Is Marketing A Dirty Word? 
Using Marketing Principles To Enhance Hospital Pharmacist Practice

2014 CSHP AGM and Education Sessions 
Calgary, AB 

October 3rd 2014 

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Overview

• Overview of marketing and its importance to pharmacists
• Discuss the marketing concept, including relationship management and stakeholder value
• Review unique aspects of services and service quality
• Take aways
Goals and Objectives

• To provide an overview of marketing and the marketing mix (4Ps)
• To show pharmacists how marketing can be used to enhance ones practice and continue to further integrate into the health care team
• To provide pharmacists resources to use when developing innovative services and integrating them into practice

Self-Assessment Questions

• Why is marketing commonly misunderstood?
• Does marketing have to focus on budget impacts?
• Would a more in-depth understanding of marketing enhance your practice?
Marketing

• The process of discovering the needs and wants of a target market and then providing goods and services that meet or exceed their expectations

Exchange

• The process in which two parties give something of value to each other to satisfy their respective needs
Core Concept of Marketing: Exchange

• Exchange is a process of obtaining a desired product from someone by offering something in return

• Transaction is a trade of something of value between two or more parties
  – For example, a collaborative prescribing agreement between the pharmacist and physician to manage patients’ warfarin
Pharmacists have daily exchanges with...

- Patients
- Physicians
- Nurses
- Managers (and/or employees)
- Pharmacist and dispensary co-workers
- Other HCPs
- Administrators
Why is Marketing Important for Pharmacists?

• Providers who demonstrate their value are more likely to thrive in the future health care environment
• Allows the recognition of what a pharmacists can do
• Patients do not always know what they want or need, or even the vital role pharmacists have played in their care
  – This also goes for other HCPs and administrators
Stakeholder

- An individual, or group, who can influence and/or is influenced by the achievement of an individual’s/department’s/organization’s purpose
  - For the purposes of this talk, stakeholders will refer to patients, physicians, nurses, other HCPs, administrators, etc.
  - Will provide specific examples during the discussion
Marketing Concept

• Relationship marketing
  – A strategy that focuses on forging long-term partnerships with stakeholders by offering value and providing satisfaction

• Trust is vital in relationship marketing, and is developed by:
  – Making realistic promises
  – Keeping promises
  – Enabling staff and systems to keep promises
Marketing Concept

• Determine the needs and/or wants of targeted stakeholder
  – Explicitly considers the viewpoint of stakeholders
  – Focus on the targeted stakeholders
  – Stakeholder satisfaction is the goal

  • Difficulty in achieving (or assessing) satisfaction with a professional pharmacy services for the non-pharmacist?
Marketing Concept: Stakeholder Value

• The ratio of benefits to the sacrifice necessary to obtain those benefits, as determined by the stakeholder

• Need to explicitly consider where is the value in providing a new product (tangible and/or intangible) to the stakeholder

It is easier to change the products and activities of the individual/department/organization to fit stakeholder needs/wants than it is to convince the stakeholders to use the goods and services as the individual/department/organization prefers them
Marketing Concept: Stakeholder Value

• What outcomes of your product does a patient value?
  – For example, is a patient hitting their target A1c an outcome that patients value?
  • Or would they put greater value on fewer headaches and less fatigue that can be the result of hyperglycemia?
    – While these two ‘outcomes’ are related, the patient may not make the connection and therefore may not see the need to make changes and check their blood sugars regularly
Marketing Myopia

• Occurs when one pays more attention to the specific product(s) they offer rather than to the benefits and experiences produced by the product(s)

• Focus is on the “wants” and lose sight of the “needs”
The “Right” Principle

Getting
The “Right” Services or Goods

To
The “Right” People

At
The “Right” Place, Time, and Price

Using
The “Right” Promotion Techniques
4Ps in Relation to 4Cs

- Product: Provides Stakeholder Solution
- Price: Represents Stakeholder Cost
- Place: Provides Convenience
- Promotion: Enables Two-way Communication
Marketing Mix: The 4Ps

