

## A STUDY OF MARKETING MANAGEMENT PRACTICES IN CORPORATE HOSPITAL SERVICES IN TAMIL NADU

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### ABSTRACT

Hospitals play an important role in diagnosing, treating and preventing several diseases, illness, and injuries, physical and mental impairments in humans. The care is basically delivered by practitioners of health care either in primary, secondary or tertiary levels. Primary care is the health care system where the patient receives routine outpatient care at first contact. At secondary health care system, the treatment is provided by specialists to whom a patient has been referred by primary care facilities. At tertiary health care system, health care center has highly trained specialists and often advanced technology coping up to carry out complex procedures. The health care sector of any country depends on socio economic development and the government's priority for the same. Since India has followed the mixed economy the health care sector also has mixed participation. The house hold spending on private healthcare is more than on public spending. Gujarat is also growing fast in economic development. Due to increased competition, service quality is becoming very important.

**KEYWORDS:** Marketing management, Corporate Hospital Services, Secondary Health care system, highly trained specialists.

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### I. INTRODUCTION

Hospital is a unique service industry where the service delivery comprises high level of internal and external customer interaction. Hospital services are vastly labor intensive, capital intensive and process intensive. Operations in Hospitals are essentially the continuous interaction between the service providers and end patients like patients and by standers.

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According to National Family Health Survey-3, the private medical sector remains the primary source of health care for 70% of households in urban areas and 63% of households in rural areas.<sup>[10]</sup> Reliance on public and private health care sector varies significantly between states. Several reasons are cited for relying on private rather than public sector; the main reason at the national level is poor quality of care in the public sector, with more than 57% of households pointing to this as the reason for a preference for private health care.<sup>[10]</sup> Most of the public healthcare caters to the rural areas; and the poor quality arises from the reluctance

of experienced health care providers to visit the rural areas. Consequently, the majority of the public healthcare system catering to the rural and remote areas relies on inexperienced and unmotivated interns who are mandated to spend time in public healthcare clinics as part of their curricular requirement. Other major reasons are distance of the public sector facility, long wait times, and inconvenient hours of operation.<sup>[10]</sup> The study conducted by IMS Institute for Healthcare Informatics in 2013, across 12 states in over 14,000 households indicated a steady increase in the usage of private healthcare facilities over the last 25 years for both Out Patient and In Patient services, across rural and urban areas.

## II. STATEMENT OF THE PROBLEM

Corporate hospitals mushroomed in the eighties failed because they emerged in isolation and weren't part of a large healthcare phenomenon. The impetus behind this is faulty strategy that's done in many corporate hospitals. Things like a low operation theatre to beds ratio, focusing on the duration of stay rather than patient turn around and even unnecessary investigations to increase revenue have caused hospitals to fail.

As a matter of fact, the application of marketing principles has not reached its true potential and is in its nascent stage in most of the corporate hospitals<sup>6</sup>. Many of the corporate hospitals are unaware of result oriented marketing plans and strategies, which will ensure quality and attract greater number of patients. In this regard there is a necessity for integrating the marketing principles into a hospital premises so as to improve the performance. Despite several criticisms on healthcare marketing it has numerous advantages for corporate hospitals, patients and in turn for society.

These are improved performance of corporate hospitals, better utilization of medical equipment, improved satisfaction of target market and establishment of healthy society. Healthcare marketing is a managerial device that enables design, positioning, pricing and promotion of value-added services with Healthcare in India is changing rapidly. 'The traditional system – a fragmented array of hospitals and clinics administered largely by the government and non-profit organizations - is giving way to a regime of managed care run increasingly by the private sector. The ascent of managed care has been triggered by the entry of corporate hospitals with multi-crore investments all of which have been looking for ways to capture market share, expand the patient incumbents and ensure survival in relentless competition.

Behind the scenes of this metamorphosis several powerful trends are at work: the rise of patient as consumer, introduction of innovative technologies and a new breed of entrepreneurial abilities in the corporate hospitals. It is this trio of forces paving way for market driven healthcare.

## III. NEED FOR THE STUDY

The healthcare marketing yet had not received attention from scholars, policy makers and others. As a result very little is known about relevance and scope of marketing in healthcare industry. Indeed this holds good for all kinds of medical care systems. Very few attempts have been made to research into the marketing aspects of the hospitals. Now-a-days corporate hospitals are playing a vital role in the field of healthcare by providing world class technology<sup>10</sup>. Many corporate hospitals have emerged during the recent time to offer advanced medical technology to the people. Medical care was treated as an industry in the year 1984. From then it became possible to get long term funding from the financial institutions<sup>11</sup>. The government also reduced the import duty on medical equipment and technology, thus opening up the sector.

