

Chapter 5

Marketing of Healthcare Services

5.0 Introduction

Health care organizations are amongst the last ones to adopt modern marketing practices into their marketing systems. Prior to the late 1970, marketing, as we know, it had no significant presence in any health care provider. People who had no formal training or prior experience in marketing outside the health care industry conducted those marketing functions that were performed at all under the auspicious department with titles like “development” and “Public relations”. The lack in the field of marketing was soon to be replaced with the hunger of marketing talent. Marketing is certainly not the only functional department that has undergone sea changes in its role in health care management, but certainly it is one of the most controversial departments as its role is concerned.

5.1 Concept of Marketing

What is Marketing?

Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is meeting needs profitably. ²”

American Marketing Association offers the following formal definition: Marketing is an organizational function and a set of processes for creating, communicating and delivering value to the customers and for managing customer relationships in ways that benefit the organization and its stakeholders ³.

Marketing Management is the art and Science of choosing target markets and getting, keeping, and growing customers through creating, offering, and freely exchanging products and services of value with others.)

5.1.1 What can be Marketed?

Products / Goods which are physical in nature. In healthcare, medicines / tablets, with or without brand names (paracetamol, which is a medicine Crocin is the brand name) are common examples.

Services are invariably intangible in nature. Consultancy by doctors, their advice, etc., is an example of service. As will be explained later, there could be pure services and some services are combined with products and goods. In today's economic scenario, services are the biggest growing businesses.

A conference, a medical check-up camp, the Olympics, cricket tournaments are events that are being marketed for effective response.

Places this is an entirely novel concept that is being done today. To take a simple example, tourism spots like Goa and Kerala are being marketed to attract tourists. In the field of healthcare, a city may market itself as a place to come for the right treatment due to availability of the right type of treatment.

Eminent surgeon who has gained expertise and reputation, winners like Miss World / Miss Universe, a sporting megastar like Sachin Tendulkar, Kiran Bedi who is known as the most powerful lady is now being marketed who probably was never ever was thought will be marketed, Dhoni the most successful Cricket Captain, Coaches of various teams example Hockey cricket coach Mr. Negi being asked to promote reality shows, Amitabh Bachchan , Sharukh Khan are being marketed on various lines. Perfumes men accessories being names after the celebrities are examples of persons being marketed.

Organizations in order to build a good image for the customers, organizations toil to market themselves. Examples like Apollo Hospitals in healthcare, Pfizer in pharmaceuticals, and Sony in consumer electronics, New Medical Centre in UAE, Pune Based Pharmaceutical Company like Emcure Pharmaceuticals, a number of IT healthcare solution based companies like Seed healthcare, Religare, Metropolis, a number of

insurance based organizations like mediassist, Paramount, TATA AIG, Raio service Providers like the Radio Mirchi promoting on the reality shows, Radio one associating with the Leading Symbiosis Institute to Promote various radio related courses and many many more.

Information is one of the emerging industries in marketing. Information is collected, packaged and sold to customers. This could be by way of market research on various aspects to even as basic as a database. This may or may not be ethical practice. Like for example the Operation Research Group who collects the product sales data, new product launch data from across a set of 2000 chemists and extrapolates to 2lacs chemists and does the ranking of ach of the pharmaceutical company products as well as all the competitors information on similar lines and provides to the companies in the form of a book for a premium price. With the help of this the companies can then take a call about their marketing strategies against a competitor, to what extent market share needs to be increased viz a viz the competitors, which new products are doing well and the acceptance by the target audience. This helps in launching new products.

Marketing is essentially about parading the resources of an organization so that they meet the changing needs of the customers on whom the

organization depends. As a verb, marketing is all about how an organization addresses its market.

5.2 Marketing as a Process

Till now we have seen marketing as a concept now we will see marketing as a process. The process of marketing involves exchange transactions between the buyers and the sellers, the exchange of products with compensation. Exchange involves obtaining a desired product or service from someone by offering something in return.

The compensation paid is generally in monetary terms. The essence of the process is: There are at least 2 parties, there could be more Each has something of value for the other Each is capable of communication and delivery Each is free to accept or reject the exchange Each believes that it is appropriate to deal with the other. Thus both the buyers and sellers and if there are any other parties, give something to each other and are benefited through the exchange process. It should result in long term satisfying relationship between both of them, which will result in repeat purchase of the product.

5.3 Marketing as a Managerial Function

Marketing as managerial activity involves following activities:

- Environment scanning and market opportunity analysis
- Understanding the customer needs
- Developing the right products and services with the right quality and features, design, sizes, variety, etc
- Targeting the right markets and customer segments
- Development of competitive market plan and strategy
- Developing the right price and value offering, promotions, packaging, payment and credit terms, etc.
- Public relations and advertising, managing the sales force
- Employing the right marketing channels, inventory management, transportation, logistics, ensuring the right supply chain
- Development of control mechanism.
- All other needs that may be required

Thus employing the right marketing mix, which means using all those marketing tools, such that an organization is able to supply not only consumer needs but also achieve its objectives. Thus marketing can be put as an important organizational function.

What is Marketing Orientation?

