

Collaborative Branding of Partnered Health Systems in Radiology

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Abstract

In an effort to expand clinical reach and achieve economies of scale, academic radiology practices are strategically expanding into the community by establishing partnerships with existing community health systems. A challenge with this model is to effectively brand the collaboration in a way that underscores the strengths of both partners. In this article, the authors look at the benefits and risks of cobranding and review cobranding strategies for implementation by academic radiology practices considering partnership-based network expansion.

Key Words: Branding, marketing, systems, collaboration, radiology

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INTRODUCTION

In the past decade, the traditional academic radiology model has been challenged by shrinking clinical margins [1], health care reform [2,3], and changes in payer models [4,5]. In an effort to achieve economies of scale, align the academic mission with the goals of health care reform [6-8], and improve the patient experience [9-11], academic radiology practices are pursuing new partnerships, mergers, and acquisitions. This has been achieved through three fundamental strategies of academic expansion: organic growth, acquisitions, and establishment of partnerships with community hospitals [12].

Partnership-based network expansion in radiology involves a partnership between an academic radiology group and a community health system in which the hospital provides the facilities, equipment, and ancillary staff while the academic institution provides the professional (physician-based) staffing. In this model, the community health system collects the technical revenues while the academic radiology group collects the

professional fees. Compared with other academic radiology expansion models, partnership-based network expansion has clear potential benefits for both partners. It requires the smallest up-front capital investment and allows both partners to access some of the value drivers of scale without having to deal with the complexities inherent in a full merger or acquisition [12,13].

In addition to achieving economies of scale, partnership-based network expansion can also allow both partners to achieve economies of scope and skill. Economies of scope can drive value as the community health system provides access to patients from new geographic areas, overall improving local market density. The academic radiology group offers preferential access to subspecialty care that the community health system may have otherwise been unable to provide (eg, access to fellowship-trained breast radiologists) [13,14]. Economies of skill can also drive value with the implementation of imaging protocols [15] that can allow more uniform and reproducible standards of care across the community health system. This further drives value differentiation between the partnering health system and other providers in the community [10,11,14].

This article complements previous articles in this journal that have outlined practical strategies radiologists [16] and radiology practices [17-19] can use to help demonstrate value to discerning stakeholders [10,16-20]. In the setting of partnership-based network

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expansion, collaborative branding can serve as a key value driver for market success [21-25]. Collaborative branding, or “cobranding,” associates brand identifiers of two entities with a specific product or service line. When cobranding is effective, the resulting unique composite offering builds upon already established service loyalties [16]. In this article, we look at the benefits and risks of cobranding and review cobranding strategies for implementation by academic radiology practices considering partnership-based network expansion.

BENEFITS OF COLLABORATIVE BRANDING

Collaborative branding is a widely applied strategy that has demonstrated diverse benefits across various market sectors [22,23]. Strategic cobranding of partnerships between academic radiology groups and community health systems can be used to capitalize on existing independent brand values [26,27]. Specific potential benefits of cobranding include increased product awareness, improved assimilation, and shared marketing resources.

One benefit of cobranding is increased awareness in the community of the service being offered. Unlike the traditional merger and acquisition models, cobranding in the setting of partnership-based expansion can be linked to a particular service line or product [14]. The cobranding of a single service line can boost awareness of a health care product by building on already established individual partner credibility [28,29]. For example, an academic radiology group may partner with a community health system to provide dedicated breast imaging services to a community health system network.

Previous literature in the business sector suggests that cobranding can aid in assimilation when the target brand is not as well known as the context brand [30-32]. In the setting of partnered health systems, the target brand may refer to the community health system, and the context brand as the academic institution, or vice versa. Rao et al [33] suggested that when a brand is unable to effectively signal its quality, particularly in a saturated or new market, forming an alliance with a relatively well-known brand can aid in visibility. The rationale is that two brand names may provide greater assurance about product quality than one brand name on its own [31]. Credibility is enhanced as the two brands come together and reinforce each other’s strengths to improve their overall position in a given market [25,29]. Such a partnership may be viewed by potential customers as innovative and has the potential to increase stakeholder awareness and allegiance [21,23,24,26].

Perhaps the most significant benefit of cobranding is the sharing of marketing resources. Marketing of a product can be costly but may be necessary when the goal is to improve, or even maintain, market share [22-24]. With cobranding, these expenses can be effectively split between the two partners, reducing the marketing budget of each. The overall result is a reduction in the effort, capital, and time required to develop the product or service line [14].

RISKS AND CHALLENGES OF COLLABORATIVE BRANDING

Despite the many benefits of an academic radiology–community hospital partnership, branding collaboration does not always proceed as envisioned. Threats to successful cobranding are lack of shared vision, branding dilution, confusion by consumers, and poor execution. To succeed, an academic radiology–community hospital partnership requires a shared vision. The partnership must be viewed as compelling and worthwhile by each side [22]. Each partner should be able to individually establish affiliation goals and partner selection criteria that ultimately set the stage for improvements in health care delivery [9,10,14], and the partners should be a good match for each other on the basis of these stated goals and criteria. An ideal partnership should be the logical, expected extension of its counterpart [27].

Another risk to cobranding is the potential for brand dilution. Cobranding can either enhance or detract from a potential customer’s perception of each individual brand and can serve to create a new perception of the cobranded service or product [22]. Studies have suggested that consumer attitudes toward partner brands before an alliance can significantly affect their perception of the newly formed partnership [32]. If a consumer had a suboptimal experience with one of the brands, the customer is likely to project that perception onto the affiliate when he or she becomes aware of the partnership [21].

The biggest potential threat to successful cobranding is execution failure. The proper leadership support, capital, operating resources, and communication channels should be in place at the beginning of contract negotiations to optimize effective collaboration [26]. Early engagement by the academic radiology group physicians with the community hospital is critical to accurately identify differences in technology, reporting software, imaging protocols [15], clinical staffing, and culture. Furthermore, partners should define terms of the partnership agreement at the beginning, including roles

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