

Hospital Advertising : Myth Or Reality?

** Soumik Gangopadhyay*

*** Parimalendu Bandopadhyay*

INTRODUCTION

A Hospital is a place where encounters between the doctors & diseases are registered. This is a service that no one wants to buy; no one is looking forward to his next surgery with excitement (unlike the next holiday trip or the next car). The customers, whether patients, relatives and friends or any healthcare users of health services are the best promoters for a hospital. Their good will and favorable word of mouth to reach other's ears make it easy for the hospital to attract and serve more people. This in turn helps a hospital to seek a favorable image among the public. The Indian hospital industry has witnessed a series of problems, which is self-descriptive, complex and difficult to modify due to the socio - economic structure of the Indian society. The complexities as identified are :

- 1) Absence of product differentiation due to various degrees of offer.
- 2) Weak patent protection due to absence of legal control.
- 3) Less entry of restriction as implementation of law is tedious.
- 4) Hardship in controlling patient interface.
- 5) Problems of growth as the competition is increasing.
- 6) Accelerating complexities of health related problems due to incorporation of newer diseases.
- 7) Irregular service quality and absence of supervision of implementation of standards.
- 8) Barriers of direct communication.
- 9) Cost of service / clarity in cost of service.
- 10) Problems in innovation.
- 11) Restrictive regulations.
- 12) Clustered/diffused demand as customer can approach from any part.
- 13) Need felt mostly in emergency.
- 14) Difficulty in describing the contents of a service.
- 15) Problem of describing the process of service.
- 16) Difficulty in recognition of a good or poor quality service.
- 17) Difficulty in convincing the customer about the fairness of the price charged.

PROBLEMS OF HOSPITAL ADVERTISING

Hospital being a different type of industry purports different problems associated with other perspectives that doesn't have any resemblance with any other business, that can be mentioned as follows :

- 1) Nature of offering is difficult to define.
- 2) It is difficult to describe the content and process of hospital services.
- 3) Difference between good or poor quality hospital services cannot be shown through advertisements.
- 4) It is difficult to convince the patient regarding the fairness of the price charged.
- 5) Commercialization of this advertisement is socially unacceptable as practiced traditionally.
- 6) As it is an integrated service which comprises of multifunctional activity, so it is difficult to focus all functions in a

** Senior Lecturer, Durgapur Society of Management Science, Dr. Zakir Hussain Avenue, Hudco More, Bidhannagar, Durgapur, W.B-713206. E-mail : soumik74@gmail.com*

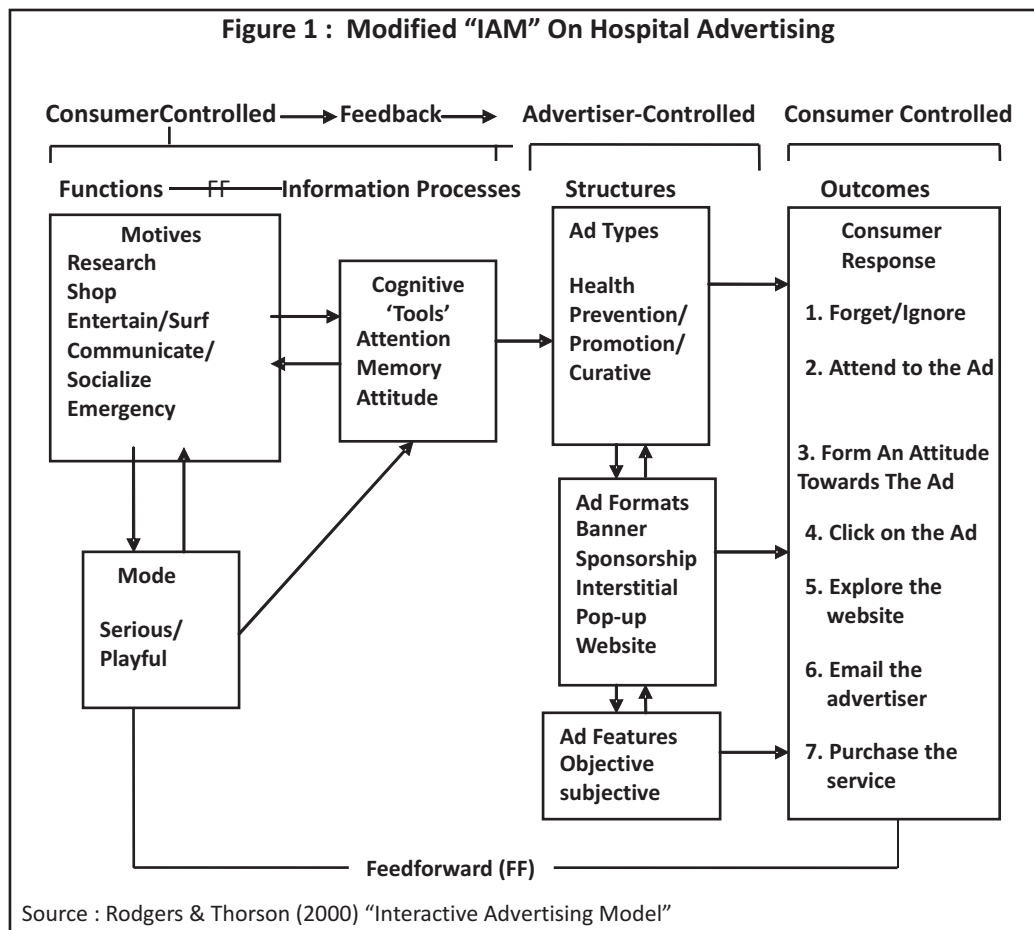
*** Assistant Professor, Department of Commerce, Raiganj University College, Raiganj, Uttardinajpur, West Bengal.
E-mail : email2pari@gmail.com*

