

HEALTH CARE MARKETING BY HOSPITALS: COMMENTS AND CASE STUDY

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Marketing concepts and techniques which have been successfully used by business firms for years are only now receiving recognition by members of the health services profession as ethical management tools (MacStravic, 1977). The issue is complicated by the fact that nonprofit organizations dominate the organizational structure. The financial dependency on donor support by nonprofit clinics and hospitals mandates administrators to include these donors in their need satisfying functions. In many instances the satisfaction of contributors changes the mix of services which are available to the patient (Kotler, 1975).

The purpose of this study is to extend our knowledge of effective applications of marketing strategies in the realm of health care services. One incident in which patient care was dependent upon the satisfaction of other publics is examined as a descriptive case study. Implications for future marketing opportunities in this area are suggested.

Marketing a Planned Modernization

A page one headline, "Foote Hospital Closes Deal to Purchase Mercy" in the Jackson, Michigan daily paper on August 29, 1975 was the first public announcement of the plan to merge the two largest of Jackson's three hospitals. W.A. Foote Memorial Hospital, with 273 beds, was publically operated by a board of trustees. Mercy was owned and operated by the Catholic Order of Sisters of Mercy with facilities for 217. A smaller 66 bed Osteopathic Hospital was not involved in the plan. The Foote management hoped to replace obsolete facilities and achieve economies of scale with a merger. Both hospitals were over crowded and inefficient and more than fifty years old. Both were unable to meet current codes and regulations. The two had been cited for a total of more than 146 violations, and were operating under temporary permits pending a reinspection. The survival of the institutions and the safety of their patients were at stake. It was a situation faced by many hospitals (J. Goldsmith, 1980). Despite the deficiencies Mercy Hospital was held in high regard by the catholic community. Substantial contributions had provided furnishings which created an aesthetic beauty that obscured the obsolescence of the physical plant. The news of the sale was viewed as a violation of trust by the vocal and influential patrons. A "Committee to Save Mercy Hospital" was formed and legal action charging the Foote trustees with monopolistic practices and restraint of trade was instituted. The effect of the suite was to delay attempts to obtain financing for the proposed improvements. This opposition forced the board to reconsider their options.

Remarketing the Service

The board had initially considered three alternatives: renovate and continue the two site arrangement, build a new hospital at a new site, or build at one of the two present sites. Now it was recognized that whatever the alternative site selected, it was also necessary to obtain the full support of the community. Although the opposition had received an inordinate amount of publicity and probably favored the first option, the board believed that public backing could be won by convincing the unde-

ecided majority of the value of the best plan. A management consulting firm was engaged to collect data and to prepare a ten year plan for the physical development of the project. A survey was conducted. The next act by the board was to employ a professional fund raising firm to oversee the campaign to raise the public's share of the estimated \$42 million cost. The efforts of the board for the next six years would be directed towards reaching the residents of the primary service area identified by the survey. What was not known at this time was the best approach to use.

Initially ninety interviews were conducted among representatives of the three to five hundred individuals who were identified as community leaders and of the 2500 individuals who constituted the hospital "family", the trustees, administrators, physicians, nurses, support staff and volunteer workers. The information received by these initial interviews were then used as a basis for the solicitation plan. The Foote site was selected for the new facility; both old structures would be vacated. The actual campaign began in January, 1980 and eight months later the goal of four million dollars had been surpassed. During this time the legal concerns had been resolved in favor of the trustees. Opposition was almost nil. Virtually every service organization, club and influential individual had been contacted. Favorable publicity dominated the media, and public opinion was overwhelmingly in favor of the proposed facility. The plan was an outstanding success.

Summary

This case study outlines only one example in which marketing may be used to solve a problem of health care provision. Two levels of decision making were involved in remarketing a service after first determining the most efficient product form. Increasing numbers of health care officials are recognizing that modern marketing is not only compatible with serving patient needs, but is a necessary adjunct to help meet the competitive challenges of our contemporary environment. Facilitating exchanges which satisfy expressed and felt needs of consumer groups, communicating the availability of services and providing economical delivery systems are marketing tasks which are compatible with the most stringent ethical guidelines of professional conduct. Medical and marketing professionals are cooperatively meeting the challenges of complex problem solving in this important and growing industry.

References

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- Robin E. MacStravic, "Marketing Health Care Services: The Challenge of Primary Care," Health Care Management Review, Summer, 1977, p. 11.