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## Research Article

### MARKETING STRATEGIES OF PRIVATE HOSPITALS IN COIMBATORE AND ITS CONSEQUENCES

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#### ABSTRACT

The marketing strategy of a private hospital is to combine all of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the marketing mix in order to achieve the maximum profit and sustain the business. The broad objective for which the research has been undertaken is to study and evaluate the effectiveness of the marketing strategies followed by select private hospitals and its consequences. All these can be conveniently classified into seven major strategies or 7P'S namely product/service, price, place, promotion, people, physical evidence and process.

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## INTRODUCTION

### Hospital and ITS Service

WHO defines Hospital as “ An integral part of a Social and Medical organization, the functions of which are to provide the population complete health care, both curative and preventive, with outpatient services reaching out to the family in its own environment and also to carry out training of health workers/functionaries and the Bio Social research.

**HOSPITAL** is Healing, Observation, Supervision, Persuasion, Investigation, Treatment, Assurance, and Leisure.

Hospital is an organization that mobilizes the skills and efforts of widely divergent group of professionals, semi-professional and non-professionals so as to provide highly personalized services to individual patients.

### Health Care Industry in India

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 per cent. Healthcare delivery, which includes hospitals, nursing homes and diagnostics centres, and pharmaceuticals, constitutes 65 per cent of the overall market. The Healthcare Information

Technology (IT) market which is valued at US\$ 1 billion currently is expected to grow 1.5 times by 2020.

There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising. Rural India, which accounts for over 70 per cent of the population, is set to emerge as a potential demand source.

India requires 600,000 to 700,000 additional beds over the next five to six years, indicative of an investment opportunity of US\$ 25-30 billion. Given this demand for capital, the number of transactions in the healthcare space is expected to witness an increase in near future. The average investment size by private equity funds in healthcare chains has already increased to US\$ 20-30 million from US\$ 5-15 million.

### Rise of Private Hospitals

India is expected to rank amongst the top three healthcare markets in terms of incremental growth by 2020. India was the sixth largest market globally in terms of size in 2014. The private sector has emerged as a vibrant force in India's healthcare industry, lending it both national and international repute. Large investments by private sector players are likely to contribute significantly to the development of India's hospital industry, which comprises around 80 per cent of the total market. In India, private healthcare accounts for almost 74 per

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cent of the country's total healthcare expenditure Private sector's share in hospitals and hospital beds is estimated at 74 per cent and 40 per cent, respectively The main factor contributing to rising medical tourism in India is presence of a well-educated, English-speaking medical staff in state-of-the art private hospitals and diagnostic facilities.

### **Hospital Services Marketing**

**Patrick T. Buckley, MPA (2009)** in his book states that "Healthcare marketing is educating ourselves as to the wants and needs of our potential customers and based on the knowledge we gain, educating our customers and offering them valued services that fulfill their needs when and where they need those services".

Marketing as a discipline developed initially in connection with selling physical products such as TV, Clothings, Cars, Cosmetics, Equipments etc. Private hospitals lagged behind firms manufacturing products in their use of marketing. Many private hospitals formerly believed that it was unprofessional to use marketing. Other hospitals had so much former demand that they had no need for marketing until recently when they faced more competition. Today, as cost rise, as productivity stagnates, and as service quality deteriorates, more private hospitals are taking interest in marketing. Now, private hospitals are taking the marketing seriously and are addressing all the areas of marketing viz. Product, Place, Price, Promotion and Person. Hospital Service Promotion represents one of the main area of future marketing management of private hospitals.

Several studies have measured the effectiveness of private hospital marketing activities by documenting, for example, the percent response rate from direct mail campaigns and the success rates associated with physician referral programs. Nevertheless, the cause and effect relationship between marketing activities and subsequent hospital utilization remains elusive largely because marketers have not been able to eliminate from consideration other factors that may prompt a person to seek healthcare services.

In this study, the researcher has attempted to learn the various marketing strategies adopted by private hospitals of Coimbatore city, (Tamilnadu, India) with specific relevance to the marketing mix followed by them and patient satisfaction derived from it.

### **LITERATURE REVIEW**

Philip **Kotler and Richard A.Connor, Jr(1977)** their study was undertaken to explicate the role of marketing in professional services firms. The conclusion drawn by this study is follows. The question facing professional firms is not whether to do marketing. They are doing marketing; the question is how to do it effectively. As the firm's Competitors resort increasingly installing organized programs for business development, the professional firm can no longer remain indifferent to the discipline of marketing.

**O'Connor (1982) and Novelli (1983)** stated in their studies that while intuitively appealing to many healthcare executives, the adoption of marketing by hospitals has been highly variable. The inconsistency in the adoption of marketing was a result of number of factors, namely the perceived lack of relevance to

hospitals operating in highly regulated, yet revenue-rich, environments of the 1970s and early 1980s.

