

HEALTHCARE MARKETING - A RELATIONAL APPROACH

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Abstract

This paper aims to identify the unique characteristics of healthcare services, the challenges faced in the implementation of marketing principles into the healthcare services sector and also the behavior tendencies of the healthcare consumer. Taking into account the differences between healthcare services and other services and the importance of the doctor-patient relationship, a new marketing approach seems to be a solution for all problems and a response for all unanswered questions. A review of the theoretical backgrounds of healthcare services marketing and relationship marketing is presented further on.

Keywords: *healthcare marketing, healthcare services, consumer behavior, relationship marketing, doctor-patient relationship*

JEL classification: *M30, M31, M39*

1. Introduction

The healthcare industry is different from other economic sectors because of its unique characteristics. First of all, this is one of the few areas that involve “life or death” matters. In such a context it becomes difficult to involve financial analysis or to pay attention at financial gains.

In contrast to administrators or business people, health professionals, especially clinicians, make most of the decisions with regard to patient care. Furthermore, the decision-making process of a healthcare consumer is also significantly different than the one of a consumer of any other service

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(Thomas, 2005). Another major difference in healthcare is the importance of referral relationships. Referral relationships “include any mechanism for the steering of consumers by a third party into the distribution channels of a healthcare organization or any use of an intermediary to promote goods and services to healthcare consumers” (Thomas, 2005, p. 28). Thus, their importance stems from the fact that the patient does not make “the consumption decision” him-/herself. This decision is probably made by a doctor, health plan, or another party, which means that these people are more likely to be targeted than the patient (the end user), due to their influence on the referral process.

When we talk about healthcare, we also need to take into consideration the undeniable importance of the relationship that is established between the doctor and the patient. Even if, in services in general, the quality level of a particular service and the customer satisfaction are determined largely by the consumer-provider relationship, in healthcare, this relationship is crucial for effectively providing these services.

Thus, the creation and delivery of healthcare services depend on creating and maintaining different types of relationships: internal relationships, relationships with collaborators, relationships with third party payers (insurance companies) and doctor-patient relationships.

2. The history of healthcare marketing

Healthcare marketing was born in 1977, when the American Hospital Association sponsored the first conference on healthcare marketing and the first book on this topic was published. Although health insurance organizations, pharmaceuticals and medical suppliers adopted marketing activities, the health services providers were reluctant. Hospitals and other healthcare organizations had been doing “marketing” under the guise of public relations, physician relationship development, community services, and other activities, but few health professionals equated these with marketing (Thomas, 2005).

If in the 1950s, doctors and hospital managers considered marketing activities inappropriate and unethical. Since then the healthcare field has gone through various periods of growth, decline, retrenchment and renewed growth (Thomas, 2005). Today marketing has been accepted as an essential business

function and marketing principles are integrated in almost every healthcare organization in the world.

In this context, Richard K. Thomas (2005) has identified the main stages of the evolution of marketing in healthcare (table 1). As it can be noticed, although it has a short history, healthcare marketing has experienced many twists and turns.

In the 1960s hospitals expanded their PR function, but the PR's target was the primary care physicians, not the patients. When hospitals recognized that patients might play a role in the hospital-selection decision, a strategy for selling to the public emerged (Thomas, 2005).

In the 1970s mass-advertising strategies were adopted by many hospitals in order to promote their programs. They used television and radio commercials and also billboard displays promoting the services they provide. The main goal was to make known the services they provide and attract patients to use the hospital facilities (Berkowitz, 1996).

