
UNIT 13 HEALTH SERVICES

Objectives

After going through this unit you should be able to:

- describe the types and segments of health services in Indian market,
- explain the concept underlying pricing of health services,
- understand the strategic considerations in implementing the pricing policy,
- explain the service quality issues in health services, and
- understand the role of marketing communication for health care services.

Structure

- 13.1 Introduction
- 13.2 Types of Health Services
- 13.3 Pricing of Health Services
- 13.4 Implementing the Pricing Policy: Strategic Considerations
- 13.5 Service Quality in Health Care
- 13.6 Marketing Communication for Health Care Services
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13.1 INTRODUCTION

The Indian Health Care Market is more of seller's market. The demand far outstrips the supply. As in case with any other product or industry in a seller's market, the 'marketing' aspect in Indian Healthcare market is given a low level of importance. Some of the organisations which have started giving a thought to marketing are also more limited to 'sales' aspect or 'image building' exercise and not to total marketing approach.

However, there will be changes in the near future towards acceptance of marketing activities as an essential part of health care organisations, though not as much as in developed countries (where demand/supply conditions and purchasing powers are totally different from ours). The major reasons necessitating a shift towards marketing approach in India are:

- In certain market segments, competition is becoming more intense.
- More consumer awareness.
- Setting up of Corporate Hospitals.
- Increasing purchasing power.
- Need to attract limited available specialists.

In India, where medical care infrastructure is inadequate compared to the requirements, proper attention has to be given to educate people about the nature of illnesses, the facilities available, importance of healthcare and hazards of ignoring these aspects. An educated citizen would mean better utilization of available facilities as well as prevention of many diseases, thereby easing pressure on the scarce resources.

13.2 TYPES OF HEALTH SERVICES

The type of health services available in India can be broadly categorised into two :

- a) Government owned
- b) Privately owned / commercial

The Government (both Central and State) has a network of institutions at primary, secondary, and tertiary levels. These include sub-centers, primary health centers, community health centers, rural hospitals and dispensaries in rural areas, sub-divisional and divisional hospitals, medical college hospitals and specialised hospitals. One important government health care scheme is the Employee State Insurance scheme designed for industrial workers. The scheme is mainly financed by contributions from employers and employees in the implemented areas. The scheme provides both medical benefits as well as cash benefit like sickness benefits, disablement benefit, maternity benefits etc.

During the last couple of decades a lot of private nursing homes, diagnostic centres and specialty hospitals have come up in urban areas, with their major market being middle and high income group people. The healthcare market has also witnessed the emergence of 'Corporate Hospitals' in India. Apollo Hospitals, a Rs. 10.24 crore public limited venture opened at Chennai on September 18, 1983 has the distinction of being the first corporate hospital in the country. Medical care is now emerging as a big industry in the private sector. This has resulted in some competition and better availability of advanced technologies/super specialties, which were so far available in western countries only. Since large investments are required for setting up of such hospitals, it was beyond the scope of an individual and the most viable alternative was to have corporate hospitals. However, most of these recent developments are again mainly targeted at middle and high income groups.

Raju and Joshi have classified the health care needs in India into three main categories:

- 1) **Emergency Care:** As the name suggests, this is required in situations of dire necessity like accidents, fire, stroke etc. These are the situations when the survival of the patient is in question.
- 2) **Routine Care:** This refers to periodic patient visits to the medical professional involving checkups and for ailments where meeting a doctor is essential but an immediate meeting is not critical.
- 3) **Elective Treatment:** This is a medical procedure that a patient chooses to undertake on his or her own initiative. These include 'Life Stage Treatments' (associated with events which people typically plan for at some stage in their life like permanent birth control procedures, teeth removal in old age etc) and 'Life Style Treatments' (associated with activities that people undertake to improve their 'Self', boost their image e.g. cosmetic surgeries, weight reducing treatments, hair implantation etc.). Life Style Treatment segment is likely to grow in India at a fast rate.

13.3 PRICING OF HEALTH SERVICES

Pricing is one of the most important decisions that you as a provider of health services will have to take. The sheer variety of available price levels for similar services among different providers of medical and health services is indicative of the differential practices that are being used to arrive at the ultimate price for various services.

