Emerging Educational Practices in Marketing of Healthcare Services

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Abstract

Health care means any medical or therapeutic care or service, including any supplies provided in connection with treatments or services recognized under national law. Healthcare is to maintain or improve human health. Medical services in India seem to have reached a turning point and are undergoing a marketing revolution in some service industries. The evolution of marketing in healthcare has occurred in other traditional companies in a relatively short time. The medical institution has no surplus financial resources to pay for errors that offer services that are not needed on the market. Marketing-driven planning processes are needed to reduce these errors. Effective and efficient marketing of healthcare services is essential if service providers want to be successful in the healthcare market.

Healthcare

Healthcare services means any medical or remedial care or service, including supplies delivered in connection with the care or service that is recognized under state law (www.oregonlaws.org). Healthcare is the maintenance or improvement of health and is achieved by the prevention, diagnosis and treatment of disease, illness, injury, and other physical and mental impairment in human beings. It is delivered by health professionals. It includes the work done in providing primary care, secondary care and tertiary care to human beings. The United Nations' International Standard Industrial Classification categorizes healthcare as usually consisting of hospital activities, medical and dental practice activities, and “other human health activities”.

Healthcare Industry

The health care industry includes several sectors that are dedicated to providing healthcare services and products.

Turning Point in Healthcare Industry

Healthcare industry in India seems to have arrived at a turning point. As in some other service industries, viz. banking and the hospitality (hotels, restaurants, travel and tourism) industry, healthcare industry is going through a marketing revolution. During
the 1980s in USA hospital trustee boards and hospital administrators realized (Hillest, S.G., et al, 1980) that because institutional strategic planning is an essential management task –

1. **Marketing** can be a useful function that should not be rejected summarily because of the sanctimony attached to health care activities.
2. **Promotion**, including advertising is not inherently bad but is an important communication activity.
3. The word ‘**customer**’ is not a dirty word.

**MARKETING**

American Marketing Association defines Marketing as “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives”.

**Prerequisites for Marketing**

- There must be two or more parties with unsatisfied needs (i.e. Consumer and Company).
- A desire or ability of another party to meet those needs.
- The parties must have something to exchange.
- There must be means to communicate.

**THE ELEMENTS OF SUCCESSFUL MARKETING**

The elements of successful marketing are:

- **Marketing Research**: It is a process in which there is a systematic gathering of data from customers to identify their needs.
- **The Four Ps**: Product, Price, Place and Promotion are known as the Four Ps of marketing strategy.
  - It is these four controllable variables that an organization uses to define its marketing strategy.
  - The mix of these four controllable variables that a business uses to pursue a desired level of sales is referred to as the **Marketing Mix**.

**Product**

- Product represents goods, services or ideas offered by an organization.
- Traditional Products in health care are medical procedures etc.
- Modern health care Products are prepaid health insurance plans etc.

**Price**

- Price focuses on what customers are willing to pay for a service.
- Determining the value of health care services represented by the price is the major challenge facing the health care organizations.

**Place**
• Place represents the manner in which goods or services are distributed by an organization for use by the consumers.

• Companies offering prepaid health care plans must consider location and primary care access for possible enrollees.

Promotion

• It represents any way of informing the marketplace that the organization has developed a response to meet its needs, and that the exchange should be consummated.

• It involves publicity, advertising and personal selling (Berkowitz, Eric N, 2017)

SERVICES

A Service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production (Balaji, B. 2002).

Services are those separately identifiable, essentially intangible activities that provide want-satisfaction, and that are not necessarily tied to the sale of a product or another service. To produce a service may or may not require use of tangible goods. However, when such use is required, there is no transfer of the title (permanent ownership) to these tangible goods.

Stanton & Futrell (1987), in elaborating the above definition, provide the following clarifications:

• All activities such as medical care, entertainment, and repair services (but not the medicines or repair parts purchased) are included in the definition.

• Credit, delivery, and other services that exist only when there is sale of a product or service are not included, in the definition.

• The consumer of a service can take only temporary possession or make only temporary use of any goods required in the production of the service – a hotel room, or rented car.

Service marketing encompasses the rental goods, the alteration or repair of goods owned by consumers, and personal services (Evans & Berman, 1990).