Table 1: The main stages of the evolution of marketing in healthcare

The 1950s	<ul style="list-style-type: none">- some hospitals had free educational programs and PR activities- healthcare providers considered marketing activities inappropriate and unethical
The 1960s	<ul style="list-style-type: none">- the PR's target = the primary care physicians (or the family physicians), not the patient
The 1970s	<ul style="list-style-type: none">- many hospitals adopted mass-advertising strategies to promote their programs (using billboard displays, television and radio commercials)
The 1980s	<ul style="list-style-type: none">- the healthcare industry evolved from a seller's market to a buyer's market
The 1990s	<ul style="list-style-type: none">- healthcare became market driven and the marketing function grew in importance within healthcare organizations

Source: Created based on Thomas, R.K. (2005), Marketing Health Services, p. 8-15

Healthcare adopted marketing approaches well after most other industries, and the marketing era was not considered to begin in healthcare until the 1980s, when the industry went from a seller's market to a buyer's market (Thomas, 2005). Before the 1990s the hospital policies and procedures were established for the benefit of the hospital staff.

The 1990s came out with a change in developing a real marketing perspective in healthcare. In this period all hospital policies were reexamined and renewed considering the point of view of the customers. Marketers occupied high-level administrative positions, and marketing moved from a “necessary evil” to a core function for determining the direction of the corporation (Thomas, 2005).

After 2000, marketing started to have a major impact on the healthcare services sector. Nowadays, patients are becoming increasingly involved in making healthcare choices. This is the main reason why, for the financial survival of doctors and healthcare organizations, marketing of healthcare services has become essential. In order to remain competitive in a constantly changing market and to gain patients satisfaction and loyalty doctors can successfully use the fundamental service marketing principles. Concepts such as service quality, levels of consumer satisfaction, zone of tolerance, the branding of services, patient participation in the selling process and service recovery can be very helpful for every healthcare provider and organization in order to win the patient’s hearts and minds (Corbin, Scott, Schwartz, 2001).

Even though today we are practicing marketing in hospitals, applied marketing activities are still treated with skepticism. After considering the barriers to healthcare marketing it becomes a fact that a different approach of marketing in the healthcare sector is needed.

3. Healthcare consumer behavior

In order to introduce marketing as an integrated function into the healthcare organization's management, marketing specialists reveal the differences that exist between healthcare services consumers and the consumers of other services.

Healthcare consumers are different from consumers of other services because of the personal nature of the services involved. Because sometimes healthcare services involve “life or death” matters, they also imply a unique transfer of emotions which is absent in other sectors.

Healthcare consumers are often overwhelmed by emotions like pride, vanity and fear. They experience feelings like this, because every medical test could bring bad results, every medicine can have side effects and even in the middle of a dental surgery unexpected complications may occur. Nowadays people are more informed and aware of the level of medical errors occurred in hospitals. Even if they tend to remain positive in regard to their own care, they

perceive a high level of risk and they are more emotional when the care concerns a family member or some other loved one. Many of them refuse to accept a particular diagnosis and they are unable to verbalize words like “cancer” (Thomas, 2006).

Consumers of health services are rarely aware of their need for a particular service. Unlike users of other services, they do not make the consumption decision themselves. In general, they do not have knowledge about the services characteristics and they are not able to judge the quality of the services received. Their perception is influenced by a multitude of factors that are more or less related to the service itself.

Another important fact to take into consideration is that patients do not have knowledge or opinions about the price of health services. The price does not influence their decision to use or not a particular service. This is mostly because of the unusual financing arrangements that are characterizing the healthcare field (Thomas, 2005). Because of the limited access to pricing information, healthcare consumers almost always find out the price of the service after the consumption takes place. Sometimes the consumer may not even notice how much his/hers care costs, considering that the provider is also not likely to know the price of the service they provide. The issues about the costs involved in this process are, in general, left up to third-party payers (Thomas, 2007). In contrast with other services consumers, patients sometimes tend to pay as much as possible for a particular service because they want to receive as much as possible from their healthcare service provider (Thomas, 2005).

While the consumer of other services almost never requires professional referral and they have no limit of choice among available options, the healthcare service consumer almost always demand professional referral.

There are also exceptions if we take into consideration the fact that doctors or medical staff can also be in the position of the patient. In cases like this their behaviour is hardly influenced by their medical knowledge, their own opinions about their condition and they tend to seek an advice more than they tend to seek help from their healthcare provider. They are choosing their providers differently and they are probably to be the most difficult patients.