While many view the marketing mix as a strictly for-profit concept, it extends to non-profit environments as well.
Service Marketing Mix: The 7Ps

When considering an environment where the product is a service, 3 additional ‘Ps’ are to be considered.
Challenges in Marketing Services

• It is difficult to promote their value
  – Challenging to get stakeholders to notice and desire a product when it cannot be seen or touched

• Stakeholders have difficulty evaluating services
  – Intangibility and variability makes them difficult to assess

• Often invisible

• Difficult to synchronize supply and demand
Implications

• Stakeholders have trouble evaluating many aspects of pharmacist services
  – Many have credence qualities (can only truly be evaluated by those intimately involved in the profession)
• Therefore, they rely on those things they can easily assess
  – For example fast, friendly, appearance, time spent, perceived empathy etc.
• Pharmacists can help stakeholders assess credence qualities of care
How Product Attributes Affect Ease of Evaluation

- Mostly Goods
  - Easy to Evaluate
  - High In Search Attributes
  - Clothing
  - Chair
  - Motor Vehicle
  - Foods

- Mostly Services
  - Difficult To Evaluate
  - High In Experience Attributes
  - Restaurant Meals
  - Lawn Fertilizer
  - Haircut
  - Entertainment

- High In Credence Attributes
  - Pharmacy Services
  - Education
  - Legal Services
  - Surgery

Stakeholder’s Ability to Assess Professional Services

Qualities

Nonsearch
Cannot be evaluated prior to choice and/or consumption

Search
Can be identified and evaluated prior to choice and/or consumption

Experience
Can be evaluated only during or after consumption

Credence
Can never be meaningfully evaluated even after experience
PRODUCT
Product

• A good, service or experience that will satisfy a user’s need or want
  – Goods: the offer that consists of a pure tangible good, such as a drug product
  – Service: the offer that consists primarily of a service is essentially intangible, such as conducting a med rec
  – Experience: a type of product that combines a service or physical product with a memorable experience, such as educating a pediatric patient, that is newly diagnosed with Type 1 diabetes, and her parents how to test blood sugars and how to use an insulin pump
PLACE & TIME
Place & Time (distribution)

- Place (distribution) are the activities that make products available to stakeholders when they require them.
- Distribution in a Services Context:
  - In a services context, we often do not move physical products.
  - Experiences, performances, and solutions are not being physically shipped and stored.
  - More and more informational transactions are conducted through electronic and not physical channels.
Place Decisions of Service Delivery

• Cost, productivity, and access to labour are key determinants to locating a service facility, such as locating the pharmacy department near the ER & ICU

• Location constraints
  – Operational requirement (e.g., basic dispensing)
  – Geographic factor (e.g., on specific wards)
  – Need for economies of scale (e.g., only select services at specific hospitals)
Time of Service Delivery

• Traditionally, schedules were restricted
  – Service availability limited to daytime, 40-50 hours a week

• Today
  – For flexible, responsive service operations: 24/7 service, 24 hours a day, 7 days a week
  – On-call pharmacist vs. 24 hour service on-site
PRICE (COST)
Price (Cost)

• Price is a critical factor that is one of the most challenging to predict and control

• Factors affecting price/cost decisions
  – Organizational & marketing objectives
  – Costs – to the stakeholder but also broader, such as QALY, readmission, etc.
  – Competition (e.g. what if another service provider, such as a nurse, was to provide it)
What Makes Service Pricing/Costing Strategy Different and Difficult?

• Harder to calculate financial costs of creating a service process or performance than a manufactured good

• Variability of inputs and outputs:
  – How can organizations/departments define a “unit of service” and establish basis for pricing?

