

- *Winning awards versus being effective.* Note that the previous statements say nothing about winning awards for marketing campaigns. For many marketing professionals who entered healthcare from other industries, the goal was to sponsor award-winning media campaigns that involved flashy promotional materials or award-winning television spots. Unfortunately, there appears to be little correlation between receiving accolades for marketing campaigns and the success of the organization being promoted. For whatever reason, decision makers and those paying for services in healthcare are less influenced by slick advertising campaigns than they are by the actual substance offered by the healthcare organization.

Marketing Techniques

The action dimension of marketing is embodied in the techniques marketers use to support the functions outlined in the previous lists. On a day-to-day basis, marketers are likely to pay less attention to the lofty goals of the marketing endeavor than they are to concrete marketing activities. The techniques marketers use to achieve their objectives are summarized here and described in more detail in a later chapter.

Public Relations

Public relations (often called *PR*) is a form of communication management that uses publicity and other nonpaid forms of promotion and information to influence feelings, opinions, or beliefs about an organization and its products. The PR function is carried out through press releases, press conferences, distribution of feature stories to the media, public service announcements, and other publicity-oriented activities. In the past, healthcare organizations have used PR to manage crises and control damage, justify questionable actions, explain negative events, and so forth. Over time, however, PR has been cast in a more proactive light as healthcare organizations have come to appreciate the benefits of a strong PR program.

Communications

Large healthcare organizations typically establish mechanisms for communicating with their publics (internal and external). Communications staff develops materials to disseminate to the public and to the employees of the organization, generates internal newsletters and publications geared to relevant customer groups (e.g., patients, enrollees), and develops patient education materials. Separate communications departments may be established, or this function may overlap with the public relations or community outreach

functions. Marketers expend a great deal of effort in determining the best approaches to communication. Exhibit 3.2 discusses communication concepts applied to healthcare marketing.

EXHIBIT 3.2 **Communication Theories in Marketing**

Communication refers to the transmission or exchange of information and implies the sharing of meaning among those who are communicating. Students of marketing have expended considerable effort in specifying models of communication that relate to the marketing process. Communication in marketing may be directed at (1) initiating actions; (2) making needs and requirements known; (3) exchanging information, ideas, attitudes, and beliefs; (4) establishing understanding; and/or (5) establishing and maintaining relations.

Communications in marketing can occur in a variety of ways:

- *Face-to-face communication* includes formal meetings, interviews, and informal contact.
- *Oral communication* includes telephone contact, public address systems, and video conferencing systems.
- *Written communication* includes letters (external), memoranda (internal), e-mail, reports, forms, notice boards, journals, bulletins, newsletters, and manuals.
- *Visual communication* includes charts, films, slides, video, and video conferencing.
- *Electronic communication* includes Internet chat, voice mail, and electronic data interchange.

A number of communication models have been developed for application to marketing, and Berkowitz (2006) has adapted one of these models for healthcare. According to Berkowitz, this marketing communication model has the following nine components in healthcare. An understanding of each of these components is important for effective marketing communication.

1. *Sender*. The sender is the party sending the message to the other party. Also referred to as the communicator or the source, the sender is the “who” of the process and takes the form of a person, company, or spokesperson for someone else.

(continued)

EXHIBIT 3.2 (continued)

2. *Message*. The message is the combination of symbols and words the sender wishes to transmit to the receiver. The message is the “what” of the process and indicates the content the sender wants to convey.
3. *Encoding*. Encoding is the process of translating the meaning of the message into symbolic form (e.g., words, signs, sounds). At this point, a concept is converted into something transmittable.
4. *Channel*. The channel is the means used to deliver a marketing message from sender to receiver. The channel is the “how” of the process and connects the sender to the receiver.
5. *Receiver*. The receiver is the party receiving the message, also known as the audience or the destination. Marketing efforts are directed toward a receiver.
6. *Decoding*. Decoding refers to the process carried out when the receiver converts the “symbols” transmitted by the sender into a form that makes sense to him or her. This process works under the assumption that the receiver is using the same basis for decoding that the sender used for encoding.
7. *Response*. Response refers to the receiver’s reaction to the message. At this point, the effect of the message is gauged in terms of the meaning the receiver attaches to it.
8. *Feedback*. Feedback refers to the aspect of the receiver’s response that the receiver communicates back to the sender. The type of feedback depends on the channel, and the effectiveness of the effort is gauged in terms of the feedback.
9. *Noise*. Noise refers to any factor that prevents the receiver from decoding a message in the way the sender intended. Noise can be generated by the sender, the receiver, the message, the channel, the environment, and so forth.

