FACTS FOR BETTER MARKETING OF A PROGRESSIVE HOSPITAL

by

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As little as ten years ago, a discussion of hospital marketing would have been nearly impossible. Prior to the 1970s, only the most casual sort of marketing was being done in the health care field; in the past decade, however, several forces have combined to make hospitals recognize that their success, and even their survival, may depend on effective marketing. Hospitals have started to investigate and to use many of the same marketing principles long used successfully by business and industry.

The following three-part analysis seeks to provide an understanding of hospital marketing as it exists today and to use a case study to demonstrate how a hospital can formulate a marketing plan aimed at a particular market segment. Part one gives an overview of hospital marketing and explores principles a hospital can use in implementing a marketing program. The second part presents research data and analysis for the case study, focusing on consumer satisfaction-dissatisfaction with the quality of hospital care. The third part utilizes information presented in the previous sections to develop a marketing plan aimed at consumers dissatisfied with the quality of prior hospital care.
PART ONE: AN OVERVIEW OF HOSPITAL MARKETING

Purpose of part one: To provide a general understanding of hospital marketing by exploring what marketing is, why hospitals need marketing, some ways hospitals currently use marketing and basic principles hospitals can use when implementing a marketing program.

Before beginning a discussion of hospital marketing, it is important to first gain an understanding of what marketing means.

One definition of marketing was expressed by Philip Kotler, Ph.D., the T. Harold Martin Professor of Marketing, J. L. Kellogg Graduate School of Management. He says:

"Marketing is the analysis, planning, implementation and control of carefully formulated programs to bring about voluntary exchanges of values with target markets for the purpose of achieving organizational objectives. It relies heavily on designing the organization's offering in terms of the target market's needs and desires, and on using effective pricing, communications and distribution to inform, motivate and service the markets." 1

To put it simply, marketing tries to orient the organization to the needs and wants of target markets (customers) it seeks to serve. 2

The basis underlying marketing is an exchange relationship where the target market knows it is getting something in return for what it gives. This means that marketing is far broader in scope than many organizations refer to as marketing. "Selling" implies that the consumers must be persuaded through promotion that

they want a good or service the company produces. "Marketing" means that the organization knows the customers' wants and needs, develops products to meet these wants and needs, and communicates information about these products to customers. In the words of Robert MacStravic, Ph.D., the author of *Marketing Health Care*, "You can't change people's behavior toward you by telling them what you want them to believe about you; you have to be what you want them to believe."³

Before an exchange can be transacted and managed, the marketer needs to learn as much as possible about the group or individual with whom the exchange is to be made. These groups or individuals are referred to as targets. Marketing seeks to determine targets, learn about them through research, assess them and apply proper strategies to deal with them.

The result of this should be a strategic market plan, which is actually the "carefully formulated program" referred to in the definition of marketing given earlier. A strategic market plan provides a method or series of maneuvers that will be used to accomplish the organization's objective(s). It is aimed at specific targets for specific purposes. This plan is the written expression of exactly what steps the organization will take during the period covered by the plan. It describes the targets at which the strategies will be aimed, which strategies will be used, when they will be used, what tools will be needed and how the strategies will be evaluated.

Strategic marketing planning will be discussed in more depth later in this section.

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The concept of marketing has long been recognized and used by many businesses; until recently, however, hospital administrators and boards have tended to regard marketing as something that was unneeded, unprofessional or unethical for the health care field. Why have hospitals suddenly become interested in marketing? The answer seems to lie in the fact that hospital costs are outpacing revenues due to a combination of new patterns of health care delivery, increasing governmental regulation and reductions in third party reimbursement.

The first of these problems facing hospitals is significant external competition due to new forms of health care delivery. Many physicians are offering hospital-type services in their own offices, underselling hospitals because of the lower overhead costs. Advances in drug therapy and technology (in the area of kidney dialysis for example) have made it possible for many patients to receive care without being hospitalized for long periods of time. Private outpatient clinics such as one-day surgery centers and freestanding emergency rooms are attracting patients who would have, in the past, gone to a hospital.

All of these new forms of health care threaten to reduce use of the hospital's inpatient services, because they substitute outpatient care for inpatient care. A Blue Cross study reported an 18.6 percent decline in inpatient days of care and a 137.6 percent increase in outpatient visits among Blue Cross subscribers between 1968 and 1978.

Another problem facing hospitals is increasing governmental regulation. The federal government, concerned by rapidly escalating health care spending, is making the hospital industry one of the nation's most heavily regulated industries. New York hospitals alone spend more than $1 billion per year coping with government regulations.6

Many of these regulations, contrary to the government's stated intention of minimizing the use of hospital services, actually put pressure on hospital managers to maintain or increase levels of hospital use. For example, the 1977 National Guidelines for Health Planning set a target occupancy rate of 80 percent for all non-federal, acute care hospitals in the United States. Many states use target rates of 85 percent or 90 percent in an attempt to reduce excess bed capacity and restrict hospital growth.7

Since health facilities must get approval from state health departments before proceeding with building programs, this creates tremendous incentives for hospitals to compete for patients to meet the occupancy standards. Continued cost pressures may cause states to refuse hospitals permission to renovate and equip themselves unless they meet high occupancy standards, according to the director of health planning at the University of Chicago Medical Center. "Hospitals that do not meet these standards would then have difficulty keeping up with changes in medical technology, altering their mix of services, and recruiting or retaining medical staffs," he said.8

6. Ibid.
7. Ibid.
8. Ibid.
Hospitals are also facing problems caused by third party reimbursement. Over 70 percent of hospitals' customers do not pay for hospital services themselves; payment is made by third parties such as private insurance companies; Medicare, the government health plan for the elderly; or Medicaid, the government health plan for the poor.9 These third parties do not use the services themselves, but they tell hospitals how much they will pay, when they will pay and under what conditions they will pay.9

A large number of the patients hospitals treat are covered by Medicare. In fact, the proportion of patients over age 65 (those covered by Medicare) increased 23 percent from 1974 to 1981.10 These elderly patients tend to require more extensive and expensive care than the young, but Medicare pays, on the average, less than hospitals claim it costs to care for them. It was estimated by the Health Insurance Institute of America that in 1981 the nation's hospitals sustained a $5 billion revenue shortfall from Medicare and Medicaid.11

This deficit is usually made up by raising costs to private insurance companies and to people who pay their own bills; however, private insurers are beginning to fight these extra costs. Also, the federal government is encouraging insurers to shop for the least expensive hospital when providing health care in an attempt to keep costs down.

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11. Ibid.
All of these problems -- new patterns of health care delivery, increasing regulation and difficulties with third party reimbursement -- are forming competitive pressures that many health care professionals say will force 20 percent of the nation's hospitals out of business during the 1980s. Recognizing this fact, many hospitals are growing increasingly consumer-oriented as a means of survival. This is why many hospitals have become interested in business marketing techniques.

A hospital is a business and like most businesses, can benefit from marketing; however, marketing is not a cure-all for hospitals. Richard C. Ireland, who conducts marketing workshops throughout the United States, contends that given the great number and scope of regulations hospitals are subject to, the pressure for a national health plan, and the involvement of third party payers, a true market orientation is probably not possible.

Ireland goes on to say that, although marketing is not a cure-all, the proper application of marketing techniques can make a significant contribution. He says marketing can, "help a hospital make maximum use of all its resources in delivering the kind of health care patients need and want and in developing the kinds of programs and services that will attract and retain needed medical and supportive staff." He also says marketing can help a hospital "to remain competitive, to optimize resources and to provide the right services at the right place at the right price and at the right time."

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13. Ireland, op. cit., p. 4.
14. Ibid., pp. 4-5.
15. Ibid., p. 5.
Hospitals recently have started to recognize these potential benefits of marketing, and they have begun to research and to use marketing techniques. As of 1979, only 10 percent of the nation's hospitals had formal marketing programs, but a great many more were in the process of developing programs or were using some marketing techniques under the direction of a public relations department or strategic planning committee. The Wall Street Journal referred to this trend as "a bold, new marketing thrust by U.S. hospitals." The shift to consumer-based marketing can perhaps best be seen in the areas of promotion and diversification of services. These are techniques some hospitals are using as parts of their marketing plans.

The first of these — promotion — is not actually new for hospitals. Several hospitals have used forms of both free and paid advertising for years to inform the public of their services and their role in the community. What is new is that the use of promotion and interest in promotion is increasing rapidly in the industry and is becoming more competitive. Hospitals are finding more and more ways to promote themselves to their markets.

