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Article · February 2022

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HEALTH CARE MARKETING: PRO AND CON

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Abstract: Health Care Marketing is becoming a leading concept in Health Care Management theory and practice. It helps to resolve real and important issues for the development of the sector. The analysis tries to summarize the different views and reflects on the questions for the benefits and challenges when using the Health Care Marketing in health care institutions.

Key words: Health Care; Health Care Marketing

WHY MARKETING?

Health marketing is defined as the marketing of products and services related to health (Thomas, 2008). In popular textbooks on health marketing (Kotler, Clarke, 1987; Berkowitz, 1996) it is determined by the official definition of AMA. 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.

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.

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; 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 are 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.

BENEFITS OF HEALTH MARKETNG

The benefits of marketing can be seen in two aspects: at *macroeconomic and microeconomic levels*. According to E.J. McCarthy (Perreault, McCarthy, 1996) marketing plays a key role in the modern economy by "bringing together" the production and consumption which nowadays are highly heterogeneous due to the deep division of labor and specialization.

The macroeconomic function of marketing is to overcome discrepancies and divisions between production and consumption with which it gives a strong impetus to the development of both. Better correspondence between the two sides of economic life means greater efficiency of each one individually and of the economy as a whole. A stronger marketing orientation of economic agents through broad and competent usage of marketing is one of the factors that stimulate economic growth, domestic and international exchange, increasing income and etc.

At individual level the above discrepancies are leveled and on both the demand side and the supply side. Decisions on the supply side include performance of typical marketing activities such as: sales, delivery, distribution, standardization, information, etc. There are no universal marketing recipes that prescribe correct decisions by definition. Marketing solutions are *always specific* such as for: the exact amount; the desired range of goods/services; the right time and the right place; the reasonable price and shared information (achieved agreement), and etc. Marketing is as universal approach to overcome the contradictions between supply and demand and is specific as "portfolio of activities" for every organization. Each organization uses its typical marketing approach and tools that depend on the particular combination of external and internal factors: the environment in which it operates, the market (s) which it operates with, products offered, organizational culture and values, and last but not least the capacity it has. Marketing is an active opportunity to overcome the differences and on the demand side – *the clients use marketing too*-not only producers and traders. The search and sharing of information, pooling of efforts, the growing participation in various stages of production processes, etc. shows that customers think and act like marketing specialist too.

In a hypothetical environment of plenty of customers, enough (increasing) funding and the resulting lack of competition organizations would have no need of marketing. Marketing becomes important when the demand for resources (customers / patients, facilities, technology, etc.) becomes (life) threatening factor for a health organization - now or in the future. This pressure of the environment and not the behavior that results from having the status makes organizations be marketing oriented. Marketing is not "inherent" by definition feature of business organizations in health care. Some of the have a behavior of NGOs and pursue objectives other than maximizing the profit or return on investment - e.g. priority improvement of service or others. In a difficult financial environment and increasing competition on the contrary many health (with the status of public or non-profit) organizations act as typical commercial organization. In other words marketing is purposeful human activity, reaction to the environment and not directly affiliated to economy and services.

What are the benefits for the health system if health care institutions use marketing? Differences between supply and demand can be much stronger in health care. Critical for the sector are discrepancies related to the time and place of health care which determine the population's access to the health system. Patients generally cannot have optional planning for services (demand uncertainty); they cannot be sure (and doctors also) in treatment outcomes; cannot adapt to the quantity of demand (the number of operations is not optional) and by price (demand is less dependent on price / it is inelastic). Healthcare is an emblematic example of the information gap determining the market power of supply.

Expected benefits for the healthcare sector from the use of marketing can be summarized as follows:

1. Marketing makes more adequate coverage of health needs and the needs of the population

- Marketing helps for more accurate measurement of the complex determinants of health - individual, social, economic and environmental factors. Taking into account and directing the demand flows marketing contributes for more adequate structuring of the health system / network (its units by activity and levels of the health system - primary, specialized, hospital, emergency). It improves the production function of healthcare. Marketing meets public expectations and those of individual patients. The adoption of immediate commitment to public welfare makes it socially sensitive and responsible.

2. Marketing makes health care more accessible

- Needs directed marketing is a means to increase access to health care. It cuts the distance between people and the health care needed/expected health services; health care is provided where it is needed (on time, coverage and quality) taking into account the demographic characteristics, provision of medical assistance and others. Marketing increases the popularity of health products / services. Public awareness reduces many health

risks, improves health literacy of the population and thus transforms and improves the quality of the demand of health care itself;

3. Marketing improves the quality of health care

- Greater accessibility of health care provided by systems pooling of health risks (social security and health insurance) allows marketing priority to be a quality feature of health care. Marketing creates and supports in healthcare organizations the dominant culture of service according to which each activity is geared to the needs of the patient. Marketing focused on quality stimulates the implementation of evidence-based medical care (clinical professional conduct aimed at the best and effective treatment in good faith, open, humane and sympathetic attitude towards patients that respects their rights and preferences);

4. Marketing leads to integration, continuity, integrity and awareness of health care

- Marketing focuses the overall activity of medical institutions on the health state of the patient and patient expected outcomes which require coordination, integration and continuity of health care (patient-centered care). It also stimulates the internal awareness and exchange of medical information (eg. telemedicine, or so-called doctors detail - aimed marketing of pharmaceutical products conducted by representatives of the pharmaceutical companies- which includes free samples and recommendations on use, etc.).

