Chapter 7

Analysis of Responses of Hospitals Towards Marketing of Healthcare Services

7.0 Introduction

Healthcare services have changed tremendously. Gone are the days when doctors were very few and patients were treating them like gods. Initially when doctors were available at far-flung places or only in government hospitals, they could afford to choose their patients and how to treat them. But now with mushrooming of private clinics, nursing homes and private hospitals, they can ill afford to treat them with disdain. With increase in competition, the role of healthcare marketing has increased. But this area still remains unorganized for a number of reasons: 1. Marketing Professionals refuses to join this sector as they are paid peanuts and the work pressure is tremendous. 2. Marketing Professionals not being from healthcare background do not understand the nitty gritty of healthcare services marketing. This has resulted in this sector not well developed as far as healthcare services marketing are concerned. Patients here cannot be treated as a commodity. In fact any pharma marketing person who is close to
Healthcare marketing can play a very important role in Hospital marketing. Besides, for excellent Patient Care or Patient care department to ensure Patient relationship Management any personnel from Hotel Industry or from Airline Industry would do a better job.

Marketing of any service or product depends on the mix of following factors product, price, Place and Promotion.

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.
7.2 Analysis of Responses of Hospitals Towards marketing of Healthcare Services:

<table>
<thead>
<tr>
<th>No</th>
<th>Various Parameters</th>
<th>Names of Few Hospitals</th>
<th>Whether Endorses the statement or Not</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Ruby</td>
<td>Jehangir</td>
</tr>
<tr>
<td>1</td>
<td>Hospitals Should Have a Patient-centric approach</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>Patient Centric Marketing</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>Keeping Existing Patients</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>Maximizing Life time value</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>5</td>
<td>Increase Loyalty</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>6</td>
<td>Effectual CRM-driven marketing</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>7</td>
<td>Hospital chains used to only care about relationships with physicians and hospitals</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>8</td>
<td>Today, the patient—the individual Patient—matters more</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>9</td>
<td>Reasons for the Need of CRM in Hospitals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Growing de-intermediation process in many industries</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>b.</td>
<td>Advances in information technology, networking and manufacturing technology</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>c.</td>
<td>Total quality movement</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>d.</td>
<td>Patient expectations are changing</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>10</td>
<td>HURDLES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Implementation of Patient Relationship Management policy</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
1. Hospitals Should Have a Patient-centric approach

Creating a positive consumer experience at the point of service in case of healthcare and post-follow up in case of services availed in the hospital. A Patient-centric approach can add value to a hospital by enabling it to differentiate itself from competitors who do not offer the same healthcare treatment experience.

The four ‘P’s (Product, Price, Place and Promotion) which is also known as the marketing mix. It has always been the best parameters to control the internal as well as external constraints of the marketing environment.

In today’s hyper competitive world, the four P’s are no longer an effective model to penetrate and exist in a market. Through the power of mass media, channels and technology, the control has slowly shifted from marketers to consumers rather patients in case of healthcare marketing. This is where ‘Patient-centric marketing’ or patient centric marketing comes into existence which is now considered as the new model for marketing effectiveness.

2. Patient Centric Marketing
According to Chaffery1, “Patient-centric marketing or Patient-centric marketing is an approach to marketing based on detailed knowledge of Patient behavior within the target audience and then seeks to fulfill the individual needs and wants of Patients.”

Thus Patient Centric Approach centers on the needs and wants of the Patient, and not about what the marketer or seller wants a patient to buy. Thus by understanding the needs, wants and problems of the Patient or the patients, businesses or healthcare service providers could gain direct insight into them and build a mutually beneficial relationship and rapport. Understanding how a Patient or prospect is engaged with the brand and then tailoring resources, products, services, and communications to reflect their engagement level demonstrates a Patient-centric business or patient centric approach.