Recognizing this trend, the American Hospital Association (AHA) has issued standards for responsible use of promotion by hospitals. The guidelines attempt to provide some direction so hospitals can avoid the old argument of whether it is ethical for hospitals to promote themselves. Many critics argue that it is unethical to use patient dollars for promotion, because (they claim) it drives up hospital costs.

17. Ibid.
The AHA counters such charges by saying, "advertising that has as its goal a better informed public or improved patient care is always acceptable -- if it is consistent with acceptable content as outlined in these guidelines."¹⁸

The guidelines warn against political advertising, comparative references to other organizations, and claims for performance or promotion of individual physicians. They discourage extremely aggressive promotional techniques, but they still allow hospitals many options in promoting services. Here are some examples of ways hospitals have used promotion and stayed within the AHA guidelines:

1. Michael Reese Hospital and Medical Center in Chicago arranged with local utility and insurance companies to include hospital health education brochures in their billings. The brochures discussed medical problems such as stress, smoking and hypertension. They included suggestions about when it would be wise to get medical attention and referred the reader to the appropriate department at the hospital.

   This approach did not directly solicit business, but it did seek to stimulate patient inquiries. It also provided health education and community service, which is strongly encouraged by the AHA guidelines and is difficult for even opponents of hospital advertising to criticize.

2. Northwestern Memorial Hospital in Chicago developed a direct patient inquiry line. A registered nurse responded to callers who asked about medical problems, and she referred them

to specialists on the hospital's staff. The caller was then sent follow-up literature promoting specialty sections of the hospital.

Good Samaritan Medical Center in Milwaukee sponsored a syndicated television series on health care. The Medical Center then put up sponsorship billboards and used commercial time in the series to air spots highlighting the hospital's services. Hospital occupancy increased 15 percent in the first year of the programming. 19

Sunrise Hospital Medical Center of Las Vegas offered a Mediterranean cruise to encourage patients to choose to be admitted on the weekend. Names of all weekend admissions were placed in a bowl and a winner drawn each week for a Mediterranean cruise for two.

This approach was controversial, but it did conform to AHA guidelines by attempting "to assist the public in maintaining health and the appropriate use of hospital services." 20 Traditionally, hospital occupancy is lowest on the weekend. By encouraging weekend admissions, a hospital can better balance the workload, better use facilities and help keep costs down.

Many hospitals are using Sunday advertising supplements in local papers to explain services or observe special occasions.

Some hospitals are obtaining space and time in community media by engaging in public accountability advertising. For example, a hospital can publish a report of quarterly operations on patient care, financial position, medical staff and service to the community.

Hospitals are not legally bound to conform to the AHA guidelines; those that do not, however, usually increase their risk of facing charges that they are driving up hospital costs with no benefit to the public. Third party reimbursers, in particular, pay close attention to how hospitals use promotion. If the promotion seeks only to increase use of hospital facilities, many third party payers will deduct the promotional costs from their reimbursement of the hospital. On the other hand, if promotion provides health education or helps the public make appropriate use of hospital services, third party payers are less likely to object. 21

In addition to promotion, some hospitals are using diversification of services as a marketing technique. These hospitals usually perform market research to determine what new services will help them better meet the needs of the markets they serve. In many cases, new services can create new markets for the hospitals.

Some examples of new service ideas hospitals are using are as follows:

Several hospitals offer outpatient surgery (sometimes referred to as same-day surgery). With this program, a patient can come in the morning for surgery, recuperate during the day

21. Ibid., p. 5.
and go home in the evening. This program not only saves the patient the cost of extra hospitalization, but many patients prefer it because it is more convenient that spending several days in the hospital. It may be of particular benefit to hospitals with long waiting lists for elective surgery.

Sunrise Hospital in Las Vegas offers a 24-hour drive-up pharmacy that also includes home delivery.

St. Vincent Hospital and Medical Center of Toledo, Ohio offers an infant enrichment program for teenaged mothers.

St. Luke's Hospital Medical Center in Phoenix, Arizona has a Pain and Stress Reduction Center to help residents cope with pain and stress.

Personnel from Denver General Hospital and Colorado General Hospitals are teaching emergency first aid courses to airport personnel to improve airport safety and medical capabilities.

Alta Bates Hospital in Berkeley, California set up a holding company that owns a chain of seven nursing homes, provides hospice care for terminal patients and operates a sports-medicine clinic.

A hospital in Iowa developed a fleet of limousines that would go to any location in the state to bring patients to the hospital. This helped the hospital serve a wider geographical area (enlarge its market).
These are but a few examples to show how hospitals can diversify to better meet community needs and to help themselves in the process. By diversifying, two things can be accomplished according to Jeff C. Goldsmith, the director of health planning at the University of Chicago Medical Center. First, the broader mix of services generates revenue that does not depend directly on inpatient use of the hospital. Second, they build pathways that ultimately can bring in additional inpatients. Goldsmith adds, "The expansion and diversification of outpatient services hold the key to a hospital's future financial solvency."22

The two marketing techniques discussed above — promotion and diversification of services — are by no means the only techniques being used by hospitals; they are just two of the most common, and they have been used here to demonstrate some of the ways hospitals are using marketing.

The problem these hospitals face is determining how to use marketing properly. A 1982 survey of 10 leading experts in health care marketing concluded that hospitals typically do not understand marketing and do not always use it properly; however, the same survey projected that external forces will eventually cause hospitals to develop more sophisticated management to survive, and marketing, "in an appropriate form, will then gradually emerge."23

What is the "appropriate form" of marketing? Hospitals face different political and ethical considerations than most businesses do, so the style of marketing in hospitals must be somewhat different from

that in business and industry; however, there are some principles a hospital can use to implement and utilize a marketing program. Some of the areas hospitals interested in marketing should understand are the level at which marketing should be placed in the organization, the qualifications a marketing director should have, important differences in the practice of marketing in business and in hospitals, and the process of strategic marketing planning.

The level at which marketing is placed in the organization is one of the first items on which the hospital administration must decide. Most hospitals that currently use marketing have it positioned as a middle-management staff function; however, leading experts in the field contend that marketing should be a top-level line function, reporting directly to the chief executive officer. They say that when marketing is placed at a staff level (such as a department head), it is generally identified with research or planning or sales, rather than encompassing all of these and more.

Although no one model can work for all hospitals, a successful structure will usually place marketing at the senior management level in charge of market research, strategic planning, product development, product promotion and evaluation.

Once it is decided where marketing is to fit in the organizational structure, a person must be chosen to direct the marketing effort. Currently, hospitals tend to place public relations practitioners or planners already on their staffs into that position. Although this may work quite well in some cases, experts say it is usually preferable to

24. Ibid.
25. Ibid.
choose someone specially trained in marketing, with a background in planning, finance, product strategies, research and communications. That hospitals do not currently do so is a result of the way they misunderstand marketing. As they learn more about the proper use of marketing and move toward more sophisticated techniques, it is likely hospitals will look toward marketers with formal academic training in the field.  

In addition to this formal training, a successful hospital marketing director should:

- Have some knowledge of the organization or be given time and resources to gain that knowledge.
- Be able to command the respect of the administrators, the board and the physicians.
- Be able to deal with a wide range of internal and external publics.

Since hospital marketing is a relatively new field, finding the right person qualified to do the job for a particular hospital may take some time; nevertheless, the right person must be found, because without proper direction and a thorough understanding of marketing, the entire marketing program will probably fail.

The next topic which should be understood before embarking on a hospital marketing program is the difference in the practice of marketing in business and the practice of marketing in hospitals.

26. Ibid., p. 2.
27. Ibid.
One important difference is that while business promotion focuses more directly on selling to the customer, hospital promotion must take into consideration the system of referral that brings in many of the patients (customers). Physicians and agencies refer patients to other physicians and agencies and finally to hospitals. The following diagram, shown in an article appearing in *Hospitals* magazine in June of 1977, shows the systems of hospital referral:

As can be seen from the above diagram, a wise hospital marketer must appeal to many more groups than just patients. In recognition of the fact that physicians and agencies often refer patients to the

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hospital, the hospital marketer should make these groups target markets also.

Another difference separating business marketing from hospital marketing is that hospital service delivery involves admitting clerks, nurses, technicians, physicians and supportive personnel. All of these people influence patient satisfaction. In business, the salesman is the company's primary agent.

Hospitals usually sell services instead of goods, and this is another difference hospital marketers must consider. Since services are intangible, the potential buyer cannot see or feel them in advance. The seller must provide the potential buyer with a perception of the service, so the buyer can conceptualize the service and its benefits. The intangibility of services increases the need for effective two-way communication.