Corporate hospitals need to use marketing as formidable weapon to forge competitive edge over their rivals and have to attract more number of customers<sup>12</sup>. But many perceive marketing as selling what they have. With this notion many of the corporate hospitals are relying on the referral market and unethical practices to achieve financial viability. G.D. Kundurs in his book "How to market your hospital without selling your philosophy" stressed the importance of marketing in hospitals. In his words "hospital marketing is slowly coming of age in our country still carries a stigma in eyes of many hospitals. Also things are changing; there are people who think that introducing marketing in hospitals is an aberration which is debasing the healthcare profession. Be that as it may, a growing number of hospitals now have fully fledged marketing department which have brought into operation some of the most dynamic and result oriented marketing plans

and strategies". Today's market has become consumer driven and healthcare is no exception. The marketer has to delight the customer to achieve success.

After liberalization, socio-economic changes such as rise of literacy rate, higher levels of income and increasing awareness through deep penetration of media contributed to greater attention being paid to health. The success of corporate hospitals require definite action plan for promoting and communicating integrated package of services offered to the people.

The study attempts to fill the gap in the knowledge of marketing practices to be adopted in managing the elements of marketing mix by corporate hospitals. The study explores the ways and means of communicating, promoting and delivering high quality medical care at a cost that people can afford. It is an exploration into the current practices, possible modifications, and the possibility of making marketing goal oriented.

The researcher strives to study the emphasis given to marketing mix of services and provide suggestions to make corporate hospitals customer driven.

#### **HYPOTHESIS:**

- 1) Marketing orientation of corporate hospitals is directly related to volume of investment. The higher the volume of investment higher is the marketing orientation.
- 2) Marketing orientation of corporate hospitals is directly related to service portfolio offered. The larger the service portfolio higher is the marketing orientation.
- 3) Attitude of the corporate hospitals towards marketing healthcare directly influences marketing orientation. Positive the attitude higher is the marketing orientation.
- 4) Volume of investment directly influences the price of services. Higher the volume of investment higher is the price.
- 5) Perceived level of competition has direct bearing on marketing orientation. Higher the perceived level of competition higher is the marketing orientation.

#### **IV. OBJECTIVES OF THE STUDY**

- 1) To analyse the socio-economic factors of selected corporate hospitals;
- 2) To study the relevance and scope of marketing in corporate hospital services;
- 3) To study the design of product mix and pricing strategies of various corporate hospitals;
- 4) To analyze the strategies adopted by the corporate hospitals for the promotion of their services;
- 5) To offer suggestions based on the findings of the study

#### **V. SCOPE AND METHODOLOGY**

Though the researcher wishes to cover the entire healthcare industry, its orientation towards marketing for arriving at meaningful conclusions, due to paucity of time and other constraints the researcher has decided to limit his area of study to marketing management practices of corporate hospitals in Tamil Nadu State only.

The study is mainly of descriptive nature but a set of statistical tools have been adopted to make the study analytical and tries to evaluate the marketing mix of corporate hospitals. In general, probability sampling procedure and in specific, stratified random sampling technique has been adopted to select the sample. The study classified the corporate hospitals into two strata, based on form of organizational setup. The researcher selects a sample giving due importance for both public limited and private limited hospitals. The public limited hospitals as per the data available from only 18% of corporate hospitals.

#### **VI. SOURCES OF DATA**

This study is based on primary and secondary sources of data. Primary data is collected from the selected corporate hospitals by administering a structured questionnaire. The questionnaire comprises of various questions relating to socio- economic profile and marketing mix of hospitals. The timing for administering the questionnaire was fixed by prior appointment with the hospital authorities. The authorities of corporate hospitals who responded to the questionnaire varied designation-wise from hospital to hospital Managing

Directors, Public Relations Officers, Marketing Managers, Chief of Hospitals and others.

Secondary data is collected from journals, magazines, booklets, national dailies, publications and other reference books. They are; Journal of Academy of Hospital Administration, Tamil Nadu and New Delhi.

## VII. STATISTICAL TOOLS USED

The primary and secondary data was collected for the purpose of study and a series of statistical tools such as chi-square test, t-test, rank correlation and percentages are used. Apart from that to make study interesting and informative pie diagrams, bar diagrams etc., are used.

## VIII. PERIODS OF THE STUDY

The study broadly covers five years i.e. 2011-2019. The rationale behind choosing this period particularly is due to the fact that in this period the hospital industry in India is flourishing. Apart from that, the Government of India is emphasizing on development of tertiary hospital services through private sector. The Government of India has provided many concessions for promotion of Hospital services in the Private Sector. During this period many number of corporate hospitals came into existence to provide tertiary level quality medical care. Apart from that there is an increase in the upper class and upper middle class segment that are looking for quality medical care. The increased awareness have made the public health conscious and paved the way for emergence of corporate hospitals,

## IX. LIMITATIONS OF THE STUDY

- 1) The present work is confined to private and public limited hospitals in Tamil Nadu. Hence, conclusions drawn from this study may not be generalized to other than these hospitals.
- 2) The study results are mainly derived from the primary data. The relative length of the questionnaire resulted in non-responses for some items. Information on some of these items was available from secondary sources. Hence, precision in the results may have lost.
- 3) The study failed to provide the list of hospitals selected for survey in order to preserve confidentiality.

