Public Mental Health Marketing

Developing a Consumer Attitude

Edited by
Donald R. Self, DBA

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ABOUT THE EDITOR

Donald R. Self, DBA, is Professor of Marketing at Auburn University, Montgomery, Alabama. An active health care and wellness consultant, Dr. Self has worked with various health care facilities, state and national agencies, and trade associations. He is a principal in Alabama Health Marketing Consultants and has published widely in professional journals, including *Health Marketing Quarterly, Journal of Marketing for Mental Health, Journal of Hospital Marketing,* and *Journal of Professional Services Marketing*. Dr. Self is also the editor of *Alcoholism Treatment Marketing: Beyond T.V. Ads and Speeches* (The Haworth Press, Inc., 1989) and co-editor of *Marketing for Health and Wellness Programs* (The Haworth Press, Inc., 1990).

Preface

This volume concludes a trilogy effort (Self 1989, Self and Busbin 1990) on the part of this editor and student of health care marketing into several related areas. During the mid and late 1980s, we were blessed with several opportunities to do research in the related areas of alcoholism treatment marketing, wellness program marketing, and the marketing of mental illness rehabilitation. The interrelationship between these three elements of health care marketing is extremely strong in that each involves a high level of involvement of the brain.

Of these three, this current volume was the most difficult. The status of Mental Health treatment and marketing, especially in the governmental and nonprofit sectors of the economy is truly that of a "growth industry poised on disaster." The growth element stems from recent research identifying specific areas of the brain as being responsible for mental wellness or mental illness. The disaster element is based on the continual fights for and periodic reductions in funding for mental health activities.

For those who would reallocate funds away from mental health activities, the stakes are high. In 1980 expenditures for mental health services were estimated at $20 billion (Frank and Kamlet). However, mental illness indirectly cost the country another $20 billion in lost time, total disability and premature death (Presidents Commission Vol. II, p. 530). In addition to the funding crisis in which all governmental agencies find themselves in 1993, the mental health field contains several challenges for managers and marketers.

For those who perform the social marketing tasks which will be required to bring the mentally recovering population back into society, facing the economic realities, the stakes are even higher. Much of the progress which has been made during the last decades is "at risk." Additionally, major problems remain beyond funding in-

cluding the prevalence of stigmatic perceptions among the general public, the media, and potential employers; difficulty in finding housing and economic necessities during the readjustment stage; and difficulties which inevitably arise during the readjustment stage.

The reduction of stigma among various publics may be the one single area in which marketers can aid in the enhancement of the Public Mental Health system. This has been a major goal of the National Alliance of Mentally Ill and the various consumer (patient) groups which have developed in the last decade.

Various professionals have predicted that the 1990s will be the decade during which Mental Illness joins physical diseases in the perceptions of the public, the mental health system, and the primary consumers of mental illness and their loved ones. Let's hope so.

Donald R. Self

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Introduction

Donald R. Self

The public mental health (PMH) system is, in many ways, an excellent example of the differences between marketing in a for-profit context and service delivery by a human service agency. The services of the system are considered as "unsought" services by many primary consumers (clients). Practitioners contend with multiple publics of interest including regulators on a local, state, and national level; secondary consumers (family members and advocacy groups); governing boards; a general public with a high level of stigmatic perceptions (negative demand) of the mentally ill (MI) population.

Determining of objectives (the "bottom line") is difficult because of the lack of precision in instruments designed to measure levels and types of mental illness, as well as substantially different objectives among the various publics of interest. The pricing element of the marketing mix is enigmatic because of the decreased level of governmental funding during recent years and restrictions on targeting for-profit funding sources. Additionally, many of the professionals who exert internal influence on marketing activities have not evolved to an "exchange relationship" basis with either primary or secondary consumers.

Traditionally, sanitariums were "holding tanks" for "crazy" or demented individuals. The development of psychotherapy in the twentieth century evolved the discipline into a "professional-client" relationship approximating the "sales" stage of marketing evolution.

During the 1960s, the distribution system for PMH was both broadened and extended into communities by the Community Mental Health Centers (CMHC). During the 1970s and 1980s, successive cutbacks in funding for mental health through the evolution of

the "block grant" process has created somewhat of a hybrid with State programs devoting increased attention to the most chronic and acute cases among lower income groups. The quasi-independent CMHCs are developing multiple funding sources in addition to governmental funds. With the passage of PL-99-660 by the federal government in 1986, community input, including that of primary consumers, has radically altered the decision making process of mental health center management. For the first time, PMH systems are being forced to adopt and adapt many of the principles of the marketing process. An additional element in this evolution is the development of associations of practitioners (such as the National Association of Mental Health Information Officers) and consumer and advocacy groups (such as the National Alliance for the Mentally Ill).

This volume is an admittedly eclectic compilation of current knowledge in PMH marketing, including original research manuscripts, tutorials, and case studies. The task of "adapting" marketing knowledge to the MH field is accomplished with the lead article, written several years ago by Bill Winston, Senior Marketing Editor for The Haworth Press, Inc. and consultant within the industry. Several "market segments" (publics) oriented sections focus on the general public as a target market; primary and secondary consumers as a target market; Referral and Secondary; and the use of marketing tools such as research, promotion, and evaluation.

