

THE EFFECTIVENESS OF HOSPITAL MARKETING PROMOTION

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Supervisor Approval

I admit that I have read thesis and
in my opinion, this thesis is sufficient in terms of scope and quality
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DECLARATION

“I admit that this report is the result of my own except summary and
Quotes that every thing I have explained the sources.”

Signature :

Name :

Date :

DEDICATION

To amazing husband, parents, friends, lecturer and who is infinitely supportive me.

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I would like thanks God for granting me the wisdom and encourage to successfully complete this work. I wish to acknowledge too the effort and support of my supervisor, Madam Mariam Miri. I have come from a simple research topic to expansive work of use to the society through his invaluable guidance I am grateful and may God bless you.

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ABSTRACT

In recent years, competition among hospital has become increasingly intense. The challenges of hospital have to face also greater. Hospital have increasingly spent more time thinking about how to build good image, increase their competitive strength, and attract consumer to their hospital consumer. Using the population of consumer in Melaka as sample, this research will discuss the effectiveness of hospital marketing promotion. This research expects to understand consumer preferences regarding consumer promotion methods which promotional tools create more loyalty among consumer. Based on the outcomes of the investigation, the following three objectives were obtained: (1) To identify promotional tools use by hospital. (2) To study relationship between hospital promotional activities and consumer choice of hospital. (3) To determine which promotional tools has significant effect on consumer choice of hospital.

The study adopted an explanatory research design which conducted with casual study. The data gathered from each individual data source. This study also defining nature of a cross- sectional study, it can compare different populations group. The data collection for this study obtain from primary and secondary data which comes from internet survey, questionnaires distributed and readings of journals and articles. The pilot test conducted by two time, where pre-test the questionnaires which 30 respondents and actual questionnaires with 170 or respondent. Normally, before the actually questionnaires distributed, this research used a non-probability techniques because the result is not known, while probability techniques used after questionnaires distributed. The data collected running using SPSS statistics software. Descriptive statistics calculated mean, median, mode, standard deviation, frequency and percentages of this result. The method for correlation analysis is to measures of the relationship between dependent variable and independent variables.

The findings of this study of this study were arrived at based on the analysis conducted. Some of the major findings of this study relate to necessity of consumer find the information through promotional tools used by hospital. So, consumer don't lack overlook the information of hospital and can be a consumer loyalty. This research important to hospital industry as it valuation made whether the promotional strategies it has adopted have been beneficial to them or not thus coming up with appropriate promotional policies. Government can understand how hospital industry use promotional strategy to get competitive, but because of a lot of competition is that is strong from local health care industry. They continue with stand with variety of promotion.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

Chapter 1 consider as an introduction chapter for this whole study. The study discusses on the effectiveness of hospital marketing promotion in Malaysia, and who now view healthcare industry an important in their economic. So, in industry hospital promotions is a key ingredient in marketing campaign, of which promotion have been increase hospital image become better. Without promotions, the image of their hospital and their excellent facilities would not be so diffused to the public. Therefore, it covers on introduction, background of study, problem of statement, research question, research objectives, and scope of study, important of study, significant of study and summary that explain more detailed.

1.1 Background of study

Hospital was established to play important part in healthcare industry. Hospital also was established as a charity institution for the community users and also place for consumer to get medical treatment every day which is the come from different sociocultural group. Nevertheless, the development of healthcare industry not only in the hospital itself, but also depends on the hospital marketing promotion. Hospital marketing will help to create business to the hospital and also be able to

promote good image of hospital. So, marketing promotion is one of the platform to communicate with consumer about information of hospital (Dharmesh, Motwani, 2011).

In early 1970s, most hospital do not really focus on hospital marketing of health care industry because in this era still not have a competition that exists. Many misunderstanding about marketing happened. Advertising at that time unused in health care industry was considered inappropriate. Therefore, health care industry providers had long resisted the incorporation of formal marketing activities into their operations. Now, however environment changing, it more focuses on product and services oriented to being user oriented because many competitor nowadays (Kumar, Jacob, & Thota, 2014). Hospital marketing has traditionally been neglected in past because lack of exposure to promotional activities and information about hospital. Consumer's only know about public hospital and prefer go nearby hospital public only. Hospital marketing promotion also less exposed because of the shortage of doctors and medical suppliers on the past. Not only have that, hospital always been crowded with outpatients and always experience a severe not enough of hospital bed. In recent years, the establishment of the new hospital, which increased every year doctors, nurses, staff and medical supplies providers. It causes a healthy competition among hospital themselves. The awareness of the concepts services consumer's in choosing the best hospital performance is becoming increasingly alarming. Through this problem, nowadays management in this industry focuses in the hospital marketing promotion where every month need prepared schedule activities of marketing provide to consumers or public. Currently, most of hospital are still use their public relations to communicate with consumer and conduct marketing activities (McMullan, 2016).