- Patient-centric approach is more like creating relationship sales by understanding your Patients as opposed to product or promotional approach.
- It focuses more on the satisfaction and mutual relationship with the Patient.
- Communication becomes an important factor to get regular feedback from the Patient.
• Will be investing on potential Patients thus avoiding vain investments on low potential Patients
• Sales/ Patient footfalls will be generated as a result of a solid relationship, listening and problem solving
• Patient information will be integrated across marketing, sales, and service departments
• Integrated mass and direct communications with the Patients will be made regularly

Hospitals need to change to patient-centric approach:
There are many benefits by switching to a patient-centric marketing approach and adjusting marketing practices to deliver relevant messages through multiple channels.
• The first reason would be ‘an improvement in selling and patient experience’ as there are no sales tosses
• Least expensive marketing program and improved referrals
• Marketing investment will be better aligned with Patient profit potential
• Increase in profits through Patient loyalty. Patients will buy over a long period of time
• Lasting business relationship
• Raises awareness and optimizes appeal

A comprehensive view of the Patient helps marketers to deliver productive Patient experiences, support marketing measurements, and drive new business opportunities. The first step towards greater profits is to recognize that company profitability is driven by Patient-level profitability. Long term investments in the right Patient base will definitely help businesses to position themselves to prosper and succeed.

The healthcare industry in Pune City is highly competitive as it has opened to the private sector. At present, the competition is even more intense given the high market value of the Pune healthcare industry. This has forced private hospitals to compete with each other to gain as much market share as possible. As a result, many private hospitals are more emphasizing more on marketing to compete for an increased market share.

Corporate image, Patient satisfaction, and Patient loyalty may help hospitals to compete in this highly competitive environment. As corporate image will play an increasingly important role in this environment of increasing competition and identical service.
offerings by attracting and retaining Patients (Andreassen and Lindestad, 1998). In addition, Patient satisfaction is considered by healthcare providers as a key component of strategy and a significant determinant of long term viability and success under competitive situation (Andaleep, 1998). Moreover, maintaining and expanding Patient loyalty is significant for any service company's long term success (Kandampully, 1998).

The delivery of consistently superior service quality has become a very important prerequisite for many companies success (Parasuraman, Zeithaml, and Berry, 1988) because it affects corporate image (Nguyen and LeBlanc, 1998), Patient satisfaction (Lee, Lee and Yoo 2000), and Patient loyalty (Bloemer, Ruyter, and Wetzels, 1999). Accordingly, the improvement of perceived service quality will enhance corporate image, Patient satisfaction, and Patient loyalty. As a result, the hospital can effectively compete and succeed in an increasingly competitive environment.

**Patient Relationship management**

A narrow perspective of Patient relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts. Another narrow, yet relevant,
viewpoint is to consider CRM only as Patient retention in which a variety of after marketing tactics is used for Patient bonding or staying in touch after the sale is made. Shani and Chalasani define relationship marketing as “an integrated effort to identify, maintain, and build up a network with individuals’ consumers and to continuously strengthen the network for mutual benefit of both sides, through interactive, individualized and value-added contacts over a period of time”.

The core theme of all CRM and relationship marketing perspectives is its focus on co-operative and collaborative relationships between the firm and its Patients, and/or other marketing actors. CRM is based on the premise that, by having a better understanding of the Patients’ needs and desires we can keep them longer and sell more to them. As is implicit in the above definition, the purpose of CRM is to improve marketing productivity. Marketing productivity is achieved by increasing marketing efficiency and by enhancing marketing effectiveness. In CRM, marketing efficiency is achieved because cooperative and collaborative processes help in reducing transaction costs and overall development costs for the company. Two important processes for CRM include proactive Patient business
development and building partnering relationship with most important Patients. These lead to superior value creation. The basic concept is that the Patient is not someone outside the organization; he is a part of the organization.

Keeping Existing Patients

- Grading Patients from very satisfied to very disappointed should help the organization in improving its Patient satisfaction levels and scores. As the satisfaction level for each Patient improves so shall the Patient retention with the organization.

Maximizing Life time value

- Exploit up-selling and cross-selling potential. By identifying life stage and life event trigger points by Patient, marketers can maximize share of purchase potential. Thus the single adults shall require a new car stereo and as he grows into a married couple his needs grow into appliances.
Increase Loyalty

- Loyal Patients are more profitable. Any company will like its mindshare status to improve from being a suspect to being an advocate.

Company has to invest in terms of its product and service offerings to its Patients. It has to innovate and meet the very needs of its clients/ Patients so that they remain as advocates on the loyalty curve. Referral sales invariably are low cost high margin sales.

With the economy on the skids and revenues in freefall, businesses across the board are reevaluating their lead generation and Patient management strategies. This is true even for the healthcare, an industry once thought recession-proof.