A look at successful marketing organizations in India and abroad reveals that the marketing organization involves the following dimensions:

Consumer Orientation: Traditionally companies focused from their viewpoint and assumed that they knew what the customer requires. Successful marketing companies take efforts to continuously monitor consumer needs, wants and preferences, both stated and unstated, again fulfilled and unfulfilled. Unfulfilled customer needs drive their new product development efforts.

An integral approach to exploiting the market opportunities: successful marketing companies integrate all the elements of the marketing mix, and not just merely advertising and selling into a sound business plan that could successfully help them to fight the competition. That the entire company would integrate the other functions like research and development, finance, production, operations, materials, etc. This integral approach is important for the success of the company.

Futuristic approach: These companies strategize and compete not only for today's market, but also proactively create markets for tomorrow. So these companies look at money spent on marketing not as expenditure, but as an

investment. For example, they would look at the market from a future perspective; say a three to ten year perspective when they look at maximizing their returns from an advertising campaign or tactical price reduction over these years just than in 1 year.

Highly developed marketing systems: Strong marketing information systems which will act as Barometer in the market.

Market culture pervades the organization: an important characteristic of organizations is everybody, from the CEO to the sales executive, everybody is market-oriented.

Thus Marketing orientation is different from selling orientation, which tries to dominate many India.

5.4 Customer Satisfaction and Marketing Mix:

A person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance in relation to the expectation from the product. Important here to note is perceived performance and expectations. For example you hear from a neighbor about a good doctor, the cleanliness about his hospital, courteous staff, reasonable rates and above all good treatment. You go to this doctor and let's assume that all this turns out to be true. Then since there was an expectation the satisfaction

would be just about met. But if there is even something that does not get fulfilled, say a mistake in the billing, there will be low satisfaction in spite of the fact that you had good treatment. On the other extreme, you go to a hospital in an emergency. The hospital is not sophisticated at all, but just the fact that you may have been given a lot of importance and attention may make you ignore everything else, even the high bill, and make you a very satisfied customer. Customers form their expectations from advertisements, information from other companies, own past experiences, even from names of companies. Companies need to target high levels of satisfaction because customers will switch to other offerings if they are not just satisfied or just about satisfied. Highly satisfied customers will not switch easily and their bond is more than just rational, it is often emotional. Thus you gain loyalty. The key to generating high customer loyalty is to deliver high customer value.

5.5 Attracting and Retaining Customers

Companies need to get customers to seek profits, and attracting new customers requires considerable amount of time, effort and money. Next is converting this attraction into business, which leads to acquisition of new customers. In the above process, the first step is to generate leads for all possible customers, by various methods. Popularly, this is known as

suspecting. The next step would be screening this list, based on various parameters and come down to the list of prospects that need to be concentrated upon.

But it is not enough to acquire new customers only to lose them. So a company must measure its retention rate say for a hospital how many patients would come back when there is a need or say in the case of a travel agency, how customers may keep on booking through you. Next is to see the reasons for losing customer. There are many cases, where nothing can be done; the company in spite of its best efforts would have lost these customers. There may be some customers, where it would be better not to have them at all, because there may be a loss, trying to retain and serve these customers. In other cases, quite often the reasons are manageable and the company should correct their mistakes. The reasons are obvious if the company calculates the profits lost from existing customers and also looks at the cost of acquiring new customers, it would be very large. The cost of retaining customers is far significantly lower than acquiring new customers. The unfortunate part is most companies focus on attracting and acquiring new customers than retaining old customers. Customer loyalty comes from customer satisfaction, which in turn leads to customer retention. This leads to higher profits, more consumption from same

customers, talks and advertises about our company at no extra cost and is then willing to try new products and services offered in the future by your company.

5.6 Marketing Mix

Marketers use numerous tools to elicit desired response from their target markets; these tools constitute a marketing mix. Marketing mix can be defined as a set of tools that the firm uses to pursue its marketing objectives in the target market. McCarthy classifies these tools into four broad groups that he called as the 4 Ps of marketing; product, price, place, and promotion.

Marketing mix decisions are made for influencing the trade channels as well as the final customers. Typically a firm can change its price, sales force size and advertising expenditures in short run. It can develop new products and modify its distribution channels only in long run. Thus the firm typically makes fewer period-to-period marketing mix changes in the short run than the number of marketing mix variables might suggest.

The term "marketing mix" was coined in 1953 by Neil Borden in his American Marketing Association presidential address. However, this was actually a reformulation of an earlier idea by his associate, James Culliton, who in 1948 described the role of the marketing manager as a "mixer of

ingredients", who sometimes follows recipes prepared by others, sometimes prepares his own recipe as he goes along, sometimes adapts a recipe from immediately available ingredients, and at other times invents new ingredients no one else has tried. The marketing mix (price, product, distribution, promotion) forms the entire promotional campaign. As stated in "Management of a Sales Force" by Rosann L. Spiro, Gregory A. Rich, William J. Stanton, "when these are effectively blended, they form a marketing program that provides want-satisfying goods and services for the company's market." The term became popular in the article written by Niel Borden called, "The Concept of the Marketing Mix," as explained on the site netmba.com. He started teaching the term to many after he himself learned about it with an associate of his. The marketing mix is a broad concept which includes several aspects of marketing which all inquire to obtain a similar goal of creating awareness and Patient loyalty. The marketing mix is not only an important concept, but a guideline to reference back to when implementing the price, promotion, product, and distribution. Those are the four main ingredients of the marketing mix, but there are other components not already mentioned includes planning, branding, packaging, display, distribution channels, personal selling, advertising, servicing, and physical handling. All in all the current description of the marketing mix is accurate, but missing some vital pieces

of information which will allow individuals to gain a better understanding and implement a more effective marketing mix.^[1] A prominent marketer, E. Jerome McCarthy, proposed a Four P classification in 1960, which has seen wide use.