5. Marketing allocates resources and financial results more efficiently

- As marketing directs flows of demand to hospitals that have better services and better services in the health system the principle "money follows the patient" can be implemented. So it rationalizes the allocation of resources including the public ones.. Marketing improves the efficiency of the activities of the medical institutions balancing its capacity and its utilization in line with the cycles of demand. Marketing provides and supports the necessary resources for the provision of health care. The access to medicines, other supplies and advice and etc. is needed when there is a particular need for them (the precise stent should be placed during surgery, injection of adrenaline - when the patient needs in the emergency room, etc.). Maintenance of reserve capacities and stocks depends on the parameters of the demand, the place of the hospital in the health system and its capabilities. The financial benefits of marketing are associated with the increase of the profit. (Theodore Levitt said: "Food is the source not the purpose of life. Profit is the source of business. With no profit business stops").

6. Marketing corrects typical healthcare market characteristics and tolerances

- Marketing reduces price discrimination (making transparent activities, conditions, results and prices). It limits the information asymmetry and risks for the patient (such as providing information to the public and patient communication, education). Providing comparable information marketing "unites / globalizes markets", supports the pressure to standardize services and the "industrialization of services" and stimulates the external control. Marketing is a decision in the direction of overcoming the inherent demand for health care and pharmaceutical products "negative demand" which is associated with reluctance (and with it the mistrust and fears) of the population to use their products and services. Marketing decisions are conducted through information, prevention, education, systems of care close to the patient, etc. events.

7. Marketing stimulates innovation and accelerates technological improvements

- Marketing provides "open feedback channel" that provides information for continuous improvement of products, technologies and services. It accelerates and focuses on clients / patients the process of introducing new products / services, technologies and services.

8. Marketing improves competition in healthcare

- Stephen Hilsted and Eric Berkowitz summarized: "The health industry is highly competitive, highly regulated, under-funded and moving by two major forces - technologies and consumerism. To survive health care providers must compete improving the effectiveness of their marketing "(Berkowitz, Hillestad, 2004). Marketing creates sustainable business relations and partnerships that enhance the sustainability of the processes and the outcomes of the health system. Marketing focused on the needs of patients creates a winning reputation and removes barriers of mistrust and mutual dissatisfaction.

9. Marketing improves staff satisfaction

- Marketing improves public recognition of the role of healthcare which is a particularly important incentive for employees in the health system.

Marketing generates benefits associated with the fundamental problems of the health system such as the adequacy, accessibility and quality of health care, resource efficiency and activities creating a culture of service

focused on the needs of the patient, the "emancipation" of the health market from pursuing selfish interests, stimulating technological progress, raising the social prestige and satisfaction of employees in the system. These benefits are so significant that loaded marketing with exuberance. Obviously they cannot be merely the result of marketing. Some of the benefits are directly related to the use of marketing (research, informing of the public and patients, etc.); others require changes in the organization and management of the health system (regulation and incentive system, structure); third, suggest intervention in a broader social perspective (health culture and the culture of health demands are the products not so much of "informing and educational functions" of health marketing but of the education and family). In all cases however the role of marketing is growing; it becomes central in the management of health care organizations.

Whatever the status of health care organizations they have some common features that *are determinative for health marketing* (Kotler, Clarke, 1987, 12-13):

1. Most health organizations produce *services* not products. Services / health care unlike products, eg. drugs are: intangible, inseparable, variable, perishable, the production and consumption coincide, users actively participate in this process;

2. Healthcare organizations are subjected to *public scrutiny* and increased regulation: they provide publicly funded services and their activities (as well as methods of production, organization, staff and etc.) are defined as particularly valuable in individual and social perspective;

3. The predominant mechanism of financing is the "model of third payer" which increases the control of financing institutions, security and access of patients and reduced price sensitivity of demand;

4. As part of and as players in the national health system medical institutions may be limited in the number of self-making marketing decisions especially those that can position them in the long run. For example: product policy, service level or prices. These solutions can be imposed by the regulatory institutions. Even if a health organization would have sufficient resources and therefore its existence does not depend on the market it could not act in his discretion;

5. The power in health organizations is shared between the two main groups: health administration and clinical staff as opposed to the more authoritarian structure of governance applied in business organizations. Health marketing strategies have to balance the interests of these groups.