Other differences to be taken into consideration are the involvement of third party payers (who may refuse reimbursement for "unethical" promotion), the great number of government regulations to which hospitals are subject, and the generally poor public image of hospitals due to high health care costs.

The differences mentioned above do not mean hospitals cannot use business marketing techniques. It only means that some adaptations may have to be made to use these techniques with the greatest success. Adaptations will depend on each hospital's particular situation.

Another area (and a very important one) hospitals interested in marketing must understand is the process of strategic marketing planning. This is the process by which the organization develops a method of series of maneuvers to accomplish the organization's objective(s).
Strategic marketing planning will usually produce a strategic marketing plan, a written document that formalizes the process. Such a plan prevents a haphazard approach to marketing. It gives a step-by-step description of what the organization will do during the time period covered by the plan. It is aimed at specific targets for specific purposes, and it details what will be done to offer the right product at the right time in the right place with the right promotion.

Marketing plans vary greatly. Some are long, and some are short. Some cover long periods of time, and some cover short periods of time. What plans have in common is that they should all reflect the marketing objectives of the organization.

According to the authors of *Marketing Health & Human Services*, an organization should not develop a master marketing plan for its aggregate of targets, programs and services. This is because the marketer cannot expect to develop strategies that will be effective with all targets and for all purposes. Remember, a marketing plan is aimed at specific targets for specific purposes. This indicates that, in general, a separate plan should be developed for each service or group of services.

Strategic marketing planning is not a simple task, and no one plan will work for every hospital; however, there are several basic steps the marketer can take to develop the strategic plan that will work best for his or her particular hospital.

Before describing these steps, it should be stated that any hospital marketing program must begin with a commitment from the

administration to invest a specific amount of money and resources to optimize the hospital's ability to meet the needs and wants of its market segments.

One very important step in the marketing process is research. Full research should include a definition of the nature of the hospital's purpose and organization, a historical audit of records to determine utilization and trends, community surveys, surveys of key hospital personnel, an attitudes and needs survey of a sample of recent patients and staff, positioning surveys to determine the hospital's image and where the hospital stands in relation to other health care facilities in the community, analysis of promotional tools that may be used and their effectiveness with various publics, and a detailed study of the hospital's competition.

A market audit is an important part of the research step. Such an audit examines all the services of the hospital and how they are received by users. It examines how and why the hospital gets patients (the referral network) and what features appeal to patients and referrers. It also looks at everyone the hospital does business with and at the competition.

The marketer should recognize that research will be used throughout the marketing process. Although research is a step unto itself, it also will be a part of other steps in the process. For example, the evaluation step will require research to determine how effective the marketing strategy has been. One of the most important attributes of an effective marketer is a thorough understanding of research.

Another step in the marketing process is to analyze research results, examine market potentials and draw up possible goals. A
goal may be defined as "a general statement of broad direction or intent with no time limit." Examples of goals would be "to establish the hospital as a major referral center for the state" or "to increase community awareness of services." There may be several classes of goals, such as primary goals, secondary goals and so on. The achievement of a primary goal may depend on the achievement of several secondary goals first, and the achievement of each secondary goal may depend on achieving a third level of goals. The marketing manager or administrator must structure the goals into some kind of meaningful order and assign priority to each one.

Targeting is another step in the marketing process and is the step that marks the true beginning of strategic marketing planning. Targeting means identifying individuals or groups with special characteristics and with whom the hospital wants to perform exchanges. Research helps establish which targets will be worthwhile to pursue. Examples of targets for hospitals would be patients, employees, physicians, third-party payers and contributors.

After targets are selected, each target can be specifically researched to help determine its attitudes, behavior, characteristics and so on.

Next the marketer must set up objectives. Objectives are results to be achieved that will help accomplish an organizational goal. They are usually stated in measurable terms and have a specified amount of time for completion. Examples of objectives would be "to increase placement of feature articles about the hospital in community newspapers

by 25 percent over the next 12 months" or "to maintain a constant occupancy (range of 10 percent) for at least 40 of the next 52 weeks."

Objectives, like goals, will usually fall into several classes. To accomplish a marketing goal, the marketer should break up the primary objectives into several subobjectives (tasks) and assign specific parts to the appropriate levels of the organization. The marketing director will synchronize the actions of all these levels.

Setting strategies is a major part of strategic planning. Strategies are action steps taken to reach target markets and fulfill marketing goals and objectives. There are four general strategies (specific strategies will need to be established for each objective) that can be used: 1) market penetration — serving more people in the areas currently served; 2) market development — offering services to new markets; 3) product development — improving present services; and 4) diversification — creating new services.

Next the hospital marketer must establish priorities and draw up a strategic marketing plan that takes into account the goals of the hospital. The plan will cover a specific period of time, most commonly a year. Long-range plans will cover periods of five or ten years or more. Plans should include policies, specific objectives, specific strategies, programs, schedules, possible problems and how to overcome them, organization and assignments, budgets, resource allocations, and evaluation procedures.

The plan must then be implemented using a specific calendar of who will do what and when.

Evaluation is the final step in strategic marketing planning. The marketer should review each step taken so far and evaluate what
has been achieved at what cost with what benefits. Adjustments can be made, new strategies added and poor ones discarded, new targets named and so on.

It should be recognized that the steps in the marketing process discussed above are only a general outline of the approach the marketer should take. The steps do not necessarily have to be accomplished in the given order, but they should all be done at some time. Each individual hospital must select the specific process and programs that are right for that hospital.

It should also be recognized that marketing is not a static process. For example, although evaluation was described as the final step in the marketing process, it actually becomes the first step in conceiving new plans and updating old ones. Marketers must research, evaluate, and update periodically to insure that the hospital keeps up with changes in its environment.

Marketing is by no means a simple, easily understood entity. The goal of this first part of the three-part analysis has been to increase the reader's understanding of hospital marketing by providing an overview of the field. Parts two and three will present a case study to demonstrate how a hospital can formulate a strategic marketing plan aimed at a particular market segment. It is hoped that this case study will serve to clarify some of the points made in part one and further increase the reader's understanding of the practice of hospital marketing.
PART TWO: RESEARCH FINDINGS

Purpose of part two: To provide data and analysis for a case study that focuses on consumer satisfaction-dissatisfaction with hospital care. This information will be used in part three to develop a strategic marketing plan aimed at consumers currently dissatisfied with the quality of hospital care.

The first step in developing any strategic marketing plan is research. The data and analysis in part two comprise the research findings on which the marketing plan in part three will be based. The information was gathered in a health care services survey conducted in October 1982 in a midwestern community with population 75,000-100,000. Three hundred and nine households, selected at random using a computer generated list, were surveyed. Respondents were asked questions designed to indicate their overall satisfaction with health care. They then answered questions designed to indicate which factors and characteristics of consumers might have a bearing on their overall satisfaction with health care.

It should be understood that such a survey is by no means the only research that should be conducted by a hospital ready to develop a strategic marketing plan; however, for purposes of this project, the information gathered in the survey will suffice. For an understanding of all the research that needs to be done in an actual situation, refer to part one of this paper.
NOTES:

1. The target market will be defined as consumers in this particular community who are currently dissatisfied with the quality of care they or members of their families have received in hospitals over the 12 months preceding the survey.

2. The population will be defined as households in the community in which the survey was conducted. It will be assumed the sample (households actually surveyed) is representative of the population.

3. In reporting survey results, only valid N will be included. Percentages given will exclude respondents who answered "No Opinion" or to whom the question was not applicable. The number of valid N will be stated for each question.