5.6.1 Four 'P's

Elements of the marketing mix are often referred to as the "Four 'P's", a phrase used since the 1960's

The **basic** major marketing management decisions can be classified in one of the following four categories, namely **Product**, **Price**, **Place** (distribution) and **Promotion**.



- **Product** - It is a tangible good or an intangible service that is mass produced or manufactured on a large scale with a specific volume of units. Intangible products are service based like the tourism industry & the hotel industry or codes-based products like cellphone load and credits. Typical examples of a mass produced tangible object are the motor car and the disposable razor. A less obvious but ubiquitous mass produced service is a computer operating system. Packaging also needs to be taken into consideration. Every product is subject to a life-cycle including a growth phase followed by an eventual period of decline as the product approaches market saturation. To retain its competitiveness in the market, product differentiation is required and is one of the strategies to differentiate a product from its competitors.

- Price – The price is the amount a Patient pays for the product. The business may increase or decrease the price of product if other stores have the same product.
- Place – Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.
- Promotion represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements: advertising, public relations, personal selling and sales promotion. A certain amount of crossover occurs when promotion uses the four principal elements together, which is common in film promotion. Advertising covers any communication that is paid for, from cinema commercials, radio and Internet adverts through print media and billboards. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary individuals, satisfied Patients or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations (see Product above).

Any organization, before introducing its products or services into the market; conducts a market survey. The sequence of all 'P's as above is very much important in every stage of product life cycle Introduction, Growth, Maturity and Decline.

In recent years the addition of a 5th P has become common place. The 5th P being people, this is to represent the people who you are targeting but also the people who will physically conduct each part of the campaign. Some people even go up to as many as 10 P's.

5.6.2 Extended Marketing Mix (4 P's)

More recently, three more Ps have been added to the marketing mix namely People, Process and Physical Evidence. This marketing mix is known as Extended Marketing Mix.

- People: All people involved with consumption of a service are important. For example workers, management, consumers etc. It also defines the market segmentation, mainly demographic segmentation. It addresses particular class of people for whom the product or service is made available.

- Process: Procedure, mechanism and flow of activities by which services are used. Also the 'Procedure' how the product will reach the end user.
- Physical Evidence: The marketing strategy should include effectively communicating their satisfaction to potential Patients.

"Posture" it represents a friendly behavior with people and make a relation.

5.6.3 Four Cs

(CONSUMER, COST, CONVENIENCE and COMMUNICATION , CULTURE)

Robert F. Lauterborn proposed a four Cs classification in 1993.[2] The Four Cs model is more consumer-oriented and attempts to better fit the movement from mass marketing to niche marketing.

- Product part of the Four Ps model is replaced by 'Consumer' or Consumer Models, shifting the focus to satisfying the consumer needs. Another C replacement for Product is Capable. By defining offerings as individual capabilities that when combined and focused to a specific industry, creates a custom solution rather than pigeon-holing a Patient into a product.

- Pricing is replaced by 'Cost' reflecting the total cost of ownership. Many factors affect Cost, including but not limited to the Patient's cost to change or implement the new product or service and the Patient's cost for not selecting a competitor's product or service.
- Placement is replaced by 'Convenience'. With the rise of internet and hybrid models of purchasing, Place is becoming less relevant. Convenience takes into account the ease of buying the product, finding the product, finding information about the product, and several other factors.
- Promotions feature is replaced by 'Communication' which represents a broader focus than simply Promotions. Communications can include advertising, public relations, personal selling, viral advertising, and any form of communication between the firm and the consumer.

5.7 How does a marketer strategize to attain success in a marketing program, using these 4 P's?



The 4 Ps represent the seller's view of marketing tools available for influencing the buyer. From the buyer's point of view, each tool is designed to give the customer benefit. Some authors have suggested that the 4 P's of a seller correspond to the 4 Cs of a Customer Viz: Customer Solution, Customer Cost, Convenience and Communication

5.8 Marketing Mix for Services

One who buys a service offering probably takes a decision based on the following factors:

- How easy would it be to buy it?
- Willingness to pay for the service
- Assessment of the service offered
- Influence of the promotion campaign

The marketers carefully plan these factors and make an attempt to convince the customers to buy their products. The traditional marketing mix has mentioned above contains: Product, Price, Promotion and Physical Distribution, i.e. Place In case of services.

5.8.1 Marketing of Healthcare Services

Marketing in Healthcare ¹

Healthcare adopted marketing approaches well after most other industries, and the marketing era was not considered to begin in healthcare until the 1980s. This does not mean that certain healthcare organizations in the retail and supplier sectors had not been involved in marketing activities.