Hospitals are experiencing a jolt to their operating margins due in part to declining health insurance reimbursements and a rising population of uninsured and under-insured patients. This shock to the healthcare system is prompting the industry to embrace technology to deliver more efficient and cost-effective patient
care, including CRM systems that take a targeted approach to promoting healthcare services.

**Secret to the Success of Patient Relationship Management**

The key to an effectual CRM-driven marketing for both healthcare and non-healthcare alike is to deliver the right message to the right person at the right time. To capture the interest of consumers, an outreach campaign needs to address the individual needs of its recipients.

To do this, an organization needs a comprehensive CRM database that can predict the likelihood of each individual to require specific services or products—or, in the case of healthcare, the likelihood of patients to require specific treatments or develop certain health conditions. Using this methodology, campaigns can target well-qualified recipients. CRM can then take this targeted communication to the next level by applying a psychographic segmentation module to determine the preferred marketing medium, and discount packages for each campaign.

After the campaigns have been customized using these tactics, marketers can use the CRM solution to calculate program
effectiveness by identifying how much of the revenue or lead generation can be attributed directly to the campaign. This can be calculated by measuring campaign results against a control group that receives no direct marketing outreach, but may have exposure to the organization's other advertising channels. For hospitals, measuring the number of campaign respondents goes beyond determining return on investment (ROI). It demonstrates their ability to provide optimal patient care by encouraging consumers to proactively address health issues.

**Healthcare CRM in Action**

A CRM solution's ability to predict the likelihood of patients who will develop health problems, or their likelihood to use specific healthcare services is essential. This allows hospitals to determine, for example, how likely an individual is to develop diabetes based on historical medical records. By identifying diabetes early, care providers can begin immediate treatment of the disease and help reduce the incidence of co-morbidities, such as cardiovascular disease, as well as microvascular disease (e.g., eye, kidney, and nerve damage).
By leveraging CRM data, hospitals can implement Patient-specific outreach to educate diagnosed and undiagnosed patients on diabetes or related diseases. Let’s take eg. one hospital I should implement a three phased campaign over a period of three quarters. The first phase should involve a covering letter and an offer accompanied by collateral from the Center for Diabetes Care. The customized offers can include a free glucose testing and a dietetic consultation, a subsidized diabetes screening test, or a discounted Lipid profile.

The second phase can consist of a digital self-mailer with the same information in a new format for undiagnosed patients, and, for diagnosed patients, a newsletter-style message about weight management can be included with a free consultation with the hospital’s surgical weight management coordinator / the bariatric surgeon.

The third and last phase to repeat message for the undiagnosed patients and a subsidized offer for diabetes screening can be arranged. The diagnosed patients to receive another newsletter, but with fresh content on eye care for diabetics and a renewed
offer for a cholesterol screening at a reduced cost can help create a very strong bonding with the diabetic population.

**Issues and determinants for Designing Patient Relationship Management Approach**

The healthcare industry continues to have issues defining itself and its approach to CRM—but that's because it's more than one industry. Within the vertical we call healthcare are life sciences and pharmaceuticals, insurance and payers, provider organizations, and patient management. Surprisingly, the lattermost area is the one that has received the least attention from software vendors.

"In healthcare, when we talk about CRM we are traditionally talking about payers - the provider side is nascent. There's some growth in government healthcare, though," says Valerie Kirk, director of healthcare strategy for Oracle. "Why not providers? It's financial. Often they have a lack of resources, and CRM is viewed as nice to have, but fluff. Also, providers typically operate in geographically defined markets, where there's limited competition."
Hospital chains used to only care about relationships with physicians and hospitals, because that was how the business arrangement worked. But this is beginning to change. "Today, the patient--the individual Patient--matters more. With consumer-directed health plans and health savings accounts, payers must engage consumers and give them more service in exchange for shifting more of the burden to them," says Matt Wallach, vice president of sales and marketing at Verticals on Demand. As healthcare becomes ever more commercialized--there are enough TV and radio ads for new drugs and specialist hospitals to prove this CRM continues to be highly important on the side of the business that most individuals never see.

**CRM Health Care Services Include:**

- Strategic Planning
- Communication Services
- Consulting Services
- CRM for Physicians
- Campaign Management
- Database Construction
- Predictive Segmentation
In recent years however, several factors have contributed to the rapid development and evolution of CRM. These include:

1. The growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end-Patients. For example, in many industries such as airlines, banks insurance, software or household appliances and even consumables, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. Databases and direct marketing tools give them the means to individualize their marketing efforts.

