

# A study on marketing strategies of health care services and patients' decision making regarding choice of a hospital.

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## Abstract

The healthcare delivery market in India is expected to be more than double within the next decade. India is witnessing an era where new hospitals are being built at a pace like never before. There are exciting challenges that these hospitals are facing while they are being commissioned. One challenging task that every hospital, new or old, small or big, is facing today is the task of marketing itself. With increasing competition, healthcare marketing is undergoing a transition from service providers' dominance to service seekers preference. A study was therefore undertaken to understand the factors influencing patients' decision making with respect to choice of a hospital. Marketing professionals in leading hospitals in Thanjavur were also interviewed in order to gather information on current marketing practices.

**Keywords: Healthcare scenario, Decision making, Healthcare services marketing, India**

## I .Introduction

The Indian healthcare sector has emerged as one of the largest service sectors in India in terms of revenue and employment, and the sector is expanding rapidly. The sector has registered a growth of 9.3 percent between 2000-2009, comparable to the sectoral growth rate of other emerging economies such as China, Brazil and Mexico. At the current growth rate, the healthcare industry in India will touch US\$ 275 billion by 2020, according to a recent press release by the Confederation of Indian Industry (CII). The high growth of the industry is primarily driven because of domestic reasons and some of these are:-

- India's growing population and the increase in the number of affordable middle class people in the country.
- India is seeing a shift in disease pattern from communicable diseases to the high incidence of non-communicable and lifestyle-related diseases which has triggered a demand for specialized treatment.
- In-patient revenues of hospitals have increased since expenditure on lifestyle-related diseases has risen substantially.
- Rise in insured population and widening demand supply gap.
- A growing elderly population is also pushing for better facilities in the country. Others like wellness programmes, fitness programmes, health management, and preventive medicine- synonyms of healthcare are also growing more and more familiar.

## **II. Healthcare services marketing**

Marketing of services has become a vital component in the operation of healthcare industry. With increasing competition healthcare market is undergoing a transition from service providers' dominance to service seekers preference.

**The key elements of marketing of healthcare services are as follows:**

### **Knowledge management**

In today's age, every consumer wants to be served according to his or her unique and individual needs. Organizations have also geared up to provide customized solutions, tailoring their services/products based on actual customer preferences, rather than on generalized assumptions. Hence all businesses are exploiting the information systems and technology to accumulate huge amount of customer data, as they understand that the knowledge in these huge databases is important to gain competitive advantage and support various organizational decisions. There is a great need of a well-defined, simple but integrated system to extract the knowledge of the customers from these huge databases and then to apply this knowledge for making various critical decisions, particularly marketing decisions.

## **Customer relationship management (CRM)**

CRM as it called is a very important tool to retain customers and to make sure that the word-of-mouth publicity is ensured for the long term. Essentially, a CRM would include systems of staying in regular touch with customers.

## **Brand image building**

Buoyed by corporatization of healthcare, India's pro-motion as a sought after medical tourism destination and threatened by the mushrooming of new hospitals, it is becoming difficult for hospitals these days to depend on mere 'word-of-mouth' promotion to attract patients. Hospital managements are putting extra effort in carving a brand image of the hospital and improving hospital's visibility. Hospitals cannot do hard marketing. This is why brand of a hospital will be built more through word-of-mouth, buzz marketing, media visibility, and testimonials by beneficiaries.

## **Internal marketing: key element of marketing**

Internal marketing practices enable hospitals to make themselves 'market worthy' before starting external marketing. Like any marketing, the concept to be sold has to have some value in the minds of the prospects. The first step, therefore, is to develop a 'value proposition'. No one buys a concept or a product if it has no value for him/her. A potent question for the hospital therefore is 'Why would our people work harder for accreditation? What is in it for them?' If the management of the hospital is able to create a valuable enough answer to this question, the idea would have been sold.

## **III Marketing strategies of hospitals**

In the future more and more corporate healthcare institutions would approach the market aggressively to survive the intense competition. Even though some experts' feel that aggressive market is required to sustain today's competitive environment, others disagree saying that aggressive marketing is not necessary in healthcare sector as it would not fetch more patients. Patient's decision to choose a hospital is based on factors like facilities available in the hospital, expertise of doctors and the staff and vicinity. Hence all the professionally managed healthcare institutions should evolve a systematic approach for marketing with specific strategies and action plan. The up-gradation of standard service delivery, up-to-date infrastructure and facility development and research based innovative technique incorporated performance will equip the present institutions to withstand the tsunami of latest trends. In this multi crore business, the unforgettable mantra sustains: every satisfied consumer brings thousands of new consumers.

Tom Duncan and Sandra Moriarty presents a five-level 'customer bonding' framework that can be useful in conceptualizing a hospital's relationship with current and potential customers. These five levels are identified as:-

- **Awareness:** - where the hospital's brand is included on the customer's menu of options.
- **Identity:**- where the customers identify with, and proudly display the brand.
- **Connected:** -where the customers communicate with the company between purchases.
- **Community:** - where the customers recognize each other as a community of users, and communicate with each other
- **Advocacy:** - where customers recommend the brand to others in order to include them in the community.