Healthcare field is different from other fields considering also the organization objectives. While other service organizations focus on the financial gains, in the healthcare field the focus is on customers. The healthcare consumer behavior is atypical mostly because of their lack of

knowledge and also because they are not able to make accurate decisions on their own. The lack of information together with the emotional feelings involved in the process, generate a higher level of risk to be perceived by consumers.

4. Relationship marketing

The 1990s bring a new trend in marketing development: the transition from transactional marketing to relationship marketing. The change stands in retaining the already existing customers and taking care of them instead of attracting new ones. The focus is now on relations, maintenance of relations with all parties involved - suppliers, market intermediaries, general public and customers as the most important actor (Grönroos, 1994).

The relational approach to marketing enjoyed a distinctive attention in the literature of the last decades. The term relationship marketing (RM) was introduced in the service literature by Leonard Berry in 1983, defined as attracting, maintaining and -in multi-service organizations- enhancing customer relationships (Berry, 1983, p. 25).

Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges (Morgan, Hunt, 1994, p. 22).

The ethical aspects of relationship marketing are quite remarkable. Frequently quoted properties of relationship marketing include trust, honesty, benevolence, reliability, commitment and diligence (Murphy, Wood, Laczniak, 1996). These are the basic values of relationship marketing including the acceptance of the interactive, long-term relationships for the benefit of all parties involved.

A gap between traditional marketing management and relationship marketing can also be created by marketers who have not internalized the original marketing concept and its application in RM, and just perceive RM as a fad to which it is smart to confess. The old values have not killed the new ones, just pushed them into a corner from which they make recurrent efforts to break out. Inadequate basic values and the absence of ethics are the biggest obstacles to success in RM (Gummesson, 1997).

Gummesson sustains that no definition of relationship marketing will ever be precise and all-inclusive because social phenomena are not in themselves precise (Gummesson, 1997). We agree with this point of view

especially when we talk about healthcare, which can be described as a very sensitive area.

Based on a 26 definitions synthesis of relationship marketing, Harker defines RM organization as the organization engaged in proactively creating, developing and maintaining, committed, interactive and profitable exchanges with selected customers (partners) over time (Harker, 1999, p. 16).

Seth and Parvatiyar define relationship marketing as the ongoing process of engaging in cooperative and collaborative activities and programs, with immediate and end-user customers to create or enhance mutual economic value at reduced cost (Seth, Parvatiyar, 2000).

According to Grönroos the purpose of relationship marketing is to identify and establish, maintain and enhance, and when necessary terminate relationships with customers (and other parties) so that the objectives regarding economic and other variables of all parties are met. This is achieved through a mutual exchange and fulfillment of promises (Grönroos, 2004, p. 26).

Relationship marketing aims to focus on the importance of customers. Organizations that have adopted the philosophy of relationship marketing are able to design and integrate processes, communications, technology and staff to provide a superior customer value. Relational marketing aims to build a chain of relationships within the organization in order to create the desired customer (internal marketing role is essential in achieving this objective) and, at the same time, between the organization and its main partners of interest, including suppliers, distribution channels, intermediaries and shareholders (Filip, 2011).

Although there are several views and definitions of relationship marketing, many agree that the relational approach has its basis in the services sector. Taking into account services characteristics (inseparability, intangibility, perishability, heterogeneity) it is recognized that the complexity of service marketing is much more than product marketing.

Even more complex is the health services sector, where the ethical and humanity issues are outstanding. Therefore, the relational marketing approach is required in this field, in which the parties involved place extra emphasis on trust, help and support. The development of relations between doctors and patients and all the other parties involved, contributes to the services quality and customer satisfaction. Probably one of the most sensitive economic

sectors, healthcare must be the first one to embrace the basic truths of relationship marketing.