The pricing strategy for any given service, medical services included, depends on three basic fundamentals. These are *costs*, *value* and *competition*. The costs represent the monetary value of everything that the organisation has to utilize in order to create and offer the service for the patients. In the short run or the long run, all costs must be recovered if the organisation is to earn profits. Costs thus represent the lowest limit below which in the long run, prices cannot be set. On the other hand, you cannot set the price, beyond the value that your customers assign to the service, simply because at that price level, exchanges (or purchase of service) will not take place. Consumer's perception of value of a given service would thus set the upper limit beyond which prices cannot be set. Between these two limits service organisations may have the freedom to charge whatever prices they determine, but for the presence of a third variable, the competition. You are not the only provider of health services in the market. There may be several other providers with similar or better services. The prices that your competitors charge for a similar service will limit your freedom of setting prices between the two limits provided by the costs and the consumer's concepts of value. The prices being charged by the competition would thus determine the actual level at which prices for a given treatment or service may finally be set in between these two limits. To recapitulate the three basic variables that are fundamental to any pricing decision are:

- how does my consumer define value for a given service.
- what are my costs in providing that service.
- how does my competitor price the same service.

Activity 1

Identify any basic hospital service like an X-ray analysis, a complete health check examination or a medical consultation for suspected typhoid in three medical establishments in your city. Do you find any price variations? What in your view are the reasons for these variations?

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Why is Pricing for Medical/Hospital Services Different from Pricing for Goods

In order to realistically set your prices, you should be able to have an appreciation of what role does price play in the customers' decisions to avail a given medical service or health plan. Health providers must, therefore, have a clear idea about how their prospective client population perceive prices and price changes of various medical services offered by them. The three basic ways, in which pricing for hospital/clinical/medical services differ from pricing for goods are the issue of customer's knowledge of prices, the role of prices in indicating quality of services and the issue of non-monetary costs.

a) Prices of Hospital Services and Customer Knowledge: How important is price to the customer when he/she tries to select a particular hospital/practitioner for a particular treatment? Do customers have any idea at all about the costs associated with such services? Do customers really have clear awareness about the exact prices they would be required to pay for a given treatment before they decide to avail of a given treatment? Let us briefly look at these issues and their implication for pricing of health services. To take a simple exercise, ask adult people around you a few questions about health services and their prices. For example, what is the price for a medical checkup in your city? What is the price for a service like a root canal operation, or a

extraction? What is the price one is likely to pay for a bone setting process after a fracture and so on. You will find that few people will be able to answer accurately on the basis of their memory alone, because clear ideas about such prices are not available. The price point in our memory for a product or service is called the 'reference price' for that product or service. Very few prospective patients have a clear reference price for the range of health services provided by hospitals and clinics. Let us examine some of the reasons for this phenomenon.

Health services are intangible, and can be offered in a variety of configurations with variation in accompanying services. Hospitals, therefore, are able to create a number of permutations and combinations of a given treatment package, resulting in complex pricing structures. If a prospective customer wanted to have comparative assessments of prices for a Caesarian section, she/he would find that the type of package varies (length of stay, associated services provided), patient particulars may vary and necessitate price variation (complexities, age, medical condition), the level of services may vary (single vs. double room, patient to nurse ratio etc.) Few hospitals would offer exactly the same features or package of services. Prices are, therefore, not strictly comparable.

The problem becomes compounded on account of the fact that in quite a few cases medical providers may be unable to give an accurate price figure in advance as they may not, at the very outset know what a given treatment would ultimately involve. In case of health services, customer's individual needs also result in different prices being charged. Previous history, general medical condition, age related health complications etc. may often determine the course of action that would need to be taken for a given patient, final prices, therefore, may also be a function of individual needs of different patients.

It is also comparatively difficult to gather accurate pricing information of all comparable hospitals, because unlike retail outlets displaying prices on their merchandise, prices of health services are not really displayed except for routine services and consultation charges.

It must now be clear to you that prospective customers often possess inaccurate information about prices of health services. The implication of the fact for your pricing strategy are important. The first implication is that consumer uncertainty can be reduced by finding some ways of communicating prices at least for all routine services; creating of price visibility is an issue that many hospitals consider seriously.

The second implication is that while the customer may not 'know' the final price until after he has been in the service transaction for sometime for his initial treatment, prices become an important criterion for repurchase of the service as the customers' knowledge of the service costs has now become more accurate.

b) Prices and Quality of Health Services: One of the interesting things about service prices is that because other cues to quality of service are seldom available, customers tend to use prices as indicators of service quality. In case of goods, the tangible nature of the product and the possibility of physical examination by touching, smelling, feeling enables a customer to have an assessment of the quality of the product before he buys it. In case of services which are intangible, such pre-purchase assessment is difficult. Research shows that in case of most services, because other tangible indications to assess quality are not available, consumers use physical evidence and price as

surrogate indicators of service quality. Wherever pre-purchase assessment of quality is not easily assessable high prices in the consumer mind get associated with high perceived quality. Medical services are among the services which are high on credence qualities, where evaluation of service quality even after experiencing a given service (for example a by pass surgery) is difficult to make. In such situation consumers depend on prices as a cue to quality. Prices for medical services, therefore, must be determined keeping in mind the fact that price and quality for such services are positively associated. In addition to cost coverage and/or meeting the competition, prices must be set to convey an appropriate and desired quality image.