2. Advances in information technology, networking and manufacturing technology have helped companies to quickly match competition. As a result product quality and cost are no longer significant competitive advantages.

3. The growth in service economy. Since services are typically produced and delivered at the same institution, it minimizes the role of the middlemen.

4. Another force driving the adoption of CRM has been the total
quality movement. When companies embraced TQM it became necessary to involve Patients and suppliers in implementing the program at all levels of the value chain. This needed close working relationships with the Patients. Thus several companies such as Motorola, IBM, General Motors, Xerox, Ford, Toyota, etc formed partnering relations with suppliers and Patients to practice TQM. Other programs such as JIT and MRP also made use of interdependent relationships between suppliers and Patients.

5. Patient expectations are changing almost on a daily basis. Newly Empowered Patients who choose how to communicate with the companies across various available channels. Also nowadays consumers expect a high degree of personalization.

6. Emerging real time, interactive channels including e-mail, ATMs and call centre that must be synchronized with Patient’s non-electronic activities. The speed of business change, requiring flexibility and rapid adoption to technologies.

7. In the current era of hyper competition, marketers are forced to be more concerned with Patient retention and Patient loyalty.

8. As several researchers have found out retaining Patients is less expensive and more sustainable competitive advantage than acquiring new ones.
9. On the supply side it pays more to develop closer relationships with a few suppliers than to develop more vendors.

10. In addition several marketers are concerned with keeping Patients for life than making one time sale. There is a greater opportunity for up selling and cross selling. In a recent study, Naidu, et al (1999) found that relational intensity increased in hospitals facing a high degree of competitive intensity.

11. The globalization of world marketplace makes it necessary to have global account management for the Patients.

In today’s world the medical sector is finding the need to know more and more about their current and prospective clients. The more efficient service, hospitals can give their patients the further they will go in retaining them. Why is this essential? It springs from the eternal truth that the more you know your patients, the better you can respond to their current needs and predict what their future needs may be as well. The Health Care sector is now opting for Patient Relationship Management (CRM) in its daily application. CRM Health Care consists of a wide array of software products that help healthcare
organizations to maintain excellent relationships with their clients. CRM enables the health care industry to get essential Patient information and use it as efficiently as possible. CRM thus enables the health care sector to improve patient health, increase patient loyalty and patient retention and add new services as well.

Problems in Setting Appropriate Patient Relationship Management Policy in Action

Implementation of Patient Relationship Management policy involves participation of all the stakeholders involved directly or indirectly in the services that are being provided to the Patients.

But the fact that all the stakeholders namely: Medical Services, Paramedic Staff, Marketing, Top Management, Pharmacy, Patient Care Department, Engineering, IT, Biomedical, Technicians, Back Office, do not gel well with each other. There are number of prevailing issues that create hinderances in smooth CRM policy implementation in the hospitals. There are instances when one Consultant cannot see eye to eye with another Consultant. There are instances when nurses after long hours of nursing is unable to provide care with a smile on their face, hence lands up being rude to
the patients which in turn affects the quality service being provided to our patients in the hospital.

There are instances when Doctors too after long hours of surgery or work on floor are unable to talk politely with the patients nor do they discuss the treatment modalities nor the future treatment nor progress of patient health neither with the patients nor with their relatives. This leads to poor Patient Relationship Management. To add to this with less number of nursing staff across the globe in the hospitals individual nursing is not possible, it results in a bit of time taken in addressing the needs of the patients, with this the patient or their relatives' gets agitated. This is the ground reality. Hence becomes difficult for the hospitals to keep up the motivation level of the nursing staff and get them into the system for 100% Patient Relationship Management.

Creating online database system of patients do not pose problems strongly but certainly if the Electronic System Software is not of extended version lands up collecting data manually resulting in long man hours lost compiling the data.
To help frame a Patient-centric strategy, Forrester2 has identified five key dimensions which marketers must focus on:

1) Establish a Patient-centric marketing culture
2) Rethink business / Healthcare processes
3) Create a centralized view of the Patient
4) Use analytics to drive Patient communication
5) Invest in a consistent measurement framework.

References