Basic Marketing Principles for Mental Health Professionals

William J. Winston

INTRODUCTION

Health care marketing has become an important management tool for health administrators during recent years. It has only been an accepted scope of study in research during the last decade. However, marketing has been used in health care for centuries. This is documented in the cases of public health campaigns during the 17th and 18th centuries. It has also been extensively utilized by pharmaceutical firms, hospital supply firms, health maintenance organizations, and public health agencies during the last forty years.

The recognition and acceptance of marketing in health care during the 1980s is similar to the rise in importance of finance during the 1970s. Finance was considered the "savior" during this decade as budgeting and financial forecasting became popular in health organizations. Budget directors and controllers were promoted to vice-presidency positions. In comparison, marketing has become the name of the game for the 1980s. Directors of public relations are being promoted to vice-presidents of marketing and planning. Unfortunately, marketing is perceived by many administrators and providers as the future savior. As it will be discussed later, no management tool by itself is a savior.

The development of health care marketing is entering its second phase. During the first half of the 1980s, most of the attention was

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placed on answering the key questions, "what is marketing?" and "why do we need to market?" The second phase during the middle and second half of the 1980s is addressing tools, applications, and sophisticated methodologies for practical use by health administrators and providers.

WHAT IS HEALTH CARE MARKETING?

HEALTH MARKETING is an organized discipline for understanding: (1) how a health marketplace works; (2) the role in which the mental health organization can render optimum services to the marketplace; (3) mechanisms for adjusting production capabilities for meeting consumer demand; and (4) how the mental health organization can assure patient satisfaction.

COMPONENTS OF HEALTH CARE MARKETING

Marketing includes a variety of functions, such as:

1. MARKETING RESEARCH which describes the collection of information about an organization's internal and external environment;
2. MARKETING PLANNING which is the framework for identifying, collecting, and capturing select segments in the marketplace;
3. MARKETING STRATEGY DEVELOPMENT which relates to new service development and actions to be taken for taking advantage of opportunities and gaps in the marketplace;
4. PUBLIC RELATIONS that describes the action of communicating with the publics that interact with the health organization;
5. FUND DEVELOPMENT which is the solicitation of resources for the organization or special services;
6. COMMUNITY RELATIONS which act as a liaison with the publics served;
7. PATIENT LIAISON who acts as intermediator between the provision of care and the patient;
8. RECRUITMENT for medical providers or staff;

9. INTERNAL MARKETING which includes staff development in marketing, marketing role expectation, and triage efficiency; and
10. CONTRACTING for new modes of delivery, such as preferred provider organizations, IPAs, or HMOs.

MARKETING AS A SUBSYSTEM OF MANAGEMENT

Marketing is one function of management. It is integrated with other management subsystems of PRODUCTION, FINANCE, and HUMAN RESOURCES. MARKETING determines the needs of the consumer in the marketplace and lays out a plan for satisfying these needs. Production, finance, and human resources follow this lead and initiate the process of satisfying consumer needs through service provision.

TYPES OF HEALTH MARKETING

There are many applications of marketing in mental health. Some of these applications include marketing for: services, patients, new staff, donors, social causes, creative ideas, goodwill, staff morale, public relations, provider relations, community relations, political and lobbyist activities, new products, fund raising, patient relations, contracting, mergers, joint venturing and acquisitions.

BASIC PREMISES OF HEALTH CARE MARKETING

Before implementing a marketing program, some basic premises must be established about marketing. These include:

1. The patient is a client. There is an exchange process occurring between the consumer and supplier. Even with extensive insurance coverage, every client exchanges time, money, discomfort, and anxiety in obtaining a health service.
2. The best outcome of marketing is a patient or client referral.
3. All providers must continue to assess the effectiveness of their services and not be satisfied to assume they are good just because people use them.

4. Like a new suit of clothes, services must pass initial examination by clients and continue to hold up after the time of initial purchase by the consumer.
5. Marketing is a management tool. It does not offer all the answers to effectively operating a successful organization. It must be blended among financial management, human resource management, strategic planning, and economic analysis.

TEN KEY QUESTIONS ANSWERED BY MARKETING

Marketing supplies answers to the following basic questions for the mental health service:

1. What business are we in and what is the purpose for the organization's existence?
2. Who is our client?
3. What does our client need?
4. Which markets should the organization be addressing?
5. What are the strengths of the organization?
6. What are the weaknesses of the organization that need to be attended to?
7. Who are our competitors?
8. Which groups (segments/targets) do we want to serve in the community?
9. What are our marketing strategies to communicate to these groups?
10. What strategies should we develop related to pricing, promotion, access, and the types of services offered?

