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International Journal of Healthcare Management

ISSN: 2047-9700 (Print) 2047-9719 (Online) Journal homepage: http://www.tandfonline.com/loi/yjhm20

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To cite this article: Biranchi N. Jena (2017): Effective marketing tool for the marketing professionals in healthcare organization: The 4 'S' model, International Journal of Healthcare Management, DOI: 10.1080/20479700.2017.1402423

To link to this article: http://dx.doi.org/10.1080/20479700.2017.1402423

Published online: 13 Nov 2017.

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INTERNATIONAL JOURNAL OF HEALTHCARE MANAGEMENT, 2017
https://doi.org/10.1080/20479700.2017.1402423

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Effective marketing tool for the marketing professionals in healthcare organization: The 4 'S' model

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ABSTRACT
Patients are becoming more demanding for the medical service delivery as organizations are continuously innovating new ways of service delivery. Irrespective of the number of services being provided, the demand for marketing support in the healthcare organization is growing. The number of hospitals with marketing department has increased by 75% in 3 years' time, which is partly due to increased competitive pressure. With more investments in the healthcare, there is comparatively more expectation from the promoters in terms of better returns of investment and that boils down to more pressure on marketing activities of the organization. In such situation marketing associates including entry-level professionals face a daunting task to justify the growth in market share and securing higher budget for the marketing activities. To make their function more effective, a 4 'S' model is devised which captures the basic marketing information like Size, Shape, Share and Soar, which every marketer need to have before any marketing planning. Since the information needed for effective marketing plans for medical services is critical, the 4 'S' model brings a template-based tool to facilitate better understanding of the market and thus better strategy for the organization.

ARTICLE HISTORY
Received 23 May 2017
Accepted 2 November 2017

KEYWORDS
Entry-level marketing professionals; hospital marketing; 4 'S' model; medical service marketing tool

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Introduction

Marketing mix in hospitals and healthcare organizations predispose medical needs, gain market share and increase the efficiency and effectiveness of the respective organization [1]. Adopting marketing principles in hospitals and healthcare organizations is gaining importance. The potential for developing new services and community program, the need for reevaluating and redefining the target market of the organization's service offering and the need for more accurate and comprehensive strategic planning are major concerns and the driving forces for the effective marketing program in the healthcare organizations [2]. Understanding and applying the marketing way of thinking in order to raise the quality of performance of healthcare organizations is becoming a necessity, which dictates behavior in a competitive environment [3]. Application of standard marketing principles poses different set of challenges for the healthcare organizations. Due to wide variations in the request made by heterogeneous patients for a particular service becomes a serious challenge to present the benefit of the concerned services and make them visible and tangible in advance [4]. Public sector healthcare organizations, which mostly operate as not-for-profit organizations believe more in quality and timely delivery of services. Thus, marketing of these services were not felt important and urgent. Off late, Academic Health Centers (AHCs) are aggressively marketing themselves by designing new services and promoting these services more intensely [5]. Irrespective of the pre-requisite essentials in the organizational level, the demand for marketing support in the healthcare organization is growing. The number of hospitals with marketing department has increased by 75% in 3 years' time, which is partly due to increased competitive pressure [2].

Target markets in hospital marketing include patients and families, communities, doctors, medical personnel, hospital staff and charitable donors [6]. While hospitals come out with a number of services, it becomes difficult to position such services in the huge market place. If marketing planning is not designed in a well-thought manner, it may affect the quality of medical services and lead to unnecessary competition and may cause unnecessary prescription of medical services [7]. While there are a number of functional activities in the marketing of hospital services, from the organization's perspective the analysis of target market, future need assessment of consumers is quite important for a good management strategy [8]. However, it has been a daunting task for the entry-level managers to cope of the multiple demands from different departments to provide support to market the hospital and healthcare organization services. Therefore, most of the activities in the healthcare organizations are reactive in nature than proactive and well planned.

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Although it has been proven that marketing can improve satisfaction of the target market [7], the current practices in hospitals in India hardly analyses systematically the target markets.

