

BRAND EQUITY IN HOSPITAL MARKETING

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“A man’s mind stretched by a new idea can never go back to its original dimensions.”
—*Oliver Wendell Holmes*

Abstract

The healthcare industry in the country, which comprises hospital and allied sectors, is projected to grow 23 per cent per annum. Health care marketers face unique challenges around the world, due in part to the role the health care field plays in contributing to public welfare. Hospital marketing in India is particularly challenging because providing customer service is vital to maintaining successful business relationships. Accurate and timely information provided in a professional manner is the key to any business and service operation. Patients look at relevance, response and relationships. As a result Indian hospitals depend heavily on customer relationship management (CRM). Brand is a set of mental associations held by the consumer, which add to the perceived value of the product/service (Keller-1998) these associations, should be unique, important and positive. Building brands is the goal of any hospital. This study identifies five factors that influence the creation of brand equity through successful customer relationships: trust, customer satisfaction, relationship commitment, brand loyalty, and brand awareness. An empirical test of the relationships among these factors suggests that hospitals can be successful in creating image and positive brand equity if they can manage their customer relationships well.

Keywords: Brand equity; Influencing factors of brand equity; Hospital image; Customer relationship

Introduction

The concern of brand equity become known as one of the most vital topics for marketing management in 1990s and its concept and measurement has interested academicians and practitioners for more than one decade. In recent years, customer-based brand equity has garnered considerable attention. Brand equity is one of the most important concepts in business practice as well as in academic research. This is because successful brands can allow marketers to gain competitive advantage. Operationalization of customer based-brand equity usually falls into two groups: consumer perception and consumer behaviour. Perception helps to explain the phenomenon of why different individuals respond differently to the same stimulus under the same condition. Customer’s relationship management (CRM) which has overriding significance for any business is no less significant for hospital services (Salam, 2000). CRM lets to respond quickly to changing market conditions by providing analytics that are built into the sales force automation and marketing applications, to better target physicians and maximize sales impact. Hospitals are most important elements in any health care delivery system. A hospital plays a major role in maintaining and restoring the health of the people. CRM maintain historical views of alignments and territories to comply with federal regulations. To help unify your sales efforts, the application supports cross-functional processes such as customer targeting, samples and territory and

objectives management. The application can be used both online and offline, the sales representatives can easily create target lists to plan routes and calls, add appointments to their calendars, invite medical education event attendees, and more, thus improving their overall sales effectiveness.

Healthcare practitioners and managers increasingly find themselves in clinical situations where they have to think fast and process myriad diagnostic test results, medications and past treatment responses in order to make decisions. Effective problem solving in the clinical environment or classroom simulated lab depends on a healthcare professional's immediate access to fresh information.

Care of the sick and injured, preventive health care, health research, and training of medical and paramedical staff are general broad functions of a hospital. It involves to the outpatient and inpatient hospital services and on many occasions emergency medical services. An important resource in a hospital is a human resource. This should be particularly emphasized. This should be particularly emphasized in the content of a hospital since relationship of medical staff plays important role in treating patients - the hospital customers.

In health care, CRM practices are essentially patient - focused strategies that involve effective management of hospital interface and interaction with patients. Effective CRM practices in a hospital may mean providing services related information to a patient very quickly. Responding to the patient appointment and an admission requests promptly, dealing with patient queries and complaints expeditiously, and exercising all kinds of flexibilities in serving patients to the patients. While Farquhar (1990) claimed that brand equity is reflected by the change of consumer attitude while purchasing a product. Later researchers, beside using two approach: consumer perception and consumer behaviour, some combined the two approach and some were related brand equity to other variable as antecedents and consequences of brand equity, e.g. Keller (1993, 2001) mentioned about brand knowledge as combination between brand awareness and brand image, Lassar et al. (1995) evaluate only perceptual dimensions, Blackston (1995) study about the concept of brand meaning which include objective brand (personality characteristic, brand image) and subjective brand (brand attitude), Dyson et al (1996) using brand loyalty and brand attitude, In recent years, customer-based brand equity has garnered considerable attention. Healthcare facilities, inclusive

of public and private hospitals, the core sector, around which the healthcare sector is centred, would continue to contribute over 70 per cent of the total sector and touch a figure of US\$ 54.7 billion by 2012.