In the newly developed economy after the economic crisis in year 2000, the hospital had to make restructuring a more focused strategic marketing activities to promote the hospital itself (Amaria, 2013). Promotion is direct strategy an industry or organisation attempting to achieve his objective. Promotional strategy is only way for all industries compete in market. Promotional strategy involve matter like

advertise, sales promotion, personal selling, public relation and direct marketing (Czinkota, Donath, & Ronkainen, 2004). From the promotion activities, consumers can get treatment and better services from the best hospital through promotions. This way can help consumer make a right choice and reduce waste of medical resources. Their choice in selecting hospital based on strength promotion strategy used by hospital (Lu & Chiang, 2011). For competitor in market, hospital need create a strategy promotion strong that affect them growth in their use of the service (Kotler, 2009). Promotional is an effective technique to be used as an activity to promote the hospital. For example, hospital industry open booth and provided discount coupons in getting at the hospital just to come and register only. Offer discount for some treatment to consumers. When people interested in what they seen through the promotional, it's going show their loyalty in securing the services of the hospital (Chuan Biau, 2011). Hospital promotion was considered successful if it can meet the needs of the consumer. When consumers are satisfied with the services offered by the hospital, promotion activities are successful. The promotion carried out by the hospital management can tell the consumers how to evaluate and see the strengths of a hospital industry on the present and future (Solomon, 2009).

1.2 Problem Statement

Nowadays, we often hear the healthcare industry of hospital industry is highly competitive where the competition not only come from big hospital but also from health care clinics and treatments centre that available in Malaysia, which compete for same consumer. Therefore, hospital must involve in marketing and promotional activities. Promotional activities made by management has contributed to enhancing the good image of hospital is maintained. Without promotional activities, services and good hospital image is not released to the public. This means the delivery information is not received. Promotion activities incorporates contribute significantly to uphold the wishes of consumers, which involves the identification and satisfaction of an industry. Unfortunately, the issues of marketing are becoming more complicated as competitor of healthcare services to change in worldwide (Albers-Miller & Straughan, 2000).

Previous research shows that, promotional mix such an advertising, promotion, sponsorship and public relation has been widely use to promoted many product or services and brand. Through hospital marketing, consumers can share experience and propose ideas to develop better quality hospital. However, not many researcher shows been conducted and agree about hospital promotion activities. This may result write by (Kumar et al., 2014) perception of the health care personal which does not believe in promotion benefit. Some of the health care practitioners believe that promotion activities of hospital are something in appropriate in future and increase their sales revenue. Therefore, this study looked at the strategic marketing hospital promotion of healthcare industry to a changing competitive business environment. However, this research explores more the effect of hospital marketing promotion in effecting on consumer choice.

1.3 Research Objectives

There were three main objectives to be achieved for this research and act as the focal point for the study. These three objectives will cater the problems which has stated. The objectives for this research are:

1. To identify the promotional tools, use by hospital.
2. To study relationship between hospital promotional activities and consumer choice of hospital.
3. To determine which promotional tools has significant effect on consumer choice of hospital.

1.4 Research Questions

Based on the research topic, this research paper will answer on question or problem as stated earlier in the problem action. Therefore, three research questions which would indicate and identify the three core ideas are:

1. What are the promotional tools using by hospital?
2. What is the effect of hospital marketing tools on consumer choice of hospital?
3. Which promotional tools have a significant effect on consumer choice of hospital?

1.5 Scope of Research

The phenomena of interest for this study looks into the effects of the hospital marketing promotion on effecting consumer choice. The context of the study focusses on promotional mix used by hospital promotion activities and how the hospital marketing activities influence the consumer's choice. The entity covered the healthcare industry services in Malaysia. This academic study was conducted on consumer in Malaysia in the area of the central regions of Malacca.

