

Healthcare Products and Customers

The definition of marketing offered early in this chapter refers to the promotion of ideas, goods, or services. (The term *product*, used throughout the text, is often used interchangeably with healthcare *service*.) As mentioned in previous chapters, the product to be marketed in healthcare is often difficult to specify, unlike the products of other industries. Most of what healthcare organizations offer takes the form of services, and, unlike goods, they tend to be harder to precisely describe.

In addition, the nature of the product in healthcare has changed dramatically over the past couple of decades. Twenty years ago, one could define the product simply as a medical procedure, an orthotic device to correct a physical disability, or a consumer health product. In today's climate, healthcare products include not only these traditional products but also such products and services as prepaid health insurance plans offered by health maintenance organizations or a group purchasing contract offered by a provider network. (The nature of healthcare products is discussed further in Chapter 7.)

Many healthcare organizations offer a variety of products to their customers. Certainly, the hospital is an example of an organization that offers a wide range of services and goods. A major hospital offers hundreds, if not thousands, of different procedures. In addition, hospitals offer a variety of goods (in the form of drugs, supplies, and equipment) that are charged to the customer. One can describe an organization's product mix as it relates to the combination of services, goods, and even ideas it offers. These concepts are addressed in the sections that follow.

Ideas

Much of what healthcare organizations promote takes the form of *ideas*—intangible concepts that are intended to convey a perception to the consumer. The organization's image is an idea that is likely to be conveyed through marketing activities. The organization may want to promote the perception of quality care, professionalism, value, or some other subjective attribute. The development of a brand, for example, involves the marketing of an idea. The intent is to establish a mind-set that places the organization at the top of the consumer's mind on the assumption that familiarity will breed use.

When healthcare organizations first incorporated advertising, most of the attention was focused on promoting ideas. In particular, early marketers attempted to promote the organization's image and establish it as the preferred provider in its market. Although the trend has shifted away from image advertising and toward service advertising, many healthcare organizations continue to market ideas to their target audiences.

Goods

For the purposes of this text, products can refer to goods or services. A *good* is a tangible product that is typically purchased in an impersonal setting on a one-at-a-time basis. The purchase of a good tends to be a one-shot episode, while the purchase of services may be fulfilled through an ongoing process. Although healthcare is generally perceived in terms of a service, the sale of goods is ubiquitous in the industry. Consumer health products (e.g., adhesive bandages, condoms, toothpaste) are household products. Pharmaceuticals—whether prescription or over the counter—are purchased by nearly everyone at some point. Consumers are even gaining access to home testing kits and therapeutic equipment, and the sale/rental of durable medical equipment is a major industry. Even in a hospital setting, the bill for care is likely to include a number of goods among the itemized charges.

Services

Relative to goods, *services* are difficult to conceptualize. Services (e.g., physical examinations) are intangible in that they do not take the concrete form of goods (e.g., drugs). Services are more difficult to quantify, and consumers evaluate them differently from tangible products. Because services are often more personal (especially in the case of healthcare), they are likely to be assessed in subjective rather than objective terms. They are variable in that they cannot be subjected to the quality controls placed on goods but reflect the variations that characterize the human beings who provide the services. Services are inseparable from the producer in that they are dispensed on the spot without separation from the provider. Services are perishable in that they cannot be stored, and once provided, they have no residual value. Finally, services defy ownership rules in that, unlike goods, they do not involve transfer of tangible property from the seller to the buyer.

Consumers

Consumer, as the term is usually used in healthcare, refers to any individual or organization that is a potential purchaser of a healthcare product. (This definition differs from the more economics-based notion of a consumer as the entity that actually *consumes* the product.) Theoretically, everyone is a potential consumer of health services, and consumer research, for example, is generally aimed at the public at large. The consumer is often the end user of a good or service but may not necessarily be the purchaser. The term *consumer behavior* refers to the utilization patterns and purchasing practices of the population of a market area.

Customers

In healthcare, the *customer* is typically thought of as the actual purchaser of a good or service. Although a patient may be a customer for certain goods and services, the end user (e.g., the patient) is often not the customer. Someone else may make the purchase on behalf of the patient. Further, treatment decisions may be made by someone other than the patient. For this reason, hospitals and other complex healthcare organizations are likely to serve a range of customers, including patients, referral agents, admitting physicians, employers, and a variety of other parties who may purchase goods or services from the organization. For this reason, the customer identification process in healthcare is more complicated than it is in other industries.

Clients

A *client* is a type of customer that consumes services rather than goods. A client relationship implies personal (rather than impersonal) interaction and an ongoing relationship (rather than a single encounter). Professionals typically have clients, whereas retailers, for example, have customers or purchasers. The relationships between service providers and clients are likely to be more symmetrical than the relationships between service providers and patients, who are typically dependent and powerless relative to the service provider. Many also believe the term *client* implies more respect than the term *patient*.

Patients

Although the term *patient* is used loosely in informal discussion, a patient is someone who has been defined as sick by a physician. This definition almost always implies formal contact with a clinical facility (e.g., physician's office, hospital). Technically, a symptomatic individual does not become a patient until a physician officially designates the individual as such, even if the prospective patient has consumed over-the-counter drugs and taken other measures for self-care. Under this scenario, an individual remains a patient until discharged from medical care.

Nonphysician clinicians may treat patients, but because they do not provide medical services, they are discouraged from using the term. For example, behavioral health counselors are likely to refer to their patients as clients. Dependent practitioners, who work under the supervision of physicians (e.g., physical therapists), however, are likely to define their charges as patients.

Enrollees

Although health insurance plans have historically called their customers *enrollees*, use of this term has only recently become common among healthcare

providers. However, with the ascendancy of managed care as a major force in healthcare, other healthcare organizations began to adopt this term. Thus, providers who contracted to provide services for members of a health plan began to think in terms of enrollees. This shift in nomenclature is significant because enrollees and patients have different attributes. Enrollees may also be referred to as *members*, *insureds*, or *covered lives*. Exhibit 3.3 discusses how different definitions of healthcare customers have implications for the operation of the system.

EXHIBIT 3.3

What's in a Name: Implications of Redefining the Patient

One of the developments in healthcare over the past couple of decades that has significant implications for marketing is the redefinition of health services users. The historical term *patient* is being replaced by *consumer*, *client*, and *customer*. Although the nomenclature changed in part to reflect the different parties that deal with the patient, this redefinition represents a paradigm shift in the system's orientation toward the health services user.

The term *patient* refers to a person who is formally under the care of a physician. Although other clinicians may also refer to their charges as patients, the term implies that a symptomatic person has been formally diagnosed as sick and now takes on a new set of attributes. Conceptually, a patient is more clearly differentiated from a non-patient than, for example, a customer is from a noncustomer.

The patient role (also referred to as the "sick role"), like any social role, involves certain characteristics. Someone performing this role is considered to be "abnormal" and, thus, different in important ways from other people. The patient role implies a degree of helplessness and a state of dependence on clinicians and health facilities. It also implies a condition of relative powerlessness and an inability to take an active part in the therapeutic process. A patient is also typically characterized by a relative lack of knowledge concerning the situation in question. The patient remains in this role until officially discharged by a physician.

A client is similar to a patient in many ways. In the healthcare context, a client is a patient of a nonphysician. Outside of healthcare, a client is someone who uses the services of a professional, and certain health professionals, including mental health professionals, social workers, and other nonmedical personnel, may refer to their customers as clients.