As per the 2016 State inbound report [9], 65% marketers reported that generating traffic and leads is the top most challenge faced by the marketers followed by proving RoI of the marketing activities (43%) and securing enough budget (28%). Other issues highlighted in the report are managing website, identifying right technologies, targeting content for an international audience, training the team and hiring the top talent. When the marketing plans are executed without a base understanding about customers, their needs, place of service availability etc., marketing activities would not be effective and gradually the organizations have dilemma in increasing budget on marketing.

A practicing entry-level managers said that 'Within a month, he had wedged himself into the fledgling marketing team' [10] and often witnessed many definitions of marketing starting from promotion of organization's product and services to process for creating, communicating and delivering the value to customers. But most often entry-level marketers hardly have a tool to understand where to promote, how much to promote, what to create to improve value.

A number of deliberation has been documented to improve the management of healthcare organizations including hospitals in recent years [11]. Many innovative tools have been introduced in the healthcare marketing to optimize the outcome of hospitals. The importance-performance analysis (IPA) by using physicians perspectives regarding performance dimensions mostly used to understand and interpret the perspectives of the users of services/products or patients in healthcare [12]. However, such a tool would be further strengthened with an objectivity-based hospital market information.

The existence of dual professional expertise namely medical and non-medical in the hospital sector makes it complex and its management becomes more differentiated than other organizations. Such complexity in the hospital sector has been described as double-headed monster by Drucker [13]. Thus, it is becoming important to define an easy way to demonstrate the functionalities of marketing professionals in the health and hospital sector.

This current paper is addressing such need for the entry-level managers and trying to bring a tool for them to make them more effective in the organization while they create value for the organization and for the customers.

Methodology

The current research paper is the outcome of the observations in many hospitals in India and the class room deliberation of marketing management for hospital services for the students of Masters of Business Administration (MBA) in Health and Hospital management.

In one of the researcher's academic visit to one healthcare organization, he had an opportunity to discuss with the Head of that organization about marketing efforts being done. He mentioned various activities like the road show, direct customer interaction, sponsoring few events on life style changes and so on. While the researcher was trying to understand the reason behind such activities and how it is linked to overall organization mission and vision, it was neither connecting to any of the core values of the organization nor was linked to any measurable outcome. This in turn creates a non-viable, non-evidence and non-conclusive marketing budget which is limited to few activities which may or may not lead to the growth of the organization.

This is the standard practice in a sizable small- and mid-level organization. When young marketing professionals enter such organizations, they become a task doer than a thought based marketer. It has been observed that many of the young health and hospital management professionals missed the appropriate way of looking to the market dynamics.

In order to make things a bit easier for the students who would start their career as entry-level manager, the researcher developed a concept on '4S Model of Marketing'. This was deliberated in the classroom of MBA students and evaluated through collection of information on various aspects of the 4S model. The model was further refined by taking informal feedback from the stakeholders of various healthcare organizations including hospitals.

The model also uses various epidemiological concepts like prevalence rate, diagnosis rate and treatment rate and socio demographic variables like patients age, income, place of residence and other factors considering the complexity in the demand of various medical services.

The 4 'S' model

When a marketer starts planning of the marketing activities, most of the fresh marketers are task based contributors rather than thought based contributors. When the young and inexperienced professional go out of their management school into a healthcare organization or a corporate hospital, mostly they are into a state of confusion as their job is mostly 'a reaction to a certain situation in the organization' or 'task assigned by the senior professionals'. They are not able to create a base on which they would prepare their marketing activities. Subsequently they develop a perception that the marketing practice in the healthcare organizations are different than the theories they have learned in their management education. This in

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turn creates hurdles for the professionals to bring a competitive advantage to the organization they work for.

The 4S model is based on the premise of understanding the basic marketing principles. One of the major challenges in the healthcare industry is the lack of proper definition of the services of a particular organization. If it is not defined well and understood by its own employees, it becomes a daunting task to create an innovative communication platform for the service delivery. Again the service delivery model in healthcare organizations varies significantly due to socio-economic, demographic and technological factors. The model tries to bring systematic way of defining the service offerings and create a basic ground for the hospitals to develop the service delivery and keep doing service development vertically and horizontally.

4S model carries different attributes to understand the base market and its customers. The 4S in the model are; *Size*, *Shape*, *Share* and *Soar*.

