



People's Democratic Republic of Algeria
Ministry of Higher Education and Scientific Research
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Faculty of Commercial Economic Sciences and Management Sciences

**Directed work with examples intended for L2 MANAGEMENT
students**

“MARKETING module”

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4-Healthcare marketing

1-Definition of healthcare marketing:

Health marketing is defined as the marketing of products and services related to health (Thomas, 2008). Health Marketing expands overall marketing concept in the field of healthcare (Thomas, 2008) and includes all activities related to the development, pricing and provision of health products/services as well as the mechanisms related to their promotion. Health marketing is not embodied by any of these activities; it covers the whole process of marketing and includes all activities and customer focused process in the context of the marketing plan.¹

With the development of the health care market is growing the interest in marketing and it more often is a "cry for help" in solving specific problems. Everybody shows interest in health marketing: patients, doctors, health managers, insurance and public (regulatory) institutions. The interests and expectations of participants in the health system is fed by the expected pragmatic benefits: real, potential and mythological. All expect from health marketing benefits, according to their role in the healthcare system: patients - access to health care and quality treatment; doctors - decent wages and respect; health managers - control and return on investments; insurers - shared risk and profit; public institutions - better health status of the population for the money spent.

In this coordinate system of divergent interests marketing is a necessity.

2-Roles of health care marketing:

Depending on the "role" health marketing provides answers to questions inherent for it:

- For the patient important are answers to questions like: what kind of health problems are encountered;

- which doctor or hospital will provide a solution to the problem;

- where to find the necessary information;

¹ Alexander Valkov, Evgenia Penkova. HEALTH CARE MARKETING: PRO AND CON. P302. February 2022. P302-307. https://www.researchgate.net/publication/358387820_HEALTH_CARE_MARKETING_PRO_AND_CON

- what to expect; what do you get as a result of the treatment;
- when the treatment is to start; does the selected hospital work with its insurer; etc.;

- For the insured / insurers are important answers to this:

- who insurer offers the best insurance plan;
- what health problems/risks are covered;
- which hospitals selected insurer operates with, etc.;

- Insurers must decide:

- which hospitals to contract;
- what insurance plans to offer and which customers;
- what risks may cover;
- how to attract and retain customers, etc.;

- For providers of medical care (self-employed physicians, group practices, hospitals, etc.) information is needed on the following topics to guide on their actions now or in the longer term:

- who our patients are;
- what they look for;
- what they (not) like about us;
- how they make choice;
- who are our competitors; what the patients like or dislike in our competitors;
- which products / services and what service we to offer;
- what information to provide to the patient; what kind of resources we will need;

- how much and what will be the revenue;
- what drugs / equipment will be needed;
- when we can deliver them and at what price;
- who will work with the new equipment and with what result;
- which are the suppliers; how to choose the best supplier;
- how to organize their activities so as to facilitate / increase access of customers to us;
- what products / packages and at what price to offer to insurers;
- what staff we need; what kind of doctors to attract;
- how to stimulate the work of the staff; how to retain staff; etc.

- For the health institution is important to know:

- What is the health status of the population;
- which

health problems is the highest priority for the public and decision makers;

- what public programs to be funded;
- How to allocate public funds;

- what regulations to be applied to participants in the healthcare market (and related markets like the pharmaceutical, etc.);

- what incentives to participants in the health system to use and what is their expected impact and etc.

3- HEALTHCARE MARKETING MIX :

A modern and useful marketing tool in healthcare services is the marketing mix. The hospitals, clinics and other healthcare services providers should take into consideration the influence of its 7 elements through the relation between the service provider and the patient.²

1- Product :

In the most general sense, a product can be defined as a good or service created by combining a set of features (Eser et.al., 2011: 378). A consumer's expectation from a product is satisfying a need or wants by consuming it. Diagnosis, treatment, care, medication, or medical education can be given as examples for medical products.

Healthcare providers offer a great number of goods and services to their demandants.