c) Costs other than the Monetary Cost: There is an increasing realisation on part of service providers that apart from the monetary cost, customers have to bear several non monetary costs also while availing a given service. Sometimes these costs affect consumer valuation and affect his choice of alternative service offers. These costs include time costs, search costs and psychic costs.

Health services require direct participation of the patient and thus require him to spend both waiting time and interaction time with the hospital subsystems – registration, specific tests and of course the doctors. For any given appointment his time spent may comprise both waiting time and time with the doctor. Time spent in availing a given service represents a specific cost to the customer. Some health services, specially the costlier ones like a by pass surgery require the customers to go through a lot of information search to identify the best possible alternative offers are comparable, one variable may include apart from the prices, the expertise of the doctors, facilities offered, location etc., such costs are sometimes considerable and also have to be borne by the customer. Sensory costs are the other class of costs that may make a difference. Unpleasant sounds, noise, crowds are some of the sensations that most people are uncomfortable with. In hospitals that are located in crowded or squalid neighbourhoods, or are overcrowded customers may have to bear these costs. If there are alternatives which are comparable on other variables mentioned earlier, customer may like to avoid the sensory costs, even if they have to pay a little higher.

For health services, one of the most potent costs are the psychic costs – not understanding the service, fear of uncertainty, fear of undesirable consequences like pain, disability or loss of control are very important in the customer's decision to avail or postpone a given medical transaction. Providers of health services, therefore, must be aware of not only the monetary costs like cost of time, cost of search, sensory and psyche costs because these costs offset consumer valuation significantly and should this be an input in pricing consideration.

Activity 2

Talk to two patients of a premium private clinic/hospital in your town and to two patients from the Government hospital. Discuss with them their reason for selecting the hospital they chose. From the former, try to find out, why inspite of high price, was their choice made in favour of this hospital. How does their answer reflect the concepts studied above?

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13.4 IMPLEMENTING THE PRICING POLICY: STRATEGIC CONSIDERATIONS

In addition to variables like costs, demand and competition and the considerations of your own objectives in arriving at a pricing figure, there are certain issues which demand decision before you can implement and administer a pricing strategy. Lovclock has clearly focussed on these issues in terms of key questions that must be addressed while determining the pricing strategies. The following discussion highlights these issues and the underlying decision that must be made in order to be able to define and implement your pricing strategy.

i) **How Much to Charge:** The issue of costs is important for the pricing decision. The health service provider, however, would need to decide upon the relevant costs that must be considered while arriving at the pricing decision. Is the hospital trying to cover only the variable costs or all the costs, whether it has decided to allocate a share of the fixed costs across all priced services and is seeking to get them also covered? Is there a way in which costs of fixed goods such as land and building can be spread over all services or over a period of few years? Should the hospital have a basic package of core services priced at a certain level and then keep on adding to the price depending upon the combination of value added services availed along with the core service? Answers to these questions would depend upon the choices you make and will thus determine the actual figure you want to finalise as the price for a given service.

For the market/markets that you cater to, you would also need to assess the prospective customers' sensitivity to prices. While for a lot of health services, because of their necessity and expediency nature, customer do not display high levels of price sensitivity, yet for frequently availed routine services like medical checkups, ultrasounds, dental fillings etc. wide price differential may make customers go to alternative providers unless they are supported by superior value through accompanying services.

Price discounts should be carefully used. All discounts affect the overall total revenue to the organisations and reduce the contribution margin from each transaction. While offering specific price discounts to attract a given segment may create marketing opportunities in new segments, heavy discounting may actually interfere with the valuation of the service in the eyes of the high paying customers. Discounting over time, however is prevalent in the health sector, where understanding the customer reluctances to stay in a hospital over weekends some hospitals offset the dip in weekend utilisation of operating and post-operating services by offering substantial discount on operations during the weekend.