single advertisement.

7. Humorous approach can't be used as an advertising concept, as it is related to life and death of human life.

COMMUNICATION OF HOSPITAL ADVERTISING

According to the traditional practice, hospital services were promoted through doctors' credibility, success of a critical surgery, word of mouth (viral marketing). Hospitals have been practicing advertising under the guise of public relations. With the popularity of the internet, computers and mobile phones, hospital marketing has taken a new direction. As practiced, hospitals were marketed through traditional media of advertising efforts, which meant buying TV and radio airtime, newspaper and magazine ad spaces and billboard slots. The aim of such a campaign is to elicit product recognition for the brand. When a consumer becomes sick, he or she will remember the brand through the marketing and advertising campaign made by a hospital. All such advertising themes were treatment / doctor based only. Today's hospitals are not promoted only on the credibility of doctors' success in respect of a critical surgery, but also emphasize on other factors like quality, technology, people, system implementation, convenience, etc. Total Quality Management is becoming an essential factor to control and upgrade the process flow of today's hospitals day-in-day-out, where severities, occurrences failure are detected to judge the value creation for a customer. These are highlighted in the hospital's advertisement to create and establish a sense of confidence and trust among the patients. The change of tradition of advertisement of hospitals has been distinguished in the recent times, and reflects many dimensions of healthcare practices in India. Hospitals are no more a mere health solution center for diseases, but have become one more opportunity of business. Progress of population, accelerating consciousness of people and significant increase in disposable income of people, accessibility of health insurance, and deficit of existing system are the driving force behind the change of hospital service from complementary to paid business dimension. People are moving from government hospitals to private hospitals for fast access of better care and treatment. Hence, treatment is



not the first choice, but it is the convenience of patients that matters in the choice of a hospital. Hence, the advertising themes for customers are designed in another form. Let's take some examples of modern hospital advertisements :

✿ **West Bank Hospital** : *"First patient- then payment"*

✿ **West Bank Hospital** : *"Doctors full night, patient party goodnight"*

✿ **B. M. Birla Heart Research Centre** : *"We are the first NABH affiliated hospital of India"*

✿ **Apollo** : *"Touching Lives"*

✿ **Desun** : *"Feel Better"*

✿ **Wockhardt** : *"Associate Hospital of Harvard Medical International"*

The "IAM Model" (Figure 1) successfully describes the customer motive about an advertisement, customer's analysis and reaction forms of an advertisement. The model also describes the motto behind the structure-format-features associated with an advertisement. Hence, the figure emphasizes clearly about the prospective content of an advertisement. As a traditional practice, the hospital industry has only highlighted about the doctor's treatment in the structure of an advertisement. So, the focus was more on public relations rather than on the services rendered by the hospital industry. The traditional themes focused on eminent doctors or any unusual success story in the form of a complicated surgery of a patient. Other than the doctor's effort / treatment, certain factors are prioritized as the theme of hospital advertisements in recent times - namely safety/security of a patient, care of a patient by the hospital employees other than the doctors, cleanliness of a hospital, comfort of a patient, response time of treatment to a patient during crisis, clarity of bills charged, etc. Today, it is more about the patient's convenience (quality and care) creation that is highlighted while hospital services are advertised. However, the changing hospital advertisement theme structure is nothing but a change in the outlook as demanded by the customers of modern times. Brand name, price, packaging are the extrinsic cues of an advertisement whereas, total performance, ingredient performance, quality are known as intrinsic cues of an advertisement.

