

---

## A STUDY OF MARKETING MIX OF HOSPITAL SERVICES

**Pravin S. Gosavi**

Assistant Professor,  
Hon. Shri Babanrao Pachpute Vichardhara Trust's,  
Parikrama, College of Management, P.O. Kasht,  
Dist. Ahmednagar, Pin: 414701, Maharashtra, INDIA

**Dr. Mukund Dongare**

H.O.D. Commerce Department,  
P.D.E.A., Prof. Ramakrishna More Arts,  
Commerce & Science College, Pune

---

### ABSTRACT

Marketing and all activities connected with it such as advertising were once regarded as loathsome and offensive in a hospital set-up. When marketing was first introduced in hospitals, the impulsive reaction of most people both inside and outside the hospital was one of concentration and disbelief that authorities even contemplated using marketing techniques including in advertising in hospitals. Things have changed however, in recent years. Hospital marketing while slowly coming of age in over country still carries a stigma in the eyes of many hospitals in India. Hospitals need to follow a strategic approach for the achievement of their goals. Being a service organization, services characteristics add too many challenges in the marketing of services. The traditional path followed by manufacturing organizations in marketing planning may not be suitable to the hospitals as consumer (patient) behavior and parameters are different. The traditional marketing mix that was developed, keeping in view the goals of marketing, may also be adapted to hospitals. But the hospitals can not satisfy themselves with the use of traditional marketing mix i.e. product, price, place and promotion. Therefore marketing is a dynamic subject, and a systematic approach is necessary for successfully market the services of hospital. As a first step, the perceptions of different people in the hospital include Doctors, Nurses and Administrative personnel are gathered on product/service, price, place, promotion, people, physical evidence and process of the sample hospitals. The scores have been arrived at by using statistical test of significance known as analysis of variance and by least significant difference test.

**Key words: Marketing, healthcare, hospital, and P's of marketing**

### INTRODUCTION

Health care services are becoming more significant today than ever before in India. This may be attributed to some extent to the ongoing liberalized process. Along with the growth of the industry and services, the demand for health care is also increasing. But what is of concern to the average Indian is prohibitive cost of this care. India has made rapid strides in the health sector since independence; but critical health issues remain same.

India has perhaps the world's largest community based tradition of indigenous system of medicine. Every rural community has its own local health tradition, using thousands of medicinal plants for medical purpose. Millions of people use home-based remedies. The classical systems include: Ayurveda, Sidha, Tibetan medicine, Unani and Homeopathy. Some of these ancient most practices depend on a codified system of knowledge, some documentation, and the other on institutions of teaching, research and manufacture. On the whole, the Medical practice is not largely institutionalized.

The traditional concept of managing the hospital services cannot serve our purpose, like corporate management. The hospital management also insists on time- honored structural transformation in the management cadre. The application of modern marketing principles would pave the way for rationalizing the services, standardizing the services offered, optimizing the fee structure, and promoting the services with the help of sophisticated communication devices. This would open doors for channeling the services. In developing countries like India the cases of marketing deficiencies are found in almost all the corporate hospitals.

### Marketing in hospitals:

Today, most hospitals administrators would acknowledge that the well-being of their organization depends upon the attraction of resources to enable hospitals to meet the historical goals of patient care, teaching and research. Attraction of the necessary resources and acceptance on the part of various publics of the hospital that the organization has attained its goals are vital to the long-term survival of the institution. The administrators of the institutions, be it a private or government can promote the services of hospital. Normally, promotion of hospital services would be viewed as not desirable since marketing is viewed as a commercial activity to propagate certain services, manipulate attitudes and emotions, and convince a customer to buy or consume services keeping in view the interests of the promoter. In the health industry, promotion of health services by the professional through advertising or other means is considered unethical and unprofessional. However, like any other institution, the hospital has to function in an

increasingly competitive health industry. Therefore it can initiate several programmes and activities for promotion of services-whether paid or free.

The term marketing has been widely misunderstood by the hospital administrators and professionals. Most commonly it has been viewed as a glorified version of public relations. A second area sometimes confused with marketing is fundraising or development. All these areas tend to be promotional in nature, again demonstrating the tendency for hospitals to define marketing in terms of selling, informing, advertising, and image making.