Review of Literature

Keller (1993, 2001) mentioned about brand knowledge as combination between brand awareness and brand image, Lassar et al. (1995) evaluate only perceptual dimensions, Blackston (1995) study about the concept of brand meaning which include objective brand (personality characteristic, brand image) and subjective brand (brand attitude), Dyson et al (1996) using brand loyalty and brand attitude, In recent years, customer-based brand equity has garnered considerable attention. Operationalization of customer based-brand equity usually fall into two groups: consumer perception and consumer behaviour, e.g. Mahajan, Rao, and Srivastava (1991) claimed that customer-based brand equity could be measured by the level of consumer perception. While Farquhar (1990) claimed that brand equity is reflected by the change of consumer attitude while purchasing a product. Later researchers, beside using two approach: consumer perception and consumer behaviour, some combined the two approach and some were related brand equity to other variable as antecedents and consequences of brand equity, e.g. Keller (1993, 2001) mentioned about brand knowledge as combination between brand awareness and brand image, Lassar et al. (1995) evaluate only perceptual dimensions, Blackston (1995) study about the concept of brand meaning which include objective brand (personality characteristic, brand image) and subjective brand (brand attitude), Dyson et al (1996) using brand loyalty and brand attitude, Brand equity has been considered in many context: the value added to the product (Jones, 1986; Lethesser 1988; Farquhar, 1990; Aaker,1991,1996,1999; Keller, 1993,1998, 1999; Kapferer, 1997); value of the firm (Aaker, 1991; Kim & Kim, 2005); value of the customer(Aaker 1991; Martensen & Gronholt, 2003); brand preference, purchase intention (Lattin, 1987; Zeithaml 1988; Hardie et al 1993; Cobb-Wagren 1995); brand loyalty, brand awareness perceived quality, brand associations (Aaker, 1991; Keller,1993; Galpois 1998, Pappu et al, 2005; Atilgan et al, 2005); differential effect of brand knowledge of consumer response to the marketing of brand (Keller,1993); incremental utility (Simon & Sullivan, 1993); consequence of marketing efforts (Ramos & Franco, 2005). While Farquhar (1990) claimed that brand equity is reflected by the change of consumer attitude

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The brand equity represents the value of a brand; which is established following the next criteria:

- the level of loyalty towards the brand
- the notoriety of the name
- the perceived quality
- strong associations with the respective brand
- other possession of the brand: patents, registered marks, relations in the distribution channels

The value of a brand establishes the positive differentiation that the name of the brand has over the clients reactions with the product and service in discussion (Philip Kotler, Gary Armstrong, Principiile Marketingului (editia Teora, Bucuresti, 2005, p.421)

The brand equity refers to an intangible good that depends of the consumer associations. There are 3 perspectives from which this concept can be analyzed:

- **Financial perspective.** A method of evaluating the brand equity is determining the premium price which a brand has for a generic product
- **Brand extensions:** A successful brand can be us for launching additional brands related to that one.
- **Starting with the consumer.** A powerful brand encourages the positive attitude of the consumer over the product

Opportunities in Health Care Industry:

The fast growth in the Indian healthcare sector has created various pockets of opportunities for investors. A recent FICCI-Ernst and Young report highlights several such areas within the healthcare sector.

