Marketing of Healthcare Services with Reference to Laboratory Services

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Abstract
The paper attempts to study empirically dealer’s point of view on the 7p’s i.e. marketing mix for laboratory services. The primary data was collected from dealers by administering interview schedules on 7p’s of laboratory service marketing. This data collected was tabulated, analyzed and interpreted so as to suitably arrive at findings. High score for statements: laboratory services are prompt, services are rendered on cash basis to patients, laboratory has collection centers in different areas, PRO plays an important role in marketing of services, pathologist depends on technicians for routine tests, confidentiality is strictly adhered, were noted. It was also observed that one statement from product (service) aspect, two statements from people and process aspects respectively, scored low. Four hypotheses were tested, out of which two null hypotheses were rejected and remaining two were accepted. Kolmogorov-Smirnov (K.S. test) was undertaken to test the hypothesis.

Keywords: Dealers, service marketing, laboratory, marketing- mix

Introduction
A Service is a process or performance where the customer is involved, sometimes for a long period of time, sometimes only for a short moment and sometimes on a regular basis, sometimes only as a one-time encounter (Gronroos 2000). Laboratory services are needful, dependent services and play a key role in diagnosis. Good quality diagnostic tests are of prime importance in efficient diagnosis and effective treatment. Unless physician/doctor prescribes for diagnostic tests, no patient willingly visits laboratory (Relman, 1994). Services differ from physical products due to their characteristics of intangibility, inseparability, variability and perishability (Palmer, 1994). The tangible product of laboratory services is the report that falls in the hands of patients (Berry, 1984; Lovelock, 1979; Shostack, 1977). To reduce this uncertainty of intangibility, we often find quality certificates, some good practicing guidelines, etc. displayed in the reception area of laboratories. Services are typically produced and consumed simultaneously. Patient visits a laboratory, where sample is collected, but for old aged patients, infants, bedridden patients, etc home facility is provided. Laboratories have various collection centers to spread their reach. Variability is overcome by means of standardization, adopting SOP’s (Standard operating procedures), gaining certifications by external agencies, etc.

Diagnostic services are urgent and timely services. Storing degenerative samples of biological origin for days and then testing them as and when essential is out of question. Traditional marketing mix tool comprises of 4p’s of marketing i.e. product, price, place and promotion (McCarthy, 1964). But for services these were found to be inadequate and were modified to include elements of people, physical evidence and process in it (Boo’m and Bitner 1981). Laboratory services come into picture only when a physician prescribes a test (Ahmad, 2007). There is no much option left for the patient as far as choice aspect is considered. These services are sensitive since they deal with a health of a person. It has been a challenge for laboratories to market these services. But increasing competition and growth has lead to application of marketing mix strategies in this healthcare profession also (Willcocks, 2008).

Marketing process consists of hundreds of variables or ingredients which involve marketing planning, marketing decision making and formulation of marketing mix strategies. All these can be conventionally classified into seven major areas namely product/service, price, place, promotion, people, physical evidence and process. The product (service mix) includes laboratory services viz. pathology, microbiology, clinical genetics, hematology, histopathology and bio-chemistry. (Kotler, 2009).

Price is one of the fundamental elements of the services marketing mix (Lovelock, 2001). Price charged for the test depends upon nature of test and markup pricing method is usually followed in private laboratories. Accessibility implies the patient’s ability to easily arrive at and depart from the service location or to experience the services without great difficulty due to effective spatial orientation and layout (carter et al, 1989). Patient visits a laboratory to get the tests done or in the clinic/hospital where there is provision of collection. Kotler (1976) suggested that promotion includes advertising and personal selling and other publicity.

Promotion for laboratories involves usually convincing doctors as their target customers, since they prescribe the tests. Physical evidence includes external look of labora-
tory, certifications, cleanliness, hygiene, etc. that act as tangible components of service offering (Ivy, 2008). The patient envisions laboratory, in terms of the people i.e. pathologist, technicians, marketing personnel, delivery boys, and administration staff, who deliver it (Kotler, 2011). The process element involves pre-analytical, analytical and post analytical steps through which the sample moves ahead. Dealers act as a bridge between manufacturers (companies) and the end users. They purchase the test kits from suppliers/companies and in return sell these kits to the clients.