In fact, if the appropriate products and services are offered, and pricing, distributing, and promoting them is done effectively, these goods and services will sell very easily without requiring an intense amount of promotion and hard sell. Therefore -The aim of marketing is to make selling superfluous. To survive and succeed, hospital must know their markets, attract sufficient resources, convert these resources, into appropriate products, services, and ideas, and effectively distribute them to various consuming publics. The modern hospital relies mainly on offering and exchanging values with different parties to elicit their co-operation. The modern hospitals rely on exchange mechanisms to achieve their goals.

Marketing is to help organizations ensure survival, contained health and the flexibility necessary to operate in a regulated environment through serving their markets more effectively. Marketing relies on designing the organization's offerings in terms of the targets. Marketing utilizes and blends a set of tools called the marketing mix-product/services design, pricing, communication, and distribution.

### REVIEW OF LITERATURE:

Naidu G.M et al in their article titled How marketing oriented are hospital in a declining market? Focuses on the role, value and actual implementation of marketing within health care institutions. A structural equations modeling approach By P.S.Raju et al in their article examines the relation between market orientation and organizational performance in the hospital industry. One unique feature of this study is that both market orientation and performance are conceptualized as being multi-dimensional constructs. This study used the technique of structural equation modeling (SEM) is used to examine the relationship. Analyses were based on market orientation and performance, data obtained from 175 hospitals in a five state region of the United States. They found out multi-dimensional nature of both market orientation and performance and, the strong relationship constructs. Interestingly this relationship is found to be much stronger for smaller hospitals than for larger hospitals.

Does marketing relate to hospital profitability? By Mc Dermott et al their article examines the relationship of marketing activities of hospitals including the use of market intelligence activities, interventional coordination activities, and organizational responsiveness activities to financial performance. The results suggest that it would be variable to hospital marketing managers to adopt a data driven, proactive management style that incorporates a teamwork emphasis to improve the financial performance of the hospital.

Market orientation in the hospital industry by Bhuian, Shahid N; Abdul-Gades, Abdallah this article discusses the concept market orientation as applied in the hospital industry. The purpose of this study was to systematically develop and assess a scale of market orientation for the hospital industry using an updated paradigm for scale development.

### OBJECTIVES OF THE STUDY:

1. To study the growth and working of hospitals.
2. To analyze the 7P's of marketing mix (Product, Price, Place, Promotion, People, Physical Evidence and Process) in selected hospitals.
3. To study the perceptions of administrative, doctors and nursing staff.

### HYPOTHESIS:

1. The perceptions of the doctors, nursing staff and administrative personnel in the hospitals are indistinguishable with respect to the (Product/Service, Price, Place, Promotion, People, Physical Evidence and Process) marketing of their services.
2. The perceptions of the patients in the two hospitals are indistinguishable with respect to the (Admission, Comfort, Food Facilities, Care, Business Office and Discharge) performance of the hospitals.
3. The hospitals that serve on the principles of marketing can gain better patient satisfaction

### RESEARCH METHODOLOGY:

The present study is an attempt to probe into private health care and examine the performance of each hospital in marketing their services. Private in this study refers to the corporate sector; therefore the scope is limited to private hospitals only.

#### Selection of Sample Hospitals

The researcher has selected two different hospitals in Pune city. They are Aditya Birla Memorial Hospital and Columbia Asia Hospital. They run on modern scientific and high tech lines, under the control of private management.

### Collection of Data

The data has been collected from both sources i.e. primary and secondary. For collection of data from primary sources, efforts were made to elicit the opinions of almost all personnel in the organizations through observation, personal interviews, questionnaires and schedules. In this context it is proposed to distribute two types of questionnaires and each type carries two parts.

### Sample Size

Non probability- Purposive sampling was used for sampling. From Columbia Asia Hospital & Aditya Birla Memorial Hospital, 75 doctor each were selected. Nursing staff 150 each from Aditya Birla Memorial Hospital & Columbia Asia Hospital. 35 administrative personnel each were selected from Aditya Birla Memorial Hospital & Columbia Asia Hospital for final analysis.

### Research Design

The study is mostly exploratory in nature and it aims at explaining how far the marketing useful in the present situation to the hospitals.

### Methodology for Data Analysis

Data was analyzed by applying ANOVA to know whether the perceptions of respondents are indistinguishable or not with respect to the 7P's of marketing services of sample hospitals..

### DATA ANALYSIS & FINDINGS:

The objective of this study is to analyze the marketing mix (7P's) and how far this tool useful in the present situations and compare the hospitals which run under different managements.