Rathmell (1974) suggested the exclusion of the following three activities from the scope of term services:

1. Non-economic transactions: political, religious and ecological causes which the consumer is urged to accept, support or join.

2. Voluntary contributions: the price is determined by the buyer and not the seller.
3. Services, which are supported exclusively through various forms of local, state and central taxation. The services of policemen, firemen, army, school teachers etc.

Marketing of services today has become relevant and important, as the share of the service sector in terms of both manpower employed and contribution to the Gross National Product (GNP) is significant and continuously increasing.

In India, the final private expenditure on services showed an increase of 34 per cent between 1970-71 and 1984-85. During the same period, the spending on durables remained constant around 2.4 per cent, while that on semi-durables showed a marginal increase of 2 per cent with 11.6 per cent share (Chandhok, H.L., 1993).

Classification of Services

One way of classifying the services is as business and non-business.

1. **Business** (Profit–making motive, Commercial) – such as housing, household operations, recreation, entertainment, healthcare, private education, Insurance, banking, financial services, transportation and communications.

2. **Non-Business** (Not-for-profit, Non-commercial) – such as educational, cultural, religious, charitable, social cause, healthcare and political.

Services can also be classified on the basis of type of equipment or people rendering the services (Thomas, 1978):

1. **Labour Intensive** – such as repairs, hair dressing, restaurants, professional and domestic service.

2. **Labour Capital** – such as hospitals, banking, security, hotels and couriers.

3. **Capital Intensive** – such as airlines, automated vending, banking and communication.

Another basis of classifying services is in terms of production, delivery and consumption (Sinha and Sahoo, 1994).

1. **Production** – equipment/people: centralised/common place/customer’s place, etc.

2. **Delivery** – people/property: tangible action/intangible action: single/multiple outlets etc.

3. **Consumption** – spontaneous /future time: individual/mass: seasonal/perennial etc.

4. **Buying effort** – convenience, emergency etc.

5. **Purpose** – temporary/long-lasting: profit/non-profit: personal/organisational benefit etc.
6. **Marketing effort required** – high/medium/low etc.

### Distinctive Feature of Services

1. **Intangibility** – It means that the customer is unable to experience the ‘product’ prior to ‘purchase’.
2. **Perishability** – It means that services can’t be stored.
3. **Inseperability** – It means production and consumption happen at the same place and cannot be separated.
4. **Variability** – It means difficulty in establishing consistency in quality across providers or within providers, across time and across delivery centers.

### Challenges in Service Marketing

A few of the challenges in service marketing are:

1. Giving a feel of the “product” to the prospective consumers.
2. Managing Demand Fluctuations of the market.
3. Maintaining Quality of the services offered by the organization.
4. Cost control.
5. Attitudinal block in using proven marketing doctrine in service marketing.

### THE EVOLUTION OF MARKETING

In healthcare evolution of marketing has occurred in a relatively short period then in other traditional businesses. The first hospital to hire a person with a marketing title was Evanston Hospital in Illinois in 1975.

The following era can be identified in evolution of marketing in healthcare:

1. **Production Era**
   - 1800s to early 1900s
   - Clinical Quality Focus
2. **Sales Era**
   - Mid-1970s
   - Filling Beds was the main focus
   - Hospitals adopted mass advertising strategy to promote their programs, including the use of billboard displays and television and radio commercials.
3. **Marketing Era**
• Evolution of marketing occurred after World War II (Late 1940s).
• Identifying Health Care Needs and Meeting them was the Focus

Milestones of Healthcare Marketing

1. **The 1950s**: Hospitals and physicians considered marketing to be inappropriate and even unethical.

2. **The 1960s**: The Media relations in this era consisted of answering reporters’ questions about patient’s conditions.

3. **The 1970s**: Early attempts at advertising healthcare services were made and interest in marketing research was beginning to appear. Marketing by the healthcare establishment was officially recognized in a conference on the topic during the mid-1970s, sponsored by American Hospital Association (AHA).

4. **The 1980s**: Hospitals realized that marketing directly to consumers for such services as obstetrics, cosmetic surgery, and outpatient care could generate revenue and improve market share.

5. **The 1990s**: The consolidation of healthcare organizations into ever-larger systems resulted in the creation of larger organizations with extended resources and more complicated management (www.philadelphia.edu).

Marketing Orientation

Some organizations achieve a final level of evolution, where marketing becomes part of corporate culture, diffused throughout all levels of the organization.