1.6 Important of Research

Marketing in the healthcare has grown primarily because of three factors, the changing healthcare policy, changing consumer expectations and changing attitudes regarding the stigma of marketing by the healthcare profession. Many people think that marketing research is just a consumer survey, asking consumer about certain product or services. Actually, marketing also used a lot of promotion tools to introduce organization to public. The important of this research will help manager, administration marketing and all department in organization to improve the profit and revenue from the marketing activity, also can improve and change strategic from good to batter. It also helps marketer or hospital management know which effectiveness tools marketing it help consumer received better information about the hospital. From the marketing promotion activity also help improving economic growth and development but also health tourism.

In addition, in academic studies from marketing in healthcare organizations and theories about marketing as it applied to healthcare were published to help professionals learn about and practice marketing in healthcare. Therefore, can improve our knowledge and give some experience how to start-up the business with used marketing tools to introduce the products. It helps me summarizes key concepts and practices of marketing which are essential to understanding this important research.

1.7 Significant of Study

The findings of the study are important to hospital industry as it valuation made whether the promotional strategies it has adopted have been beneficial to them or not thus coming up with appropriate promotional policies. Government can understand how hospital industry use promotional strategy to get competitive, but because of a lot of competition is that is strong from local health care industry. They continue with stand with variety of promotion. The development partners who are usually interested of a wide variety of factors affect their operations. The researchers who would like to investigate more studies on promotional strategies used by hospital to enhance consumer choice.

1.8 Summary

This chapter was discussed about the introduction of the research which was to determine the effectiveness hospital marketing promotion. From the hospital marketing promotion that know whether give effect or not on consumer choice. Then, the problem statements which were the source of the research were stated here with the objectives to support them.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this section, we would like to review literature related important things about this research. This chapter outlines, the theoretical and empirical literature on the promotional tools on the hospital marketing, effect promotion marketing to consumer and healthcare industry.

2.1 Health Care Industry

Malaysia's health care system is divided into two sector which is public hospital and private hospital. Public hospital is that has government fund, but private hospital is those hospitals that are own financing to be operated. The number of specialist hospitals, clinics and dental surgeries has increased in Malaysian, and both private and public health care sectors are still expanding. In August 2011, there are 145 public hospitals, 2880 health clinics, and 165 mobile health clinics and 165 mobile health clinics nationwide. In the private sector, there are 217 private hospitals, 34 maternity and nursing homes, 36 ambulatory care centres and 6442 medical clinics (Maierbrugger, 2013). Since Independent almost 50 years ago, Malaysia's health care industry overall fairly good. Public health care financed mainly by taxes. It's to protect basic health care like rural health centres, clinics and specialist referral clinics. Meanwhile, private health care sector plays increasingly important role. Previously in 1980 private hospitals not quite get attention because

cost that is relatively high. However, nowadays it not just a profit industry but even mutually help and provide expert in certain fields (Hsu, 2011).

Health care industry in Malaysia's mostly under the governments of Ministry of Health. Health care industry is one of the 12 National Key Economics areas (NKEA) under the 10th Malaysia Plan (2011-2015). Contribution and investment in health care industry expected to help the country to achieve high income nation by year 2020 (Watch, 2011). In addition, Malaysia continuously improved health care system effectiveness. For example, increase medical school to show that Malaysia is take seriously on provide health care that is quality, not only for citizen but also to tourist and anyone who come to Malaysia. Health care industry facing challenge and opportunity in market constantly changing everyday (Leslie, Hagood, Royer, Reece, & Maloney, 2006). Health care industry as an important part in socio economy. Today, the Malaysian health care industry requires doctors to perform a compulsory three years' service with health care sector to ensure that the manpower in the hospitals is maintained. Foreign doctors are welcome to apply for employment in Malaysia especially if there are qualified specialists. Long time ago, private hospital generally never seen as an idea for investment, because it takes ten years' time to do a profit count. However condition changed when tourist number outsider increased in Malaysia for medical health care, and government nowadays focuses in health tourism industry (Idrus, 2009).

Most health care industry forced to accept consumers or patient although patient could not pay service cost. Hospital are bound by law that they have to treat patient regardless of patient's ability. This situation means that health care industry or organization often provide services that are not profitable. For example, in some cases certain services like use emergency rooms at hospitals (Thomas, 2005). In current era, health care industry changing towards wellness services. This include in lifestyle health planning. The health care providers also act as facilitator and guidance to patient (Amar & Gennaro, 2005). Malaysia's vision for health care industry is to create and integrated health care system that is quality, reliable, equitable and affordable. Health services cover the provision of health care services

such as hospital services, and medical and dental services. Malaysian health care industry providers are capable of providing elective and curative procedures in various field, such as orthopaedics, obstetrics and gynaecology, ophthalmology, cardiothoracic surgery, in-vitro fertilization and etc. (Chee, 2008) .

