

Vying for patients,
hospitals think
location, location.

[Health & Medicine](#), [Hospital](#)



INTRODUCTION. Hospitals are healthcare institutions that are normally located in areas that are densely populated. There are over 17, 000 hospitals in the whole world. In accord with the original meaning of the word, hospitals were originally "places of hospitality", and this meaning is still preserved in the names of some institutions such as the Royal Hospital Chelsea, established in 1681 as a retirement and nursing home for veteran soldiers. (<http://en.wikipedia.org/wiki/Hospital#General>) In general, hospitals are normally located in areas where there are other major hospitals as a way to acquire materials at low transportation costs.

Unlike other businesses like franchises like McDonalds that would prefer to be in an area where there are no other fast food outlets, hospitals enjoy the benefits of being near other hospitals not only in terms of supply of raw materials but also to acquire bigger market shares. Most hospitals are specialized to include trauma centers, rehabilitation hospitals, children's hospitals, seniors' (geriatric) hospitals, and hospitals for dealing with specific medical needs such as psychiatric problems, certain disease categories such as cardiac, oncology, or orthopedic problems, and so forth.

A hospital may be a single building or a number of buildings on a campus. Many hospitals with pre-twentieth-century origins began as one building and evolved into campuses. Some hospitals are affiliated with universities for medical research and the training of medical personnel such as physicians and nurses, often called teaching hospitals. Worldwide, most hospitals are run on a nonprofit basis by governments or charities. Within the United States, most hospitals are nonprofit. (<http://en.wikipedia.org/wiki/Hospital#General>)

1. How can sales market share and profit be

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optimized for entire set of locations? A sale is the act of selling a product or service in return for money or other compensation. Market share is the percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity. Optimized is to make the best or most effective use of (a situation, opportunity, or resource). Sales market share can be optimized through both internal and external adaptations which would include; I.

Benefits of the location of competitor's proximity. Hospitals unlike other franchise companies enjoy many advantages of competitors being located near each other like; a. Reduced transport cost by suppliers. Medical supplies companies are normally located near hospitals and the proximity between hospital and supply reduces transport costs which in turn reduces the over roll costs. This advantage can help the hospital optimize sales through reduced prices for medical care and also maximize profits through reduced costs. b. Specialization.

Hospitals normally specialize for example trauma centers, rehabilitation hospitals, children's hospitals, seniors' (geriatric) hospitals, and hospitals for dealing with specific medical needs such as psychiatric problems (see psychiatric hospital), certain disease categories such as cardiac, oncology, or orthopedic problems, and so forth. In cases where a patient needs to be transferred from one medical facility to another unlike other franchise companies can share patients and proximity between hospitals helps with that especially in emergency cases. This helps in sales market share and optimization of profits. c. Facilities.

Proximity of hospitals helps hospitals share facilities like operating theaters, x-rays which in turn helps in minimizing of costs. This is unlike any other business and this benefits the patient in terms of reduced prices for treatment and reduced costs for the hospital that the helps them increase sales and optimize profits. II. Internal adaptations and their benefits would include upgrading facilities like; a. Improvement of the quality of services by hiring of the best doctors and equipment can help in the optimization of market share, sales and profits due to the loyal customers that keep coming back for more services. . Accessibility. Easy access of the hospital in terms of near main transportation routes and stations improves on sales and profit optimization because patients are able to be delivered to the hospital easily especially in times of an emergency. c. Customer friendly. The friendliness of the doctors, nurses and staff to patients not only helps in the sales market share and profit optimization but research shows that friendly doctors and nurses helps in the faster recovery of patients. d. Advertising. Research shows that the more advertising is done for a service or product provider the more increase in sales there is.

This in turn leads to the increase in the market share and optimization of profits. e. Availability of parking is one of the most important facts for any company especially hospitals because when there is an emergency ambulance cannot be bothered on finding parking and need places with enough parking space. f. Building and leasing costs. This is an important factor for most companies to minimize overall cost to offer lower prices to customers and also optimize profits but for hospitals this is of little relevance because good qualities building in good locations don't come cheap. g.

Upgrading facilities in hospitals can include acquiring of newer equipment like imaging equipment, physical therapy equipment, and so on. Now updated medical equipment is most important in the health care business because as patient needs keep changing so does the equipment. Unlike other businesses like food businesses, the health care business is one of those businesses that require constant upgrading especially when it comes to the equipment. h. Expanding some sites of hospitals requires expanding the services to provide more health care services like dental care, Optic care, and physiotherapy and so on.