A **marketing orientation** has the following elements:

1. **Customer orientation**: having a sufficient understanding of the target buyers to be able to create superior value for them continuously.

2. **Competitor orientation**: recognizing competitors (and potential competitors) strengths, weaknesses and strategies.

3. **Interfunctional coordination**: coordinating and deploying company resources in a manner that focuses on creating value for the customer.

4. **Long-term focus**: adopting a perspective that includes a continuous search for ways to add value by making appropriate business investments.

5. **Profitability**: earning revenues sufficient to cover long-term expenses and satisfy key constituencies.

Reasons Owing To Which Marketing Planning Approach Is Needed In Healthcare Services
1. Few healthcare organizations have surplus financial resources to pay for the mistake of offering a service that is not needed in the marketplace. A marketing-driven planning process is one tool to help lessen such mistakes.

2. It minimizes the likelihood of failure.

3. Increased competition in health care services.

4. Builds awareness about healthcare.

5. Enhancing visibility or image of healthcare delivery organizations.

6. Improving market penetration of healthcare services.

7. Attracting competent medical staff and employees.

8. Influencing healthcare consumer decision making.

**Marketing In Healthcare Is Different From Other Industries**

The marketing philosophies cannot be readily transferred from other industries to healthcare. Healthcare marketing requires its own special approach.

*Marketing in healthcare is different for the following reasons:* 

1. Demand for many health services is relatively uncommon and highly unpredictable.

2. End user may not be the objective for the marketing campaign.

3. Product being marketed may be highly intricate and may not lend itself to easy classification.

4. Not all potential customers for a healthcare service are considered desirable.

5. Difficult to determine the outcome of the provision of healthcare services.

6. Difficult to quantify the differences among healthcare organizations and the services they deliver.

7. Bigger challenge to market services than goods.

**Recent Developments Encouraging Healthcare Marketing**

*The following list includes some of these important developments:*

1. Introduction of competition in healthcare industry.

2. Awareness of the consumer.

3. Introduction of new healthcare services.

5. Entry of entrepreneurs in healthcare industry.
7. Mergers and acquisitions in healthcare services.
8. Need for social marketing in healthcare services.

**Marketing Of Hospitals**

Providers of healthcare services should select very active approach and analyze the marketing environment so that suitable marketing efforts can be considered. Marketing is just finding out what is essential and then communicating to patients that the hospitals carry all those facilities that are anticipated by the patients.

Customer Relationship Management (CRM) approach is also adopted by the hospitals for continued existence and hospitals may often send to its patients greeting cards. Feedback forms, suggestion and complaint boxes and patient satisfaction surveys can also be used.

Hospital management should keep in mind important aspects such as dress code of employees, professional set-up of business, housekeeping and providing high quality healthcare so as to set a good image of the hospital in the minds of the consumers.

The marketing practices adopted by the marketer of healthcare services has changed over a period of time because people today are more aware of their health than ever before. With the emergence of Information Technology today’s consumers are better educated and informed. The changing lifestyle, work patterns and changing food habits are accountable for increase in diseases like hypertension, diabetes etc.

Privatization of healthcare, larger patient involvement, and self-medication of minor ailments is becoming common practice across the urban and rural population, and it has lead to a growing demand for Over the Counter (OTC) products such as Becosules and Digene etc.

Today huge investments are being made by healthcare organizations to implement marketing plans based on marketing principles.

Corporate hospitals have accepted the significance of marketing in helping the patients to select best hospitals for treatments. They are of the opinion that marketing is not unethical and needs to be done in order to sustain in the market. Appropriate marketing mix strategies need to be adopted in order to achieve better results and to be flourishing in the healthcare market (http://shodhganga.inflibnet.ac.in).

**Marketing Strategies**

In view of the complexity, Gronroos (1984) argued that services marketing require not only external marketing but also internal and interactive marketing.

External marketing is the normal work done by the organization to prepare, price, distribute, and promote services to customers.
Internal marketing describes the work done by the company to train and motivate its employees to serve customers well.

Interactive marketing means the employee’s skills in serving the client. The client judges the service quality not only by its technical quality (e.g. was the surgery successful?) but also by its functional quality (e.g. did the surgeon show concern and inspire confidence?).

