

Marketing analysis of the nhs



NHS Resource Profile

The essence of developing a marketing strategy for a company is to ensure that the company's capabilities are matched to the competitive market environment in which it operates, not just for today, but into the foreseeable future. At the heart of strategy lies the need to assess critically both the organisation's resource profile (often referred to as its strengths and weaknesses) and the environment it faces (Hooley, Saunders and Piercy, (2004).)

With reference to academic literature and to the National Health Service as an organisation, critically evaluate the mechanisms available to management by which it can assess:

- The organisation's resource profile and
- The marketing environment it faces.

Background to the NHS

The NHS was set up on 5th July 1948 to provide healthcare for all citizens, based on need, not the ability to pay. (www.nhs.uk) Prior to this date access to treatment depended on either the ability to pay, or the goodwill of doctors in hospitals funded by charitable donations. The latter was a very strained resource and often it was only the working parent, usually the man, who was able to access such treatment, which he often paid for by way of deductions from salary to schemes such as the Hospital Saving Association (www.hsa.co.uk). Today the health service is formed of many trusts, reporting into the department of health, consisting of community services Trusts, Ambulance Trusts to Hospital Trusts. Care is made available for all who need it. Current <https://assignbuster.com/marketing-analysis-of-the-nhs/>

government stated priorities, as quoted on www.nhs.uk are given in National Service Frameworks are

- Cancer
- Paediatric Intensive Care
- Mental Health
- Coronary Heart Disease
- Older People
- Diabetes
- Renal services
- Children's services
- Long Term Conditions

The launch of the health service was very high profile (www.bbc.co.uk) and still often shown within health care television coverage today. Over the last fifty years, many changes have been made to the service (www.nhs.uk/history) to enhance its offerings to the public, yet today the NHS is often in the news for negative reasons. Despite the obvious good work that the NHS does, it is the long waiting lists, MRSA and occasional health problems that come to the forefront in the eyes of the media. Again, marketing can play a big part in the perception of the service in the eyes of the public.

Organisations resource profile

At the heart of strategy lies the need to assess critically both the organisation's resource profile (often referred to as its strengths and weaknesses) and the environment it faces (Hooley, Saunders and Piercy). In the 1990's the inside-out approach to marketing, the resource based view

(RBV) became popular with strategists such as Grant, for its new approach which looked inside the firm to assess its core competencies and to determine which competencies should be used for competitive advantage. A neo-classical approach, the resource view was that the external environment was constantly changing and that it would be difficult for companies to keep changing with it, rather they ought to stick with what they know best and concentrate on their core offerings. The value chain approach offered by Michael Porter, reaffirmed by Johnson and Scholes, also emphasised the importance of understanding how the internal organisational factors add value to and impact on the external environmental influences affecting the firm. The value chain activities are split into primary activities (inbound and outbound logistics, operations, marketing, sales and customer service) and secondary activities (infrastructure, human resource management, technology development and procurement). All of the above chain linkages will need to be assessed for the NHS in trying to ascertain the organisation's resource profile.

Taking the Value Chain approach and applying it to the NHS

The value chain will now be taken and applied to what is known about the NHS in the public domain. (newspapers, media and www.nhs.co.uk)

Primary activities

Inbound and outbound logistics relate to the receiving and distribution of goods and services. Within the NHS logistics would consist of the following

- Patients, who would either be transported by their own methods or by ambulances in order to receive the treatment.
- Drugs, dressings and other pharmaceutical supplies
- Staff who may travel to and from hospitals, to and from other medical establishments and from either of the former to a patients home/ destination and so on
- Medical equipment, such as surgical instruments and monitors
- Non medical equipment such as beds, linen, catering requirements, cleaning equipment and stationary
- Warehousing of goods

From the above, it is noticeable that there are a range of logistical activities, notably many of these are managed by different departments and others outsourced, such as catering and cleaning. Obviously where outsourcing has taken place, NHS Managers have taken the decision that such services do not come under it's core competencies and placed the management of such activities in external hands. Non the less, outsourced activities are still very much an integral part of a company's value chain, but where control of activities is outsourced there is a chance of a weak link (Porter) and notably much of the bad publicity (regularly referenced on national and regional news) surrounding the hospitals is indeed as a result of questionable cleanliness (such as MRSA) and poor quality nutrition. Poor publicity has an impact on public perception of service quality and the way that the NHS counteracts this by efficient use of marketing is of importance.

Operations transforms these various inputs into the final product or service (Johnson and Scholes) by pulling all the operational activities together, be

they controlled directly or outsourced. It is therefore a key link in the chain to ensure service delivery.