4. Percentages given will be rounded to the nearest whole percentage.

5. The percentages given for consumers dissatisfied with hospital care will include respondents who indicated they were "somewhat dissatisfied" and those who indicated they were "very dissatisfied" with the quality of care received in hospitals. This is because the target market includes all consumers dissatisfied with hospital care, so there is actually no reason to differentiate levels of dissatisfaction in this category.
Behavior Characteristics and Demographic Characteristics of Survey Respondents:

A marketer evaluating a survey should always examine the behavioral and demographic characteristics of the survey respondents to insure that all types of opinions are represented in the survey. This particular health care services survey was answered by 309 respondents with the following behavioral and demographic characteristics:

<table>
<thead>
<tr>
<th>BEHAVIOR</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of times different members of family living at home visited a physician in the past 12 months</td>
<td></td>
</tr>
<tr>
<td>None:</td>
<td>9%</td>
</tr>
<tr>
<td>1 - 3:</td>
<td>41%</td>
</tr>
<tr>
<td>4 - 7:</td>
<td>26%</td>
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<tr>
<td>8 or more:</td>
<td>24%</td>
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<tr>
<td>2. Number of times different members of family living at home were treated as inpatients or outpatients in a hospital during the past 12 months</td>
<td></td>
</tr>
<tr>
<td>None:</td>
<td>42%</td>
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<tr>
<td>One:</td>
<td>30%</td>
</tr>
<tr>
<td>2 - 3:</td>
<td>18%</td>
</tr>
<tr>
<td>4 or more:</td>
<td>10%</td>
</tr>
<tr>
<td>3. Does respondent's family have health insurance provided by an employer?</td>
<td></td>
</tr>
<tr>
<td>Yes:</td>
<td>72%</td>
</tr>
<tr>
<td>No:</td>
<td>28%</td>
</tr>
</tbody>
</table>
### DEMOGRAPHICS

1. Number of immediate family members now living at home

<table>
<thead>
<tr>
<th>Number of Family Members</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>21%</td>
</tr>
<tr>
<td>Two</td>
<td>35%</td>
</tr>
<tr>
<td>Three</td>
<td>20.5%</td>
</tr>
<tr>
<td>Four</td>
<td>16%</td>
</tr>
<tr>
<td>Five</td>
<td>6%</td>
</tr>
<tr>
<td>Six</td>
<td>1%</td>
</tr>
<tr>
<td>Seven</td>
<td>0%</td>
</tr>
<tr>
<td>Eight</td>
<td>0.5%</td>
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</tbody>
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2. Age category of respondent

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>21 - 29</td>
<td>29%</td>
</tr>
<tr>
<td>30 - 39</td>
<td>23%</td>
</tr>
<tr>
<td>40 - 54</td>
<td>13%</td>
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<tr>
<td>55 or older</td>
<td>35%</td>
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</tbody>
</table>

3. Highest level of school completed by respondent

<table>
<thead>
<tr>
<th>Highest Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some high school or less</td>
<td>17%</td>
</tr>
<tr>
<td>High school graduate</td>
<td>33%</td>
</tr>
<tr>
<td>Some college</td>
<td>28%</td>
</tr>
<tr>
<td>College graduate</td>
<td>22%</td>
</tr>
</tbody>
</table>

4. Income for total household last year before taxes

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>24%</td>
</tr>
<tr>
<td>$10,000 - 19,999</td>
<td>30%</td>
</tr>
<tr>
<td>$20,000 - 29,999</td>
<td>25%</td>
</tr>
<tr>
<td>$30,000 or over</td>
<td>21%</td>
</tr>
</tbody>
</table>

5. Live north or south of X street (main east-west street of town)

<table>
<thead>
<tr>
<th>Direction</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>52%</td>
</tr>
<tr>
<td>South</td>
<td>48%</td>
</tr>
</tbody>
</table>

6. Live east or west of Y street (main north-south street of town)

<table>
<thead>
<tr>
<th>Direction</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>41%</td>
</tr>
<tr>
<td>West</td>
<td>59%</td>
</tr>
</tbody>
</table>
SURVEY RESULTS

The first survey result the reader should be informed about is the measurement of satisfaction with hospitals, which indicates the size of our target market. In the survey of 309 households, respondents were asked to indicate their overall satisfaction with the quality of care given during hospital treatment over the last 12 months for themselves or member of their respective families. The results were as follows:

Satisfaction with Hospital Care (Measurement of Target Market)

Valid N = 193

The responses to this question indicated the percentage of survey respondents that were dissatisfied with hospital care, which helps the marketer by demonstrating how large the target market of dissatisfied consumers is. Research shows that a hospital marketer in this community can expect to find a target market encompassing approximately
20 percent of the population, a target sufficiently large for a hospital to pursue.

The next thing to do is to test several groups of variables that are thought to be related to or to be indicators of satisfaction with hospitals. The variables tested by the survey are listed below under the appropriate groupings.

**Measurements of Satisfaction**

- Satisfaction with the quality of care given by the family doctor
- Satisfaction with the quality of care given by doctors in general

**Characteristics people use to choose a doctor**

- Recommendation by friends or family
- Recommendation by other physician or hospital staff
- Amount the doctor charges
- Takes time to answer questions
- Convenience of the office location
- Stays on appointment schedule
- Office is open evenings and weekends
- Up to date on current medical techniques

**Attitudes (Level of Agreement with the Following Statements)**

- Many physician today do not satisfy the needs of their patients.
- My faith in hospitals has gone down in the past two years.
- I think hospitals should offer special preventive health care programs such as diet workshops, stop smoking programs, etc.
- I find it hard to get an appointment with a doctor when I need one.
- It would be nice to have an independent consumer rating service for hospitals.
- Hospitals should advertise their services and rates.
Attitudes (cont.)

- Doctors should advertise their services and rates.
- I like to read articles or watch TV programs which deal with staying fit and preventing illness.
- It often takes too long to learn test results from hospitals.
- Health care costs are too high.
- The government should offer a national health insurance policy.
- Hospitals don't try to keep costs down.
- The majority of doctors are overpaid.
- I find myself not going to the doctor sometimes because costs are too high.
- Hospital costs seem to be rising for no real reason.
- I often feel overwhelmed or intimidated in hospitals.
- Too many people who work in hospitals forget patients are human.
- It's hard to get a satisfactory answer when you ask a question in a hospital.
- Hospital bills are difficult to read and understand.
- People who have health insurance at work should pay a greater share of the costs for that insurance.

Behavior

- Number of times in the past 12 months the respondent or a member of his or her immediate family living at home visited a physician.
- Number of times in the past 12 months the respondent or a member of his or her immediate family living at home was treated in a hospital as either an inpatient or an outpatient.
- Does respondent's family have health insurance provided by an employer?

Demographics

- Number of immediate family members now living at home.
- Age category
Demographics (cont.)

- Highest level of school completed
- Income category
- Area of town in which the respondent lives

Of these variables that were tested, NO BEHAVIORAL VARIABLES AND NO DEMOGRAPHIC VARIABLES WERE SHOWN TO BE SIGNIFICANTLY RELATED TO SATISFACTION WITH HOSPITALS at the .05 level by the chi-square test of significance.

Several variables in the other categories were shown to be significant, and these variables will be examined in the remainder of this section. Those variables meeting the .05 test are as follows:

Measurements of Satisfaction

- Satisfaction with the quality of care provided by the family doctor
- Satisfaction with the quality of care provided by doctors in general

Characteristics People Sometimes Use to Choose a Doctor

- Recommendation by other physician or hospital staff
- Takes time to answer questions

Attitudes

- My faith in hospitals has gone down in the past two years.
- I find it hard to get an appointment with a doctor when I need one.
- It would be nice to have an independent consumer rating service for hospitals.
- I often feel overwhelmed or intimidated in hospitals.
- Too many people who work in hospitals forget patients are human.
- It's hard to get a satisfactory answer when you ask a question in a hospital.
Now the relationships between these 10 significant variables and satisfaction with hospitals will be examined.

MEASUREMENTS OF SATISFACTION

One variable in this category that was shown to be significant was the respondent's satisfaction with his or her family doctor. Respondents were asked, "How satisfied are you with the quality of care given by your family doctor?" The responses were as follows:

**Satisfaction with Family Doctor**

Valid N = 286

<table>
<thead>
<tr>
<th>Satisfied</th>
<th>Very dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somewhat Satisfied</td>
<td>31%</td>
</tr>
<tr>
<td>Very Satisfied</td>
<td>63%</td>
</tr>
<tr>
<td>Somewhat Dissatisfied</td>
<td>5%</td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>1%</td>
</tr>
</tbody>
</table>

When a cross-tabulation was run using satisfaction with the family doctor as the independent variable and satisfaction-dissatisfaction with hospitals as the dependent variable, the relationship was shown to be as follows:
Relationship between Satisfaction with Family Doctor and Satisfaction with Hospitals

<table>
<thead>
<tr>
<th>Satisfaction with Family Doctor</th>
<th>Very Dissatisfied</th>
<th>Somewhat Dissatisfied</th>
<th>Somewhat Satisfied</th>
<th>Very Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid N = 182</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significance = .000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson's r = .276</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Since the target market consists of consumers dissatisfied with hospital care, only these consumers are presented in the graph above. To determine the percentage of consumers in each category that are satisfied with hospital care, subtract the percentage of dissatisfied consumers from 100 percent.*
In the cross-tabulation between satisfaction with the family doctor and satisfaction with hospitals, Pearson's r was calculated to be .276. This indicates a positive association between the two variables. As dissatisfaction with the family doctor increases, dissatisfaction with hospitals also tends to increase.