This will help in the handling of a wider range of patients with different health care needs which will help in the acquiring of a larger market share and optimize profits. 2. What potential sales do you believe can be realized from each solution suggested? a. Emergency patients are some of the potential sales that could be realized from both enough parking space and accessibility proved by good location near major transport stations and major roads. b. Loyal customers and patients can be realized from friendly doctors and nurses and also high quality services provided by the staff. . Advertising can help in the making of potential clients who in case of hospitals are virtually human being aware of the services the hospital provides for example; American Hospital in Dubai that advertises in Dubai international airport making all the passengers who go through Dubai airport know about their services. 3. Where, in each case, should outlets be located to optimize market share, sales and profits without negatively impacting on other outlets? a. In some cases hospitals lose market share when there are too many physicians, medical suppliers and other healthcare providers within the

community, and for that reason one may even pay top dollar for a less competitive environment especially in a community with no duplicative services. This can help in the easy domination of the market share especially if it's the only hospital providing those services which will in turn optimize profits. In some other cases locating near other hospitals as discussed earlier helps in the reduction of transport cost.

So with this factor one must weigh the benefits of locating away from other hospitals versus locating near other hospitals. b. The physical facility in terms of building is an important aspect in consideration of the location of a hospital. Depending on the kind of services the hospital wants to provide the building facilities must be conducive enough to accommodate the equipment to be used in the providing of those services. This will greatly impact the quality of services provided by the hospital that will help in the acquiring of larger market share and optimize profits. . The geography and demographic of the hospital's location may play an important role in market share and profit optimization. The hospital industry is highly regulated and as such is vulnerable to government reimbursement. For this reason, a highly profit hospital will likely have a growing pool of commercially insured patients. So a hospital may rather locate itself in neighborhoods' of high income earners because they are the ones who are likely to have both the money and the insurance to pay the medical bills.

This will greatly help in profit optimization because this will mean less patients receiving services on credit but rather more patients paying cash at hand. d. Traffic volumes are also an important factor in locating of hospitals.

The less traffic an area has is an added advantage in the location of a hospital because of the need for emergency clients to be able to reach the hospital for a required service in the least time possible. This will help in the securing of the market share that has emergencies hence optimizing profits.

e.

Customer access in terms of a hospital being located near bus stations and main transport routes is another important factor because it helps customers to reach the hospital for the services it has to offer easily. This will help the securing of a larger market share hence optimizing profits.

f. Big enough parking is also an important factor in locating of hospitals because in cases of emergencies ambulances need to have ready parking at all times in order to minimize the time it takes to take the clients to inside the hospital to receive their required services.

In cases of mass accidents or hazards the state or district normally has recommended hospitals in such cases because of some of these factors.

4. What probable effects would there be on market share, sales and profits if a competitor located nearby?

a. If the competitors are providing the same service for example child pediatrics, dentistry plastic surgery and so on, it can be a negative impact. This is so because if a hospital is located in an area where other hospitals are all providing the same service that would mean a reduced market share for each hence a reduction in sales and profits.

b.

In cases where hospitals in the area are providing different services it can be an added advantage because of the proximity between supplier, customer

and service provider. Some hospitals recommend other hospitals in case a customer needs another service that hospital doesn't offer. In that way proximity is important for both the hospital in terms of maximizing sales but also for the customer in terms of reduced transport costs to go and receive that service. CONCLUSION. Location, location, location is a very important or if not the most important factor in the success or the failure of a business.

The factors that will determine the success or failure of a business will depend on what kind of business, whether is profit or nonprofit business one wants to set up and the kind of service or product that business intends to provide. Some businesses require being located near the customer, for example fast food franchises while other do not even need to be located near the customer like communications service providers. For hospitals location is important depending on what kind of service they plan to offer and what target market is intended.

Is it a charity hospital for low income earners or is it a profit hospital for high income earners. But the reputation of a hospital is also a very important factor for example 'JOHN HOPKINS HOSPITAL' where with such a high demand for their very high quality specialized medical services, they can afford to provide both charity services to low income earners and also exclusive services for high income earners. So in efficient location of a hospital they many factors to be examined but even more importantly the aim of the hospital.