They underline the importance of developing a better understanding of the customer base through tracking data on transaction and communications interactions. In fact, it costs five times more to acquire a new customer than to retain an existing one. Some areas which need to be dealt seriously are the patient relationship management (PRM) and patient experience management (PEM). Another key recommendation they make is to periodically remind customers of the benefits that they are getting through the relationship. This will help in not only acquiring new customers but also in retaining the old ones.

With the realisation of the importance of hospital marketing, many experts support the presence of a marketing department in the hospitals. Nowadays, we can find a functional marketing department in almost all private hospitals. The marketing department is said to be the voice of hospital where the brand is fashioned and communicated, internally as well as to the community at large. Liaison between in-house departments, organisational management, out-door agencies, medical management fraternity is the strength of the marketing department of a modern healthcare institution. The marketing department also helps in building liaisons with the medical officers of the foreign consulates to bring patients from abroad, opine Colonel B S Khimani, Director, and Administration of Jaslok Hospital.

Some other strategies for hospital marketing that has evolved over the past few years are as follows: -

**Mergers and Acquisitions** allows healthcare providers with immediate brand recognition and an aggressive scale up in new geographies. With M&A, new standards in healthcare services have been ushered in by large corporate hospitals. Merger of smaller hospitals

and nursing homes with larger healthcare entities has led to better healthcare service delivery.

**International Accreditation:** With the rising popularity of traveling to foreign countries for medical care, many in the US are raising concerns about the quality of healthcare that can be obtained abroad and how medical travellers can ensure the provider(s) they've chosen overseas are reputable. The largest and most widely recognized of the many accreditation providers in the US is the Joint Commission. The Joint Commission International (JCI) also offers accreditation to medical providers internationally. It is one of the most stringent hospital accreditation processes where evaluation is done under 1033 measurable parameters. Hospitals can work towards obtaining the JCI seal which will help them garner international accreditation and thus get patients from abroad.

Full- fledged international patient services wing in the hospitals will help boost medical tourism. Some facilities which can be made available are airport transfers, language translators, dedicated International patient rooms, cuisine choice subject to medical clearance and partnership with hospitality majors for recuperative holidays.

Strategic alliances with global insurance majors' travel and Figureer operators, medical tourism organisations and corporates like International SOS, Blue Cross Blue Shield.

Organizing events, both indoor and out-reach programmes, play a significant role in marketing of healthcare institutions. CME, awareness sessions for general public, free check-up camps, organizing events on health days, conducting interviews of specialists on visual media, printing and making readily available various emergency or appointment numbers are the commonest marketing tools.

Traditional marketing, in or outside of the healthcare industry, must adapt for the new e - Health era. Hospitals should capitalize on the advent of the internet and develop new media forms to promote the services offered by them. E-detailing such as video-conferencing and the use of email and related technologies to promote two way communications are very useful. The hospital website too can serve as a source of information gathering and interaction for outstation patients.

#### IV PATIENTS' DECISION MAKING REGARDING CHOICE OF A HOSPITAL

Research methodology:

- Primary data collected through questionnaire method – structured questionnaire administered one-to-one to selected respondents.

- Secondary data collected from healthcare reports, journals, and healthcare periodical websites.

Sample size: Sixty patients.

Sample selection:

- Recently hospitalized patients.
- Close relatives of hospitalized patients.

Method of analysis: Microsoft excel and SPSS.

Limitation of the study: The study was limited to Thanjavur city only.

Data analysis and key findings: The data collected were tabulated and analyzed by Microsoft excel and SPSS (software package).

Findings were categorized into three categories – ‘in-patient department (IPD) patients’, ‘out-patient department (OPD) patients’, and ‘patients visiting for health check-ups’.

## V. Key findings

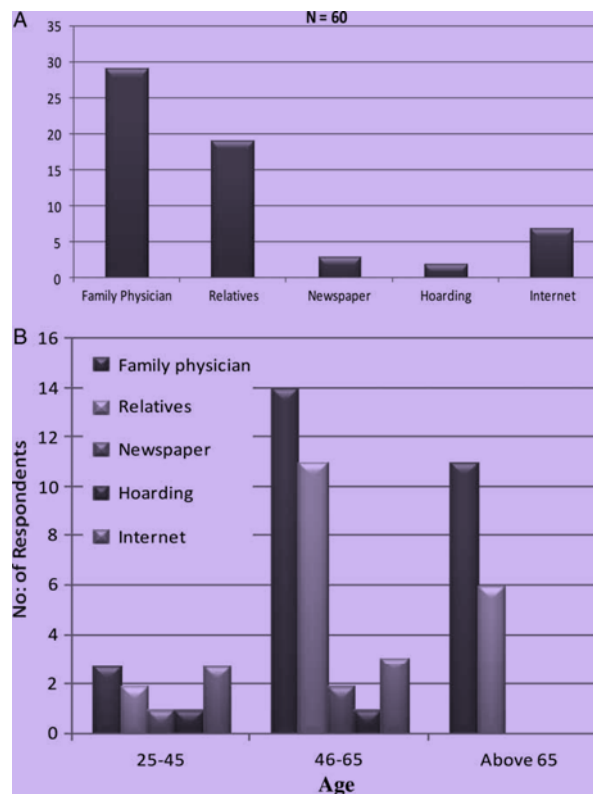


Figure 1: (A) Source of information regarding a hospital (across all age groups). (B) Source of information regarding a hospital (age wise).