Another factor indicated to be related to satisfaction with hospitals was satisfaction with doctors in general. Survey respondents were asked, "How satisfied are you with the quality of care given by

* The measure of association that will be used throughout this section is the correlation coefficient, which is also known as Pearson's r.

Pearson's r is a measure of linear association. It measures how tightly the points on a scatterplot cluster about a straight line, which indicates how strongly the two variables are linearly related. The value of Pearson's r ranges from $r = -1$ to $r = +1$, with $r$ being positive when the association of the two variables is positive (the line has a positive slope) and being negative when the association is negative (the line has a negative slope).

Correlations near the two extreme values of $-1$ and $+1$ indicate the points fall close to a straight line. For example, if $r = +1$, then all the data points fall exactly on a line having positive slope (as $x$ increases, $y$ also increases). If $r = 0$, then there is no linear correlation between the two variables. Thus $r$ serves as a measure of the strength of the association between variables.

The strength of linear association in all cases in this section can be described as being at best "moderate." This is to be expected, especially when dealing with a variable as broad as satisfaction with hospitals. Many variables impact on satisfaction, so the strength of any one of them is not likely to be high; however, $r$ is still a useful statistic in showing which $x$ variables do have a relatively strong association with $y$. These variable will help describe and identify the target market.

It should be noted that even if $r$ indicates a strong association between variables, this does not necessarily mean that a change in the $x$ variable causes a change in the $y$ variable. It simply means that one variable is probably a good predictor of the other. More testing, analysis and judgment would be necessary before concluding that a change in the $x$ variable causes a change in the $y$ variable.
doctors in general? The responses were as follows:

Satisfaction with Doctors in General

Valid N = 296

- Very Dissatisfied: 3%
- Somewhat Dissatisfied: 16%
- Very Satisfied: 27%
- Somewhat Satisfied: 54%
When a cross-tabulation was run using satisfaction with doctors in general as the independent variable and satisfaction with hospitals as the dependent variable, the relationship was shown to be as follows:

Relationship Between Satisfaction with Doctors in General and Satisfaction with Hospitals

Valid N = 185
Significance = .000
Pearson's r = .300
In the cross-tabulation between satisfaction with doctors in general and satisfaction with hospitals, Pearson's r was calculated to be .300. This indicates a positive association between the two variables. As dissatisfaction with the family doctor increases, dissatisfaction with hospitals also tends to increase.

**CHARACTERISTICS PEOPLE SOMETIMES USE TO CHOOSE A DOCTOR**

The next group of variables tested by the survey was characteristics people sometimes use to choose a doctor. Respondents were asked to rate each characteristic according to its importance to them personally in selecting a doctor. The ratings given to two of these selection characteristics were shown to be significantly related to satisfaction with hospitals.

The first of these two was "recommendation by other physician or hospital staff." When respondents were asked to rate this characteristic according to its importance to them personally in selecting a doctor, the results were as follows:

**Importance of Recommendation by Other Physician or Hospital Staff in Selecting a Doctor**

Valid N = 299

- Very Unimportant: 5%
- Unimportant: 7%
- Somewhat Important: 32%
- Very Important: 58%
When a cross-tabulation was run using the importance of recommendation by another physician or hospital staff in selecting a doctor as the independent variable and satisfaction with hospitals as the dependent variable, the results were as follows:

**Relationship Between Recommendation by Another Physician or Hospital Staff in Selecting a Doctor and Satisfaction with Hospitals**

![Bar chart showing the relationship between recommendation importance and hospital satisfaction](image)

**Importance of Recommendation by other Physician or Hospital Staff in Selecting a Doctor**

- Valid N = 187
- Significance = .003
- Pearson's r = .217
In the cross-tabulation between the importance of recommendation by another physician or hospital staff in selecting a doctor and satisfaction with hospitals, Pearson's r was calculated to be .217. This indicates a positive relationship between the two variables. As the importance of recommendation by another physician or hospital staff in selecting a doctor increases, dissatisfaction with hospitals tends to increase.

The other characteristic often used by people in selecting a doctor and which was indicated to be related to satisfaction with hospitals was "takes time to answer questions." When survey respondents were asked to rate this characteristic according to its importance to them personally in selecting a doctor, the results were as follows:

**Importance of "Takes Time to Answer Questions" in Selecting a Doctor**

Valid N = 302
When a cross-tabulation was run using the importance of "takes time to answer questions" in selecting a doctor as the independent variable and satisfaction with hospitals as the dependent variable, the results were as follows:

Relationship Between the importance of "Takes Time to Answer Questions" In Selecting a Doctor and Satisfaction With Hospitals

![Bar chart showing the relationship between the importance of "takes time to answer questions" in selecting a doctor and satisfaction with hospitals. The chart indicates a significant relationship with a Pearson's r of 0.134 and a significance level of 0.029.]

Importance of "Takes Time to Answer Questions" in Selecting a Doctor

Valid N = 188
Significance = .029
Pearson's r = .134
In the cross-tabulation between the importance of "takes time to answer questions" in selecting a doctor and satisfaction with hospitals, Pearson's $r$ was calculated to be 0.134. This indicates a positive relationship between the two variables. As the unimportance of "takes time to answer questions" in selecting a doctor increases, dissatisfaction with hospitals also tends to increase.

**ATTITUDES**

Survey respondents were next asked to answer a series of questions designed to indicate their attitudes about various health care statements. They were asked to rate each statement according to how much they personally agreed or disagreed with the statement. The ratings given to six of these statements were shown to be related to satisfaction with hospitals.

The first of these was the statement, "My faith in hospitals has gone down in the past two years." When survey respondents were asked to rate this statement according to how much they agreed or disagreed with it, the results were as follows:

**Agreement with the Statement "My Faith in Hospitals Has Gone Down in the Past Two Years"**

Valid $N = 280$

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>26%</td>
<td>24%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>26%</td>
<td>24%</td>
</tr>
</tbody>
</table>
When a cross-tabulation was run using the strength of the agreement with the statement "My faith in hospitals has gone down in the past two years" as the independent variable and using satisfaction with hospitals as the dependent variable, the results were as follows:

**Relationship Between Strength of Agreement with the Statement "My Faith in Hospitals Has Gone Down in the Past Two Years" and Satisfaction With Hospitals**

<table>
<thead>
<tr>
<th>Dissatisfaction with Hospitals</th>
<th>Strongly Disagree</th>
<th>Somewhat Disagree</th>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>7%</td>
<td>8%</td>
<td>20%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Valid N = 184
Significance = .000
Pearson's r = - .479
In the cross-tabulation between the strength of agreement with the statement "My faith in hospitals has gone down in the past two years" and satisfaction with hospitals, Pearson's $r$ was calculated to be $-.479$. This indicates a negative association between the two variables.

As the disagreement with the statement "My faith in hospitals has gone down over the past two years" increases, dissatisfaction with hospitals tends to decrease.

Another of the attitudes statements that was shown to be related to satisfaction with hospitals was the statement, "I find it hard to get an appointment with a doctor when I need one." When survey respondents were asked to rate this statement according to how much they agreed or disagreed with it, the results were as follows:

**Agreement with the Statement, "I Find it Hard to Get an Appointment With a Doctor When I Need One"**

Valid N = 300
When a cross-tabulation was run using agreement with the statement "I find it hard to get an appointment with a doctor when I need one" as the independent variable and satisfaction with hospitals as the dependent variable, the results were as follows:

Relationship Between Agreement with the Statement "I Find it Hard to Get an Appointment with a Doctor When I Need One" and Satisfaction With Hospitals

Valid N = 189
Significance = .000
Pearson's r = -.218
In the cross-tabulation between agreement with the statement "I find it hard to get an appointment with a doctor when I need one" and satisfaction with hospitals, Pearson's r was calculated to be -.218. This indicates a negative association between the two variables. As disagreement with the statement "I find it hard to get an appointment with a doctor when I need one" increases, dissatisfaction with hospitals decreases.