The marketing and sales activities are responsible for raising awareness of the services provided by the NHS and the perception of the quality of service it supplies to the public. Doctors' waiting rooms are full of adverts for services to prolong life, enhance health and therefore use the service less such as those that target smokers to stop, heart disease campaigns to encourage the public to eat 5 or more portions of fruit and vegetables per day, well man and well woman clinics and so on. Many of these adverts run into national advertising, such as the daily newspaper, whilst local initiatives are often mentioned on the regional news. In addition the NHS has an informative website www.nhs.uk which gives advice offering a section on 'your health' (to include self help guidance) and information on current national health campaigns such as 'help a heart week' and 'everyman male cancer campaign'. Just how much the website is referenced is unknown and one must question whether indeed the public even know of its existence.

But marketing is not all about advertising campaigns, especially within the not for profit sector where there is a reliance on key relationships and networks (Caeson, Cromie, McGowan, Hill). Whilst logistics partners have already been referenced, a good relationship between the NHS marketing departments and the outsourced companies is very important to ensure consistency of message on joint issues, such as the cleaning contractors approach to cleanliness and the rise of MRSA. Within the not for profit sector there is a reliance on corporate support, national and local government support and the goodwill of the public, some of whom are involved in

management committees (positions are advertised within the local press). With the NHS being split into multiple trusts, some with differing specialisms inter trust relationships are key to the treatment of certain patients, thus creating more linkages in the chain and more marketing relationships required.

All of the above impact on both internal and external customer service and perception of service.

Secondary activities

Secondary activities are sometimes called support activities as they support the primary activities mentioned above.

Procurement is 'the processes for acquiring the various resource inputs to the primary activities occurs in many parts of the organisation.' (Johnson and Scholes). Within a complex organisation, such as a trust, there are many ways to procure goods and services from both the physical approach to the electronic methods.

Technology development ranges from the hospital Consultant's know how, to computer systems used for medical records, to pharmacy systems linked to drugs. All of these will be managed by human resources some directly employed by the trust, some contracted to the trust and some working for contract companies contracted to the trust. All staff will report directly to their line manager, and ultimately they to the trust manager, advised by a committee, and that manager to the Secretary of State for Health. Non-the-less, each member of staff employed by or within a trust is an internal

marketer (Gummesson) and who they interact with both inside and outside of the trust gains an impression of the trust by association with them.

This is all held together by the firm's infrastructure, 'the systems of planning, finance, quality control, information management' (Johnson and Scholes).

Marketing environment facing the NHS

Successful companies take an outside-inside view of their business. They recognise that the marketing environment is constantly spinning new opportunities and threats and understand the importance of continuously monitoring and adapting to the changing environment. (Kotler)

Analysing the environment for any organisation will involve a review of the political, economic, social and technical (PEST) environment it is in or faces. For the NHS, it is a UK based healthcare provider for the public, funded by contributions made from taxes distributed by the government to each of the trusts. It operates within a politically stable economy with funds pledged by both the current and previous governments to the service for improvements in healthcare and salaries for staff. The economic environment facing the NHS is a growing economy with a rising elderly population and less working people to support them. In addition, it has become increasingly difficult to recruit medical staff (national press) and shortages have often been counteracted by employing staff from other EU countries, which in turn increases the population within the UK. This again has been a subject of press attention, again negative for the NHS. The social/ cultural environment shapes beliefs, values and norms (Kotler). Belief in the core values of the health service and the services it offers was high on the public's list of

concerns during the last general election, as if the NHS is an integral part of the UK and its culture. The technological environment is moving fast within the health care sector, as well as drugs being continually developed, techniques for operations are being advanced and the use of technologies for both medical and administrative procedures. Such are rarely mentioned in the press.

Traditionally, before formulating a marketing strategy a company would usually undertake a SWOT analysis, that is to understand its strengths and weaknesses and realise opportunities and steer clear of known and potential threats. The key elements, in the author's opinion are listed below.

Strengths

- Although not a monopoly, there is no real competitor for the NHS.
- Whilst private hospitals are available throughout the UK, the Accident and Emergency service is unique to the NHS.
- The fact that there is continual monitoring of waiting lists is proof that the demand outstrips supply
- The NHS has been established since 1948 and continues to grow and expand upon its services.

Weaknesses

- Unable to cope with the demand due to the increasing population
- Possibly the management of the linkages of the chain, per the resource analysis

Opportunities

- To use marketing strategies to raise the profile of the NHS
- Increase of private investment

Threats

- Image of the NHS being affected by the work of contractors
- Staff turnover high

Of course, the above SWOT is written down by the author with no first hand working knowledge of the NHS trusts. As with most SWOT's, the above is based on perception which, in turn, is based on the interpretation of information in the public domain, based on regular articles in the media. So in effect, marketing has already had an impact on this view. It is likely that many people will all have different perceptions of the NHS, depending on their outlook and any personal experience they may have. However, given the number of NHS trusts in operation and the number of different operating units even an employee working for one business unit is likely to have a different perception to another.