The concept of product mix is a combination of the goods and services that the healthcare provider offers to their patients (Thomas, 2005: 198). For example, while a dietitian offers a nutrition program, the surgeon makes an operation, and the pharmacist manages the medications in a hospital. As stated in the example, there are many different products, and service delivery processes happen in various departments at the same time and in the same place by different people. It must be known that the ultimate expectation of all the patients is getting healthy again, even though they apply to various departments of the same institution.

On the other hand, different healthcare providers may have different product mixes.

The product mix depends on the ultimate mission of the healthcare provider and the level of the service provided by it. Thereby a product mix of a primary care physician has to be different from a university hospital. Another reason for the product mix difference is the content of the service. For example, the product mix of a dental clinic and a physiotherapy center differs from the scope of the service they provide since they require different professions and materials to rehabilitate their patients. This case also makes different providers choose various suppliers, distribution channels, promotion strategies, and price policies although they all serve in the same industry. The table shows different product mix examples for various healthcare providers.

² Stefan Catana ,Sorin-George Toma. Marketing Mix in Healthcare Services. "Ovidius" University Annals, Economic Sciences Series. Volume XXI, Issue 1 /2021. P486
<https://stec.univ-ovidius.ro/html/anale/RO/2021/Section%204/6.pdf>

Product consists of a bundle of tangible and intangible elements: core service, supplementary goods and services, facilitating services and supporting services (Figure 2) (Hoffman et al, 2010).

In the following, there are presented some of the elements of the healthcare services:

- Core service – medical procedure that solves patients’ problems;
- Supplementary services – e.g., consultation, hospitality;
- Facilitating services – e.g., information provision, payment methods, billing;
- Supporting services – e.g., education on important health topics.

2- Price :

The simplest definition of the price is the cost paid by the consumer to the seller for a product. Consumer’s ability to pay is an important determinant for marketing. According to Eser et.al. (2011: 453), a price is a tool that is under the control of marketing managers. ³

The price of the healthcare service can be paid by the patient or the state or the insurance company or more than one of these. Payer or refunder is an important detail for marketing discipline. If the service is refunded by a different party, the patient may act more thruster for asking for extra services. On the other hand, if the service is funded by the patient then, he/she may act less demanding. Price is also a communication tool. Because the price of a product specifies who can afford to have it. Marketers send a signal by the price that gives solid information for the consumers. This signal may pull or push the consumers based on their spendable income for healthcare expenses.

3-Place:

The place is about where the service is given. The product should be accessible to the target audience. In some conditions, consumers have to go for the services, but sometimes when consumers can’t access the service on their own, the services may go for the consumers

³ Alişan BALTACI. CHAPTER-2 HEALTHCARE MARKETING. P47-60. P52. Oktay Yanık (Ed.)2018. https://www.abaltaci.com/wp-content/uploads/2020/11/healthcare_marketing_chapter_II.pdf

in such conditions. Ambulance and home care services can be given as examples for this exception. Accessibility is a substantial determinant of a place for healthcare services.

4-Promotion:

Promotion is the sum of publicity and informing activities of the organization's healthcare services. Advertisements, souvenirs, brochures, etc. can be taken within this scope.

Promotion is the way of communicating with current and potential consumers.

Promotion mix is the "action component" of the marketing (Thomas, 2005: 275). While advertisements, public relations, campaigns, etc. are the conventional methods, contemporary methods like mobile and internet-based channels are providing a more accurate base for reaching the target audience. Eventually, the promotion mix is a combination of these contemporary and conventional methods.

4-1- Publicity:

Publicity is a communication method that consists of free information about an organization, a product, and-or an idea. The producer of the information should choose the right communication channel (Amodu, 2005: 138). Publicity can be seen as a function of public relations.