Service companies face three tasks – competitive differentiation, their service quality and their productivity (Kotler, 1996).

Marketing Strategies Adopted by Corporate Hospitals

1. Hospitals have eminent personalities from the Industry in their advisory board. This attracts patients from the workforce of these Industries.

2. Hospitals offer discounts on the recommendation of their promoters, consultants etc.

3. Successes of major surgeries being undertaken in the hospital are discussed in health magazines, newspapers and in other health forums.

4. Hospitals conduct seminars and conferences.

5. Hospitals conduct health care camps in rural and urban areas as a part of corporate social responsibility.

Managing Differentiation

Customers normally view the service provided by different organizations offering similar services, as homogeneous, and hence often, buy the less costly. The solution to price competition is to develop a differentiated offer, delivery and image. The offer can include innovative features i.e. besides providing the primary service package (what the customer expects) adding secondary service features. A service company can differentiate its service delivery in three ways, namely through people, through physical environment, and through process – the THREE Ps of service marketing (Kotler, 1996). Service companies can also work on differentiating their image specifically through symbols and branding.

Levitt (1981) suggests adding tangibility needs by managing the evidence or tangibilizing the intangible. Strategies that could be utilized to tangibilize the services may include any one of the following:

1. Making them person or equipment based

2. Use of facts, figures and opinions

3. Use of technology

4. Through personalization of services
5. Making the service conveniently available
6. Customer leverage
7. Physical facilities
8. Communication material
9. Price
10. Post-purchase communication

Managing Service Quality

One of the major ways to differentiate a service firm is to deliver consistently higher quality service than the competitors. The key is to meet or exceed the target customer’s service expectations. According to Parasuraman et al (1985), there are five gaps that cause unsuccessful service delivery:

1. Gap between consumer expectation and management perception,
2. Gap between management perception and service-quality specification,
3. Gap between service-quality specifications and service delivery,
4. Gap between service delivery and external communications, and
5. Gap between perceived service and expected service.

There are five determinants of service quality: 1. Reliability, 2. Responsiveness, 3. Assurance, 4. Empathy and 5. Tangibles

Service firms take three steps towards quality control. The first is investing in good personnel selection and training. The second step is standardising the service-performance process throughout the organization. The third step is monitoring customer satisfaction through a suggestion and complaint system and customer surveys so that poor service can be detected and corrected.

Managing Productivity

There are six approaches to improving service productivity. The first is working more skilfully. The second is increasing quantity of services by surrendering some quality. The third is industrializing by adding equipment or automation. The fourth is reducing or making obsolete the need for a service by inventing a product solution. The fifth is designing a more effective service and the sixth is presenting customers with incentives to substitute their own labour for company labour.

Managing Product Support Services

Manufacturers of a number of products like equipment, vehicles, office machines etc., have to provide buyers with the product support services of high quality so that the failure frequency, down-time duration, and out-of-pocket expenses are minimized.

Post-Sale Service Strategy
It includes maintenance and repair services, training services and the like, irrespective of how they are delivered – that is, through customer service department, or distributor or dealer and should ensure that the equipment is in good working condition.

**Matching Supply with Demand**

Because of the perishable nature of services, matching the supply with demand often requires special efforts. To deal with the perishability nature of the services, Sasser (1976) suggested the following strategies: Differential pricing, Cultivation of non-peak demand, Complementary services and Reservation systems.

The supply side can be managed accordingly with the help of: Part-time employees, Peak-time efficiency routines, increased consumer participation, Shared services and Facilities for future expansion.

**SOCIAL MARKETING**

The term Social Marketing was first introduced in 1971 to explain the use of marketing principles and techniques to advance a social cause, idea or behaviour. It is a strategy for changing behaviour. Kotler, defined social marketing as the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research.

Social Marketing is the application of marketing principles to social programme design and management. It is a ‘systematic approach to solving problems related to the adoption of health-promoting behaviour such as enhanced utilization of services, trial and continued use of a product, and improvement of household or community practices. Social marketing provides a voice to the consumer-the programme beneficiaries-and is concerned with their perspectives and practices, making it easier for them to follow better practices’ (Griffiths, 1992).