- Medical infrastructure forms the largest portion of the healthcare pie. Beds in excess of one million need to be added to reach a ratio of 1.85 per thousand at an investment of US\$ 77.9 billion.
- The medical equipment industry is around US\$ 2.17 billion and is growing at 15 per cent per year. It is estimated to reach US\$ 4.97 billion by 2012.
- The medical textiles industry is projected to double to reach US\$ 753 million by 2012.
- Clinical trials have the potential to become a US\$ 1 billion industry by 2010 and the health services outsourcing sector has the potential

to grow to US\$ 7.4 billion by 2012, from US\$ 3.7 billion in 2006.

Notwithstanding the current economic slowdown, the US\$ 2.26 billion Indian wellness services market is expected to grow at about 30-35 per cent for the next five years on the back of rising consumerism, globalization and changing lifestyles, according to a FICCI-Ernst and Young study.

Government Initiative

The Government launched the National Rural Health Mission (NRHM) in 2005. It aims to provide quality healthcare for all and increase the expenditure on healthcare from 0.9 per cent of GDP to 2-3 per cent of GDP by 2012.

During the 2009 interim budget, the government allocated US\$ 2.42 billion for NRHM.

The Tamil Nadu government has allocated US\$ 698.16 million for health and family care for the year 2009-10, up from US\$ 564.34 million a year ago. The increased budget includes creating a mega blood bank—Asia's largest—in Chennai and upgrading several hospitals, besides launching a new insurance scheme.

The government has announced a US\$ 63.2 million initiative to promote domestic manufacture of medical devices such as stents, catheters, heart valves and orthopaedic implants that will lead to lower prices of these critical equipment.

Is hospital marketing is ethical in India:

Advertisement and promotion in hospital industry was not acceptable, as there was a question of moral as well as ethical authenticity and accountability for the impact of an advertisement campaign.

Advertising by the hospitals can be defined as "Utilisation of proper media vehicles to send desired message to the community in general and targeted clientele of the hospital services doctors, patients, HMO, TPA in particular without offending the moral, ethical and legal constraints of business promotion." Advertising related to hospitals can be considered as unethical when:

- It contains a misrepresentation of the fact or omits material facts necessary to prevent deception or misrepresentation.
- It promises delivery of treatment or services by a pictorial representation that cannot be experienced by other patients by methods described.
- It claims to deliver the efficacy of services that does not represent the typical experience of a patient.
- It claims that medical skills of doctors associated with the hospital are better than the skills of any other doctor with same set of

medical degree, training and research unless factually proved.

- It tends to create unjustified expectation of favourable results.
- It takes undue advantage or creates fear or anxiety in the mind of community.
- It misleadingly predicts that performance of a procedure or delivery of treatment by a particular method will result in satisfactory or expected outcome.
- It claims to provide services not permissible by law. (Eg: termination of pregnancy governed by Medical Termination of Pregnancy Act. Any organization that claims to do abortion without following the previous of the act is doing it unethical).
- It is intended to attract customers by exaggerated claims.

Advertisement in hospital can be utilized to:

- Inform patients about the geographical location of an extension of the existing hospital infrastructure like satellite clinics.
- Inform patients and doctors about the types of services offered by the organisation.
- Inform patients about the different consultants providing their services to community through hospital.
- Inform patients of any service offering that specifically aims at preventive and promotive healthcare leading to benefit of community in general.
- Inform patients, doctors of any service that is specifically available only at the hospital in the geographical region.
- Any breakthrough medical procedure that claims to reduce the disease prevalent rates in the community, provided this type of claims are sustainable by factual, documented evidences and approved by recognized medical association.
- Inform the community of quality of outcome through factual supplementation of outcome.
- Inform the community about availability of services under cover of health insurance provides/ reimbursement schemes/ TPA/ HMO.

Impact of advertising in hospital marketing

Hospitals have to put a lot of effort to develop a mechanism by which they can really estimate the overall impact of advertisement on the community in general and hospitals in particular. If the advertisement is meant only for purpose of creating awareness on a particular ailment then being an institution accountable to the society, it becomes mandatory to monitor that community is benefited

and morbidity, mortality and disease prevalence statistics decrease. If it is meant to provide information regarding hospital services then increase in the utilization of these services can be measured to evaluate return on investment in advertising campaign. In case the objective is brand enhancement, increase in brand equity can be assessed.