**Gopalakrishna, Pradeep (1988)** found that the purpose of this dissertation was to conduct empirical research to determine whether for-profit and non-profit hospitals perceive and utilize promotion as a marketing strategy element. The two steps taken include; identifying importance factors considered by hospital administrators and marketing staff in the development of communication message designed for patients, hospital staff and medical staff; and testing the factors developed and studying the attitudes of hospital personnel toward promotion using a national sample of hospitals.

**Horace E.Johns, H.Ronald Moser(1988)** Their purpose of this study were to determine: a) Consumers' attitudes toward advertising by hospitals: b) Which media consumers feel are appropriate for hospital advertising and c) whether consumers are seeing hospital advertisements and if so, through which media.

**R.K.Jain (2004)** highlighted that Indian health care industry is worth Rs 73,000 crore today or roughly four per cent of the country's Gross Domestic Product. In view of the economic liberalization, there is likelihood of a boom in corporate hospitals and other associated activities in the economy, which will result in increased competition among corporate hospitals. Strategic service vision attempts to integrate operative and marketing functions at all levels of customer contact. Its elements consist of identification of a target market segment, development of a service concept to address targeted customer's needs, codification of an operating strategy to support the service concept and design of a service delivery system to support the operating strategy. Let us now examine each element. It is essential to link all the four elements of the strategic service vision in order that the vision is not only implementable, assessable and maneuverable but also provides real value to both the customer as well as the hospital. It is natural to expect that the hospital position itself in relation to both the target market and the competition. The concept of service and the operating strategy need to be linked so that policies and procedures leading to higher value of the service to the customers and lower cost of providing it are achieved. This only shall result in higher profit for the corporate hospital. Operating strategy needs to be linked with the service delivery system in order that vision becomes a reality on a continuing basis. Let us now examine the above integrative links in some detail.

**Gupta and Dasgupta (2000)** their study was done to find the health status as well as treatment seeking behavior of those living in Delhi and to add to the understanding of the status of urban health and healthcare in India. The distribution of the households was roughly proportionate among the three areas: area I (184 households), area II (172 households) area III (170 households). There was in all 2745 individuals spread over 526 households. The model used in this study was best described as a maximum likelihood Probit model with sample selection. A person's work status, marital status and the monthly household income were significant explanatory variables for explaining the probability of seeking care. Gender, age and education are not significant determinants of care in the case of the rural sector. In contrast, the educational attainment of the individual

concerned did significantly affect the probability of seeking care in Delhi, though gender and age did not seem to be significant determinants of care.

Naidu, Kleimenhagen, and Pillari (1992) concluded from a survey of 176 hospitals that hospitals had made extensive progress in moving toward a marketing orientation as earlier defined by Kotler and Clarke (1987). These authors noted that marketing is effective in the healthcare industry and found that a high marketing orientation in hospitals is positively related to the existence of a marketing department, bed size, and competition in the area. Furthermore, these researchers suggested that a professional marketing director be appointed to lead the marketing function.

#### **The literature reviews lead to the following conclusions**

- Hospital should have marketing orientation to succeed in the present scenario of acute competition and knowledgeable community.
- Marketing with more focused customer demographics, segmentation, and analysis of environment and internal resources will be effective.
- Marketing mix include service mix, right pricing with differentials and discounts, reach through branches and tele-services and promotion that includes advertising, word-of-mouth, websites, social medias. etc is to be designed taking into account the traditional marketing strategies.
- Patient satisfaction and feedback should be major concerns. Equally important is employee satisfaction and feedback.

#### **Research Gap**

There are numerous studies on marketing of private hospital services but in the changing environment of internet community, characterized by advanced technology (information and medical services), escalating costs of diagnosis and treatment and intense competition, studies are essential to understand the gaps in marketing strategies and scope for improvements of private hospitals by group and by individual units. The present study was an attempt to add updated information on marketing practice and effectiveness to the literature on hospitals marketing and also the aim of the present study was to find out the gaps in the marketing strategy of private hospitals and point out the need for introducing improvements in promotion of hospital services and patient satisfaction.

**Objectives:** The proposed study is undertaken with the following objectives:

- To identify the marketing activities of select private hospitals.
- To evaluate the effectiveness of 7P's of marketing mix (Product, Price, Place, Promotion, People, Physical Evidence and Process) of select private hospitals.
- To study the perceptions of administrative, doctors and nursing staff of these hospitals.
- To study the patient satisfaction levels of these private hospitals.
- To suggest measures to improve the marketing strategies practiced by select private hospitals.