Another attitudes statement that was indicated to be related to satisfaction with hospitals was the statement, "It would be nice to have an independent consumer rating service for hospitals." When survey respondents were asked to rate this statement according to how much they agreed or disagreed with it, the results were as follows:

Agreement with the Statement, "It Would be Nice to Have an Independent Consumer Rating Service for Hospitals"

Valid N = 261

- Strongly Disagree: 7%
- Somewhat Disagree: 10%
- Strongly Agree: 45%
- Somewhat Agree: 42%
When a cross-tabulation was run using agreement with the statement, "It would be nice to have an independent consumer rating service for hospitals" as the independent variable and satisfaction with hospitals as the dependent variable, the results were as follows:

Relationship Between Agreement with the Statement "It Would be Nice to Have an Independent Consumer Rating Service for Hospitals" and Satisfaction With Hospitals

<table>
<thead>
<tr>
<th>Disagreement with Hospitals</th>
<th>Strongly Disagree</th>
<th>Somewhat Disagree</th>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>20%</td>
<td>7%</td>
<td>15%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Valid N = 164
Significance = .050
Pearson's r = -.170
In the cross-tabulation between agreement with the statement "It would be nice to have an independent consumer rating service for hospitals" and satisfaction with hospitals, Pearson's $r$ was calculated to be $-0.170$. This indicates a negative relationship between the two variables. As disagreement with the statement "It would be nice to have an independent consumer rating service for hospitals" increases, dissatisfaction with hospitals tends to decrease.

A relationship was also indicated between the statement "I often feel overwhelmed or intimidated in hospitals" and satisfaction with hospitals. When survey respondents were asked to rate the statement according to how much they agreed or disagreed with it, the results were as follows:

*Agreement with the Statement "I Often Feel Overwhelmed or Intimidated In Hospitals"*

Valid $N = 280$
When a cross-tabulation was run using agreement with the statement, "I often feel overwhelmed or intimidated in hospitals" as the independent variable and satisfaction with hospitals as the dependent variable, the results were as follows:

**Relationship Between Agreement with the Statement, "I Often Feel Overwhelmed or Intimidated in Hospitals" and Satisfaction with Hospitals**

<table>
<thead>
<tr>
<th>Dissatisfaction With Hospitals</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>10%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>6%</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>41%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>37%</td>
</tr>
</tbody>
</table>

Valid N = 181
Significance = .001
Pearson's r = -.262
In the cross-tabulation between agreement with the statement, "I often feel overwhelmed or intimidated in hospitals" and satisfaction with hospitals, Pearson's r was calculated to be -.262. This indicates a negative relationship between the two variables. As disagreement with the statement, "I often feel overwhelmed or intimidated in hospitals" increases, dissatisfaction with hospitals decreases.

Another attitudes statement that was indicated to be related to satisfaction with hospitals was the statement, "Too many people who work in hospitals forget people are human." When survey respondents were asked to rank this statement according to how much they agreed or disagreed with it, results were as follows:

Agreement with the Statement, "Too Many People Who Work in Hospitals Forget Patients are Human"

Valid N = 292
When a cross-tabulation was run using agreement with the statement, "Too Many People Who Work in Hospitals Forget Patients are Human" as the independent variable and satisfaction with hospitals as the dependent variable, the results were as follows:

Relationship Between Agreement with the Statement, "Too Many People Who Work in Hospitals Forget Patients are Human" and Satisfaction with Hospitals

![Bar Chart]

Agreement with the statement, "Too many people who work in hospitals forget patients are human"

Valid N = 187
Significance = .000
Pearson's r = -.344
In the cross-tabulation between agreement with the statement, "Too many people who work in hospitals forget patients are human" and satisfaction with hospitals, Pearson's r was calculated to be -.344. This indicates a negative association between the variables. As disagreement with the statement, "Too many people who work in hospitals forget patients are human" increases, dissatisfaction with hospitals decreases.

The final statement on the survey that was shown to be associated with satisfaction with hospitals was the statement, "It's hard to get a satisfactory answer when you ask a question in a hospital." When survey respondents were asked to rate this statement according to how much they agreed or disagreed with it, the results were as follows:

Agreement with the Statement, "It's Hard to Get a Satisfactory Answer When You Ask a Question in a Hospital"

Valid N = 295
When a cross-tabulation was run using agreement with the statement, "It's hard to get a satisfactory answer when you ask a question in a hospital" as the independent variable and satisfaction with hospitals as the dependent variable, the results were as follows:

Relationship Between Agreement with the Statement, "It's Hard to Get A Satisfactory Answer When You Ask a Question in a Hospital" and Satisfaction with Hospitals

<table>
<thead>
<tr>
<th>% Dissatisfaction With Hospitals</th>
<th>Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td></td>
<td>14%</td>
</tr>
</tbody>
</table>

Valid N = 188
Significance = .033
Pearson's r = -.230
In the cross-tabulation between agreement with the statement, "it's hard to get a satisfactory answer when you ask a question in a hospital" and satisfaction with hospitals, Pearson's r was calculated to be -0.230. This indicates a negative association between the two variables. As disagreement with the statement, "It's hard to get a satisfactory answer when you ask a question in a hospital" increases, dissatisfaction with hospitals decreases.

This concludes the list of variables that were shown to be significantly related to satisfaction with hospitals. Remember, NO BEHAVIORAL OR DEMOGRAPHIC VARIABLES WERE SHOWN TO BE SIGNIFICANT.

In total, the survey produced 10 variables that were indicated to be associated with hospital satisfaction. The next question to be answered is how strongly each of these variables impact on satisfaction.

Rates of impact for the 10 significant variables can be found by examining the linear regression equation for each variable. This is the equation that describes the line showing the relationship between the independent variable and the dependent variable. The basic relationship can be expressed by the equation:

$$Y = a + bX$$

The Y represents the dependent variable; X is the independent variable. The a value gives the starting point of the line, the point where the X value is equal to zero. The b value gives the slope of the line.

It is the b value that will be useful in determining the rate of impact of each of the significant independent variables on satisfaction with hospitals. The b value (slope) tells us how much
the Y value will increase or decrease with a given increase or decrease in the X value. A positive slope indicates Y will increase when X increases and decrease when X decreases. A negative slope indicates Y will decrease when X increases and increase when X decreases.

Slope also indicates the strength of the impact of the independent variable on the dependent variable. The higher the absolute value of the slope (the steeper the line), the more X impacts on Y. A given change in an X with a high rate of impact will produce more of a change in Y than will a change in an X with a low rate of impact.

For the regression lines linking the ten significant independent variables with satisfaction with hospitals, the slopes are as follows:

- Satisfaction with care of family doctor—Satisfaction with hospitals  
  Slope = .385

- Satisfaction with care of doctors in general — Satisfaction with hospitals  
  Slope = .362

- Importance of recommendation by other physician or hospital staff in selecting a doctor — Satisfaction with hospitals  
  Slope = .262

- Importance of "takes time to answer questions" in selecting a doctor — Satisfaction with hospitals  
  Slope = .192

- Agreement with the statement, "My faith in hospitals has gone down in the past two years"— Satisfaction with hospitals  
  Slope = -.390

- Agreement with the statement, "I find it hard to get an appointment with a doctor when I need one" — Satisfaction with hospitals  
  Slope = -.179

- Agreement with the statement, "It would be nice to have an independent consumer rating service for hospitals"— Satisfaction with hospitals  
  Slope = -.174

- Agreement with the statement, "I often feel overwhelmed or intimidated in hospitals"— Satisfaction with hospitals  
  Slope = -.174
. Agreement with the statement, "Too many people who work in hospitals forget patients are human" — Satisfaction with hospitals

- Slope = -.280

. Agreement with the statement, "It's hard to get a satisfactory answer when you ask a question in a hospital" — Satisfaction with hospitals

- Slope = -.216

Each of the slopes presented above have been used to calculate a "rate of impact" for each of the ten significant independent variables on hospital satisfaction. In order that these impacts may be easily compared, they have been indexed, with the lowest rate of impact represented as being 100. The rates of impact for all the other independent variables can then be calculated and seen as proportional increases over this lowest rate of impact. For example, if a variable's rate of impact was calculated to be 200, then this variable would be said to have twice the impact of the variable rated at 100.