Pharmaceutical companies, consumer-product vendors, and health plans have a long history of marketing activities; indeed, some of these organizations devote an inordinate proportion of their budgets to marketing. These types of organizations are addressed throughout this book, although the emphasis is on marketing on the part of healthcare providers. While marketing was noticeably absent from the functions of most healthcare providers until the 1980s, precursors to marketing had long been established. Every hospital and many other healthcare organizations had well-established public relations (PR) functions. PR involved disseminating information concerning the organization and announcing new developments (e.g., additions to staff, purchase of equipment). The main interface for PR staff was with the media. They disseminated press releases, responded to requests for information, and served as the interface with the press should some negative event occur.

Large provider organizations also typically had communication functions, although they were often carried out under the auspices of the PR department. Communications staff would develop materials for dissemination to the public and the employees of the organization. Internal (and, later, patient-oriented) newsletters and patient-education materials were frequently developed by communications staff.

Some of the larger organizations (and certainly the major retail firms and professional associations) established government-relations offices. These staff members were responsible for tracking regulatory and legislative activities that might affect the organization. They served as the interface with government officials and provided lobbying efforts as appropriate. The government-relations office frequently became involved in certificate of- need activities. This function has historically been critical for many healthcare organizations because of the constant pressure on not-for-profit healthcare organizations to justify their tax-exempt status. In addition to these formal precursors of marketing, healthcare organizations of all types were involved in informal marketing activities to a certain extent. This occurred when hospitals sponsored health education seminars, held an open house for a new facility, or supported a community event.

Hospitals marketed by making their facilities available to the community for public meetings and by otherwise attempting to be good corporate citizens. Physicians marketed themselves through networking with their colleagues at the country club or medical-society-sponsored events. They sent letters of appreciation to referring physicians and provided services to high school athletic teams.

Ultimately, low-budget PR departments were transformed into multimillion-dollar marketing programs. This did not happen overnight,

and a number of developments had to occur before healthcare came to appreciate the relevance of marketing.

5.8.2 Hospitals are offering the following services under healthcare services to the common man:

1. Emergency Medical services – Emergency Medical services and care at most of the hospitals is unique and advanced. The hospitals have state-of-the-art ambulances. The Cardiac Care Unit's on wheels under supervision by medical and para-medical staff. There is hi-tech telecommunication available to a patient in an emergency at any given time. These emergency Medical services personnel are certificate to give first aid in case of emergency. Support from these experts could be in the form of medication or simply resuscitation by providing mouth to mouth breathing exercise.

2. Ambulance services – Hi-tech ambulances linked by state-of-the-art telecommunications are fully equipped with doctors that are available to render medical attention and assistance in case of emergencies at the patient's doorstep. Example if ECG is taken in the ambulance the same can be read by the consultant sitting in his consulting room provided the relevant connections are installed at his place / the computer or simply on his mobile.

3. Diagnostic services – Modern Hospitals are multi-specialty and multi-

disciplinary, that can handle any kind of ailment, they offer a wide range of facilities for instance, Dermatology, Infertility, Oncology, Orthopedics such as Hip replacement or the joint replacement, Neurology, Organ Transplantation, Plastic surgery and so on.

4. Pharmacy services – Most of the hospitals also have a pharmacy which is open 24 hours. It caters to the needs not only of the inpatients and outpatients, but also patients from other hospitals who require emergency drugs.

5. Casualty services – Casualty service are meant for a 24 hrs X 7days service. Casualty department which attends to the accident or emergency cases consists of a set of people which includes a resident doctor, emergency medical service expert, nurse and a ward boy.

Sooner Emergency and Casualty case occurs if it is of a very serious nature CODE BLUE is announced.

Hospital Emergency Codes are used in hospitals worldwide to alert staff to various emergency situations. The use of codes is intended to convey essential information quickly and with a minimum of misunderstanding to staff, while preventing stress or panic among visitors to the hospital. These codes may be posted on placards throughout the hospital, or printed on employee/staff identification badges for ready reference. Back of a hospital

ID badge shows disaster codes. Hospital emergency codes are frequently coded by color, and the color codes denote different events at different hospitals and are not universal ⁶.

The fact that different hospitals, even those in close proximity to one another, do not utilize a consistent coding system leaves room for confusion in the event of an emergency or disaster. Many physicians have privileges at more than one facility, and the expectation is that he or she would be well versed in the emergency doctrines of each. However, it seems that without due diligence in regular review of the codes for each hospital, it would be very possible for confusion to ensue in the event of a code announcement. The standardization of codes, however, would diminish the secretive "code" aspect of these announcements, thereby defeating the purpose of using the codes.

Apart from the above mentioned services, hospital also offers "Health Diagnosis Programme" which is a complete, comprehensive, periodic health check up offered for busy executives, professionals, business persons and so on. The health diagnosis programme comprises of the following:

1. Master health check up
2. Executive Health check up

3. Diabetics health checkups etc

Generally, the service offering in a hospital comprises of the following levels:

1. Core level – it comprises of the basic treatment facilities and services offered by the hospital like diagnostic services, emergency services, casualty services etc.