4-2- Advertisement :

Advertisement is a paid action that is applied by the competent authority on media for positively publicizing and adopting for a good or service (Altunışık et.al., 2014). Goals of advertisement can be defined as:

- Promoting goods, services, and organizational goals,
- Increasing the use of the goods and services by consumers,
- Reminding the organization to the target audience,
- Creating consumer loyalty,
- Informing the audiences about the new products,
- Responding to the advertisements of the competitors,

- Supporting the salesforce,
- Balancing the sales fluctuations,
- Training the consumers,
- Being in the public eye (Thomas, 2005: 278).

4-3-Personal Selling:

Personal selling is the effort of the salesforce for selling the products by contacting consumers personally. The difference between personal selling and advertisement is its interactive nature. Personal selling happens transiently, and sellers can respond to the consumer's feedbacks simultaneously. This response speed is the supremacy of personal selling. Fundamentally personal selling has three main purposes:

- Finding potential customers,
- Convincing potential customers to make them buy the offered products and,
- Keeping current customers (Thomas, 2005: 279).

4-4-Merchandise Incentives (Sales Promotions):

Merchandise incentives are activities that organizations apply for pushing consumers to buy more and-or sales force or agents to sell more.

4-5-Direct Marketing:

Direct marketing is a result-oriented marketing activity that consumer has to make the buying decision while the activity is happening. Live sales activities on TV are usually like that. Sellers offer an attractive discount but only if the consumer buys the product while the live event goes on. In direct marketing sales, event and consumer buying decisions should happen simultaneously. Consumers can't buy the product offered by the direct marketing activity if the activity is over (or they lost a substantial advantage given by the activity).

4-6-Integrated Marketing Communication:

Even though there various marketing promotion mix components, usually these can't be applied solitarily. The ideal way is choosing the proper promotion methods according to the situation and managing the process with an integrated approach. Many of these promotion

mix components can be applied together (for example advertisement + sales promotions), and the synergy of them may increase the effectiveness of the marketing activities

5-Process :

Should be designed for the customer's convenience and judging from his point of view, thus focusing it on his specific needs (Gradinaru et al, 2016). Thereby, it is considered that customers are part of the production of the service. In healthcare services, the caregiving and support processes used to provide care have the peculiarity that, beyond the performance of the medical staff, the patient's contribution is essential (Barach & Johnson, 2006).

6-Physical evidence:

Provides tangible cues of the quality of experience that a company is offering (Allen, 2020). For a healthcare services provider, the website holds valuable physical evidence, such as: testimonials and information about doctors and diseases. Moreover, the physical evidence could be in form of staff uniform, mobile application, and interior design of the hospital.

7-People :

Involves that the services should be done in an organized and efficient manner, and the delivering of the services should be done with a nice and friendly manner (Murphy Marketing, 2016).

Healthcare industry is a knowledge-based industry, so people play key role in hospitals which include doctors, nursing staff, paramedical staff, supporting staff & front office executives (Motwani & Shrimali, 2014).

4- Healthcare service marketing and quality:

In the healthcare context, patients' perceptions about the service are the key indicator for measuring service quality (Cronin and Taylor, 1992). Patients' past experiences have a significant effect on their healthcare provider choosing decisions (Gilbert et.al., 1992).⁴

The match between the delivered services and patient expectations is a key component of marketing activities. In normal conditions, consumers make their quality evaluation simultaneously by the delivery of the service. For example, a consumer finishes the evaluation of the service quality of a barber saloon by the end of the haircut. But in healthcare services having the result may take longer. First, the diagnosis has to be done, then the treatment begins, and usually, it doesn't give an instant result, and the patient can make an evaluation only after these phases.

Quality service delivery is a must because of the competitive structure of the healthcare industry. Consumer satisfaction and perceived quality levels do not always arise with the result of the service. The physical environment of the service, the employees, or even the other patients may affect this process. According to Hyder and Fregidou-Malama (2009), heterogeneity and tangibility may make consumers confused about what they are consuming. On the other hand, healthcare services require some equipment to provide the services properly.

Physical properties using by the healthcare provider are also important determinants for the evaluation of patients' quality perception (Kavitha, 2012).

⁴ Alişan BALTACI. Opcit p54