Advocates of psychological pricing suggest that when prices of services are in term of an odd figure e.g. a sonography costing Rs. 490.95 as opposed to Rs. 500, it gives the consumer the feeling of paying "somewhere around 400" rather than almost 500. Since people rarely carry an absolute figure in their mind as the price for a given service this perception of the price as "somewhere around 400" is likely to give a substantial competitive pricing edge to your prices if odd pricing or psychological pricing is used. Hospital administrators on the other hand and sometimes customer as well may actually welcome the convenience of round price figures.

ii) **On What Basis should Prices be Charged:** As a complete service provider, you will need to identify the basis on which prices would be charged

in your hospital. You would recognise that in your case, there could be actually more than one basis on which price could be charged. For example, fee could be charged for admission (or registration) and then on a time basis (duration of stay on a per day basis in the hospital) or on the basis of resources consumed (additional nurses hired for round the clock care). Different establishments also vary in their practices as to whether they should bill each element of the treatment separately or charge a single 'package price' for the whole transaction. It is however a good practice to have a price figure for each service element, even though the policy is to quote a package price to the customer.

iii) **Where should Payment be Made:** You must clearly indicate the payment procedures in terms of whether the payments should be made and receipts collected at the reception counter or at the Accounts and Billing department if you have a separate section like that. Increasingly consumers today are using their credit cards to make payments, where customers simply give their card number and ask for their account be billed directly. Policies allowing cheque payments for government employees may allow greater willingness for patients to choose one particular hospital over another. All these are example of facilitation provided especially if the payments are large.

iv) **Where and How should the Payment be Made:** The two alternative options that service organisations use are asking the customers to pay in advance or to ask for payment once the treatment is completed. Most prevalent in case of medical care is the practice of asking the customer for an initial advance deposit, with the balance being billed later as the treatment progresses or is completed. This practice makes sense because specialist services or time of specialists may need to be allocated or services brought in, expensive resources may need to be appointed and scheduled in advance of the acutal treatment. In addition, very often in the beginning of the treatment, the service provider is rarely ever completely sure as to what costs the treatment will actually entail, the complication that may arise, the additional services that may need to be provided. It is, therefore, prudent to ask for an initial deposit and then identify the billing inputs as they accrue.

v) **How should Prices be Communicated:** Once the decision on how much a charge and how the payments are taken, the hospital must at a policy level decide how the prices are to be communicated to the customers. Since prices constitute an important input in the purchase of at least some of the medical services, creating information acces to prices can enable customer to minimise some of the uncertainty in decision making. Not only do customers need to have some information on prices in advance, they also need to have information on how and when would they be required to pay. It is, therefore, advisable to institutionally decide, how much information on prices is to be communicated and how? Should rate lists for various services be on display or the rate cards be given to customers once they seek that information. Decision on how public should know pricing information needs to be institutionally taken and then clear unambiguous communication of prices needs to be managed.

To define the term in the most comprehensive way we can say value to the customer is the sum total of all perceived benefits minus the sum of all the perceived costs. Looking at this concept of value, it must be clear to you that the larger the gap between perceived total benefits and perceived total costs, the greater is the value that the customer would perceive in a given service. To enhance this perception of value in a given price category, therefore, as a provider of health services you may follow two alternative strategies or follow a combination of both. Value can be enhanced by increasing the benefits that you give to your customers or by rendering costs. On the side of costs, apart from the monetary costs, in services like health, other costs like cost of time

(Waiting in the reception, waiting for an appointment), cost of effort (in terms of access to location), cost on account of stress and sensory costs like fear are very relevant. If the provider can manage to reduce some of these costs, he can alter the customers perception of value of his own service. What you must appreciate is that while comparing alternative providers of health services, customers use this perception of 'net' value i.e. the difference between perceived benefits and perceived costs, rather than just the figure of monetary prices. You must, therefore, consider carefully the perceived benefits that are associated with your hospital services and the perceived costs that the customer has to bear, before arriving at a monetary price figure for your services.

Activity 3

Based on your knowledge of practices regarding communication of prices by clinics/hospitals, prepare a note on what needs to be done further looking at the customers need for information on the one hand and the peculiar nature of the health service on the other hand.

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13.5 SERVICE QUALITY IN HEALTH CARE

As discussed in Unit 8, Gronroos suggested that the quality of service as it is perceived by consumer has two dimensions – a technical or outcome dimension and a functional or process related dimension. That means, the consumer judges the quality not only on the basis of what is being delivered but also how that outcome is delivered. For example for consumer of health care services the primary expectation is related to the response to the illness–'cure'. The process of achieving this end is characterized by the delivery of service experience – 'care'. As health care services are rich in credence qualities and, therefore, the technical outcome is difficult to evaluate, consumer would tend to make the assessment of the technically complex cure dimensions on the basis of the more familiar 'care' experience. Gabbott and Hogg suggest that evaluation of the clinical aspect of the service is particularly complex for individual patients but the impact of it upon overall satisfaction is unquestionable i.e. if the patient considers the medical response to have been inadequate, aspects of care can't compensate sufficiently to result in overall satisfaction. However, given the difficulties in adequately evaluating "cure" and the investment that a patient has in believing in the doctor's ability to treat illness, it is suggested that patients take this aspect of the service for granted and evaluate their service provision on the other aspects of service delivery.