5. Healthcare marketing – a relational approach

Healthcare marketing requires its own unique approach and takes on characteristics unlike those in any other area of the economy. In their attempt to include marketing rules into healthcare, marketers faced various obstructions like the ethical and social restrictions. It was believed that it is wrong and dishonest for doctors or other clinicians to advertise. Even if the other marketing activities were accepted, advertising was discouraged or, in some instances, forbidden. Hospitals imposed internal rules in order to limit marketing activities and doctors were held down by professional considerations. Marketers who entered the field from other industries found out that marketing ideas, tools and techniques cannot be identically transferred to healthcare. (Thomas, 2005)

While healthcare organizations were implementing with difficulty marketing principles, functions and concepts, Leonard Berry was introducing the term “relationship marketing” in the service literature in 1983.

As a response to the environmental changes, the '90s bring a new trend in the development of marketing - a shift from traditional marketing to relational marketing, which is regarded “as a sum of relationships, networks and interactions” (Adăscăliței, 2000). This concept can be easily applied in the healthcare field, considering the high number and the undeniable importance of relationships characterizing this area.

After 2000, a new concept came out: customer orientation. Customer orientation means a continuous process of identification and analysis of customer expectations, translating them into the process of making products and creating services, in the way of development of interaction process with clients, in order to develop and maintain profitable long-term relationships with the clients (Bruhn, 2011). The customer orientation is almost all that healthcare providers want and need in order to apply marketing principles without considering it wrong or unfair for their patients.

Not accidentally services marketing and “business to business” marketing have provided the appropriate field for the development of the concept of relationship marketing. By their nature and characteristics, services require a longer contact between the provider and the consumer, allowing the constitution and consolidation of long-term relationships with beneficial

effects for both parties (Pop, 2006). It is well known that when we talk about health the relationships established between all parties involved are the starting point in the process of healing.

Starting from services characteristics, especially from their inseparability, which means that the consumer is participating in the selling process, it is known that services are inherently relationship-oriented (Grönroos, 2004).

The characteristics of healthcare services, the specific way they are delivered to the consumer, but most of all the complex relationship established between doctors and patients demands the implementation of relationship marketing in healthcare organizations. The fact that healthcare services are heterogeneous and it is almost impossible for them to be repeated in the same way from a performance to another, determine that the relationship established between the doctor and the patient plays an extremely important role (Rădulescu, 2008).

Nowadays, healthcare services can be defined as the utility obtained by the consumer as a result of inter-related activities that are based on customer and supplier relationship, resulting in a physical, mental and social well-being (Cetină, 2009). According to this definition, the doctor-patient relationship plays a major role in the process of creating and delivering healthcare services. We agree with this point of view and we consider that this relationship should get a special attention both in practice and in theory of healthcare services.

Considering the characteristics of healthcare industry, healthcare services and the healthcare consumer behavior, it is obvious that building relationships with patients and other parties is critical to the success of many healthcare organizations.

Creation and delivery of healthcare services and their quality depends largely on the doctor-patient relationship. Creating mutual trust leads to a better communication between doctor and patient. A better communication leads to determinate an accurate diagnosis and also determinates the patient to follow strictly the doctor's instructions.

6. The doctor – patient relationship

The healthcare service consumer appears in a special relationship with the provider. It is not enough to study the healthcare consumer behavior, but the relationship between the doctor and the patient, on which depends on the

highest level the service quality and the customer satisfaction (Rădulescu, 2008).

The doctor-patient relationship is fundamentally different than other service provider-consumer relationships. Patients expect doctors to know them in an intimate way, in a fundamental way and in order to care and cure doctors also need to truly know and comfort their patients. An anxious patient will not understand the information completely, making the healing process harder than necessary (Goold, 1990). Thus, the success of the treatment and consultation does not depend only on the doctors' scientific knowledge and technical skills, but also on the relationship between the doctor and the patient – a relationship that needs to be based on trust and empathy (Roter, Hall, 2006).