## X. MAJOR FINDINGS OF THE STUDY

- 1) Newsletters are released by 46% of selected corporate hospitals. These hospitals are covering all items and news about services, achievements, articles on medical topics and doctors and their expertise with little variation.
- 2) Achievements of hospitals is the first ranked item followed by news about services, articles on medical topics and expertise of doctors. 84% of the respondents are conducting free medical camps. Of which 8% are conducting free medical camps every month,
- 3) Marketing department and public relations department coexist in 50% of hospitals having marketing department. The study identified that marketing department is very significant in achieving target turnover in 24%, significant in 52%, minimal in 14% and insignificant in 10% of hospitals which are having marketing department.
- 4) **61% hospitals** are catching referrals through direct contact, **18% through** newsletter, **19%** through mutual understanding and **2%** are adopting other ways which cannot be revealed.
- 5) There are only 15% of selected hospitals organizing exit interviews. Rest are either unaware or uninterested in exit interviews. Private and public limited hospitals are closely associated in rank ordering of their marketing activities with a Spearman coefficient of 0.821 with t value 3.215.
- 6) The marketing goals rankings of public and private limited hospitals as reflected by Spearman coefficient of 0.9642 and t value of 8.13 are quite similar.
- 7) Differences concerning the organizational setup of corporate hospitals are found to be minimal between private and public limited. Interestingly, the marketing goals of the organization did not vary greatly. Public limited hospitals were significantly more marketing oriented than private limited.
- 8) To compare the rank ordering of marketing goals across organization type, respondents were asked to rank the various marketing goals. To derive the overall score, 7 points were assigned to the first most

important goal, six points to second important one and so on. Based on the score of each goal the total ranks are given separately for hospitals

### XI. SUGGESTIONS

- 1) Hospitals to experience better occupancy rate and net revenues need to understand patient population, availability of physicians and offerings of their competition. Hospital marketing can no longer be limited to advertising and public relations.
- 2) The most damaging feature of corporate hospitals is they are caught in a “be better” trap surfaces when they build strategies upon a heritage of comparison programmes. These initiatives often accelerate the loss of competitive edge over competitors.
- 3) In the absence of true strategies that uniquely fulfil customer needs, they cannot produce competitive edge. Corporate hospitals need to realize that doing things differently is more powerful in the market place than doing things better. Finding your customers and creating what they will want, before competitors do is now imperative.
- 4) Cost effective services need to be provided by developing control on inter- relationship among the factors of planning, occupancy, medical decision and expenditures. This requires considerable human relations skills and the reduction of length of stay of inpatients in the hospitals.
- 5) Corporate hospitals need to develop a well-designed system to obtain immediate feedback about the performance of facilities and people. A follow up of patient satisfaction need to be assessed by developing and administering a structured questionnaire at the exit point of service. This makes hospitals realize weakness and loop holes in the system leading to customer dissatisfaction.
- 6) Corporate hospitals need to make efforts to transfer sting of paying the bill from the patient to some faceless entity. Indian insurance bill paved the way for entry of private players into the insurance sector. A large number of players have already initiated their efforts to catch the market. Hospital tie-ups with insurance companies whether or not will lead the fate in the future. Hence hospitals need to create integrated system combining services and financing mechanism.
- 7) Hospitals may promote their services for patients abroad. World-class treatment coupled with low cost compared to advanced countries would contribute to market growth.
- 8) Health care service delivery is an interactive process between hospital personnel and customer. Corporate hospitals advertising in particular must concentrate not only on encouraging customer to buy, but also on encouraging hospital personnel to interact in a friendly and reassuring manner.
- 9) Health plan packages may be provided by hospitals to family and corporate. They need to design comprehensive health plan packages but not expensive. Health plan packages need to offer various services for the family and corporate employees. These health plan packages may increase the turnover of the hospital.

### XII. CONCLUSIONS

Corporate hospital entrepreneurs are experienced professionally qualified and motivated individuals beside medical professionals. But are lacking managerial and technical skills to manage and market their health care services effectively. Several corporate hospitals expressed concern over the “intense competition in the market” and how, as a result, they are “not doing well financially”. They attempted to give a picture of low return on investment. Many of the corporate hospitals restricted their line services to some specialized areas. They failed to offer full range of services to the customers. This subsidized the competition in favor of large hospitals offering full range of services.

The study envisaged lack of medical and diagnostic equipment to meet the rising demand of health care and are linking with diagnostic centers. Of course, this may not be true with large corporate hospitals which are financially sound enough to procure the latest medical equipment. Even though many corporate hospitals are having positive attitude towards hospital marketing, there is no separate designated marketing department in majority of the hospitals. This may be somewhat true with respect to financial strength of the hospital.

Corporate hospitals larger in number failed in developing a comprehensive marketing programme to strengthen the customer base and ensure affordable health care to the customers. They have designed adhoc marketing

plans just to sustain in the health care industry. They have not recognized marketing as a formal function, even though they are practicing various marketing activities such as advertising, developing referral network, public relations programme etc. Marketing function has not been effectively integrated into a cohesive long-term strategy.

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