While for the entry-level marketing professional it is important to convert the learning in the management school into practice, it is also important to synchronize with the thought process of the senior marketing associates of the organization. While the model was deliberated in few organizations by the final year healthcare management students during their summer training, it was highly appreciated and the synchronization was established without much difficulty.

The model is given in Figure 1.

Size

The first S of the 4 'S' model is market size. It is utmost important to quantify the market size. Most often the entry-level marketing professionals ignore such exercise for the medical or clinical service they work for or to promote. The sizing of the market for medical or clinical service is a bit complicated than the sizing for the other services. The patient pool sizing is critical for marketing and positioning of medical or clinical services of both acute and chronic disease. In spite of a prevalent number of 3.8 million patients for lung volume reduction surgery (LVRS) in USA, only 119 procedures were performed in the year 2008 under Medicare [14]. This is due to the lack of effective diagnosis and other support system including the communication and counseling to the patients. In case of chronic disease, the rules of half indicates that of the total prevalent population, half of the people get diagnosed and of the total diagnosed only half of them get treated [15]. This is clear that the market size, say for a diabetes treatment is not the prevalent population, but only the treated population which is a fraction of the prevalent population. However, knowing the most accurate prevalent number, diagnosis population and treated population would add a great knowledge to the marketing activity of the respective medical or clinical service because the level of prevalence rate and diagnosis rate would impact the market size.

The template for market size is given in Figure 2.

Such template can be prepared for the territory that the organization has defined as its operational market. The operational market can be a small administrative area or it can be a state or even a country. If the organization has a multi-level presence in delivery of the particular medical or clinical service, the market sizing can be done at each level of the territory and then the same can be cumulated.

Service pricing in healthcare organization is widely fluctuated because of the monopolistic competitive nature of the market. Understanding the average pricing of such services is also important from the marketing strategy perspective. While prioritizing the effective marketing mix elements on patients' tendency to hospitals, it was found that price, services and physical assets are the top priority elements in public sector hospitals while services, physical assets and promotion are the top ones in private hospitals. All these elements have an impact of more than 30% in terms of patients' tendency towards hospital marketing mix [1]. Therefore, the total value of the service concerned must be worked out or estimated through a secondary data or sample based market survey. Once this information is reflected in your market sizing template, that would provide you a great insight of the service which you are dealing with.

Shape

The shape is the second 'S' in the 4 'S' model. Shape of the market indicates about the consumer's location and where the service is provided. This carries a lot of importance for the marketing of healthcare services especially in developing countries. A study by IMS institute for Healthcare Informatics on healthcare access in India shows that Physical access, capability, quality of care and affordability are the four major issues in the healthcare access in India [16]. This indicates that on an average the components of medical services like hospital beds, doctors, nurses and pharmacists are available by more than 70% in urban areas where as more than 70% customers are in rural areas. Again more specialized and high-end medical services like bone marrow transplant is available in metro cities where as customers are spread over metro cities, class I and II and other rural areas. Thus it would be a huge impact on the marketing exercise when a marketing activity is done without understanding the location of the customer and where the service is delivered. The template on the shape of the market would help in understanding such vital information.

The template for gathering information on shape of the market is illustrated in Figure 3.

Figure 1. The 4S model.

Criteria for SIZE	Service (1)	Service (2)	Service (3)
Volume (across the territory) - Treated Patients - Diagnosis Numbers - Prevalent Numbers			
Value (Annual Value of the service in that Territory)			

Figure 2. Template for market size.

Various epidemiological studies have demonstrated that there is a significant level of variation in the prevalence of a disease (pre-requisite for demand of medical services) by different demographic parameters like age, gender etc. Such information also influences the marketing activities of any kind of medical or clinical services and thus needs to be part of the shape of the market information.

Share

The third 'S' in the 4 'S' model is the share. Harvard Business Review (HBR) has reiterated that one of the main determinant of business profitability is market share and the return on investment is directly related to the degree of market share [17]. The report has specified that higher level of market share is an indication for economies of scale, bigger market power and superior quality of management. The marketing challenge increases with higher market share as the organization demands to maintain the market share at a higher level which may be a difficult task with the growing competition in the healthcare industry. The entry-level manager must have an in-depth understanding on the share of a particular medical service by all the competitors operating in the market place.