The marketing communication process could be unsuccessful for any number of reasons. Factors that might influence this process include selective attention on the part of the receiver, selective distortion on the part of the receiver (e.g., changing the message to fit preconceptions), selective recall (i.e., the receiver absorbs only part of the message), and message rehearsal (i.e., the message reminds the receiver of related issues that tend to distract from the point of the message).

Communication experts indicate that effective communication requires certain attributes: It must contain value for the receiver; be meaningful, relevant, and understandable; and be transmittable in a few seconds. Further, the communication must lend itself to visual presentation, if possible; be relevant to the lives of everyday people; and stimulate the receiver emotionally. Marketing communication must also be interesting, entertaining, and stimulating.

Source: Adapted from Berkowitz (2006).

Community Outreach

Community outreach is a form of marketing that seeks to present the organization's programs to the community and establish relationships with community organizations. Community outreach may involve episodic activities, such as health fairs or educational programs for community residents, or it may involve ongoing initiatives carried out by outreach workers who are visible in the community. This aspect of marketing emphasizes the organization's commitment to the community and its support of local organizations. Community outreach initiatives seek to generate word-of-mouth communication concerning the organization and/or its services.

Government Relations

Long before most healthcare organizations considered incorporating a formal marketing function, they were involved in government relations activities. Healthcare organizations are typically regulated by state and federal government agencies. Decisions related to adding, eliminating, or changing a service may be constrained by government regulations, and the reimbursement available to healthcare providers may be controlled by government agencies. Not-for-profit organizations must continuously demonstrate that they deserve their tax-exempt status. For these reasons, healthcare organizations must maintain discourse with a variety of government agencies, cultivate relationships with politicians and other policymakers, and often initiate lobbying activities directed toward various levels of government.

Networking

Networking involves developing and nurturing relationships with individuals and organizations with which mutually beneficial transactions can be carried out. Physicians and other clinicians who, until recently, would never deign to

advertise actively network among their colleagues. Networking may take the form of a specialist casually running into potential referring physicians at the country club or a hospital administrator attending meetings that might involve potential clients, partners, or referral agents. Networking is particularly effective when dealing with parties who are reluctant to provide “face time” or when one prefers an informal setting involving personal interaction when getting to know prospective business associates.

Sales Promotion

Sales promotion involves any activities or materials that act as a direct inducement to customers by offering added value to a product. Sales promotions are more likely to be associated with the sale of consumer health products (e.g., rebates) or business-to-business healthcare sales (e.g., low-interest financing) than with the provision of health services. The sales promotion mix might involve health fairs and trade shows, exhibits, demonstrations, contests and games, premiums and gifts, rebates, low-interest financing, and trade-in allowances. Sales promotion is separate from, but often an adjunct to, personal sales.

Advertising

Advertising refers to any paid form of nonpersonal presentation or promotion of ideas, goods, or services by an identifiable sponsor transmitted via mass media for purposes of achieving marketing objectives. The advertising mix might include print advertisements, electronic advertisements, mailings, catalogs, brochures, posters, directories, outdoor advertisements, and displays. These activities are organized in the form of an advertising campaign that involves designing a series of advertisements and placing them in various advertising media to reach a target market.

Personal Sales

Personal sales involve the oral presentation of promotional material in a conversation with one or more prospective purchasers for the purpose of making sales. The salesperson attempts to foster a mutually profitable economic exchange between buyer and seller through interpersonal contact. The success of personal sales depends on the seller’s ability to communicate the product’s qualities and its benefits for the buyer. The personal selling mix might include sales presentations, sales meetings, incentive programs, distribution of samples, and participation in health fairs and trade shows.

Database Marketing

Database marketing involves establishing and exploiting data on past and current customers and future prospects in a way that allows effective marketing

strategies to be implemented. Database marketing can be used for any purpose that can benefit from access to customer information. These functions may include evaluating new prospects, cross-selling related products, launching new products to potential prospects, identifying new distribution channels, building customer loyalty, converting occasional users to regular users, generating inquiries and follow-up sales, and establishing niche marketing initiatives. The database established for this purpose often provides the basis for customer relationship management and may be an integral part of an organization's call center.