**IPD patients:**

1. The major source of information of a hospital is ‘family physician’ followed by ‘relatives’ (see Figure 1A).
2. ‘Internet’ was found to be the major source of information among the younger population (see Figure 1B).
3. ‘Multispecialty’ was found to be the most influencing factor, followed by ‘recommendation of doctor’ and ‘word-of-mouth’ (see Figure 2).
4. ‘Location’ was found to be least influencing factor for selection of a hospital(see Figure 2).

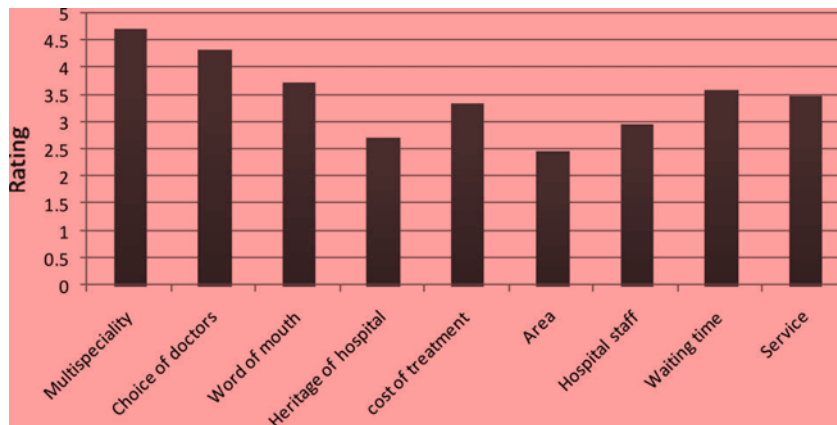


Figure 2: Factors influencing selection of a hospital

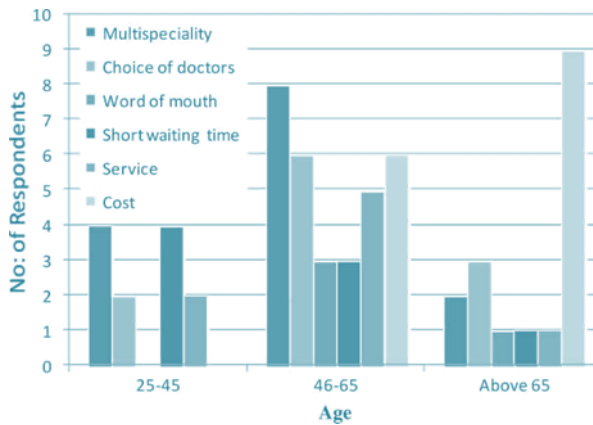


Figure 3: Factors influencing choice of a hospital for OPD treatment

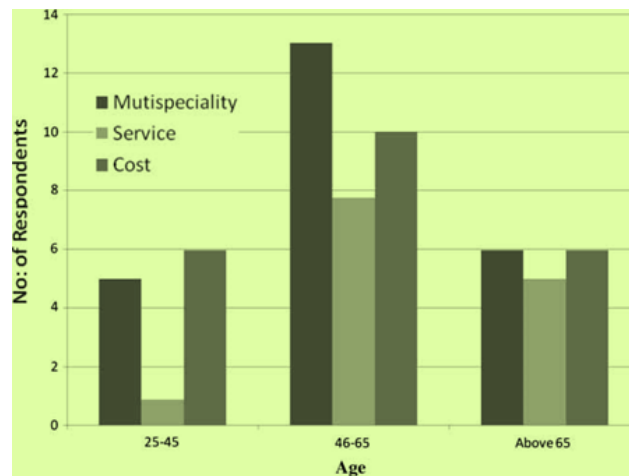


Figure 4: Factors influencing choice of a hospital for health check-up.

#### OPD patients:

1. 'Multispecialty hospital' and 'waiting time' are the important factors for young age group (see Figure 3).
2. 'Multispecialty hospital' is the most influencing factor for patients in the age group of 46–65 years (see Figure 3).
3. 'Cost' is the most influencing factor in age group of above 65 years (see Figure 3).

#### Health check-up patients:

1. 'Cost' is most influencing factor for younger age group (see Figure 4).
2. 'Multispecialty hospital' is the most influencing factor in age group of above 46 years (see Figure 4).

## VI. Implications

- Marketing of hospitals to general practitioners (developing referral network) is important as recommendation by 'family physician' is an important influencing factor in patients' decision making.
- Multispecialty hospital is the need of the hour as patients prefer hospitals providing multispecialty healthcare services.
- A healthcare check-up package should be reasonably priced as cost is the major influencing factor when it comes to periodic health check-ups.
- E-marketing is important as internet is the major source of information among younger generation.



- In case of OPD patients 'Quick Service' was found to be important and hence efforts should be made to keep waiting time as low as possible.

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