To know the 7P's (Product, Price, Place, Promotion, People, Physical Evidence and Process) of the concern hospital in marketing their services differ significantly among themselves with respect to the average scores of the responses. For this responses are mixed over all the announced categories of heads and are analyzed by the statistical technique i.e. ANOVA (Analysis of Variance) in a one way classified data followed by corresponding Least Significant Difference Test' (<0.05) which are indicated by\*. Later the averages are ranked in ascending order. This is to know the key element of marketing mix among 7P's in perception of respondent for effective marketing of their hospital services.

Following table represents the statistical analysis of data collected from doctors, nurses, administrative personnel of Aditya Birla Memorial Hospital and Columbia Asia Hospital

**Consolidated Statistical Result**

Category → 7P's ↓	Aditya Birla Memorial Hospital			Columbia Asia Hospital		
	* Doctors (1)	* Nurses (2)	* Administrative Personnel (3)	* Doctors (4)	* Nurses (5)	* Administrative Personnel (6)
<b>Product</b>	2.3479 (3)	2.1366 (1)	1.9871	2.4286 (3)	1.9493 (1)	2.0228(4)
<b>Price</b>	3.1110 (7)	3.0866 (7)	2.1952	3.3266 (7)	3.0211( 7)	2.738(7)
<b>Place</b>	2.7999 (6)	2.7694 (6)	2.555	3.0171 (6)	2.7714( 6)	2.5265(6)
<b>Promotion</b>	2.6644 (5)	2.3977 (4)	1.9237	2.7333 (5)	2.2555( 4)	1.8904(3)
<b>People</b>	2.2518 (1)	2.1792 (2)	2.0666	2.1466 (2)	2.0229( 2)	1.8729(2)
<b>Physical evidence</b>	2.2599 (2)	2.2646 (3)	2.0399	2.1253 (1)	2.0706( 3)	1.8171(1)
<b>Process</b>	2.5110 (4)	2.6533 (5)	2.3523	2.6133 (4)	2.6777( 5)	2.4237(5)

\* The ANOVA gave significant difference between the means of the 7P's.

The above Table representing the 7P's differ significantly among themselves with respect to the average scores of the responses provided by them in 1,2,4,5 and 6. The ANOVA gave significant difference between the means of the

7P's (Product, Price, Place, Promotion, People, Physical Evidence and Process) of marketing services. The figures in the brackets parenthesis indicate the rank of the corresponding mean in the ascending order. The column with no-star represents, the average respondents of administrative personnel in Aditya Birla Memorial Hospital hospital are not differing much in the 7P's i.e. the respondents have rated them as equally strong without much distinction of one from the remaining. As none of them is more than 3, there is no evidence of any disagreement. At the same time no neutrality also.

The average P (People) with rank 1 is strongly agreeable from the respondents point of view namely doctors of the Aditya Birla Memorial Hospital hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (product) with rank 1 is strongly agreeable from the respondents point of view namely nurses of the Aditya Birla Memorial Hospital hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (physical evidence) with rank 1 is strongly agreeable from the respondents point of view namely doctors of the Columbia Asia Hospital hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (product) with rank 1 is strongly agreeable from the respondents point of view namely nurses of the Columbia Asia Hospital hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (physical evidence) with rank 1 is strongly agreeable from the respondent's point of view namely administrative personnel followed by rank 2, 3,4,5,6 and 7 respectively.

The statistical analysis and the conclusions revealed that the 7P's from the hospitals people side, the responses have given a relative rating of the 7P's in five out of six cases leading to a particular P being strongly agreeable, a particular P is just agreeable. Therefore respondents with a long term attachment with an organization can better distinguish the organization aspects than those who just stay for short while and leave.

## CONCLUSIONS:

The management of a hospital is found significant to deliver services to the society. For a successful marketing of services, it is essential that the concerned organization is professionally sound. This helps the hospital in many ways, such as an increase in the organizational potentials to show excellence, a strong base for serving the poorer sections and a favorable nexus for making it an on-going process.