2. Expected level – it comprises of cleanliness and hygiene levels maintained in the hospital.

3. Augmented level – it comprises of dress code for staff, air conditioning of the hospital, use of state of art technology, services of renowned consultants.

Understanding the role of the additional 3 Ps for healthcare services:

People unlike in products, in services it is the people who deliver the services. The success of delivering services depends on the quality of the people, the staff and their skills along with their attitude. In a hospital, the receptionist, the doctors, the nurses, the administrative staff all put together deliver the service. Their skills and attitude along with what they deliver becomes important.

Physical Evidence: Services delivered are at the moment of delivery. If the receptionist forgets to greet a customer or does not satisfy queries of a

customer, the moment is lost. Thus the evidence of such acts determines the quality and delivery of service. Process as detailed earlier, there are many aspects to a service that have to be done in the proper sequence, at the right time and in the proper way, and thus the process is important.

Hence the seven Ps of services are Product, Price, Promotion, Place, People, Physical evidence, Process. An integrated approach to all the seven P's determines the marketing of the service.

Six P's add value to the services. Out of the 7 P's of marketing mix for services 6 P's of the mix calculate for the 7 P, that is value for money, price paid by the customer.

5.9 Considerations for Promoting Marketing of Healthcare Services

Analysis of the environment

Factors to be considered for Environmental Study:

- Events are important and specific occurrences taking place in different sectors
- Trends are the general tendencies / courses of action along which events take place

- Issues are the current concerns that arise in response to events and trends
- Expectations are the demands made by interested groups in the light of their concern for issues

In studying the environment, the following actions would be there:

In **scrutinizing**, one would try and identify early signs of environmental changes and trends. Thus, scanning the environment, means finding information, data, trends which will affect your company, directly and indirectly, in the present and also possibly in the future. **Screening** the environment, keeping track of the changes and interrelationships between various factors. In monitoring, one detects meaning through observations. **Predicting** what possible events and changes may be occurring in the future that will have an impact on the company. In forecasting, one would develop projections based on anticipation of outcomes through scanning and monitoring. **Evaluating** the impact, you would determine the action, importance and timing for the company's strategies.

The external environment encompasses the following:

- a) Marketing environment
- b) Finance environment

- c) Economic environment
- d) Demographic environment
- e) Political and Legal environment
- g) Supplier and Technological environment
- h) Social and Cultural environment.

All of them are interrelated and cannot operate in isolation.

Marketing Environment

It is concerned with the markets in which the company operates and the linkage between the company, customers and competition. Typical study would be growth rate, demand v/s supply, competitors, customers, needs of customers, price performance ratio of various products available, customer choices and preferences etc.

Financial Environment

It is concerned with the demand / supply of money, capital markets, intermediaries, interest rates, tenure of loans, securities asked for loans, various financial instruments, and other factors in the financial sector.

Demographic Environment

It is concerned with the population's size and growth rate, age and sex wise distribution and classification, structure and size of families, geographic distribution, and ethnic mix and income distribution, etc.

Economic Environment

It is concerned with inflation rates, GDP, savings rate, trade deficits, balance of payments, trade gap, trade cycles, infrastructure like electricity / communication/ roads / rail / air / etc., and other such factors that affect the entire industry.

Political/Legal Environment

It is concerned with govt. policies, stability, philosophy of govt., various laws, infrastructure for implementation of various laws and policies, attitude towards labor, bilateral relations and overall factors that may affect industry climate.

Social/Cultural Environment

It is concerned with attitudes about work / quality, concerns, ethics, values, religion, corruption and other such factors.

It is concerned with the quality and number of suppliers, labor and people as suppliers, the logistics, raw material, trends and rate of change of

technology, appropriate technology, cost/benefit of technology and other such factors.

Internal Environment

Here the analysis is of:

a) Resources

b) Capabilities

c) Competencies

a) Resources: there are tangible and intangible resources.

b) Tangible resources can be quantified and are identifiable / visible basically 4 types -financial resources - organizational resources - physical resources – technological resources.

c) Intangible resources are less visible - like human resources - innovation resources - reputation. The resources of the functional departments like finance, administration, operations, etc.

d) Capabilities are the company's capacity to deploy resources that have been purposely integrated to achieve a desired end state. Capabilities enable the company to create and exploit external opportunities.

An **Opportunity** is a favorable conditioning the organization's environment which enables it to consolidate and strengthen its position. An example of an opportunity is growing demand for the products or services that a company provides

A **Threat** is an unfavorable condition in the organization's environment, which creates a risk for, or causes damage to, the organization. An example of a threat is the emergence of strong new competitors who are likely to offer stiff competitions to the existing companies in an industry.

The **Strength** is an inherent capacity, which an organization can use to gain strategic advantage. An example of strength is superior research and development so that the company can gain a strategic advantage is an inherent capacity, which an organization can use to gain a strategic advantage.

A **Weakness** is an inherent limitation or constraint, which creates strategic disadvantages. An example of a weakness is over dependence on a single product line, which is potentially risky for a company in times of crisis.

Based on the above a company would evaluate the SWOT analysis. There would be threats and opportunities in the environment. To take advantage

of the opportunities and minimize the threats, a company would require a few critical success factors.