**Social Marketing Products**

Change from an adverse idea or behaviour or adoption of new ideas and behaviours is the goal of social marketing. Ideas and behaviour are the product to be marketed. The three types of social products are as follows:

1. **Idea**
   - Belief
   - Attitude
   - Value

2. **Practice**
   - Act
   - Behaviour
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3. Tangible product

Traditional strategies employed advertising exclusively, rather than searching the needs of clients and consumers to design campaigns that fit them. Social marketing is built around the information gained from business practices: the setting of measurable objectives, research on human needs, targeting products to designing the product-market fit. Three marketing inputs are needed for this purpose.

1. Social idea and / or product positioning
2. Dressing up the social idea / product
3. Reinforcing the image

Delivering the Product-Market Fit

In case of a tangible product, the social marketer will arrange with outlets to store, display, and distribute the tangible product. The tangible product may also require a personal; presentation and demonstration. There is one further step in the delivery process, namely adoption triggering, or getting the target-adopter group to try or adopt the product. Such activities include special events, incentives, gathering, rallies, and other efforts that pull the target adopter in to the delivery outlet to try the product.

Defending the Product-Market Fit

The final task is to sustain or change the product-market fit to respond to relevant changes in the environment and in the target adopter population. There are three steps in this stage:

1. Researching and monitoring the target group’s condition
2. Utilization research
3. Adjustment and changes of marketing plan as circumstances change

Social Marketing-Mix

Marketing mix is the set of variables that the marketing agency blends to produce the response it wants in the target market. The marketing mix consists of the ‘four Ps’ given below:

1. Product – stands for the ‘goods-and-service’ combination the company offers to the target market.
2. Price – stands for the amount of money customers have to pay to obtain the product or service.
3. Place – stands for company activities that make the product available to the target consumers.
4. Promotion – stands for the activities that communicate the merits of the product and persuade target customers to buy it.

Social Marketers add the following ‘three Ps’:

1. Personnel – those who sell and deliver the social product to the target adopters.
2. Presentation – the visible sensory elements of the setting in which the target adopters acquire or use the social product.

3. Process – the steps through which target adopters go to acquire the social product (Rao, P.H., 2000)


**Steps in Social Marketing Programmes**

There are eight important steps in social marketing programmes (Altman & Piotrow, 1980)

1. Establishing management and operating procedures
2. Selecting the products to be marketed
3. Identifying the consumer population
4. Deciding on brand names and packaging
5. Setting an appropriate price
6. Recruiting sales outlets
7. Arranging and maintaining a distribution system
8. Carrying out promotion

**Social Marketing of Condoms in India**

India was the first country to initiate the concept of social marketing in 1968 in its family planning program. India’s social marketing program is also the largest in the world. It represents a unique partnership between the government and the business sector. This interaction was designed to increase contraceptive usage among Indian couples by distributing government-subsidized condoms through the networks of the private sector companies. The scheme involved selling one brand of condoms through six private firms in selected regions of India. Since then the programme has been extended to the entire country and currently includes the selling of various brands of condoms by a dozen business firms and social service organizations. The US Agency for International Development (USAID) has provided monetary and technological support for the condom social marketing program in selected states of India.

**Health Care Advertising Guidelines**

1. Advertising should state and imply only documentable, normally expected outcomes.

2. Advertising related to clinical outcomes should use the actual words and images of actual patients who have experienced the procedure or treatment being promoted.

3. Advertising should place the good of the patient above other interests—especially a provider’s economic interest, prestige, or image building.

4. Advertising of health care services, including physician referral services, should acknowledge criteria used in identifying the list of service providers.
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7. Advertising of health care services, including physician referral services, should acknowledge criteria used in identifying the list of service providers.

Conclusion

Healthcare services mean the furnishing of medicine, medical or surgical treatment, nursing, hospital service and dental service etc. to any person for the purpose of curing or healing human illness, physical disability or injury. Marketing of healthcare services as well as other services today has become pertinent and important, as the share of the service sector in terms of both manpower employed and contribution to the Gross National Product (GNP) is significant and continuously increasing. Services marketing require not only external marketing but also internal and interactive marketing. Service companies face three tasks – competitive differentiation, their service quality and their productivity. One of the major ways to differentiate a service, firm is to deliver consistently higher quality service than the competitors. The term Social Marketing was first introduced in 1971 to describe the use of marketing principles and techniques to advance a social cause, idea or behaviour. Social marketing is a strategy for changing behaviour.

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