The first and foremost task before a marketer is to satisfy the users by making available to them the quality services. We cannot deny the fact that in the Medicare services in addition to the medical aid, a number of other factors also play a significant role. If the doctors and nurses are found soft, sympathetic, and decent to the patients, the time-lag for curing a patient is minimized fantastically. Of course the medical aid play a pivotal role but the supportive services also play an incremental role without which the duration of treatment is increased considerably. In the Indian perspective, the core medical personnel lack this dimension. By marketing Medicare services, we engineer a strong foundation for both i.e. the best possible medical aid and a personal touch-in-service.

By marketing medical services we mean making available the Medicare services to the users in such a way that they get quality services at the reasonable fee structure. The marketing principles focus on making available the services even to those segments of the society who are not in a position to pay for the services.

## REFERENCES:

- Anne M. Smith, Moira Fischbacher, Francis A. Wilson, New Service Development: From Panoramas to Precision, *European Management Journal* Vol. 25, No. 5, pp. 370–383, 2007.
- Ateev Mehrotra; Sonya Grlor; and R. Adams Dudle, The Relationship between Health Plan Advertising and Market Incentives: Evidence Of Risk-Selective Behavior, *Health affairs; Volume.25; No.3 (2006) p759-765.*
- Bell Jack A; Vistaska Charles R, Who Like Hospital Advertising- Consumer or Physician? *Journal of health care marketing; June.92; Vol.12; Issue.2; P2-7, 6P.*
- C. David Shephered and Daniel Fell, Hospital Marketing and the Internet: Revisited, *Journal of Marketing health services; winter 1998; p44-47.*
- Dean E. Farley and Christopher Hogan, Case Mix Specialization in the Market for Hospital Services. *Health services research; Vol.25; Dec-1990; p757-783.*
- Federico Lega, Developing a Marketing Function in Public Healthcare Systems: A Framework for Action *Science direct. Elsevier Ireland Ltd. Health Policy 78 (2006) 340–352.*
- Gellb. Betsy D; Bryant, John Michael Designing Health Promotion Programs by Watching The Market, *Journal of health care marketing; Mar. 92; Vol. 12; Issue.1; p65-70.*
- James E. Gmnig and Larissa A. Gmnz, Conceptual Differences in Public Relations and Marketing: The Case Of Health-Care Organizations, *Public Relations Review, 17(3): 257-278.*

- Kotler Philip, Marketing For Non-Profit Organizations. Englewood Cliffs, New Jersey, Prentice-Hall, Inc, 1985.
- Krishna Swamy.P, The Beginning Of The Royapuram Hospital, Stanley Medical College, Souvenir, 1964.
- Managing and Marketing Health Care Services, Thomson Learning EMEA, 2002.
- Marie-Odile Richard, Modeling The Impact Of Internet Atmospherics On Surfer Behavior, Journal of Business Research 58 (2005) 1632– 1642.
- McMillan, Norman H. Marketing Your Hospital: A Strategy for Survival. American Hospital Association, Chicago, 1981.
- P.S. Raju , S.C. Lonial, The Impact Of Service Quality And Marketing On. Financial Performance in the Hospital Industry: An Empirical Examination, Journal of Retailing and Consumer Services, 9 (2002) 335–348.
- PadkeAnanth, The Private Medical Sector In India, Pune, The Foundation For Research In Community Health, 1994.
- Peltier, James W; Kleimenhagen, Arnok; Naidu. G.M,. Taking Direct Route Journal of health care marketing, Fall -94.
- Philip Kotler and Roberta N.Clarke., Marketing For Health Care Organizations, New Jersey, Prentice hall 1995.
- Ranjani A. Krishnan; Satish Joshi and Hema Krishnan, The Influence Of Mergers On Firm’s Product-Mix Strategies, Strategic management journal. Published by Wiley&Co; Vol.25, 2004; p587-611.
- Speigelman and Pau Using Call Center Data to Determine a Credible Returns on Marketing Investments, Journal of Health care financial management, Feb.2005.
- Stephen A. RolMns,Christopher M, Kane and Daniel J, Sullivan, Health Care Marketing:Minicase, JHCM, Vol. 8, No. 1 (March 1988), PP- 86-87.
- Widnier, Thomas G; Sphepherd,C David , Developing A Hospital Web Site As A Marketing Tool: A Case Study, Journal of Marketing health services; Spring. 99; Vol.19; Issue.1; p32-33.
- ZalloccoRonald.L., Is There A Link Between Hospital Profit And Quality? Journal of health care marketing,. Winter- 93; Vol.13; Issue.1; p68-68.

\*\*\*\*\*