#### **Hypothesis**

Most of the hypotheses to be developed for the study are based on commonly held notions. The hypotheses framed for this purpose are:

- There is no significant association between the profile of the private hospitals and rate of implementation of marketing strategies.
- The perceptions of the doctors, nursing staff and administrative personnel in the hospitals are indistinguishable with respect to the (Product/Service, Price, Place, Promotion, People, Physical Evidence and Process) marketing of their services.
- There is no significant impact of marketing strategies on service quality, patient satisfaction, service recovery, relationship marketing and service loyalty towards the private hospitals among the patients.

#### **SCOPE AND METHODOLOGY**

The study was to explore the necessity of establishing marketing strategies in private hospitals for more effective promotion of their services. The study was limited to specific private hospitals. Emphasis was laid on application of marketing strategies to the 7p's of services marketing (Marketing Mix i.e. Product, Price, Place, Promotion, People, Physical Evidence and Process) need for better promotion of hospital services to the society in the present environment.

This study was pertaining to **Marketing Strategies of Private Hospitals in Coimbatore and its consequences**. Only select private hospitals was selected for this purpose and the study did not include Government Hospitals as they give little attention to marketing practices. The study was exploratory in nature and therefore the researcher used the 'Survey Method'.

The researcher has selected two different private hospitals in Coimbatore city. They are **Kovai Medical College Hospital (KMCH) and KG Hospital**. These hospitals were taken for the study since they follow modern management and marketing techniques under private management.

#### **Collection of Data**

Both primary data and secondary data were used to achieve the objectives of this study. The marketing strategies of private hospitals would succeed only when the patients are receptive. In order to contribute to the existing fund of knowledge, patient's views on hospital marketing and their expectations from hospitals were elicited. For collection of data from primary sources, efforts were made to elicit the opinions of almost all personnel in the organizations through observation, personal interviews, questionnaires and schedules. Hence, two separate interview schedules were used as tools to collect information, covering hospital administrators and patients. Patients selected for this purpose of study are from various strata of society and who enjoyed the benefits of these private hospitals during the study period.

#### **Sampling Plan**

Non probability- Purposive sampling was used for sampling. 60 doctors, Nursing staff 125 and 25 administrative personnel each were selected from Kovai Medical College Hospital and KG Hospital for final analysis. For the purpose of this study, a

sample of 250 individuals from job, 150 individuals from business, 100 individuals from agriculture and 50 individuals from professional categories and also from the different income groups were selected from patients side. Non random sampling method was adopted for this purpose in view of the fact that the target population is not exactly comprehensible. However, there is an element of probability involved in the selection and meeting the individuals. The sampling could be thought of as convenience sampling.

**Tools for Collection of Data**

The collection of data was done by using personal individual method in which the schedules of questions was distributed directly and wherever required by online to the respondents (for both hospital people and patients) and they were asked to furnish the relevant data. The data collected was primary in nature. The researcher used many of the questions in the interview schedule to obtain the view of the respondents in different degrees of agreement or disagreement by using suitable scaling methods. Then the response was converted into score of quantitative nature. The researcher conducted a pilot study to ensure the validity of both the schedules.

**Research design**

The study is mostly exploratory in nature and it aims at explaining how far the marketing strategies will be useful in the present situation to the private hospitals.

**Framework of analysis**

Data was analyzed by applying ANOVA to know whether the perceptions of respondents are indistinguishable or not with respect to the 7P's of marketing services of sample hospitals.

**Data analysis & findings**

The objective of this study is to analyze the marketing strategies with relevance to the marketing mix (7P's) and how far this tool useful in the present situations and compare the two hospitals which run under different managements.

To know the effectiveness of the marketing strategies with relevance to 7P's (Product, Price, Place, Promotion, People, Physical Evidence and Process) of the concerned hospital in marketing their services differ significantly among themselves

Category→	KMCH Hospital			KG Hospital		
	#	#	#	#	#	#
	Doctors	Nurses	Administrative personnel	Doctors	Nurses	Administrative personnel
7P's ↓	1	2	3	4	5	6
Product	2.3369 (3)	2.1277 (1)	1.9761 (2)	2.4175 (3)	1.9381 (1)	2.0219 (4)
Price	3.1011 (7)	3.0858 (7)	2.1853 (5)	3.3167 (7)	3.0201 (7)	2.747 (7)
Place	2.7891 (6)	2.7583 (6)	2.545 (7)	3.0162 (6)	2.7615 (6)	2.5315 (6)
Promotion	2.6543 (5)	2.3897 (4)	1.9188 (1)	2.7341 (5)	2.1556 (4)	1.8813 (3)
People	2.2409 (1)	2.1687 (2)	2.0568 (4)	2.1457 (2)	2.0239 (2)	1.8673 (2)
Physical Evidence	2.2489 (2)	2.2555 (3)	2.0389 (3)	2.1193 (1)	2.0704 (3)	1.8075 (1)
Process	2.5125 (4)	2.6491 (5)	2.3433 (6)	2.6043 (4)	2.6878 (5)	2.4129 (5)

# The ANOVA gave significant difference between the means of the 7P's.

with respect to the average scores of the responses. For this responses are mixed over all the announced categories of heads and are analyzed by the statistical technique i.e. ANOVA (Analysis of Variance) in a one way classified data followed by corresponding Least Significant Difference Test (<0.05) which are indicated by#. Later the averages are ranked in ascending order. This is to know the key element of marketing mix among 7P's in perception of respondent for effective marketing of their hospital services.