Research Design
The paper is descriptive and diagnostic in nature. Primary data was collected from dealer’s survey, while secondary sources include review of past researchers, journals, articles and books. Objectives

a) To Study the services mix i.e. 7 p’s for laboratory services.
b) To study the perception of dealers with respect to items mentioned in each of the marketing mix.
c) To test the null hypothesis with suitable statistical tool.

Research Methodology
For accomplishing the objectives of the study, primary data was collected from dealers by administering interview schedules. A Pilot survey was undertaken in Pune city to identify the dealers and considering their limited number i.e. thirty-two, census survey method was undertaken. However, twenty eight of them were interested and hence the sample size for the present study is 28. An items judgment criterion was applied. In all 64 statements, related to 7p’s for marketing of laboratory services were constructed and expert opinion was solicited. Finally, 39 statements were considered for the study.

Significance Of The Study
Dealers are well versed with their customers. Their feedback on ‘Items’ related to marketing mix of laboratory will definitely help us to understand the marketing function in this arena and perform in a better way.

Hypothesis
a) Ho: Patients complaints are not received and welcomed.
b) Ho: Pathologist does not bother for price attribute while purchasing kits.
c) Ho: pathologist does not give commissions to doctors for referring patients.
d) Ho: Price charged by laboratories is not reasonable.

Results And Discussions
Product /service:
Statement I: Doctors are quality conscious while purchasing kits.
Statement II: Laboratory services are prompt
Statement III :Equipment and machinery purchased is latest.
Statement IV : Reception services are good
Statement V: Annual maintenance contract is taken care of regularly
Statement VI: Wide ranges of services are offered by laboratories
Statement VII: Patient’s complaints are received and welcomed.

Table 1.1 Dealer’s opinion on ‘Product ‘(service)

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The above table shows that, ‘laboratory services are prompt’ has a highest’ score of 3.96. Blood sample degenerates in less time and so the sample has to be proceed for testing at the earliest. Since it is a matter of health and further treatment depends on reports of tests, laboratories feel that prompt services are an essential mandate of this profession.’ Equipment and machinery purchased is latest’ and ‘Wide range of services are offered by laboratories’ has a score of 3.75 and 3.71 respectively. It seems that many of the laboratories are keen on offering a wide range of tests and update with latest, technology driven equipment and machinery. ‘Annual maintenance contract is taken care of regularly’ and ‘Reception services are good’ has a rating of 3.53 and 3.39 respectively. ‘Doctors are quality conscious while purchasing kits’ has a rating of 3.29. Quality is one of the important attribute as it reflects on the performance and matters the end result. ‘Patient’s complaints are received and welcomed’ has a low score of 2.75. It seems that patients are not entertained as far as complaint aspect is considered.
Price
Statement I: ‘Dealer’s give discounts in case of bulk purchases made’
Statement II: Pathologist are price conscious while purchasing kits
Statement III: Services are rendered on cash basis to patients
Statement IV: Differential pricing is adopted for the same test in laboratories
Statement V: Dealer’s offer credit for the kits purchased by laboratories
Statement VI: Charges for tests vary from one laboratory to the other.
Statement VII: Price charged by laboratories is reasonable.

Table 1.2 Dealer’s opinion on ‘Price’ attributes

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In case of price ‘attribute’, ‘services are rendered on cash basis to patients’ has a high score of 4.29, followed by score of 4.00 and 3.89 for ‘Dealer’s give discounts in case of bulk purchases made’ and ‘Dealer’s offer credit for the kits purchased by laboratories’ respectively. Laboratories offer services on cash basis only, but when purchase kits from dealers get discounts and credit facility. 3.82 and 3.79 are the score for ‘Charges for tests vary from one laboratory to the other’ and ‘Pathologist are price conscious while purchasing kits’. There is no standardization in laboratory profession hence the price varies from one laboratory to the other and it’s a general tendency of human being to be price conscious while purchasing. ‘Differential pricing is adopted for the same test in laboratories’ has a score of 3.46 and Price charged by laboratories is reasonable has scored low i.e. 3.07.