The Critical Success Factors or CSFs are the requirements to be successful in that business area. For example, a super specialty hospital requires experienced and qualified doctors and surgeons; a pharmacy company needs a good sales team and excellent distribution systems, etc.

If these CSFs are available with the company in a measure larger than others have it then only it is strength. So if a super specialty hospital has the best doctors and if these types of doctors are not available with the competition, then it is strength. If all the other hospitals also have similar panel of doctors that you have, it is a neutral factor. So strength has two characteristics one, it is required for success and second, you have it more than the others. If something is needed for success, but is absent in your organization it is a weakness, because you will not be able to capitalize on the opportunities and the competition will erode your position. Thus, strengths and weaknesses are relative to the environment.

The strategy would be then to capitalize on the opportunities through your strengths and minimize the threats that arise due to your weakness.

Identifying Target Customers

Target customers can be divided into two types:

1) External to the organization:

They are not directly associated with the organization

2) Internal customers:

Who work for the organization and need to be given considerable attention

Differentiation and Positioning

Differentiation is the act of designing a set of meaningful differences to distinguish the organization's offering from that of the competitor. In products one can use form, e.g. a medicine by different doses, size, coating, action time, sustained release, etc one can differentiate by features one can use performance quality, durability, reliability, style, etc to differentiate.

In services one can differentiate by ordering ease or accessibility, delivery of the service, giving customer's information, training and consultancy, and a whole lot of such services. One can create a difference by giving an image, by using symbols and personality.

The difference created must be important to a customer, distinctive, superior to competition, cannot be easily copied, affordable to the customer, and profitable to the company providing the differentiation.

Once this is done, you then need to position your offering for the target market identified.

The organizations must carve out a "POSITION" for itself and its services / products in the mind of the customer.

Advantages of Positioning

- Create a distinctive place in the minds of the potential customers e.g. Apollo superior quality of health care, Johnson & Johnson safe products
- Provides a competitive edge
- Intangibility gets tangibility
- Gives the target market a reason for buying your services

There is question of how many differences to promote. Each company must create some "Unique Selling Propositions" promoting key central benefits and try to be the best on those attributes and benefits. There should be balance of trying to promote only one benefit, which might be too narrow and on the other hand promoting too many benefits that do not seem credible. There are typically the following errors in positioning:

- **Under positioning** : giving only a vague idea, customer cannot decipher the benefit; e.g. a hospital saying it is reliable, but not beyond that.
- **Over positioning** : having too narrow an image e.g. hospital giving different services promotes may be perceived by customers as only a prevention centre.
- **Confused positioning** : too many claims, change in position may lead to confusion in the minds of the customer
- **Doubtful positioning** : lack of credibility due to untenable claims

In positioning a service, there is an image that is created. Image is the sum of beliefs, attitudes and impressions that a person or group has of an object. Image is created through an identity that a company tries to presents itself to customers. There are different types of images current image, the way as seen now mirror image way the company thinks it is seen wish image the way a company would like to be seen. The aim is to make the current image and wish image to match. For effectively positioning services the following have significant influence employee attitude customer and contact employee interaction policies and procedures of the company

responsiveness to solving problems and complaints the experience of the customer.

The process of positioning is twofold:

Market positioning where you identify and select markets based on knowledge of the needs and benefits of the service offered e.g. Escorts heart hospital. The next step is to use psychological positioning to create a image using either objective or subjective parameters. Finally you look at positioning approaches which can be by attributes, price, quality, etc.

Pricing

Setting the right price is crucial for services and the most challenging. If the prices are too high, you may not get customers, if they are too low, you may not make profits.

Factors Affecting Pricing:

Fixed costs the cost you have to incur irrespective of the volumes / business, like rent, salaries, etc

Variable costs: the costs of your inputs that are directly proportional to your business, e.g medicines given, bandages, etc.

- **Positioning**

- **Promotions**
- **Taxes**
- **Customer's perception about price and quality**
- **Image**
- **Elasticity of demand**

One could use cost as a base for pricing typically

- **Cost plus method**
- **Target return on investment pricing**

Or one could use a demand as a base for pricing typically

- **Discriminatory pricing:**

Charge affluent patients more and poorer patients less, or different prices for different times / seasons, more for an emergency, less with appointments, etc

- **Backward pricing**

Assess what customers are willing to pay and then price accordingly to their willingness

- **Market penetration pricing**

Set the initial price low w.r.t. expectation of customers, so as to attract customers to try out your services, create volumes and awareness and then slowly increase afterwards, typically used for new hospitals new equipments and diagnostic methods, etc

- **Discount pricing** for large quantity, e.g. offering corporate discounts as this may lead to high number of patients coming in, or for repeat visits, lower your charges for subsequent visits, or offering seasonal discounts.

Use perceived value quality / price pricing. Here you price on perception. One could have the following options premium pricing, offering high quality with high price super value pricing, offering high quality at low price good value strategy, offering good / medium quality at a low price economy pricing, offering low quality with low prices. There could be even negative methods like overcharging, offering low quality at a high price just because of shortage, will not last long.