Recollect the five dimensions of service quality developed by Parasuraman, Zeithaml and Berry as discussed in unit 8. Let us apply them to the health care services.

Reliability: Ability to perform the promised service dependably and accurately (example – doctor keeps the appointment on schedule, diagnosis prove to be accurate).

Responsiveness: Willingness to help customers and provide prompt service (example – no waiting, doctor's willingness to listen).

Assurance: Employees' knowledge and courtesy and their ability to inspire trust and confidence (Example – reputation, credentials and skills).

Empathy: Caring individualized attention given to customers (Example – acknowledging patient as a person, remembers previous problems, patience).

Tangibles: Appearance of physical facilities, equipment, personnel and written materials (Example – waiting room, examination room, equipment, report cards).

Zeithaml and Bitner suggest that since health care services involve some amount of uncertainty/high risk, assurance dimension would be of great importance to the consumers. In the early stages of relationship, the consumer may use tangible evidence to assess the assurance dimensions. Visible evidence of degree, honours and awards and special certifications may give new customer confidence in a professional service provider.

Raju and Joshi suggest that the hospitality level offered by the healthcare provider is more important for life stage and life style treatments and goes a long way in making the patient feel safe and secure about undergoing a procedure, as well as assuring that the hospital would provide all the requisite services prior to and after the treatment. Also patients from different strata of society are starting to have differing expectations from hospitals about the level of service they should be provided while being treated. Some providers have, therefore, developed capabilities for providing differential levels of service at regular, premium and luxury levels. For this health care providers should use research techniques to map out the consumer decision making process and the relative importance consumers assign to expertise and hospitality. The next logical step would be to understand service features that relate to consumer perceptions of expertise and hospitality. Finally, the provider should understand the cost implications of making changes in these features and their relative impact on consumer choice and revenues.

Poor service quality can be caused by a number of factors. These include organisations's lack of understanding of customers expectations; not selecting the right service design and standards; inability or unwillingness to meet the standards i.e. not delivering as per the service standards; not matching performance to premises. To provide quality services, an organisation should first learn about consumer expectations through market research. Even in the developed countries, in the not-too distant past, health care organisations had little first hand familiarity with marketing research. (Marketing Research is the objective and systematic process of gathering, analyzing and interpreting data relevant to a specific situation or problem facing an institution). However, as hospitals increasingly have adopted a marketing orientation, they are choosing to use marketing research to help them understand marketing problems and opportunities. Loubean and Jantzen (1998) conducted a survey of 230 hospital executives in USA to assess the kind of marketing research activities being conducted by hospitals. Hospital's administrators reported that satisfaction surveys of both inpatients and outpatients are the most widely used research applications with more than 80% of the respondents reported usage of these two methods within the last year. Of the surveyed respondents 48% performed a competitive analysis of other institution within the last year and 78% performed the analysis within the last three years. The researchers go on to suggest that "hospitals seeking effective marketing strategies need to recognize that a broad array of marketing research information is available to them. Research is not inexpensive, but it can be one of the hospital's best values because, if done properly, it leads to better decision making. Hospitals should develop and fund annual research activities'.

Activity 4

Talk to different consumers of health care services and determine the relative importance of the five service quality dimensions as perceived by them.

Internal Marketing and Service Quality

As you would have noticed earlier in the service marketing triangle (unit 1) that internal marketing plays a critical role in services marketing. Also internal marketing was discussed in detail in Unit 7. It enables the employees to keep the promises that have been made to customers. Internal marketing can be viewed as the building of customer orientation among employees by training and motivating both customer-contact and support staff to work as a team. The role of employees in a service organisation is very dramatically highlighted by Hal Rosenbluth; owner of a chain of successful travel agencies, in his book titled “The Customer Comes Second” wherein he argues that a company’s first focus should be on its employees. “Only when people know what it feels like to be first in someone else’s eyes can they sincerely share that feeling with them”. Similarly Benoy mentions that for service business such as health care that are labour intensive and demand high levels of personal contact between the service provider and the customer, no marketing plan can be considered complete unless it includes strategies for reaching and winning over its internal customers. He further goes on to define internal marketing as “the application of marketing, human resources management and allied theories, techniques and principles to motivate, mobilize, co-opt and manage employees at all levels of the organisation to continuously improve the way they serve external customers and each other. Effective internal marketing responds to employee needs as it advances the organisation’s missions and goals.” The activities involved in internal marketing include competing for the talent, training employees, empowerment, knowing employee needs, good internal communication, measuring and rewarding quality. You will study more about some of these aspects in the section on Human Resources Management.