2.2 Marketing Concept

Marketing activities are relatively new to health services organization, until the end 1970s. Many definitions that brings meaning to, that is marketing it known as a process disseminate information. Marketing is a business strategy designed to provide information on potential of a service or product for consumer. Marketing is more than providing information about established goods or services to potential consumers (Wise, 1981). Marketing concept represent an external opinion point of view in organisation. In trial period that purposely made to see organization and product his services from customer perception. In that meaning, marketing is bigger especially in see customer and fulfil consumer needs such as product's interest. Quality of product and generally achieve competition better. To know what needs of the consumers and what organisation need prepare (Gilligan, 2006). In modern marketing, there must be something developed a good product including pricing and manufacturing. Companies must have a good communicate with their potential consumers. Internally, makes it very important in the marketing process. A modern business manages complex marketing communication system that communicate with the consumers, distributors, supplier, consumer and various publics. However, most issue company not in terms of communicate, but quite what to say, of which, with who and when (Koekemoer & Bird, 2004). Consumer are exposed with various marketing communication every day. Organizations compete with competitor to attract consumer attention through promotion activities. Marketing communication trying to provide information to consumers about the product and services they offer in the market. Various methods of communication with consumers to communicate information effectively, which will meet both the needs of the organization and need of the consumers (Koekemoer, 2004).

In future understand marketing communications process, when communicate with the target market, variety ways of communication can have identified. For example, advertising, sales promotion, public relations, direct marketing and personal selling. Nowadays, a lot of promotion used by business organization to see the development in the modern business market. Marketing promotion activities are a mix of communication tools used by the firm to carry out the process with communicate directly with the target market. The aim of the campaign is to convey information through target consumers and attract them to buy. Marketers are always looking new ways to diversify its marketing promotional activities to better determine the most appropriate mix of promotion, effective and influential can achieve organizational objectives (Nour & Almahirah, 2014).

2.3 Promotional Mix

According to Brassington & Pettitt 2007, promotion mix is the direct way in which an organization communicates with consumers or target market to selling their product or services. Others in the health care industry, promotion tools is used in many different ways (Meidan, 1996). Promotion mix is one of the key factors in market success (Chaharsoughi 2011) . As we already know, promotion is important in launch new product because it help to attract the consumer's attention towards the new product in market with similar product and influence the consumer in the purchase decision (Mittal, 1989).

Brassington and Pettitt (2007) has listed the promotional mix into five elements, Advertising, Sales promotion, Public relations, Personnel selling.

2.3.1 Advertising

(Rassington & Pettitt, (2007) define advertising strategy as any paid form of non- personal communication delivered through an audience with a variety mass media in order to promote and present a product, services or idea. The differences between advertising and other promotional mix is that it is not influence in market and communicates with large numbers of people through paid media channels. (Meidan,1996) states that a healthcare industry can use advertising for platform between the hospital and consumers whether it's short-term or its long- term objectives. Healthcare industry try to create a long-term relationship, with build-up of its name by using institutional advertising, while their hospital services provided interested in promoting its brand name and its differentiated services would use a brand advertising policy. The advertising consists of promotion of the firm's image and the products offered, with extra emphasis on the hospital name. The advertising can help hospital build awareness and to impress consumer looking for the best range of healthcare services (Meidan,1996). Through advertising, hospital can use media, television, radio, testimony or internal marketing to inform consumer what services and advantages of hospital.

Brand advertising carefully in the footsteps of institutional advertising. The purpose is to tell what service that is available offer every hospital and introduce health care industry name itself. This aims to inform the consumer service offered. Since health care industry are serving a mass of people, the problems of brand advertising are to know who to advertise to, and how to advertise (Peatti, n.d.). While advertising is directed towards the whole population, and the brand advertising of different product has to more selective since it has to show that the consumers will get benefit from the service. Furthermore, all the individuals' campaigns of brand advertising have to suitable in tone and presentation and match the image of health care industry has created through its advertising (Mortimer, 2008).

Mortimer (2008) states that an important part of advertising is to make the service real in the mind of the consumer in order to perceived risk and provide a clear idea of what the services included. Furthermore, it's important to advertise