ADVERTISING EFFECTIVENESS

High competition in the hospital market has lead to an increased need to improve the service quality of hospitals. To develop and maintain the hospital's image, the hospital staff must imply their experience to upgrade their competence (Mongkolrat & Pongpanich, 2009). Data from Los Angeles in 1990-1993 suggested that hospital mergers would ↑ prices >5% (Town & Vistnes, 2001). Hospitals that merged between 1989 and 1996 lowered their costs two years after consolidation, relative to comparable hospitals that didn't merge (Dranove & Lindrooth, 2003). Even if hospitals lowered costs, they may not pass price savings on to the consumers. Patients pay most attention on *"physician care"*, have fewer concerns with *"hospital costs"*. Even, technological orientation and relationship; integrated health care (efficiency, openness, quality); sensitivity to response (elements of development; competence); vision and work culture (spirituality, effectiveness and ethics); concern, commitment and consideration; compatible and reciprocative relationships (appraisal, responsiveness, welfare); promotion of self-discipline (transparency, recognition, empathy, housekeeping) are the effective dimensions of success of healthcare marketing (Shah, Nidhi, Dhar Upinder, 2007). Medical reliability failure, physical evidence failure, poor information, medical treatment errors, costly services, complaint handling failures are the causes of hospital service failure that directly affect the hospital image (Alfansi & Atmaja, 2008). Hence, brand name (Aaker, 1996), price (Cadogan & Foster, 2000), promotion (Czerniawski & Maloney, 1999), and service quality stimulates brand loyalty. Extensive studies have examined to reveal consumer attitude towards hospital advertising, consumer decision-making process in hospital selection, and efficacy of advertising as measured by recall of hospital names. Hospitals have adopted a marketing orientation in the delivery of healthcare services (Mages, 1982). In the choice process of hospitals, 51.5% of the sampled respondents favored hospital advertising for more information compared to 48.5% respondents who didn't favour the same (Flexner & Berkowitz, 1981). 18.6% of the respondents held an unfavourable attitude and 31.5% were undecided (Vitaska, Frontczak, Pasternak, 1988). Findings from the field research by Vitaska, Bell, Frontczak (1990) emanated from 49% respondents favoured advertising, 27% were undecided, and 24% didn't favour advertising. Hite and Fraser (1988) further confirmed that consumers prefer advertising by professionals than individuals in the profession. Several researches backed by Bernacci and Kono (1979); Darling and Hackett (1978); Darling and Taylor (1987); Hite and Bellizzi (1986); Sttatton (1979) have suggested negative views by a wide number of professionals, including

accountants, lawyers, physicians, and dentists. Even physicians held a negative attitude towards advertisements of clinical establishment (Korgaonkar, 1985; Reicken and Yavas, 1984). Research by Folland, Parameswaran and Darling (1989) emanated that younger physicians tend to be more favourable towards advertisements. They have moreover, confirmed that physicians have a belief that advertising has a negative effect on the image of the profession of a physician. Vitaska, Frontczak, and Bell (1990) have shown that 21% physicians favoured hospital advertising as a requirement for promotion of the hospitals, whereas 59% unfavoured the same. Hospital advertising information is related to services, medical programs and relationship with community (Goldsmith, 1989). Dove in 1987/88 confirmed that Hospital advertising is an information source. Advertising seems to be more resource-driven than market driven (Kash B. A., Boyer Gregory J., Beathard Paul K., 2007). Several researchers have confirmed marketing as an important tool in healthcare business (Town and Currim, 2002). Hospital advertising might be used most effectively as a support mechanism to build confidence and to reduce uncertainty in an infrequent “buy” situation. However, some physicians have a negative view (Bell, Jack A., Vitaska, Charles R., 1992). Even, more nursing homes have been investing in marketing planning, advertising and other marketing tools for sustainable growth of their business. But marketing intensity is associated with the facility's size; occupancy rate and administrators' perceived level of control over marketing activities (Calhoun, Banaszak-Holl, Hearld, 2006). Healthcare delivery becomes more consumer driven. Customer management plays an important role as compared to generic activities (Coddington, Fischer and Moore, 2001). Current clinical establishments have focused more on increasing consumer awareness about specific long-term care facilities (Chandra, Smith and Paul, 2006).