HEALTHCARE MARKETING – IS IT THE "NECESSARY EVIL"

Marketing is not always welcomed with an 'welcome' and skeptical attitudes to it by health administrators, medical staff, patients and society remain. Health marketing has not "put its head in the sand". The classical and contemporary literature in this area pays attention to the fact of disapproval, rejection and even to the miraculous deficit in healthcare marketing (Kotler, Clarke, 1987; Thomas, 2008). Even before ¼ century F. Kotler and R. Clarke identified six important critical attitudes related to health marketing and representing it as "a necessary evil":

- **Marketing is wasteful**

Marketing spends unproductive resources! Marketing costs are considered normal in the pharmaceutical industry (for maintenance of commercial operations or the development of new drugs) but not in providing health care facilities. If the budget for marketing in pharmaceutical companies is on average 30% of the overall one how much should they in the budgets of hospitals, what is the right proportion? Money for advertising, for brochures for patients, for maintenance of websites and communication systems, for organizing noisy events, printings of logos on folders and forms of organizing free medical examinations and etc. always look too much most often in the eyes of finance officers, accountants and the medical staff. Healthcare organizations have difficulties determining the cost of a particular service and there are no mechanisms to measure the return on investment. To isolate and measure the impact of your marketing costs is virtually impossible which further reinforces the doubts that marketing can do very little to increase demand of services, market shares or financial performance. Chronic shortage of resources reinforces the influence of factors such as lack of marketing experience, discontent patients and pressure of patient organizations. All these reinforce doubts in that marketing gives results and the appropriateness of marketing costs is questioned as a whole. In healthcare money spent on marketing are considered as a rule as an expense not as an investment.

- **Marketing is haunting**

Marketing is like an uninvited guest who visits us from time to time. Most often it enters through two entrances. The first are the marketing researches which addresses sensitive areas related to the way life, attitudes, health status, etc. and personal and confidential information. The second accesses channel through which infiltrates worry presence are the various promotional events. The objective need for information for example to offer certain treatment, to the use of available equipment, etc., can be exceeded. Especially uncomfortably are accepted by consumers promotional activities that attack them in an inappropriate manner.

- **Marketing is manipulative**

Very often the aim is to increase the confidence of the targeted market from which to extract benefits. Promotional and advertising activities are flow channels for manipulative actions (impact on the decision to purchase). Manipulative advertising is a form of unfair competition as it may damage the good name of another participant. The possibility of making errors and mislead the patients is associated with the particular nature of health services which explains the influence of practices as false statements, omissions of performance, highlighting specific features and so on. Legal restrictions, professional considerations, ethical rules, the opportunity to exchange information through social networks, education, non-governmental organizations for protection of patient rights are the main ways and instruments to correct the tendency to use manipulative marketing.

- **Marketing will reduce the quality of health services**

The above is a widespread concern especially among the medical staff which focuses on the possibility of improper and deceptive advertising. The concerns are on the possibility of deviating the attention and the efforts of the medical personnel from performing the basic activities of the treatment. The poor quality of health care is a problem that goes beyond marketing activities.

- **Marketing makes healthcare institutions to compete**

Health care institutions should cooperate and help each other and not in to compete! This attitude stems from the organization of the health system and the requirement for continuity of services provided. Redirecting of patients when a health facility is unable to provide the assistance needed or to use or help from others (consulting specialists, equipment, etc.) is a common practice. In view of the possibility of patients' choice and the means of financing competition is inevitable. It regulates the demand and the capacity of the health institutions and marketing provides preference for competition which is in the patient's name.

- **Marketing creates unnecessary demand for health care**

Effective marketing can contribute to increased demand which is a natural reaction of health care facilities in a competitive environment. Stimulated (excess of) demand for health care is associated with the growth of health care costs and the risk of iatrogenic diseases (as a result of the conducted treatment). Greater financial responsibility / patient involvement in the insurance schemes of payment, search for second opinion, monitoring of hospital admission are typical solutions to this problem.

INSTEAD OF CONCLUSION – A RECIPE

- Use Marketing! This is a warning - marketing is necessary. The benefits of marketing are more than it can cost us. Modern healthcare organizations need marketing regardless of whether we live in calm and favorable times or are in a crisis. The easiest way to lose is to cut spending on marketing and / or the staff involved in that activity;

- Do not leave the marketing to "do it yourself"! Marketing is not the responsibility of the unit for medical statistics, the chief accountant or deputy for economic affairs. They have others, equally important commitments (which determine marketing). To be successful and responsible for the organization's future *marketing must lead the management of the health institution*. The treatment of patients is the business of healthcare organizations;

- Be sure to organize this activity! You should have a people who will be professionally engaged in making marketing (Kotler, Ph., J. Shalowitz, R. Stevens, 10-11). Post to the management unit that is responsible for planning and conducting marketing activities because for their results you are responsible as health managers. The marketing unit / department should have direct access and representation in the senior management of the hospital to provide for and direct their decisions.

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