The template for data collection for the market share is given in Figure 4.

Healthcare industry including hospital services, diagnostic services and allied service is emerging in most of the developing countries and thus micro industry information by the service providers are limited although the macro information is available. The pharmaceutical sector is an exception in terms of data availability on market share and performance of the major market players. Therefore, entry-level marketing professionals have to initiate an indirect estimation of market share or rely on market survey pertaining to the service that they handle in the organization. Having such information platform would provide a bigger advantage while planning for competition strategies.

Criteria for Shape	Service (1)	Service (2)	Service (3)
Customer (Buyer) Location (treated population) - Metro Cities - Class I cities - Class II Cities - Rural Areas			
Service delivery Centers (Number & %) - Metro Cities - Class I cities - Class II Cities - Rural Areas			
Customer Age Group (%) (in the whole territory) - Upto 20 years - 20-40 years - 40-60 years - 60+ years (Additional Demographic may be collected)			

Figure 3. Template for 'shape' of the market.

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Criteria for Share	Service (1)	Service (2)	Service (3)
Volume wise share - Player A - Player B - Player C - Player D - Player E - Rest of the Player			
Value wise share - Player A - Player B - Player C - Player D - Player E - Rest of the Player			

Figure 4. Template for 'market share'.

Criteria for Soar	Service (1)	Service (2)	Service (3)
Volume wise Growth - Last 10 Years - Last 5 Years - Last 1 Year			
Value wise Growth - Last 10 Years - Last 5 Years - Last 1 Year			

Figure 5. Template for 'soar'.

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Soar

The fourth and last 'S' in the 4 'S' model is 'Soar'. A good market analysis will have an economy overview, which is very helpful in understanding where your current market is and where it is going [18]. Healthcare industry is growing at a rapid rate. The overall Indian healthcare market is worth around US$ 100 billion and is expected to grow to US$ 280 billion by 2020, a Compound Annual Growth Rate (CAGR) of 22.9% [19]. The industry includes sectors like hospitals, nursing homes, diagnostics, pharmaceuticals, healthcare information technology, medical tourism and so on. The growth would vary significantly within the sector. The key here is not only to capture the growth rate of the sector but also the growth of the services in last few years. This would help in setting up a forecasting platform for the marketing team and thus can influence the investment decisions of the organization. The template for data collection for market growth is given in Figure 5.

For the marketing strategy the forecasting is very crucial and critical because the strategies that a healthcare organization would implement in times of rapid growth would be different during sluggish market [20]. If the industry is expected to grow rapidly, the marketing plan would be focused on acquiring as many new customers as possible. If growth is going to be limited, the focus would have to be more on retaining customers the business already has – because his competitors will be striving to lure his customers away.

Conclusion

In the healthcare industry, the market place is becoming too competitive as the growth is driven by high incidence rate of non-communicable diseases, injury and other lifestyle-related complications. Over the period there is a development of consumerism in the healthcare industry which drives the demand for more marketing professionals to deliver value to the ever demanding customers. The healthcare marketing is more complicated compared to other services, as it brings the requirement of clinical information, epidemiological expertise and of course marketing knowledge. While the healthcare industry is more a kind of monopolistic competition, the principal- agent relationship between the patient and doctor inhibits the disclose of major information flow, on the other hand the marketers in the healthcare organization

would try to bring as much as information to the patients to make the decision making easy from the customer perspective. In such scenario, the entry-level marketing professional manages multiple challenges during managing the marketing planning activities. The 4 'S' model discussed in this paper is going to add a significant value for the entry-level marketing professionals in the healthcare industry.

Disclosure statement

No potential conflict of interest was reported by the author.

Notes on contributor

Dr Biranchi Jena is currently working as a professor in Health Economics and Marketing at Symbiosis University, Pune. He also consultants on performance management for healthcare projects of Tata Trust. Dr Jena is the former Director of IIHMR Bangalore and worked in senior positions in corporations like Novartis and Novo Nordisk.

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