Direct Marketing

Direct marketing targets groups or individuals with specific characteristics, and promotional messages are transmitted directly to them. These promotional activities may take the form of direct mail or telemarketing, as well as other approaches aimed at specific individuals. Increasingly, the Internet is being used for direct marketing. An advantage of direct marketing is that the message can be customized to meet the needs of target populations.

Customer Relationship Management

Customer relationship management (CRM) is a business strategy designed to optimize profitability, revenue, and customer satisfaction by focusing on customer relationships rather than transactions. Although long used in other industries, CRM is relatively new to healthcare. The industry's lack of focus on customer characteristics and its limited data management capabilities have slowed the acceptance of CRM in healthcare. However, the new market-driven environment is encouraging healthcare organizations to develop and use customer databases.

Social Marketing

In healthcare, social marketing involves applying commercial marketing techniques to influence the attitudes, knowledge, and behavior of target audiences related to the improvement of individual and community health status. Social marketing differs from other types of marketing only with respect to the objectives of marketers and their organizations. Social marketers seek to influence social behaviors for the benefit of their target audience and general society, not for the benefit of the marketing organization. In contrast to the top-down approach of traditional marketing, social marketers listen to the needs and desires of the target audience and build the marketing campaign from the bottom up.

Case Study 3.1 describes a marketing campaign that uses a variety of marketing techniques.

CASE STUDY 3.1

Capturing the “Older Adult” Market

Many healthcare organizations came to see the aging of the baby boom generation as an opportunity to expand their services. Regional Medical Center* responded to this opportunity by establishing a service line devoted to “older adults.” The intent was to capture the business—and the loyalty—of this large, relatively affluent, and increasingly needy segment of the population. The service line was designed to meet the emerging needs of this population for specialty services such as cardiology, orthopedics, ophthalmology, and urology in a manner that was appealing to this relatively demanding consumer population.

Because this service was considered innovative in the community served by Regional Medical Center, an aggressive promotional campaign was undertaken. The Center’s marketing department considered a wide range of marketing options and decided on a multipronged campaign to approach the target population from a variety of directions. The first phase of the promotional campaign focused on internal marketing. It was important that the Center’s employees be familiar with this new program and be able to articulate its merits to potential customers. Many of the customers for the new program were likely to be existing patients of Regional Medical Center.

Well before the new program was scheduled to open, an aggressive PR campaign was initiated. Press releases were distributed, articles were prepared for local publications and professional journals, and celebrity spokespersons were lined up. Simple yet attractive collateral materials were developed for distribution to prospective customers and to referral agents who might channel customers to the Center. Information was distributed to other providers and organizations that might serve other needs of the target population, and the community’s major insurance plans were made aware of the new program and its benefits. Tours of the facility housing the new program were provided to key constituents such as referring physicians and health plan representatives, and open houses were scheduled for both medical professionals and the general public.

The marketing initiative also involved direct solicitation of members of the target population. The Center extracted data from its internal database on existing customers and purchased mailing lists of households that included members aged 50–65. Using the findings from previous research on the “buttons to push” in this age cohort, materials were prepared that would appeal to the particular needs of

this population. The address lists were then used to mail materials directly to the target population.

While the Center did not want to rely on expensive media advertising for attracting customers, its marketers felt that some media presence was necessary, not only to attract customers who might be missed through the direct-mail campaign but also to make the general public aware of this new program. In some cases, other family members might be making decisions for the older adult population, and awareness of this program on the part of the general public was considered important. After careful research on the communication attributes of the target population, a series of newspaper, radio, and television advertisements were produced. These advertisements were placed in the sections of the local newspaper that members of this age group read, aired on the radio stations they preferred, and presented on the television channels they viewed most often. For the electronic media, particular attention was paid to the time of day and day of the week members of the target population were expected to be engaged.

The success of the new older adult service line offered by Regional Medical Center during the first year exceeded the expectations of the Center's administrators. While it is difficult to determine which of the various promotional techniques had the most impact on the program's early success, the Center's marketing staff concluded on the basis of its evaluation of the campaign that it was the integrated approach—a variety of coordinated activities—that led to the successful program launch.

*“Regional Medical Center” is a fictional name for the organization on which this case study is based.

Discussion Questions

- Why did Regional Medical Center think that this population presented enough of an opportunity to establish an entirely new program?
- What information did the Center need to gather about this target population before the program could be established?
- What information did the Center need to gather about this target population before the marketing campaign could be planned?
- What were the different paths through which the Center attempted to reach the target audience?
- Which marketing techniques did the Center use to reach the target population?
- Why was internal marketing an important first step in marketing this new program?