✿ **Dorfman-Steiner Model Of Advertising** : The profit-maximizing amount of advertising occurs where:

$\frac{\text{Advertising Expenditures}}{\text{Total Revenues}} = \frac{\text{Advertising Elasticity of Demands (E}_a\text{)}}{\text{Price Elasticity of Demand (E}_p\text{)}}$
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If E_a equals 0.2, then 1% ↑ in advertising → 0.2% ↑ in demand and if E_p equals 4, then E_a / E_p will be 0.05.

To maximize profits, hospital should spend 5% of total revenues on advertising. Hospitals will spend more on advertising when: E_a is higher and E_p is lower. But when demand is less elastic with respect to price, advertising costs can be passed onto the consumer. Hospitals with greater market power will advertise more aggressively.

TYPES OF HOSPITAL ADVERTISEMENTS

Advertising the availability of services that all hospitals have may increase market size, but not by expanding their individual patient base. A patient chooses a hospital by analyzing factors like doctor's availability, reputation, reliability, empathy, accessibility, self-esteem, cost of service, safety & security of a patient, comfort, convenience, quality and physical facility offered by a hospital. A hospital as a product is traditionally valued by a customer on the basis of the following :

- ✿ Functional value – Performance outcome.
- ✿ Social value – customer's image.
- ✿ Emotional value – empathy.
- ✿ Epistemic value – curiosity, knowledge, novelty.
- ✿ Conditional value – circumstances (emergency).

Epistemic value of a hospital brand is very less due to its typical characteristics, whereas conditional values are the dominating factor of choosing a hospital in case of an emergency. Hospitals as an emergency product are promoted through an advertisement theme that expresses the conditional and functional value of the services. In general cases, the theme also incorporates social and emotional value. Hospitals use an advertisement to promote differentiation of their product from the competitor, which is not treatment or doctor based, but it is value creation based on the patient's convenience. The trend of change of hospital advertisement is following the changing trend of patients' preferences.

✿**Type – I: Inputs Highlighted** – In this type of advertisement, treatment by eminent doctors is highlighted as an advertisement message. In many cases, different types of success stories in relation with critical surgeries are highlighted. This type of advertisement also highlights infrastructural facilities like bed capacity, advanced machines, etc. It is an effective strategy for promoting a small hospital at its introductory, launching or decline (for rejuvenation) stage.

✿**Type – II: Process Highlighted** – This is a hospital advertisement type where the convenience of a patient, 24 hours doctor's service, fast access through an ambulance, accreditations like NABH, JCI, ISO Certificates of quality, etc. are mentioned. This is an effective strategy to accelerate the consciousness of the prospective patients during the growth stage of a hospital's life cycle.

✿**Type – III: Output Highlighted** – Return on investment (Cost oriented – surgery package, health check-up package), patient's feedbacks are highlighted. It is an advertising strategy applied during the maturity or decline stage of a hospital's product life cycle.

CONCLUSION

1) Hospital was a service mostly promoted as a free product to be availed only in emergencies (so, advertising a hospital was a myth). Unlike traditional advertising, hospitals are advertised today as comfort zones for human ailments. It has become a business centre, where hospitals are advertised during modern times through highlighting the process and output of a hospital. Advertisement creates differentiation in a competitive market. It helps in value creation by highlighting uniqueness of a hospital service that is an essentiality of a business orientation. Hence, it is an absolute reality.

2) People's preferences are changing depending on many factors that are directly influencing the changing trend of the hospital business. Type- I advertising is not the practice of today's hospital business. In the present competitive era, the highest competitive business practices - Type- II and Type- III - are becoming a more justifiable and relevant option of promoting hospitals to create differentiation.

3) Hospital advertising offers a very limited scope of conceptual promotion as a brand as it incorporates a sensitive issue of life and death. Moreover, it is encompassed by some legal and societal restrictions. Further, the need of a hospital is felt by a patient, mostly in emergency. As business dimensions of private hospitals are progressing, advertisement options are also increasing.

4) Depending on the nature of the service, hospital advertisements should be designed based on - whether it is an emergency or a general product. Hence, it is no more a compulsion on the management, but a hard-core reality. Transition of the hospital business from public to private dominance, and corporatization of Indian private healthcare facilities are the auxiliary factors influencing the increasing need of the Indian hospital business.

5) Because of low epistemic value, scope of conceptual advertising is minimum in case of hospital advertising. More the business dimension flourishes for the hospital sector, more will the epistemic value of the service increase. The future challenge of hospital promotion will lie in creating the epistemic value of the brands through different advertisement schemes.

6) Hospitals are advertised in a competitive environment for differentiation.

7) Advertising of clinical establishment has two forms i.e referral service or self-decision. In case of emergency products, hospital brands should be promoted as referral services, but in case of self-decision, it should be promoted through consumer preference advertising.

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