

# INTRODUCTION

**T**his book explores the history, perspectives, concepts, processes, and role of marketing in the healthcare industry—particularly the health services delivery setting. This fourth edition retains the features that readers found useful in previous editions, such as the examples, case studies, discussion questions, key points, and additional resources. In this edition, new examples, exhibits, recommendations, and statistics have been added; some case studies have been revised; and updated resources have been included. Definitions of important terms and concepts appear in the margins, supplementing the full-length discussions.

The content—although it remains true to its original intent of being a comprehensive guide—has been updated at every possible turn to reflect the changes that have taken place in the healthcare environment. The Affordable Care Act (ACA) has been the law of the land for a decade, and that initiative continues to have implications for healthcare marketing. The use of social media, described in the previous edition, has exploded, with an ever-increasing number of social media channels.

Of particular importance has been the emergence of a new paradigm that is upending the healthcare system. The population health model is gaining momentum, and it will have significant implications for healthcare marketing. This model promises to transform healthcare marketing as it shifts the emphasis among healthcare providers from quantity to quality, from sick people to well people, from individual patients to groups of consumers, and from treatment to prevention.

## The Target Audience

Students in healthcare administration and healthcare marketing programs as well as students in business administration programs with a healthcare marketing component make up the primary audience for this book. It can also serve as a reference text for professors or instructors of healthcare administration

or marketing courses and for academicians who conduct research on these topics but are not marketing practitioners themselves.

Health professionals (including physicians, nurses, and other clinicians) represent the secondary audience for this book, as well as health-care executives and administrators, health planners, and other facility staff involved in marketing activities. In today's ultracompetitive environment, most health professionals—regardless of official title or span of responsibilities—are expected to be at least familiar with marketing concepts.

The third category of audience is composed of marketing professionals—whether they work for a marketing agency or related consulting firm or as independent agents—who intend to do business in the healthcare arena. Whether they are new to the marketing field or are seasoned marketing veterans, they will find something in the book that would prove useful for their healthcare clients.

## The Content

At times, the topics covered in the chapters overlap or appear in more than one chapter. That is intentional—to emphasize and review the basic points or to put them in context. The following sections summarize the content of each chapter.

### ***Part I: History and Concepts***

- Chapter 1 presents an overview of the history of marketing—from its introduction to healthcare to its contemporary incarnation. The ways in which healthcare differs from other industries and the ways in which healthcare marketing is different from other types of marketing are examined. In addition, the chapter sheds light on the factors that have helped marketing become accepted in healthcare and the contribution that marketing can make to the industry. Finally, it reviews current developments in healthcare and their implications for marketing.
- Chapter 2 defines the key terms and concepts that form the foundation of marketing and reviews their application to healthcare. The “four Ps” of marketing and their expansion to the seven Ps (for the healthcare industry) are discussed. Marketing functions, techniques, and approaches are enumerated, and the challenge of adapting marketing processes from other industries to healthcare is addressed.
- Chapter 3 focuses on marketing as a function in healthcare organizations. It identifies the types of marketing techniques typically used by different types of organizations. The factors that influenced

healthcare's adoption of marketing are reviewed, along with the factors that are affecting the contemporary nature of healthcare marketing.

## ***Part II: Healthcare Markets and Products***

- Chapter 4 discusses how a healthcare market is described and delineated. Among the concepts addressed are geographic and nongeographic boundaries, consumer demand, market profiling, mass marketing and micromarketing, and effective markets.
- Chapter 5 answers the questions “Who are healthcare customers?” and “How are they similar and dissimilar from other customers?” It explains consumer behavior and attitudes, the different types of market segmentation (e.g., geographic, demographic, psychographic), and the consumer decision-making process.
- Chapter 6 is all about the healthcare product—the goods sold and services provided by healthcare organizations. The product mix is explained, as well as the different types of goods and services available in the market. The common classifications and coding systems used in healthcare are highlighted.
- Chapter 7 addresses the factors that contribute to the demand for health services. It touches on healthcare wants and needs, recommended standards for healthcare, and utilization patterns. It also proposes methods marketers can use to measure demand and introduces various indicators of health services utilization. The numerous factors that determine the demand for and ultimate consumption of health services are identified.

## ***Part III: Healthcare Marketing Techniques***

- Chapter 8, new in this edition, sets the stage for subsequent chapters dealing with strategy development, health communications, traditional and contemporary marketing techniques, and the use of social media in marketing. This chapter reviews the changes taking place in the healthcare environment and outlines the implications of those changes for healthcare marketing.
- Chapter 9 focuses on marketing strategies. The need to align marketing strategies with the organization's overall strategic plan is emphasized. It summarizes the steps in strategic planning, the processes for developing and selecting a strategy, and the strategic approaches that may be taken. Branding as a strategy is discussed as well. The possible implications for healthcare marketing of the ACA and emerging accountable care organizations are highlighted.

- Chapter 10 addresses the topic of health communication and its crucial role in healthcare marketing. This chapter reviews the nature of communication, its function, and the process of developing a communication plan. The attributes of effective communication initiatives are described, along with the variety of ways in which communication may be employed within the healthcare setting.
- Chapter 11 details the traditional marketing techniques commonly used by healthcare marketers, such as public relations, advertising, personal sales, sales promotion, and direct marketing. It provides an overview of media options, social marketing, and integrated marketing. It also explains the modifications marketers must make to adapt traditional promotional approaches to the healthcare arena.
- Chapter 12 presents contemporary marketing techniques. One set of techniques is based on traditional marketing programs and includes direct-to-consumer marketing, business-to-business marketing, internal marketing, and affinity marketing. The other set of techniques is based on technology and includes database marketing, customer relationship management, and Internet marketing. Consumer engagement as an emerging theme in marketing is addressed.
- Chapter 13 focuses on social media and their application to healthcare marketing. It identifies the common types of social media, their value to consumers and marketers, and their healthcare-specific uses.

#### ***Part IV: The Marketing Effort***

- Chapter 14 explores the ins and outs of managing a marketing campaign. It breaks down the steps involved—from concept to plan to implementation to evaluation. It pinpoints the players (including both internal and external marketing agents, suppliers, and consultants) and departments (including creative, production, and media planning and buying departments) of the marketing function. The financial aspects—the marketing budget and return on investment—are also described.
- Chapter 15 presents an overview of the healthcare marketing research process. It describes the types, steps, and methods researchers undertake to collect data and information on markets, products, prices, promotions, and distributions. Geographic information systems, quantitative and qualitative research, and surveys and interviews are among the tools discussed.
- Chapter 16 offers a comprehensive look at marketing planning. It presents the common steps in the planning process and examples of how the steps are applied in real-world marketing scenarios.

- Chapter 17 examines marketing data, particularly the sources of such data. It discusses the complications of mining and using patient and customer information under Health Insurance Portability and Accountability Act rules as well as the dimensions and traits that make data useful to healthcare marketers. Methods for generating population data and estimating demand in the absence of actual data are included, along with data compendia collected and released by the federal government.

### ***Part V: The Future of Healthcare Marketing***

- Chapter 18 summarizes where healthcare marketing is at present and where it is headed in the near future. The discussion revolves around the current trends and factors that are likely to influence the future characteristics of both healthcare and marketing.