• Importance of time factor – same service may have more value to stakeholders when delivered faster
PROMOTION AND EDUCATION
Promotion & Education

• Promotion is communication that facilitates exchanges by trying to convince a target audience to accept a product
  – Used to communicate effectively (engage) with the target (the stakeholder)
  – Important to include promotion costs into the cost of the providing the product

• When considering education functions, social marketing is a good concept to use
  – Focus is on behaviour change, such as changing prescribing habits (e.g. RxFiles)
Promotion & Education

• Helps stakeholders evaluate service offerings
  – Department’s expertise is hidden in low-contact services, such as IV prep
    • Need to illustrate equipment, procedures, employee activities that take place backstage

• Frontline personnel are central to service delivery in high-contact services
  – Make the service more tangible and personalized
Promote Contributions of Service Personnel

• Show stakeholders work performed behind the scenes to ensure good delivery
  – To enhance trust, highlight expertise and commitment of employees
  – Messages help set stakeholders’ expectations
  – Service personnel should be informed about the content of new communication campaigns before launch
Checklist for Marketing Communications Planning

• Who is our target audience?
• What do we need to communicate and achieve?
• How should we communicate this?
• Where should we communicate this?
• When do communications need to take place?
PROCESS
Developing a Blueprint

• Developing a Blueprint
  – Identify key activities in creating and delivering service
  – Define “big picture” before “drilling down” to obtain a higher level of detail

• Advantages of Blueprinting
  – Distinguish between “front-stage” and “backstage”
  – Clarify interactions and support by backstage activities and systems
  – Identify potential fail points; take preventive measures; prepare contingency
  – Pinpoint stages where stakeholders commonly have to wait
Key Components of a Service Blueprint

Objectives:

✓ Identify fail points & risks of excessive waits
✓ Set service standards
✓ Fail-proof process

Define standards for front-stage activities ➔ Specify physical evidence ➔ Identify principal customer actions

Line of visibility ➔ Front-stage actions by frontline personnel ➔ Line of interaction

Backstage actions by customer contact personnel ➔ Support processes involving other personnel ➔ Support processes involving IT
PHYSICAL ENVIRONMENT
Physical Environment of Hospital Pharmacy Practice

- Most stakeholders will never set foot into a hospital pharmacy (dispensary)
- Need to consider the presence pharmacists have within the physical environment outside of the pharmacy
- Can stakeholders, whether patients, physicians, nurses, etc. distinguish you from others ‘physically’ present?
PEOPLE
Service Personnel: Source of Stakeholder Loyalty

• Stakeholder’s perspective: encounter with pharmacy staff is most important aspect of a service
• Department’s perspective: frontline is an important source of presence and value
• Frontline is an important driver of stakeholder loyalty
  – Anticipating stakeholder needs
  – Customizing service delivery
  – Building personalized relationships
Hire the Right People

• “The old saying ‘People are your most important asset’ is wrong. The RIGHT people are your most important asset.” - Jim Collins
Train Service Employees

Pharmacy employees need to learn:

• Organizational culture, purpose, and strategy
  – Promote core values, get emotional commitment to strategy
  – Get managers to teach “why,” “what,” and “how” of job

• Interpersonal and technical skills

• Product/service knowledge
  – Staff’s product knowledge is a key aspect of service quality
  – Staff must explain product features and position products correctly
Levels of Employee Involvement

Suggestion involvement
• Employee makes recommendation through formalized program

Job involvement
• Employees retrained, supervisors reoriented to facilitate performance

High involvement
• Information is shared for participation in management decisions
• Employees skilled in teamwork, problem solving, etc.
Motivate and Energize the Frontline

Use full range of available rewards effectively, including:

• Job content
  – People are motivated knowing they are doing a good job

• Feedback and recognition
  – People derive a sense of identity and belonging to an organization from feedback and recognition

• Goal accomplishment
  – Specific, difficult but attainable, and accepted goals are strong motivators
Internal Marketing

• Necessary in large service organizations that operate in widely dispersed sites, such as Alberta Health Services pharmacy services

• Effective internal marketing helps to:
  – Ensure efficient and satisfactory service delivery
  – Achieve harmonious and productive working relationships
  – Build employee trust, respect, and loyalty
Take Aways

• Like good patient care, effective marketing requires listening
• One should work to understand stakeholders' needs, wants, and demands, and try to align the goods and services offered accordingly
• Marketing principles are useful in building and sustaining a viable pharmacy practice
THANK YOU!

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