Knowledge is empowering. When customers and visitors ask, the employees know what is going on and why. They feel they are the hospital, rather than answering. “They tell me nothing!” If you don’t tell them, if they don’t know, then distorted rumours start circulating. Worse yet, they feel excluded and not a true part of the hospital. Employees, in general, are well motivated and want to do well. Furthermore, no one knows the job better than individual employees themselves. Therefore, if you create an environment in which they feel comfortable enough, knowledgeable enough, about the business to feel that they own the business in a sense, they will contribute – providing, of course, that their capacity to contribute is enhanced by a responsive upper structure of the organisation. (Rabkin and Avakian, 1991)

13.6 MARKETING COMMUNICATION FOR HEALTH CARE SERVICES

Communication is an essential part of marketing. In fact it is one of the elements of marketing mix i.e., promotion. Few goods or services, despite being well developed, priced and distributed can sustain the market place without effective promotion. Promotion can broadly be understood as “communication by marketers that informs, persuades and reminds potential buyers of a product to influence an opinion or elicit a response.” The various elements of promotional mix are advertising, sales promotion, public relations and personal selling.

However, in this section we are going to focus on word of mouth communication, since in case of services, especially services which involve

some amount of uncertainty or risk (like health services), consumers tend to rely more on information from personal sources (e.g. friends) than from non-personal sources (e.g. mass media). Therefore, word of mouth (w.o.m.) communication becomes a critical part of health care marketing. Before moving further let us study a definition of w.o.m. communication. It may be defined as “Oral, person-to-person communication between a receiver and communicator whom the receiver perceives as non commercial regarding a brand, a product or a service.” Though not under the direct control of marketer, they can still influence it. A health care marketer might ask how favourable word of mouth can be prompted, unfavourable word of mouth reduced – and since either effort will likely require marketing expenditures, what results can be expected. Besty and Madeline have highlighted a number of issues regarding w.o.m. communication in health care marketing:

- i) Word of mouth is more effective than advertising. And in the health care field, the difference is even more striking than in other purchase categories.
- ii) The effectiveness of word of mouth applies across the board in terms of the kinds of responses marketers traditionally seek. Word of mouth communication not only increases awareness and knowledge, but is also persuades and lead to action, such as actually choosing the provider one has heard about.
- iii) Favourable w.o.m. communication can't overcome personal negative experience.
- iv) Health care organisations should encourage its employees, their spouses to become involved in community and neighbourhood groups and to educate them on what to say when they get there, in the hope that a source of word of mouth communication is listening.
- v) Word of mouth increases as the level of satisfaction increases. An emotionally positive experience with a health care provider increases w.o.m. and satisfaction which in turn, raises the odds that w.o.m. will be positive. A marketer, therefore, has an opportunity to enhance experience that leads to positive w.o.m. So, health care marketers should seek a mandate to provide emotional highs to the patients and prevent strong emotional negatives, even if these goals involve serious trade-off.
- vi) Consumers of medical care are more likely to engage in negative w.o.m. than they are to complain to their health care provider. Health care providers, therefore, must make a greater effort than marketers in other industries to make complaining easy and acceptable.

Activity 5

Find out the information acquisition activities undertaken by consumers for selecting a health care provider.

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Advertising

Though advertising is not being used substantially by hospitals in India, it can be a significant means of communication to the customer. Clow suggests that by incorporating the five dimensions of service quality (discussed earlier in this unit) – assurance, reliability, empathy, responsiveness and tangibles into their advertising, health care providers can increase the level of perceived quality and thereby reducing the perceived risk. To be effective, health care

Advertisement Applications must contain one or more of these dimensions in the form of headlines, copy or captions. Pictures and drawings can also be used. To prevent clutter and confusion, an advertisement should focus on only one or two clues; more can be used by cycling several advertisements.