Promotion and Communication

In communicating the services to the customers, promotion element of the services plays a vital role. This also helps in communicating

services to other key relationship markets. Promotion is a descriptive term for the mix of communication activities, which service organizations carry out in order to reach to their customers. Generally a mix of following elements is used for promotion of services. The methods used could be Advertising, Personal selling, Sales promotion, Publicity, Public relations, Word of mouth, Direct mail, Tele-marketing, E- marketing, etc

Why Promotion?

It creates image of the service organization such as:

1. Prestige, technologically advanced, innovative.
2. It creates reputation and reduces perceived risks. Customers are confident while dealing with the service providers.
3. It adds direct promotional value.

Promotion for Healthcare Organization

Advertising:

Kotler and Armstrong defines Advertising, *'as any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor'*. Advertisers not include only business firms but also museums, charitable organizations and government agencies that direct messages to target public. Advertisements are the cost effective way to communicate whether it is building of a brand, or to educate people to avoid hard drugs. Because of the differences in the nature of Health Care Services with other industries, there is huge difference in advertising of these two streams. The codes of ethics for advertising Health Care Services Organization restrict the type of advertising.

Media available for Advertising

An overview of all the media available for marketing, and then their relevance in the marketing of health care services.

- Press and newspapers: Daily newspapers, local metro and national. Advantages include short lead-time, high readership,

broad acceptance, high believability, where the disadvantages include heavy 'ad' competition and short life.

- Periodical newspapers: weekly, fortnightly or monthly. The advantages include broad acceptance, provides target audience and graphics and text can be represented in better way.
- Television: national, regional or local. The advantages include a broader class; combines high motion and sound thus effective as compared to print media. The disadvantages include very high network charges and very poor target audience selectivity. The examples are, national- DD1, regional DD Marathi, local- Cable TV News lines.
- Out door media: they can be divided into single location and multi location. The advantages include color options, size to suit, and permanent, repeat exposure and target local market. The disadvantages include low impact as compared to other audiovisual media.
- Direct mail: the advertiser here selects the market. Advantages include capacity to go to target audience directly, personal contact

approach where the disadvantages include low credibility and high through away rates.

- Telemarketing: the advertiser here selects the market. Advantages include capacity to go to target audience directly, personal contact approach and conversation with the likely customer where the disadvantages include consumer feeling offended if not conducted in the proper mannerism and leads to negative impression.
- Directories: can be Trade directories or yellow pages or telephone directory Marketers cover the area covered by the directory. The advantages include permanent, action oriented message and low cost where the disadvantage is low appeal and clutter effect of "ad".
- Internet: includes the national and international market. The advantages include adaptation of services to individual requirements and global proximity. The disadvantages include lower percolation in the Indian society, not much people are computer literate.

The widely used media in Health care services are outdoor media, where the national programs include media like television where many advertisements are produced in the public interest.

There are five main stages in a well-managed advertising campaign:

Stage 1: Set Advertising Objectives

An advertising objective is a specific communication task to be achieved with a specific target audience during a specified period of time.

Advertising objectives fall into three main categories:

(a) To **inform** - e.g. tell customers about a new product

(b) To **persuade** - e.g. encourage customers to switch to a different brand

(c) To **remind** - e.g. remind buyers where to find a product

Stage 2: Set the Advertising Budget

Marketers should remember that the role of advertising is to create demand for a product. The amount spent on advertising should be relevant to the potential sales impact of the campaign. This, in turn will reflect the characteristics of the product being advertised.

For example, new products tend to need a larger advertising budget to help build awareness and to encourage consumers to trial the product. A product that is highly differentiated may also need more advertising to help set it apart from the competition - emphasising the points of difference.

Setting the advertising budget is not easy - how can a business predict the right amount to spend. Which parts of the advertising campaign will work best and which will have relatively little effect? Often businesses use "rules-of-thumb" (e.g. advertising/sales ratio) as a guide to set the budget.

Stage 3: Determine the key Advertising Messages

Spending a lot on advertising does not guarantee success (witness the infamous John Cleese campaign for Sainsbury). Research suggests that the clarity of the advertising message is often more important than the amount spent. The advertising message must be carefully targeted to impact the target customer audience. A successful advertising message should have the following characteristics:

- (a) **Meaningful** - customers should find the message relevant
- (b) **Distinctive** - capture the customer's attention
- (c) **Believable** - a difficult task, since research suggests most consumers doubt the truth of advertising in general

Stage 4: Decide which Advertising Media to Use

There are a variety of advertising media from which to choose. A campaign may use one or more of the media alternatives. The key factors in choosing the right media include:

(a) **Reach** - what proportion of the target customers will be exposed to the advertising?

(b) **Frequency** - how many times will the target customer be exposed to the advertising message?

(c) **Media Impact** - where, if the target customer sees the message - will it have most impact? For example does an advert promoting holidays for elderly people have more impact on Television (if so, when and which channels) or in a national newspaper or perhaps a magazine focused on this segment of the population?

Another key decision in relation to advertising media relates to the timing of the campaign. Some products are particularly suited to seasonal campaigns on television (e.g. Christmas hampers) whereas for other products, a regular advertising campaign throughout the year in media such as newspapers and specialist magazines (e.g. cottage holidays in the Lake District) is more appropriate.