Hospitals have to come out of dilemma regarding the utilization of advertising strategies and intervention of Medical Council of India, Indian Medical Association, and Indian Hospital Association is required for drafting ethical and moral guidelines for advertisements. Any organization which violates these guidelines should be questioned and befitting action should be taken. Use of advertising cannot be restricted as the number of service providers is increasing, cost of infrastructure is soaring and also the operational cost is on the rise. It is better to develop a mechanism proactively rather than waiting for unethical practices to flood the market place.

Branding plays a special role in service firms because strong brands increase trust in intangible products (Berry, 2000), enabling customers to better visualize and understand them. They reduce customers' perceived monetary, social, or safety risks in buying services, which is an obstacle to evaluating a service correctly before purchase. Also, a high level of brand equity increases consumer satisfaction, repurchasing intent, and degree of loyalty. Research in this area includes Kohli et al.'s (2001) study of reliability and brand equity, Pappu and Quester's (2006) study of satisfaction and brand equity, and Ross Wooldridge et al.'s (2004) study of brand equity and brand image. Medical institutions and hospitals in Hyderabad are limited in their ability to increase brand loyalty because they are not legally permitted to run any commercial advertising. Customer relationship management (CRM) is their only viable option for raising brand equity (Kim et al., 2005). Hausman (2004) notes that to raise brand loyalty and brand equity and satisfy customers' needs, medical institutions can enhance their marketing activities by increasing patients' benefits and doctors' independence. Fok et al. (2003) discuss the relationship between organizational adoption and use of quality management programs and CRM systems in health care settings vis-à-vis other organizational settings. However, not many studies have investigated structural relationships among brand equity, the factors that influence brand equity, and hospital image.

Discussions:

According to Ashok Anantram, president, business development, Apollo Hospitals, Chennai, "Marketing as a concept is the same in product and service

industry. There is a product or service - one section produces it and the other consumes it. Marketing is interplay between producers and consumers.” However, the difference comes in marketing tangible and intangible products. While products that can be seen, felt, touched and tasted are tangible, the products that are based on post-sale experience are intangible.

Conclusions

1. Hospitals need to identify their market place, as location places a vital constituent which helps in providing effective hospital services.
2. Build strategies to be focused pertaining to age group or category of disease, severity of disease. In fact, income of the patient also matters for some specialized services and care as intangibility is a primary factor of any service sector.
3. Hospitals need built a trust among patients that the best care is given to them.
4. There are many other loop holes within the hospital administration itself as there are many people working in the administration are unaware about promoting the concept of hospital facilities (who might include the directors, supporting staff and other related staff) among the general public in general and patients in particular. They need to be trained in marketing of hospitals apart from general administration. i.e., market internally before marketing externally.
5. Do encourage the patients their quality expectations from the hospitals to evaluate their ratings than hospitals promote and publicize as being number one in providing the health care services. In fact quality concern provides an opportunity to hospitals management to provide utmost service with differentiation to the patients which in turn reduces competition and regulations.
6. It no longer relies on word of mouth hospitals need to be more aggressive with the support of expert doctors and specialized facilitates available as value additions to survive the competition.
7. Marketing of hospitals enhances services and in turn will have a positive impact on brand equity.
8. It is also concluded that there can be an appropriate monitoring system for the hospital marketing so that it does only aim at profit maximization but the focus must be on service to the society which has to be projected through media.
9. Reciprocity enhances the relationships; increases patient satisfaction which enhances

patient loyalty in turn patients' loyalty brings revenues.

“Whenever a clear and strong brand identity is lacking, a brand is like a ship without a rudder.”

-Aaker,

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Source: Berry2000