13.7 CASE STUDY

Marketing of Cardiac Care at Ehirc

Escorts Heart Institute and Research Centre (EHIRC) is the first comprehensive research facility dedicated to the study, treatment and prevention of heart diseases in India. It has been truly a quantum leap in the cardiac care field of health care in India. Heart disease is recognised as one of the world's largest killers. In India, the incidence of heart disease is rising at an alarming rate. As compared to western countries, the type of coronary artery disease in India differs in its patterns. Even the age of onset of coronary artery disease is much lower so that many Indians are getting heart attacks at as young an age as 30 to 40 years. It has been proved that adequate preventive measures and early detection is extremely successful in reducing the incidence of heart attacks.

Since the research data generated in the West is not totally applicable to the causes and factors of heart disease in India, in-depth investigation on a national level is vital, so that our own environment, dietary, socio-economic, ethnic factors, etc. can be modified to reduce heart attacks in our country. To accomplish this goal, EHIRC was setup in 1988 at a cost of Rs. 20 crores and has undergone a major expansion recently .

The costs of surgery and investigations in India are a fraction of costs incurred for similar services abroad. Today, an open heart operation inclusive of all hospital costs, an attendant's fare, boarding etc., for the three weeks would cost at least 6 to 8 times in USA as compared to the cost at the institute, with the added advantage of continued after-care as well as cardiac patient being in his or her own environment and among his or her relatives. The costs of other services like angiography, angioplasty, examinations, etc. are significantly lower than in any foreign country.

The Health Care Industry in USA has become very competitive and it is becoming increasingly more competitive. This has necessitated each hospital to identify and develop any function or service which can provide a competitive edge. As a result, many health care providers are now recognizing the important role that the sales function can play as an integral part of the total marketing mix.

We in India, to some extent, feel uncomfortable in selling hospital services. This is due to our culture and heritage. This need not be so. Patients need education. They need information. And each person is a patient! So the task of a salesman for health services is unlimited. This is what marketing can do, and will do.

The following can be used effectively in this regard :

- patient educational folders and leaflets which are interesting to read and absorb, well-illustrated using Indian scenarios.
- regular patient clinics in satellite towns to educate and inform and to encourage to get the comprehensive cardiac check-up done.
- use of TV, CCTV and video films to inform the educated people and promote the institute.

- spread of insurance idea.
- health clinics and camps in companies, colleges, schools, and similar organisations.
- informing physicians, primary and secondary health centres in regard to facilities available.
- educational write ups in main line and regional newspapers to increase awareness of cardiac ailments.
- mass contact programmes – arranging public lectures by medical super stars.

Twelve Noble ways to get More Patients

1. **Put yourself in your patient's shoes:** It is a basic and commonsensical concept . Sometime should be spent every day thinking from the patient's point of view. It may be difficult but it will mean more sales of hospital services.

- Listen to the patients
- Ask questions from them
- Do something extra for each patient
- Admit mistakes to the patients gracefully.

2. **Patient Satisfaction:** A patient can take away his business to a hospital wherever he gets better value for his money and better service. He does not have to give reasons for his action. It is his money and he can spend it where he likes or the way he likes. Technicians and assistants in the hospitals are people and if they are not satisfied, one can never have satisfied patients. This is simple but often ignored fact. Many hospitals have succeeded without proper medical facilities, none without proper technicians. Employees with average intelligence and initiative, when treated with respect and dignity as individuals, given training and motivation will turn out to be good technicians.

3. **Continuous communication with the patients:** Communication with the prospects and the patients is the core of good marketing. How to achieve it? There is no magic wand in the world that will help achieve it; only patience and persistence pays. Each employee should be trained to be good listener to the patients when they come into the hospital or when they write to the hospital. This includes encouraging the patients to open up and express themselves clearly.

In our country with so many festivals for *Devis* and *Devtaas*, a health provider has several 'excuses' to send a postcard to his patients. The postcards can contain simple messages to help the patients. And when a patient comes in, he should really be helped, otherwise it will result in stinking publicity. A promotional mailer can be so fine tuned that it can reach the individual on his birthday, on his anniversary and so on.

4. **Patient oriented hospital:** It is not a simple task, but can be done by following the patient by patient approach. When does a hospital becomes patient oriented? As soon as the facility starts rendering, through thoughts and actions, the best possible service to each of its patients. This way a hospital becomes great for its patients. Patients do not like to come to a big hospital where they get lost, but they love coming to a great hospital where they will be given the best possible attention. Also a big hospital does not necessarily make more profits than a great hospital.

5. **Patient oriented polices and procedures:** A hospital exists so long as the patients keep on coming. Hospital policies and procedures, even if they have

Sectoral applications by the best business management professor, are suicidal if they inconvenience the patients.