TRADITIONAL VERSUS NEWER MARKETING CONCEPTS

The traditional method for understanding marketing is demonstrated by the following relationship:

PRODUCT + SELLING AND PROMOTION = PROFITS THROUGH SALES VOLUME

This relationship is based on the traditional "Madison Avenue" aspect of selling being the most important part of marketing. Selling is only one function of marketing and the real outcome of marketing will be client satisfaction. This is exemplified in the following relationship:

UNDERSTANDING CLIENT NEEDS +
INTEGRATED MARKETING = PROFITS
THROUGH CLIENT SATISFACTION

Integrated marketing includes RESEARCHING THE ENVIRONMENT, DEVELOPING A MARKETING PLAN, and CREATING COMMUNICATION STRATEGIES BASED ON THE RESEARCH AND PLANNING.

Marketing programs which have failed are partly due to a lack of preliminary research, analysis, and planning before implementing communication strategies.

The SELLING CONCEPT focuses on the services; is solely dependent on public relations; and increases revenues through volume. The MARKETING CONCEPT focuses on consumer needs; uses integrated marketing, and increases revenues through consumer satisfaction.

The marketing concept refers to the study or practice of marketing strategies designed to assess consumer preferences about existing or proposed services, implies a direction to deliver services which meet these preferences and needs, and establishes a criterion of effectiveness so that consumers' health needs are satisfied by the services.

PUBLICS, MARKET, EXCHANGE PROCESS

Every organization conducts its business in an environment of both internal and external PUBLICS. A public is a distinct group of people or organizations that have an actual or potential interest or impact on the mental health organization. For example, publics for a psychiatric hospital would be the media, government agencies, other health organizations, the population in the community, medical providers, and its employees.

A mental health organization functions through the exchange process in a MARKET. A market is a process where a minimum of two groups possess resources they want to exchange for some benefit. It is the matching of demand and supply.

Every marketplace has an EXCHANGE. Exchange involves mutual satisfaction of the groups involved. There must be two parties and each must have something that is valued by the other party. For example, patients exchange time, money, discomfort, anxiety, and inconvenience for the services provided.

THE MARKETING MIX

Just as everyone who has studied economics remembers the basic principles of demand and supply, a marketer always is able to fall back on the foundation of the MARKETING MIX. The marketing mix is the mixture or blending of select characteristics of the organization that are utilized to achieve some marketing objective and communicate with a select public.

There are five components of the marketing mix:

1. *PRICING:* This is becoming an important area of health marketing. It can include the direct costs, indirect costs, opportunity costs, discounting, prepayment plans, contracting, co-payments, credit terms, and deductibles. All organizations must price their services to be able to earn a normal profit which is the amount necessary to keep operations and some capital investment going. Normal profits are a regular part of operating costs. Some factors which must be included in the pricing of a service include: demand characteristics for the service, pricing by competitors, consumer expectations for pricing, possible effects on other services provided by the organization, legal aspects, competitive reaction to changes in prices, profitability, and the psychology of the consumer. Some pricing strategies include COMPETITIVE PRICING which sets the price at the "going rate" in the marketplace; MARKET PENETRATION which sets a below-competition price to capture additional market share; SKIMMING which is useful in launching a new service for which the initial price might sustain a high price; and VARIABLE PRICING based on seasonal fluctuations.

2. *PRODUCT:* Marketing strategies can be developed related to the physical characteristics of the products and services provided.

These characteristics include: quality of care, atmospherics, style, size, brand name, service, warranties, types of medical providers, quality of staff interactions, level of technology, and research activities. A mental health organization must have an attractive service which offers some value to the consumer. These values have to satisfy the needs of the consumer. Every new service needs to be researched, have the market screened for potential acceptance, tested for performance levels, and finally, launched into the market selectively. Typically, mental health organizations offer an array of different services. Therefore, a PRODUCT PORTFOLIO needs to be established which plans out the kind of PRODUCT/SERVICE MIX most readily acceptable for the market served.

3. *PLACE:* A key aspect of developing marketing strategies is related to access to the service. The place component of the marketing mix consists of the characteristics of service distribution, modes of delivery, location, transportation, availability, hours and days opened, appointments, parking, waiting time, and other access considerations. Some strategies have included opening a health center on weekends or in the evenings, hiring security guards for evenings, lighting parking lots, possessing excellent triage systems for small amounts of waiting time locating near public transportation, and changing the mode of delivery to include home services.

4. *PROMOTION:* The promotional strategies relate to methods for communicating to the publics. Promotion can include advertising, public relations, personal selling, sales promotion, and publicity. A PROMOTIONAL MIX needs to be established by blending advertising, sales promotion, personal selling, health education, and publicity. The three main ingredients of external communication are the provision of INFORMATION about the service, PERSUASION, and INFLUENCE to use the service if needed. When using promotional strategies, the basic factors to consider are: the availability of funds, the stage of the life cycle the service is in (see next section), the nature of the service, the nature of the market, and the intensity of the competition.

5. *PEOPLE:* All staff, medical providers board members and volunteers are "marketing representatives" of the mental health organization. Human interaction between staff and clients form the client's perception of the service more than any other attribute.