**Following table represents the statistical analysis of data collected from doctors, nurses, administrative personnel of both Kovai Medical College Hospital and KG hospital**

The above table representing the 7P's differ significantly among themselves with respect to the average scores of the responses provided by them in 1,2,3,4,5 and 6. The ANOVA gave significant difference between the means of the 7P's (Product, Price, Place, Promotion, People, Physical Evidence and Process) of marketing services. The figures in the brackets parenthesis indicate the rank of the corresponding mean in the ascending order. The column with no-# represents, the average respondents of administrative personnel in KMCH hospital are not differing much in the 7P's i.e. the respondents have rated them as equally strong without much distinction of one from the remaining. As none of them is more than 3, there is no evidence of any disagreement. At the same time no neutrality also.

The average P (People) with rank 1 is strongly agreeable from the respondents point of view namely doctors of the KMCH hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (product) with rank 1 is strongly agreeable from the respondents point of view namely nurses of the KMCH hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (physical evidence) with rank 1 is strongly agreeable from the respondents point of view namely doctors of the KG hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (product) with rank 1 is strongly agreeable from the respondents point of view namely nurses of the KG Hospital hospital followed by rank 2,3,4,5,6 and 7 respectively.

The average P (physical evidence) with rank 1 is strongly agreeable from the respondent's point of view namely administrative personnel followed by rank 2, 3,4,5,6 and 7 respectively.

The statistical analysis and the conclusions revealed that the 7P's from the hospitals people side, the responses have given a relative rating of the 7P's in five out of six cases leading to a particular P being strongly agreeable, a particular P is just agreeable. Therefore respondents with a long term attachment with an organization can better distinguish the organization aspects than those who just stay for short while and leave.

The performance indicators in KMCH Hospital like admission, comfort, food Facilities, care, business office and discharge are equally strongly agreeable in the opinion of patients. Similarly the performance indicators for KG hospital also do not differ significantly i.e. in the opinion of patients the performance of both hospitals is equally satisfactory and strong.

**Following table represents the perceptions of patients on performance of KMCH Hospital and KG Hospital**

(Grand Mean and S.D) N=400 (200+200)					
Sl.No.	Statement	KMCH		KG Hospital	
		S.D	Mean	S.D	Mean
1	Admission	2.46	0.49	2.61	0.41
2	Comfort	2.54	0.66	2.38	0.40
3	Food Facilities	2.23	0.79	2.01	0.65
4	Care	2.46	0.62	2.36	0.47
5	Business Office	2.33	0.61	2.27	0.56
6	Discharge	2.82	0.65	2.84	0.58

5 point scale : 1 - strongly disagree to 5 - strongly disagree

Whereas in the opinion of people of hospital side the indicators namely 7P's gave diversifying opinions with a relative rating among the 7P's in most of the cases.

On the whole, it is observed by the researcher that both the hospitals have been successful in gaining patient satisfaction by promoting hospital services through proper marketing strategy. This proposition can be substantiated by two aspects. Firstly when 7P's are compared and analyzed in respect of both the hospitals, it is found that they are very close to the standard opinions expressed by the experts. Secondly, the survey report on patient satisfaction levels, the statistical results clearly indicates that the opinions expressed in both the hospitals are very close to the scale of "Agree".

**CONCLUSIONS**

The first and foremost task for a good hospital marketing strategy is to satisfy the users by making available to them the quality services. We cannot deny the fact that in the Medicare services in addition to the medical aid, a number of other factors also play a significant role. If the doctors and nurses are found soft, sympathetic, and decent to the patients, the time-lag for curing a patient is minimized fantastically. In the Indian scenario, the core medical personnel lack this dimension. By following a perfect marketing strategy in hospital services, we can lay a strong foundation for both i.e. the best possible medical facility and a personal touch-in-service to the patients. It will also lead to quality hospital service at a reasonable fee structure.

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The marketing strategy should focus on making available the medical services even to those segments of the society who are not in a position to pay for the services. i.e., the hospitals should give prompt and good medical service at an affordable price.

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