Another tool to assess the NHS would be to undertake a marketing audit, a comprehensive, systematic, independent, and periodic examination of a company's marketing environment. with a view to determining problem areas and opportunities (Kotler). This would indeed be a complex affair. Each trust is strategically responsible for itself, so it may be presumed that it is responsible for its marketing activity, but with one NHS website indications are that it is centrally controlled. Included within the audit would need to be an audit of the outsourced companies and their way of representing the NHS. With different companies and indeed trusts operational throughout the UK

there are bound to be different corporate cultures and core values which would need to be considered and addressed if possible.

Resource based view resume v marketing based strategies -
recommendations

From the resource based critique, it was seen that marketing affects every part of the NHS. Having evaluated the NHS against the resource based view, using the value chain model; it can be observed that the NHS is indeed a complex organisation. Over the years, it has gone from being a totally autonomous organisation which does everything for itself, to one that now outsources various functions such as technology, hygiene, and distribution and so on. Of course it has recognised that its core competencies lie within the medical services it provides to its customers, patients, and has concentrated on this side. However, despite the obvious good work it undertakes and millions of lives treated, there is not much awareness made of this important achievement in the national press, rather it is the down side that is much advertised, much of which is as a result of losing control by outsourcing activities such as hygiene. The NHS does not appear to use marketing as a way of counter attacking such reports with headlines such as 'Doctor saves x many lives in one year.'. The resource based view takes very much the relational approach of the not for profit sector, relying on goodwill, government interaction, committees, initiatives and letting the public know via a website. Probably the marketing function is not prominent within the NHS Trust.

Whilst the traditional 4P's (price, product, place, promotion) approach to marketing may not necessarily be the best approach for the NHS Trust, given its unique prominence in healthcare within the UK, there is a definite need to promote the success stories, of which there are most likely to be numerous.

Key recommendations for future marketing and development are to

- Place marketing at the centre of the management function
- Enhance PR activities to both feed positive information into the government as well as out to the various publics in the country.
- Appoint marketing oriented representatives on each of the trusts managing committees.
- Internally market successes to staff and try and retain staff for longer. (A separate exit interview exercise will need to be taken for this)
- Encourage more private investment to grow the service and its core staff.

Bibliography

Brassington, F, Pettitt, S (2000) Principles of Marketing (2nd Edition) (Essex, Pearson Education Limited: 2000)

Caeson, D., Cromie, S., McGowan, P., Hill, J. (1995) Marketing and entrepreneurship in SME's: An Innovative Approach (Harlow: Financial Times, Prentice Hall)

Donaldson, B (1995) Customer Service as a Competitive Strategy Journal of Strategic Marketing, Vol. 3 No. 2: June 1995

Doyle, P (1998) Marketing Management and Strategy (2nd Edition)(Hemel Hempstead, Prentice Hall: 1998)

Drummond, G, Ensor, J, Ashford, R (2003) Strategic Marketing: Planning and Control (2nd Edition) (Oxford, Butterworth Heinemann: 2003)

Egan, C (1997) Creating Organisational Advantage (3rd Edition)(Oxford, Butterworth Heinemann: 1997)

Grant, R (1992) Contemporary Strategy Analysis (2nd Edition)(Cambridge Massachusetts, Blackwell Publishers: 1992)

Gummesson, E (1998) Implementation Requires a Relationship Marketing Paradigm Journal of the Academy of Marketing Science. Vol. 26, No. 3, pages 242 - 249

Johnson, G. Scholes, K (2002) Exploring Corporate Strategy (6th edition) (Harlow, Financial Times, Prentice Hall: 2002)

Kotler, P (1997) Marketing Management – Analysis, Planning, Implementation and Control) (9th Edition) (New Jersey, Prentice Hall: 1997)

Lynch, R (2003) Corporate Strategy 3rd edition. (London, Financial Times Pitman: 2003)

Porter, M (1985) Competitive Advantage: Creating and Sustaining Superior Performance (New York, Free Press: 1985)

Whittington, R (1997) What is Strategy and does it Matter? (London, InternationalThompson Business Press: 1997)

[www. bbc. co. uk](http://www.bbc.co.uk)

[www. hsa. co. uk](http://www.hsa.co.uk)

[www. nhs. uk](http://www.nhs.uk)