Place
Statement I: Laboratory has collection centers in different areas.

Statement II: Home service for sample collection is provided.
Statement III: Pathologist has more than one laboratory.
Statement IV: Patient visits particular laboratory as instructed by his doctor.

Table 1.3 Dealer’s feedback on ‘Place’

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For the place attribute, ‘Laboratory has collection centers in different areas’ and ‘Pathologist has more than one laboratory’ has scored equally i.e. 3.93. To penetrate into the market and reach the masses is the motive behind this strategy.’ Patient visits particular laboratory as instructed by his doctor’ has a score of 3.75. It seems that, Patients visit to a laboratory is influenced by doctors.’ Home service for sample collection is provided’ has a score of 3.32.

Promotion
Statement I: PRO plays an important role in marketing of services.
Statement II: Doctors are given/ask commissions for referral patients.
Statement III: Discounts are offered to senior citizens.
Statement IV: Laboratories go for tie-ups with hospitals/clinics.
Statement V: Tie-ups with corporate for employees checkup.
Statement VI: Laboratories organize health check-up camps.

Table 1.4 Dealers Opinion on ‘Promotion’

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Statement IV: 8 8 6 4 2 3.57
Statement V: 8 7 6 3 4 3.42
Statement VI: 9 6 5 8 0 3.57

‘PRO plays an important role in marketing of services’ and ‘Doctors is given/ask commissions for referral patients’ have high score of 3.86 and 3.82 respectively. Recruitment of PRO is possible for private laboratories those have high turnover and investment, but percentage of such laboratories is very less. Doctors are given/ask for commissions for referral patients (Cut-Practice), cannot be denied for laboratories. ‘Laboratories go for tie-ups with hospitals/clinics’ and ‘Laboratories organize health check-up camps’ has scored equally 3.57. ‘Discounts are offered to senior citizens’ has score of 3.50 and ‘Tie-ups with corporate for employees checkup’ has score of 3.42.

People
Statement I: Skilled & qualified technicians are employed in laboratories.
Statement II: Laboratories treat all patients alike.
Statement III: Technicians are polite and gentle.
Statement IV: Health and hygiene of employees is taken care of.
Statement V: Pathologist depends on technicians for routine tests.

Table 1.5 Dealer’s response on ‘People’

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In case of people attribute, ‘Pathologist depends on technicians for routine tests’ has a maximum score of 4.00. We can say that, technicians provide a strong support to pathologist in carrying out day to day functions. ‘Laboratories treat all patients alike’ has a score of 3.96 followed by score of 3.57 for ‘Technicians are polite and gentle’. Health and hygiene of employees aspect is neglected by pathologist and also reflects the situation of shortage of skilled and qualified staff.

Physical Evidence
Statement I: Infrastructure facilities are satisfactory
Statement II: Drinking water facilities are adequate.
Statement III: Price list, certifications, news are displayed on board in reception area.
Statement IV: Premises are clean and well maintained.
Statement V: Communication facilities are adequate.

Table 1.6 Feedback of dealers on ‘Physical evidence’

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‘Communication facilities are adequate’ has high score of 4.04, followed by score of 3.82 for ‘Premises are clean and well maintained’. ‘Price list, certifications, news are displayed on board in reception area’ and ‘Infrastructure facilities are satisfactory’ has score of 3.79 and 3.61 respectively. ‘Drinking water facilities are adequate’ has score of 2.61.