Stage 5: Evaluate the results of the Advertising Campaign

The evaluation of an advertising campaign should focus on two key areas:

(1) **The Communication Effects** - is the intended message being communicated effectively and to the intended audience?

(2) **The Sales Effects** - has the campaign generated the intended sales growth. This second area is much more difficult to measure ⁴.

Communication is an important element of promotion and also plays a very vital role in Marketing of health Care Services.

Criteria for selecting employees in a health service organization:

- Competence
- Courtesy
- Credibility
- Responsiveness
- Communications

Communications:

Gronos (1990) identifies six guidelines for effective communication in a Health service Organization.

a) Direct communication efforts to employees : target employees are internal customers in marketing communications. Targeting both internal and external customers helps ensure a consistent position in communicating to both parties participating in service encounters.

b) Capitalize on word-of mouth endorsement: health services are driven largely by word-of mouth communications in terms of reach and impact. Health services managers should be aware that in service industry, in health care industry word of mouth plays a better role than best of the sales promotion methods.

c) Provide tangible clues: health services are one of the most intangible of products. However they can be made concrete through managerial and advertising actions. For example comparing hospital room with patients home and the comfort the patient gets at home will be provided in hospital while making sure that employees are neat and clean, can increase customer's perception towards quality

d) Ensure communication continuity

e) Promise what is possible: as noticed earlier, customer satisfaction is achieved when perceptions of service firm performance exceed the

satisfaction thus, if marketing communications establish customer expectations that cannot be met, it will result in unsatisfied customers.

f) Observe the long-term effects of communication: communication mix

Promotions: The promotion of the hospitals has to be extremely limited because of the professional ethics of the doctors. The promotional goals of hospital marketing can be listed as under.

- Organizing personal and formal meetings to discuss the services. The formal meetings can be with other doctors or for a group of patients or customers. E.g. discussion about the facilities the patients will require in radiation therapy, with the cancer patients.
- Informing and educating public about the various services, say about the preventive health.
- Informing the consumers how to obtain services easily and conveniently, as mentioned above in the session of communications, the front office staff must be customer friendly and should deliver the required information.

5.10 Problems in Marketing of Healthcare Services in Indian Context

The factors, which affect the Health Care services:

1. **Indian market is still a sellers market and not a buyers market:**

but this is slowly changing with increasing competition and customer awareness. For the size of the market, in many basic areas of healthcare, there are not enough suppliers in comparison to the potential demand, whether it is doctors, hospitals, preventive healthcare, etc.

2. **Disparities in the population / potential customers are high:**

in rural area the reach of health services is very poor. Where as in urban areas, there is intense competition and they do experience the advancements in medicine and entrance of newer technologies. Thus the levels of healthcare services vary dramatically across the country.

3. **No effort in marketing in the health sector:**

marketing either was considered unnecessary or even unethical. Often people who had no formal training or prior experience in marketing outside the health care industry conducted those marketing functions that were performed at all under the auspicious department with titles like "development" and "Public relations". There was no concerted effort carried out towards Marketing.

4. **Illiteracy:** our problem of illiteracy is linked with high population growth, lack of awareness about health services. The female population needs special attention, as percentage of illiteracy is more in this segment.
5. **Poverty:** India's per capita income is one of the lowest in the world. More than 30% of the population is below poverty line, which affects the affordability as health services are concerned. Similarly it leads to malnutrition and poor health.
6. **Strong** dominance of quacks: the rural area shows the dominance of unauthorized or illegal medical practitioners. They can be broadly divided into two types, those who try to cure with some divine power or those who are not qualified i.e. through medical registration, but do play with allopathic medicines.
7. **Ignorance:** people in India are not aware about the developments in medicine and newer technologies available, so they cannot go through the proper channel to consume the health care services.
8. **Unaffordable prices of the specialty consultants:** the treatment fees are unaffordable by most classes of people in India, as they are available in only metro cities, and with very few institutions

9. Enforcement of the consumer protection act: the awareness and transparency is rising after the enforcement of consumer protection act.

5.11 Developing Suitable marketing Strategy for Healthcare Industry

Suitable Model for Developing a User Friendly Quality Enhanced Healthcare Service Model for Hospitals in Pune City:

The hospital services can be divided into two parts Medical & Non Medical

A) Medical Services: Include hardcore treatment by the Doctors. Doctors can be either Full Time or Part time. It is suggested that only Emergency and Interventional Cardiologist be full time. Rest all can be Honorary Doctors and no stress on Management either related to salary or retainer ship. But all RMOs should be MBBS to handle any case of emergency.

A part of Medical Services includes pathology which should be completely outsourced to avoid any complaints of the patient related to the report or carrying out accreditation. In fact more time can be devoted in training the Customer relation officers, Nurses and Marketing to ensure maximum footfalls in the hospital thereby increasing the revenue.

B) Non Medical: This service includes Marketing, Ambulance service, Housekeeping, Security, Food & Beverage, Gift Shop, ATM etc.

It is suggested that the following services such as Ambulance service, Housekeeping, Security, Food & Beverage, Gift Shop, ATM etc. be outsourced so that day to day administrative issues are nullified and Hospital can then concentrate on increasing Patient Flow to the Hospital and ensure Quality Service to the Patients. This will help enhance Customer Relationship Management.

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