The following formula was used to calculate the rates of impact for the ten significant variables:

\[
\text{Rate of Impact} = \left( \frac{\text{Absolute value of the slope of the variable in question}}{\text{Absolute value of the lowest of the ten slopes}} \right) \times 100
\]

The rates of impact of each of the ten significant variables, in order from lowest to highest, are as follows:

. Agreement with the statement, "It would be nice to have an independent consumer rating service for hospitals" — Impact = 100
Agreement with the statement, "I find it hard to get an appointment with a doctor when I need one"  Impact = 103

Importance of "takes time to answer questions" in selecting a doctor Impact = 110

Agreement with the statement, "It's hard to get a satisfactory answer when you ask a question in a hospital" Impact = 124

Agreement with the statement, "I often feel overwhelmed or intimidated in hospitals" Impact = 126

Importance of recommendation by other physician or hospital staff in selecting a doctor Impact = 151

Agreement with the statement, "Too many people who work in hospitals forget patients are human" Impact = 161

Satisfaction with quality of care given by doctors in general Impact = 208

Satisfaction with quality of care given by family doctor Impact = 221

Agreement with the statement, "My faith in hospitals has gone down in the past two years" Impact = 224

This concludes the research findings and part two of this three-part project. In part three, a strategic marketing plan aimed at attracting consumers currently dissatisfied with the quality of hospital care will be developed. This plan will be based on the research findings presented in part two and on some of the basic marketing principles presented in part one.
PART THREE: THE STRATEGIC MARKETING PLAN

Purpose of part three: To provide an understanding of strategic marketing planning by presenting a sample strategic marketing plan based on the research data and analysis given in part two of this project.

A strategic marketing plan is one that is aimed at specific targets and used to accomplish a specific objective. The following is a one-year marketing plan for a hospital that will be referred to as "Hospital X." This plan will provide examples of the essential elements that should be included in any organization's marketing plan. These elements include:

- A situation analysis briefly discussing the current business situation
- A statement of the marketing objectives
- Problems, characteristics and opportunities involved in carrying out the marketing plan
- A list of the targets
- Strategies to implement the objectives and reach the targets
- A list of the promotional tools needed to carry out the strategies
- A description of how the effectiveness of the plan will be monitored and measured

It is hoped that this plan will serve to clarify and illustrate the explanation of strategic market planning provided in part one of this project.
A MARKETING PLAN FOR ATTRACTING AND SATISFYING THE CONSUMER CURRENTLY DISSATISFIED WITH THE QUALITY OF CARE PROVIDED IN HOSPITALS

Situation Analysis

Hospital X is a 650-bed facility, and it is the only hospital in Community X, a Midwestern community with population 75,000-100,000. In the past few years, Hospital X has grown increasingly worried about both its shaky image in the community and the competition being provided from hospitals in nearby communities. Hospital X has long attempted to build a reputation as a regional referral center for its region of the state, so the increasing exposure being given to other hospitals in the area is viewed with alarm.

Hospital X has decided that steps must be taken to repair its sliding image and counteract attention being given to the competition. A recent survey has indicated that approximately 20 percent of the consumers in Hospital X's community are dissatisfied with the quality of care received in hospitals. Hospital X has decided that attracting and satisfying these consumers would be an excellent step toward improving the hospital's image in the community and ultimately in its region of the state.

The above-mentioned survey results indicate that dissatisfied consumers tend to feel hospitals are overwhelming, unfriendly and uninformative; therefore, the marketing plan will focus on establishing a helpful, friendly, informative image for Hospital X.

Problems and Characteristics

The survey of 309 households in Hospital X's community indicates that consumers dissatisfied with hospital care tend to feel hospitals have the following problems:
1. Hospitals often cause them (patients) to feel overwhelmed or intimidated.

2. Too many people who work in hospitals forget patients are human.

3. It is hard to get satisfactory answers to questions in hospitals.

Consumers dissatisfied with the quality of care in hospitals also tend to have the following characteristics:

1. They tend to be dissatisfied with the quality of care provided by their family doctors.

2. They tend to be dissatisfied with the quality of care provided by doctors in general.

3. They tend to feel recommendation by another physician or hospital staff is important in selecting a doctor.

4. They tend to think that "takes time to answer questions" is an important characteristic by which to select a doctor.

5. Their faith in hospitals has gone down in the past two years.

6. They tend to think it is difficult to get an appointment with a doctor when they need one.

7. They tend to think it would be nice to have an independent consumer rating service for hospitals.

Opportunities

Identification of the above problems and characteristics suggests some opportunities for Hospital X. Among them are opportunities to:

1. Target dissatisfied consumers and direct programs and promotion to appeal to them

2. Cultivate an image as a caring, friendly hospital

3. Establish informational programs of interest to consumers

4. Work with hospital physicians and employees to improve their ability to communicate with patients

5. Improve the attitude and morale of hospital employees
6. Increase the level of patient and community satisfaction with Hospital X, with a view toward repeat business and word-of-mouth publicity

7. Use follow-up questionnaires to determine the satisfaction levels and suggestions of patients after being released from Hospital X

Marketing Objectives for Hospital X

The overall marketing objective of this plan is "to increase the percentage of patients satisfied with the quality of care at Hospital X by at least seven percent within the next 12 months and to carry out programs designed to support efforts to satisfy the currently dissatisfied consumers."

The primary marketing objectives that have been established in support of the overall objective are as follows:

1. To develop a promotional program explaining the services and facilities of Hospital X that would be important to targets

2. To develop a communications program within the hospital designed to improve personnel communication skills with patients

3. To develop new contacts with outside groups that may use hospital facilities and may contain consumers with a negative view of the quality of hospital care

Subobjectives of the three primary marketing objectives, with suggested deadlines, are as follows:

Objective 1: Develop promotional programs

1-A Survey promotional programs at five other hospitals. (Deadline: Feb. 15)*

1-B Identify features, benefits of Hospital X that would be of special interest to dissatisfied consumers. (Deadline: Feb. 25)

* It is assumed that this plan is a one-year plan based on a calendar year beginning January 1.
1-C Develop promotional tools and programs to reach the target markets. (Deadline: April 1)

1-D Distribute promotional tools and informational programs to reach targets. (Deadline: May 15)

1-E Monitor acceptance among targets of information and promotion programs. (Deadline: Nov. 15)

1-F Determine changes to be made in program. (Deadline: Dec. 15)

Objective 2: Develop an in-house communications program to improve personnel communication skills with patients.

2-A Determine staff members, physicians, and other members who must be reached. (Deadline: Jan. 15)

2-B Determine schedule of programs or devices to reach in-hospital targets. (Deadline: Feb. 1)

2-C Implement program for physicians. (Deadline: March 1)

2-D Implement program for employees. (Deadline: March 15)

2-E Implement program for volunteers, other members. (Deadline: April 15)

2-F Monitor acceptance of in-house targets. (Deadline: Nov. 15)

2-G Determine changes to be made in programs to reach targets. (Deadline: Dec. 15)

Objective 3: Develop at least 10 contacts or agreements with outside groups that might use hospital facilities and might contain consumers with negative views of hospital care. These contacts would be in the nature of informational and promotion disseminating contacts. (Example: Groups could agree to have a speaker from the hospital at some meetings.)

3-A Identify groups which would be likely targets for such a program. Examples would be church or civic groups, large clubs, trade unions and so on. (Deadline: March 15)

3-B Research and survey groups that have been selected. (Deadline: May 25)
3-C Design a program to disseminate information to these groups. (Deadline: June 15)

3-D Implement a program of visitations and promotions with targeted groups. (Deadline: July 15)

3-E Monitor acceptance of visitation program. (Deadline: Oct. 15)

3-F Determine future of promotional plans with local groups. (Deadline: Nov. 15)

Marketing Targets of Hospital X

Primary targets for this plan:

1. Patients and potential patients currently dissatisfied with the quality of care received in hospitals

2. Hospital X Physicians (all staff physicians, including medical consultants)

3. Employees and volunteers at Hospital X (full-time and part-time personnel)

4. Community groups including neighborhood and church groups, trade unions, clubs and so on

Parallel with the development of this initial one-year marketing plan, the public relations department at Hospital X will keep local media informed about activities and programs related to the plan. In other words, the media will be secondary targets.

Marketing Strategies for Hospital X

Three basic marketing strategies will be used in the marketing plan:

1. Market Penetration: Through various programs aimed at hospital personnel, dissatisfied consumers and community organizations, the hospital will attempt to satisfy more consumers.

2. Market Development: The marketing plan will help find new pools of patients, perhaps among consumers who have been dissatisfied at other hospitals.

3. Product or Service Development: New or improved services will be provided to present markets.
Strategy Development by Targets: (Key to overall marketing strategies: * market penetration; ** market development; *** product or service development).