Process
Statement I: Standard operating procedures are followed in laboratories
Statement II: Counseling for patients is done before undergoing test.
Statement III: Confidentiality of reports is strictly adhered.
Statement IV: Pathologist checks for results prior to signing of reports
Statement V: Patient’s queries are resolved by pathologist.
Table 1.7 Dealers’ opinion ‘Process’ adopted in laboratories.

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‘Confidentiality of reports is strictly adhered’ has ranked top with score of 4.29 followed by second rank with score of 4.04 for ‘Pathologist checks for results prior to signing of reports’. ‘Standard operating procedures are followed in laboratories’ has third rank with score of 3.29 while ‘Patient’s queries are resolved by pathologist’ and counseling for patients is done before undergoing test has low score of 2.71 and 2.50 respectively.

Hypothesis Testing

1. Ho: Patients complaints are not received and welcomed.
   ➢ With reference to the table 1.1 the Kolmogrov -Simirnov test D value is 0.13. The critical value of D at alpha of 0.05 is 0.257. As the calculated D is less than the critical value of 0.257, the null hypothesis Ho: Patients complaints are not received and welcomed is accepted.

1. Ho: Pathologist does not bother for price attribute while purchasing kits.
   ➢ With reference to the table 1.2 the Kolmogrov-Simirnov test D value is 0.35. The critical value of D at alpha of 0.05 is 0.257. As the calculated D exceeds the critical value of 0.257, the null hypothesis Ho: Pathologist does not bother for price attribute while purchasing kits is rejected.

Hence, H1: Pathologist does bother for price attribute while purchasing kits is accepted.

1. Ho: Pathologist do not give commissions to doctors for referring patients
   ➢ With reference to the table 1.4 the Kolmogrov-Simirnov test D value is 0.31. The critical value of D at alpha of 0.05 is 0.257. As the calculated D exceeds the critical value of 0.257, the null hypothesis Ho: pathologist does not give commissions to doctors for referring patients is rejected and H1: Pathologist do give commissions to doctors for referring patients is accepted.

Findings

a) Laboratory services are prompt and Equipment and machinery purchased is latest has received highest rating as perceived by the dealers about product (service) aspect, while patient’s complaints are received and welcomed has received lowest rating.

b) When inquired about price attribute, dealers rated high rank for services are rendered on cash basis to patients and Dealer’s give discounts in case of bulk purchases made, while Price charged by laboratories is reasonable was ranked the least.

c) Dealers have shown overall positive attitude to the place attribute with top rank being observed for ‘laboratory has collection centers in different areas’ and ‘Pathologist has more than one laboratory’ equally.

d) Dealers have shown overall positive attitude to the promotion attribute with top rank being observed for ‘PRO plays an important role in marketing of services’ and ‘Doctors are given/ask commissions for referral patients’.

e) ‘Pathologist depends on technicians for routine tests’ is ranked top by dealers in case of people, while ‘Health and hygiene of employees is taken care of’ and’ Skilled & qualified technicians are employed in laboratories’ have low ranks.

f) For physical evidence, dealers ranked top for ‘Communication facilities are adequate’, while lower rating was observed for ‘Drinking water facilities are adequate’.

g) Dealers rated high for ‘Confidentiality of reports is strictly adhered’ while Patient’s queries are resolved by pathologist and Counseling for patients is done before undergoing test were rated on low scale.

Conclusion

Dealers have shown overall positive attitude for all the seven p’s of service marketing, except for few items. From promotional aspect dealers have a positive attitude for ‘Doctors are given/ask commissions for referral patients’. This aspect of cut practice to promote laboratory
services raises the question of ethics in this profession. For product (service) aspect ‘patient’s complaints are received and welcomed’, for people, ‘Skilled & qualified technicians are employed in laboratories’ as well as ‘Health and hygiene of employees is taken care of’ and for process point of view Counseling for patients is done before undergoing test and Patients queries are resolved by pathologist, the dealers have a negative attitude. Cognizance of the above stated items will definitely transform the functioning of laboratory services in an effective and efficient manner.

References