6. Patients must be given the best possible services: Patients should be given “USA” - Unique Service Advantage – and once they get it, they will become repeat patients and bring more patients. It simply means some extra and individual care to show that the business of patients matters a lot for the hospital. Maybe the best equipment can be installed, hospital be opened for longer hours for the convenience of patients, and so on. It also involves studying the competitors and to start serving the patients better.

7. Patients want answers to their problems; they are not impressed by the 3 Cs: A hospital where the patients get answers to their problems is a better “mousetrap” than a hospital where the patient’s problems don’t get solved. Patients are not impressed by the carpets, chrome and chandeliers (3Cs) in the hospital. Patients will flock to that hospital which follows a more helpful attitude. The 3Cs won’t help if they are shown the rules and regulations whenever they come with problems. A health provider should not only work harder to satisfy his patients but must also appear to be doing so. Patients with complaints must immediately get the feeling that they are still welcome – rather more welcome- than when they had come in the first place. A bit of additional consideration is all that is required to convince the patients that they are wanted at the hospital.

8. Listen, listen , listen to your patients: The patients should be given a proper hearing. Very often, their complaints are like burning embers and if ignored, may become huge fires, or on the other hand can be turned into ashes by merely dropping a few drops of cold water in the form of an instant helpful attitude. If properly attended to, complaints can be turned into opportunities. A health facility that wants to earn a good reputation in the long run also ensures that the patients are encouraged to lodge complaints and each complaint is fully investigated.

9. Each of the employees should visit patients: In a health facility , every employee does something – directly or indirectly for the patients. Otherwise, he does not have a right to be on the payroll of hospital. If so, how is it that some of employees never see the faces of their patients, at least, not away from the hospital. In the hospital , a selling atmosphere should be created wherein every employee gets an opportunity to market the services.

10. Checking with patients about employees attitude: Why customers (patients) quit?

- 1% Die
- 3% Move away
- 5% Form other friendships
- 9% For competitive reasons
- 14% Because of product dissatisfaction
- 68% Quit because of attitude of indifference towards customer by some employees

Notice the last line carefully. A continuous follow up , therefore, should be done with the patients to find out how they feel about the hospital employees and how they are treated by them.

11. Solve the small problems of patients today: A hospital is not a bed of roses. Of course, most of us feel that it is a bed of roses when we see it

from a distance. It is only when we touch the bush to pluck the roses that we get pricked by the thorns too. And every hospital must learn how to handle difficult patients with extra care. A difficult patient is like a dark cloud with a silver lining. He presents an opportunity in disguise to test the hospital's orientation to him. Fortunately, patients are people and the rule of 80:20 applies to them too, i.e. 80 percent of patients are reasonable and they forgive very quickly while it is only 20 per cent who carry their grievances on and on.

12. Dissatisfied patients are best teacher: One can never please 100 percent of patients, 100 percent of the times and 100 per cent of the days. If one can do so it is either a sellers market or he is a genius or he is not taking takeable risks. Generally for an average hospital one-third of patients are very satisfied, another one-third are reasonably satisfied and the balance one third are not fully satisfied and, in fact may be 10 percent are fully dissatisfied. These dissatisfied patients should be searched for and once they are located, one- third of the problems are solved. Close attention should be paid to every word they say and it should be noted down. This conveys that personal interest is being taken in the matter. The objective is not to win the argument but to come to an agreement that satisfies a dissatisfied patient.

13.8 SUMMARY

Application of marketing concepts in health care services in India is gaining widespread importance. This has happened because of a number of changes taking place like setting up of corporate hospitals, growing consumer awareness, increasing purchasing power, growing market for elective treatment. Pricing is one of the crucial issues in healthcare marketing. In this unit you have studied the basis for pricing and the ways in which pricing for health services differ from pricing for goods. The various strategic considerations in implementing the pricing policy have also been explained to you. For health care marketers it is crucial to appreciate the importance of not only what is being delivered but also how it is being delivered. That is, they have to take care of the 'cure' as well as the 'care' aspects. Further, for health care services, which involve some amount of uncertainty or risk from customers' point of view, word of mouth communication plays an important role.

13.9 SELF-ASSESSMENT QUESTIONS

1. Why is pricing for health services unlike the pricing of a product? What difficulties can be envisaged while pricing health services? Discuss with the help of examples.
2. 'Pricing strategy includes much more than determining what to charge'. Examine the statement with regards to pricing of health services.
3. What are the components of service quality? How would you apply these to health care services?
4. Discuss the importance of word of mouth communication for health care services.
5. What changes do you envisage in the Indian health care market with the emergence of corporate hospitals?

13.10 FURTHER READINGS

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