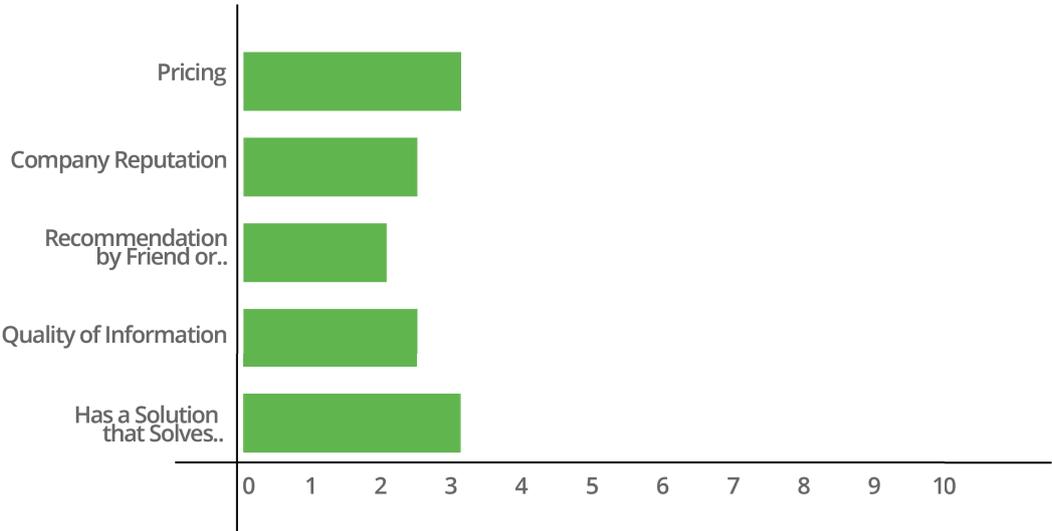
Finding No. 4

More than 63 percent of decision-makers are looking for industry news. They want knowledgeable material that can make their job easier. Feed them as much information as possible.



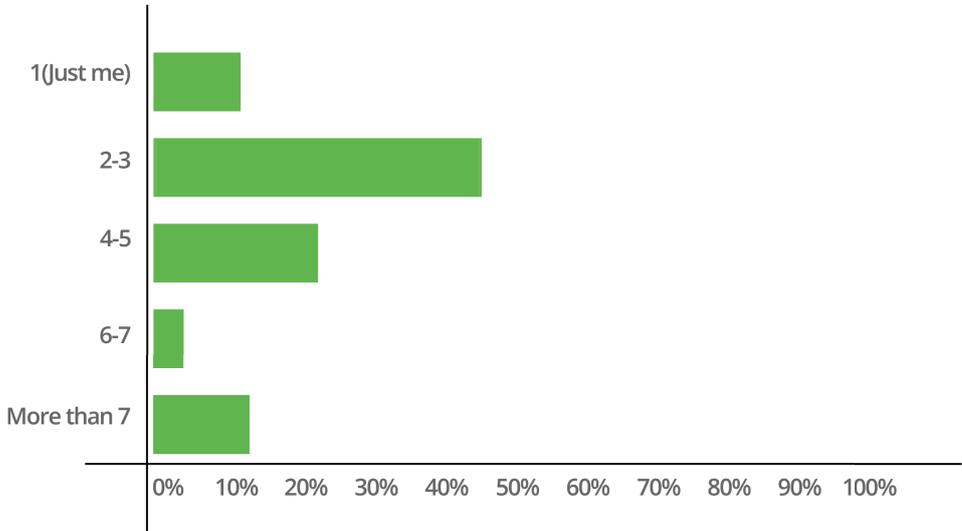
### Finding No. 5

About 34.72 percent of HCO decision-makers considered pricing and 33.33 percent considered problem-solving solution as the two key factors that influence their engagement with potential customers. Around 14 percent of respondents reported that they engage with suppliers based on company's reputation.



### Finding No. 6

There are two to seven people involved in the decision-making process. While half of all the respondents said 2-3 people, 22.54 percent said 4-5 and 14 percent reported more than seven people participate in making the purchase decision from a new supplier or vendor. It is essential to know who and what influences a purchase as it contributes in building relationships that can boost sales.