On the other hand, patients need to feel that their doctors take a personal interest in them and are engaged in their well-being. The building of the relationship between doctor and patient begins with telling the patient's story. This can be also therapeutic, as it brings opportunity for insight and prospect. The patient's story provides a smooth path to conclude the clinical diagnosis or to establish the next steps in the healing process. In order to fulfill the patient's expectations, each treatment needs to be individually suited to their needs, needs that are expressed within the short amount of time that a doctor's appointment provides (Roter, Hall, 2006).

From time to time the communication between the doctor and the patient may be uncomfortable. Sometimes the patient is forced to talk about embarrassing health problems with his doctor, which can make things more difficult. In other cases, doctors must tell painful truths to their patients without causing them pain or lose of hope. If we take into consideration the transfer of emotions involved in such relationships, we can observe that they are one of the most sensitive relationships that can be established in a lifetime. In many cases, doctors are blamed for the lack of success of a particular treatment or for being unable to cure a sick individual. These types of accusation appear because the people are in denial and they experience the feeling of being unable to do anything for their loved ones. Considering these facts the level of risk that patients and their relatives sense, is higher comparing with any other experience. The same can be said about doctors. They are responsible for their patient's lives, physical and emotional comfort.

There are many factors, some with positive and others with negative impact, which influence the doctor-patient relationship (table 2).

Table 2: Factors that influence the doctor-patient relationship

Factors with positive impact	Factors with negative impact
<ul style="list-style-type: none">• The permanent communication between doctor and patient• Previous experience with the doctor and also in regard to the illness• The availability and promptitude of the doctor (the patient is received at any time)• The instructions about the treatment process are accurate and concise• A realistic exposure of the results expected from the treatment• The continuous involvement of the doctor in regard to patients problems	<ul style="list-style-type: none">• Interruption / lack of communication between doctor-patient• The patient has to wait a long time for consultation• The treatment process is complicated and long lasting• The instructions for treatment are inadequate• The patient is socially isolated or has an unstable family• The patient is unaware of the severity of the disease or presents little interest for his own health problems

Source: Created based on Rădulescu V. (2008), Marketingul serviciilor de sănătate, p. 92-93

In order to improve the doctor-patient relationship, the doctor must work at diminishing the negative factors that could impact the relationship. However, this is not dependent only on the medical personnel, but also is largely influenced by the patient. Therefore, consumer behavior and its factors of influence are important aspects to be taken into consideration when analyzing the relationship established between the doctor and the patient.

7. Conclusion

Healthcare marketing presents special challenges. Healthcare does not involve a “market” in the normal sense of the term (Thomas, 2005). The objectives of healthcare providers and the objectives of other services providers are not alike. The healthcare provider focus on their patients benefits and they rarely expect to make a profit. They may not have an appreciation of

standard business practices and invariably place the patient wellbeing over their own financial gains.

On the other hand, the healthcare consumer behavior is atypical. The patient is almost always feeling anxious while visiting a doctor. This is the main reason why the service quality level and the customer satisfaction depend to a large extent on the doctor-patient relationship. Almost always the consumer is searching for a doctor they already know and trust.

The healthcare organization objectives are also unique. Everything is different in the healthcare sector -the organization objectives, the consumer behavior, the provider attitude and objectives- therefore the marketing approach must be different too. If the traditional marketing approach is still treated with skepticism, relationship marketing may be the right approach for healthcare services. With doctors, who always focus on knowing their patients better, the long-term relationships represent a major require in every healthcare organization.

Relationship marketing as a concept suggests development of long-term relationships between customers and suppliers, with the purpose of generating advantages for all those involved. While transaction marketing focuses on attracting new revenue generating customers, relationship marketing aims not only at attracting but also at retaining customers and knowing them better.

The doctor patient-relationship plays a major role for both parties involved. In order to establish a diagnosis and indicate the treatment required, doctors need information about the patient's conditions and their lifestyle, and for that they must gain their patients trust. Doctors always want to improve their relationships with their patients. They care about the quality of the services provided, the customer satisfaction, but most of all they practice medicine in order to heal their patients.

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