

Marketing Overview

The American Marketing Association defines **marketing** as the process of planning and executing conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. Marketing is an integral part of the economy that helps to identify, develop and bring products, services and ideas to producers, intermediaries and end users.

Marketing is often discussed as having four components: product, price, place and promotion. The term **product** refers to a wide range of things. Of course, there are materials goods like pharmaceuticals, cars and books that are all considered products. In the early 1900's the definition of product was limited to such material items. However, as the economy grew and products became more sophisticated, it became clear that service were an important part of the product. For example, instead of just buying a car, marketers became aware that the competency of the car vendor and the on-going relationship he/she had with the customer was bundled together in the customer's mind with the car itself. So, the term product expanded to encompass not only the durable item but also the service associated with it. Eventually, the term product came to be used for purchases that were comprised of only services, like legal counseling. The next big step in broadening the definition of marketing came when marketing was used to focus the dissemination of ideas. So, campaigns like "Buckle Up for Safety," or "get prenatal care" or "Vote for Proposition 3" were honed by marketers. As this evolution occurred, the term product expanded once again to include ideas. As things stand today, the term product refers to material goods, services, ideas or any combination of these. To draw an example from care for children with special needs, a pediatric dental clinic provides a *product* that includes the dental *services*, the *material goods* the clinic may send home with the family for in-home care and the *ideas* of appropriate dental hygiene and follow-up.

Price is a term that everyone is familiar with when it is applied in a context that refers to money. Marketers expand the definition of price to include costs to one's self image, time spent on acquiring/using the product, costs associated in integrating the product into one's life and so on. So, a very inexpensive car may have a low price, but it may challenge the buyer's self image as an up-and-coming individual and may require him to change the garage he uses for car maintenance. As a result, price is a broad term that covers all that the buyer is asked to give up in order to acquire the product. In the case of children with special needs, parents who are sent for genetic counseling have to pay a price that includes threats to their self-concept when they are confronted with the knowledge that they are carriers of a particular genetic anomaly.

Place is also a very broad term that covers the location at which the customer acquires or uses the product. It also encompasses the routes or channels through which the product moves to the end user. In the example of a head of lettuce, the most obvious component of place is the grocery store the consumer uses. But, place also reflects the decision that the lettuce grower made in choosing to sell through a national chain as opposed to a

roadside stand, to restaurants, or to foodservice providers. Place is a very important consideration, in part, because it is very difficult to change. For example, in the case of children with special needs, the place component of a specialist in child psychiatry includes the office out of which she practices (i.e., its location, its décor, its signage, etc.), the building in which she is located (i.e., the parking availability, its geographic location, the hours it is open for appointments), and the health plans she accepts. The health plans are included because they act like a road that allows the end user to move towards her, and if the road is blocked, the end user cannot get to her place of work. If the physician changes her geographic location, or even the health plans she accepts, the ability to “get to” her product may change dramatically.

Promotion is another extremely broad term having four categories itself: *advertising*, *publicity*, *sales promotion*, and *promotion* (here promotion is used as a catchall term meaning not one of the other three categories). All forms of promotion are ways that the provider communicates with end users or other decision makers who are involved in the acquisition of a product. Advertising is paid for, mass-market communication. So, a campaign to inform parents about the importance of vaccines is advertising if the Health Department pays to run these pieces on air or in the paper. If the Health Department does not have to pay for this communication, if instead the TV or newspaper runs a feature piece that emphasizes the message for free, then this is called publicity. Sales promotion, or personal selling, is characterized by having face-to-face communication. This form of promotion is usually necessary if the product is complex and if the buyer needs to have more of a personal connection to feel comfortable with the purchase. Sales promotion is the most time consuming and expensive (on a per person reached basis) type of communication. Life insurance was traditionally sold through personal selling, although the internet is now making inroads. The upside of using the internet for buying life insurance is that the costs to the company are lower (because they do not employ a sales staff), and so the cost savings are passed along by lower premiums for life insurance. The downside of using the internet is that consumers are asked to make a potentially complex decision without the access to an informed sales agent to discuss or explain the product. To see the role of relationship in health care, consider how although health care is generally seen as a collaborative model in which the provider and the patient (or her family) make decisions jointly, there are situations in which the patient (or her family) may resist a particular message. For example, perhaps the psychological price of accepting a diagnosis is too high for the patient/family to initially accept the message. In this situation, providers would continue to use persuasive communication to inform the patient/family about the diagnosis. Using the example of the family that is not yet ready to accept a diagnosis, it is clear that several visits spread over time will be needed for the provider and the family to make a joint decision that is acceptable to all. The final category, promotion, is used to capture all the communication efforts that do not fit in the category of advertising, publicity or sales promotion. Pens or magnets with a clinic name and phone number are examples of the category “promotion” within the broader term promotion.

In addition to the areas of product, price, place and promotion, there are some other central ideas in marketing. One is the concept of a **target market**. This is the group of

customers for whom a product is developed and marketed towards. So, for example, Lucky brand blue jeans are targeted towards young adults who are interested in being fashionable and trendy. They are not targeted to the newly retired baby boomer. Targeting is accomplished in part by effective **positioning** of a product. Positioning is how one thinks about a product. For example, Volvo is positioned as a safe car; it is not positioned as the perfect vehicle for baby boomers that need a mid-life crisis car. Marketing **intermediaries** are all the middle men, or vendors, that help move the product from the manufacturer to the end user. The intermediaries can influence the product's positioning and the efficacy of its target marketing. For example, most consumers would not find a high-end position of a consumer product credible if it were to be sold through a discount vendor (e.g., would the average consumer pay thousand of dollars for a wedding dress bought through K-Mart?).

Marketers make a broad distinction between **products that are marketed by businesses to consumers**, sometimes referred to as B-2-C, (e.g., the grocery store that sells to you, or a vitamin manufacturer that sells to you) and **products that are sold from one business to another**, sometimes call B-2-B, (e.g., Proctor and Gamble sells Tide to your local grocery store, or a vitamin manufacturer sells vitamins to another manufacturer that puts them into enriched flour). The sorts of consumer purchases we make on a daily basis usually involve fewer decision makers, often only the adults in the household, or maybe even just the primary shopper. On the other hand, businesses usually have more complex buying decisions. The person who uses a drill press in the plant is rarely the one that negotiates with a drill press producer, and the negotiator is usually not the same person that does the day-to-day processing of outstanding orders. Because the buying process is different between B-2-C and B-2-B the promotion process is usually different. In general, more advertising is used when selling to consumers and more sales promotion is used when selling to other businesses.

Marketers are also involved in developing new products. The field of **marketing research** is dedicated to providing information that can be used to guide marketing decisions. Marketing research can be broken into two main approaches. The first is **quantitative research**, which, as its name suggests, is involved with numbers and statistical analysis. Most quantitative research gathers data from surveys. The second approach is **qualitative research**. This type of research is “softer”, relying on techniques such as focus groups, interviews, observation and the like. Qualitative research usually has fewer respondents but may gather more detailed information from each one. Quantitative research usually gathers information on many people but the depth of each piece of data is limited.

Health care providers are engaged in marketing every day whether they realize it or not. Every effort to educate patients is a form of marketing in which ideas are being communicated in a persuasive way. Each time a patient is asked to sacrifice time or energy to do a certain task, such as exercises at home between appointments, the provider is asking the patient to pay a price in exchange for a benefit. Family groups that advocate for their children use marketing to clarify their messages and the means that they will use to communicate them. Marketing is much more than TV ads or telemarketing!

Marketing, done effectively, allows for clear communication, effective messages and the delivery of high quality products.