## Challenges and Concerns of GPOs

GPOs negotiate with suppliers on competitive contract pricing for healthcare organizations, hospitals, and other health systems. In spite of an influential position in the supply chain, GPOs are not immune to challenges and criticisms such as an increase in contract administrative price, increase in congressional scrutiny and more. Even the hospitals and health systems are putting forward demands for more price transparency, inclusion of guaranteed savings clauses in GPO contracts, analytics tool for monitoring market trends and savings etc.

Amidst such situation, supply chain providers need to understand the plight of the GPOs and their complex relationship with their customers and address them accordingly with great flexibility. Making the job of suppliers easier, MedicoReach's healthcare database provides up-to-date information on the details of GPO's relationships with different types of healthcare organizations.

When it comes to the issue of savings, a lot can be saved if expense on purchase of implantable medical device (IMD) which is estimated to be costing \$5 billion a year in wasted expenditure is reduced. The concern of excess waste expenditure can be dealt with proper segmentation of products and better logistics. With clear pricing tiers and use of measurement tools, GPOs can maintain transparency. With regards to boosting collaboration efforts between GPOs and suppliers, there are opportunities which when utilized with the adoption of innovative and shared-savings models, useful resources and expertise.

## Administrator Concerns

Healthcare administrators look after the provision of savings opportunities, greater efficiency and the bottom line. Hence, providing a value-based reimbursement model with less waste and improved outcomes at a reduced cost are their major challenges and concern too. Making their organizations more effective and leaner is their main objective.

But, they alone cannot reach these goals. When they are selling to hospitals and health systems directly, they need the support of healthcare supply chain providers. However, developing relationship with administrators is not easy as it requires a different approach. Building advanced relations demands clear and well-defined mutual goals, regular contact and timely made negotiations.

In the decision-making process, involvement of all team members including account managers, sales reps and others is essential to strengthen the relationship with administrators. Suppliers need to take initiatives to better communicate with administrators via multi-channels, conduct webinars, give special offers, and offer informative content such as industry news, whitepapers and case studies.

## Knowing the Concern of Physicians

With increased mergers, acquisitions, partnerships and affiliations between hospitals, health systems and Physician practices, the healthcare market is expanding and so are the employment opportunities. This has led to physicians leaving independent practices and preferring to work in employed positions. There are various factors such as more interest in practicing medicine rather than just doing business using their knowledge, uncertainty of healthcare reforms, need for having a work-life balance, etc. responsible for such a shift in their choice.

But, the transition is not that smooth for physicians as it sounds. They have their challenges, too. With Affordable Act (ACA) extending healthcare services to millions of uninsured Americans across all the 50 states, the demand for doctors has increased tremendously and the shortage of physicians is estimated to be accounting to 90000 by 2025. As a result of which direct contact with physicians is going to be rare. Also, to meet the rising demands of healthcare services, physicians need to upgrade themselves with the use of latest technologies. Automation and technological advancement in this sector has changed the daily routine of physicians. Be it the way they work or the reward they get, everything is different now. Physicians receive their reward on the basis of the quality of work and the end results.

Hence, physicians are even more concerned on providing improved care to patients than before. To sell any pharmaceutical or medical product to physicians, suppliers need to actually prove the expertise and efficiency of their products to make doctors trust that these medical devices can contribute in improving health outcomes.

## Conclusion

At the end of this whitepaper, it can be concluded that for the smooth decision-making process, suppliers and vendors need to have a collaborative approach and strong partnership with healthcare organizations. Working with mutual consent, not only the evolving relationship between GPOs and healthcare organizations can improve but also different needs and concerns of the decision-makers can be dealt with, resulting in the flow of new ideas and initiatives. By understanding the complexities of relationship healthcare organizations share with each other, suppliers can plan effective strategies in targeting specific audiences. As data is the key to attaining such objectives, associating with healthcare data specialists like MedicoReach will be of great support.

To know more about MedicoReach's healthcare database that incorporates accurate and fresh data on decision-makers, GPO membership and much more.

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