Target 1: Patients and potential patients currently dissatisfied with the quality of hospital care

* A. Mail questionnaire to every 20th hospital patient. Questionnaire will center on the patient's satisfaction-dissatisfaction with Hospital X, reasons for satisfaction-dissatisfaction, comments, suggestions for improvement, and so on. (Responsibility of marketing director)

** B. Mail brochures discussing hospital informational services to residents of three nearby census tracts. (marketing and public relations directors)

* C. Interview patients at random on continuing basis in all departments of the hospital. (marketing director)

*** D. Employ a psychologist or someone from another profession skilled in dealing with the emotional well-being of patients to move around among the patients to reassure and/or counsel them. Eventually, one psychologist should be hired for each major division of the hospital. (personnel director)

*** E. Initiate pre-admission instruction sessions for incoming patients, allowing time for a question and answer session. (marketing director, administrator)

*** F. Develop a patient inquiry line staffed by a registered nurse. The RN would respond to callers who asked about medical problems and would refer them to appropriate specialists on the hospital staff. Follow-up literature would then be sent to the caller. (marketing director, administrator)

* G. Encourage incoming patients to bring special personal items with them to make them feel more comfortable during the hospital stay. This opportunity could be publicized to patients through the use of a brief section in the patient brochures, through the use of the pre-admission instruction sessions, through conversations with the admitting physician or hospital staff, and so on. (marketing director)
** H. Use radio commercials and newspaper advertisements to appeal to dissatisfied consumers. Concentrate on how Hospital X is informative, friendly and so on.

In some commercials, promote the new informational services such as the patients inquiry line and the pre-admission instruction sessions.

Another series of commercials should focus on Hospital X's willingness to hear consumer feedback and to provide satisfaction to consumers who have problems. Research has shown that it is beneficial for organizations to "design communications campaigns incorporating the theme that people from all segments of the public can encounter marketplace problems, and can frequently be given satisfactory solutions if they express their problems." (marketing and public relations directors)

*** I. Develop a "Speakers' Bureau." This bureau will be further described in target market #4: Community Groups. (marketing and public relations directors)

Target 2: Hospital physicians

* A. Hold informational meetings for various sections of the medical staff. Encourage the physicians at these meetings to tell patients about informational services available to them. (chief of staff, marketing director)

* B. Hand deliver brochures detailing hospital informational services to all physicians on staff. (marketing and public relations directors)

*** C. Distribute survey to all physicians asking for their input on how to best deal with a patient's emotional well-being and satisfaction. (marketing and public relations directors)

*** D. Consider ideas provided by survey and act on those that seem appropriate. (marketing director)

* E. Begin program of mailing acknowledgement letters and copies of comments to physicians receiving favorable comments from patients on post-dismissal surveys. (marketing and public relations directors)

** F. Orient new physicians regarding special informational services of Hospital X and procedures used to make patients more satisfied. (marketing and public relations)

Target 3: Employees and Volunteers

* A. Distribute brochure on hospital informational services as part of payroll envelope. (public relations director)

* B. Devote a special issue of the hospital's employee newsletter to reviewing special informational services of the hospital and the efforts being made to make patients more satisfied. (public relations director)

* C. Distribute brochure on informational services at annual auxiliary meeting. (director of volunteers, marketing and public relations directors)

* D. Visit employee department meetings to discuss the role employees play in making patients satisfied. Exchange ideas and information. (marketing and public relations directors, department heads)

*** E. Select and prepare hospital personnel to be members of the Speakers' Bureau. (marketing and public relations directors)

* F. Bolster employee morale by printing favorable comments received from patients regarding hospital staff care. These comments could be printed (with patient permission) in the hospital's employee newsletter. (public relations director)

Target 4: Community Groups

*** A. Develop a Speakers' Bureau in which personnel from Hospital X would be available to speak to local groups on health-related topics of interest to them. The group would specify which topic they want to be presented. (marketing and public relations directors)

** B. Visit meetings of targeted community groups to get their input on which topics would be of interest to them. (marketing director)

** C. Develop promotional brochure containing a list of topics and speakers for the Speakers' Bureau. Mail brochure presidents of targeted organizations. (marketing and public relations directors)

** D. Have speakers distribute brochure on hospital informational services to membership of organization at which the speaker is appearing. (marketing director)

** E. Do telephone follow-up survey of organizations having a speaker to gather opinions, ideas, evaluations. (marketing director)
Promotional Tools Used in Marketing Plan

The following promotional tools are needed to help carry out this marketing plan to the selected targets in the next 12 months:

1. Brochure on hospital informational services (including the patient inquiry line, pre-admission instruction sessions, availability of staff psychologists for counseling, brief description of Speakers' Bureau)

2. Speakers' Bureau brochure

3. Advertisements for radio and newspapers

4. Questionnaire for patients

5. Questionnaire for physicians

6. Cover letters for accompanying tools, mailings

Monitoring the Marketing Plan

The subobjectives of the three primary objectives need to be carefully monitored so any necessary corrective action can be taken in successive years of the plan. By October 15 of the first year, the progress of developing contacts with community groups will be established. By November 15, the acceptance of promotional programs and the acceptance of in-house communications programs will be determined.

Here is how the effectiveness of the initial marketing plan for satisfying currently dissatisfied consumers will be monitored:

Objective 1: Develop promotional programs

- Seek feedback from administrators, supervisors, physicians, volunteers, patients and others as to the effectiveness of communications.

- Study questionnaires completed and returned by patients.

- Check for increase/decrease in the percentage of dissatisfied patients in the three nearby census tracts.
. Check for increase/decrease in the percentage of dissatisfied patients overall.

. Evaluate results and suggestions of the informal interviews conducted with patients.

. Interview staff psychologist(s) who have been communicating with patients to see how they feel the patients regard the hospital.

. Compare characteristics/benefits of Hospital X as envisioned by the marketing department with the actual characteristics/benefits mentioned by patients who have indicated they are dissatisfied.

. Check monthly hospital statistics for use of various hospital informational services; compare with statistics from previous months to detect trends.

Objective 2: Develop in-house communications program to improve personnel communications skills with patients.

. Assess the attitude and morale of hospital staff to determine what effect the marketing program has had on job performance and outlook.

. Review comments received through programs for hospital staff to determine which points were implemented or resolved.

. Assess patient questionnaires to determine their feelings on staff attitude, morale, quality of care.

. Determine usage of Hospital X this year by hospital staff members; compare with previous years.

Objective 3: Develop 10 agreements with community groups

. Determine number of groups that have agreed to hear a speaker from Hospital X this year.

. Assess results of informal telephone interviews with group members held after speaker appeared.

. Review reasons given for not having a speaker

. Review any comments received regarding Hospital X characteristics/benefits from target groups.

On the basis of the above monitoring techniques, the marketing department at Hospital X will take corrective action either to adjust the plan during the first year or to take new actions in successive years.
The strategic marketing plan given in the previous pages is based largely on the research findings that were presented in part three. These research findings indicated that consumers dissatisfied with hospitals tend to feel hospitals are overwhelming, that hospital personnel do not treat patients as human beings, and that it is difficult to get answers to questions in hospitals. These consumers also value recommendations by other physicians or hospital staff; they like physicians who take time to answer questions; and they find it difficult to get an appointment with a doctor when they need one.

The marketing plan is aimed at overcoming these problems. Emphasis is placed on making Hospital X a friendly, informative hospital. Through the patient inquiry line (a new program), consumers can get recommendations and answers to questions. The pre-admission instruction sessions also provide answers to questions. The availability of staff psychologists encourages patients to share their problems, and lets them know the hospital cares about them as human beings. The Speakers' Bureau also provides information and recommendations, as well as serving as a community outreach program.

Physicians and hospital personnel are important parts of this program. Efforts are made to make the physicians more accessible and more willing to take proper time to answer questions. Hospital staff are encouraged to be more friendly and informative and to encourage consumer feedback.

The marketing plan makes no effort to define the target market of dissatisfied consumers using behavioral or demographic characteristics. That is because these characteristics were not shown to be significantly related to hospital satisfaction at the .05 level.
This concludes the three-part project on the subject of hospital marketing. It is hoped that the project has provided an understanding of marketing as it exists in hospitals today — what it is, why it is being used, how to use it and how to evaluate it.

The topic is one that is likely to gain more visibility in the next few years, because hospitals are realizing the need for marketing. As one article on the subject of hospital marketing stated, "Today a hospital does not ensure itself a success by simply being available to the public . . . the key to a successful institution may rest with an effective marketing program."² This means that the emerging field of hospital marketing is likely to keep growing and will become more and more a part of our nation's system of health care in the years to come.


"Hospitals Learn Marketing Techniques." Hospital Public Relations, June 1978, pp. 1, 3-5.


"New Service Ideas . . . in Brief." The Snowmass Advisory, October 1979, p. 11.


