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Developing a marketing function in public healthcare systems: A framework for action

Federico Lega*

Bocconi University, Public & Health Administration Department, Viale Isonzo 23, 20135 Milano, Italy

Abstract

The scope of this paper is to analyse the contribution that a marketing function can bring to the wide variety of healthcare organizations operating in public health systems (PHSs). While extensive research on marketing applied to healthcare services has been elaborated in competitive and managed care contexts, marketing is a rather new issue in PHSs and little research has been conducted to assess its relevance and benefits in these environments. This study tackles that gap and is based on a review of the current literature in order to provide answers to the following points:

- definition of the scopes of marketing and of the elements that affect its incorporation in the healthcare sector;
- conceptualization of the possible approaches to marketing by health organizations operating in PHSs;
- discussion of the resulting framework for action.

Keywords: National health service; Marketing; Healthcare organizations

1. Public health systems and marketing as evil

For some time, marketing has been a prohibited word in the healthcare sector. As Kotler and Clarke [1] observe, marketing in the USA was not accepted as a healthcare management concept until the early 1980s. It is still a disdained word in many European healthcare sectors highly regulated and managed by governments. We refer mainly to countries such as France, Italy, Spain, the United Kingdom, Sweden, Finland and Norway, which are commonly labelled as countries adopting the so-called "Beveridge" model, characterized by financing mainly through general taxation and delivery under the supervision of public institutions—central or local governments [2]. These countries run National Health Systems or nationwide decentralized public health systems, whereas the so-called "Bismarck" model based countries (Austria, Germany, Belgium, the Netherlands) have social security provided through compulsory healthcare insurance, managed by insurance funds which may be independent from the government. The fact that health in public health systems (PHSs) is often seen as a "right" and not as a good has generated an ideological rejection to marketing issues. The association of the word marketing with

* Tel.: +39 02 58362504; fax: +39 02 70034454.
E-mail address: federico.lega@unibocconi.it.

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the concept of market raises fears among politicians and regulating bodies that the healthcare sector might also be interpreted as such, thereby pushing organizations to improve their market share, induce demand in a supply-driven context and create, in the long run, an escalation (and in many cases inappropriate) of services and expenses, both from a clinical – the content – and organizational – the delivery site – perspective[1] [3]. The fact that financing was in most cases expense-based (or based on fee for services) nurtured the vicious cycle in which healthcare organizations had incentives to increase supply on a self-referential basis, generating an increase in demand and in the end contributing significantly the escalation of costs to the system. In such a context, the word marketing was perceived as synonymous to manipulation, intrusiveness and a waste of money. Governments and health authorities have come under considerable criticism when very active in public and press relations, especially for their perceived manipulation of the news.[2] Furthermore, in PHS countries many public healthcare organizations operated in monopoly or oligopoly settings, with little incentive to consider their patients not just as users but as clients, who have the right to be informed and involved about alternatives, the quality of providers and in the decision-making affecting their care processes [2]. Finally, a widely shared view about the main difference between private and public marketing has been that instead of maximizing profits, share or volume, the role of public sector marketer has been said to be maximizing the sum of benefits to society. Yet, different authors demonstrated that deciding what maximises public benefits is problematic, that solutions which appear to maximize public benefits can be unacceptable on other criteria such as fairness (if it appear to differentially advantage or disadvantage certain community segments), and that solutions which are unpalatable to politicians may be difficult to implement. Marketing actions may thus be constrained by the power of one or several groups of stakeholders.[3]

2. Marketing? Yes, marketing! Signs of a new trend

Although quite a controversial debate still takes place over the cultural and ethical acceptance of marketing-related concepts in European public health systems, over the last five years the dialogue about the role and use of marketing as a tool to improve the performance of healthcare organizations has developed significantly. In general terms, this has been made possible by two changes in the conceptualization of marketing principles and contents in public sectors. On the one hand, marketing is increasingly seen as nothing more than a set of techniques, some usefully applicable to the public service, some not. This view reduces cultural and philosophical barriers to the transferability of marketing in public sectors. On the other hand, the "accountability movement" has made politicians and managers increasingly aware of the importance of clear priority setting and explicit goals: although with low speed, they are moving way from the traditional "political" nature of public service provision characterized by vague objectives, direction changes, indistinct means and ends, a context in which adopting a marketing approach was extremely difficult at the operational level. Along with these changes that are taking place in the overall framework of public service provision, some other specific changes – facilitating the emergence of marketing – are occurring in

[1] On the contrary, as Walsh (1991) wrote, another often cited argument against marketing in the public sector refers to the fact that "the concern is usually to ration resources, rather than to generate greater demand". Yet, "The point that is raised by this argument is the form of rationing that is appropriate. Demand may be kept down simply by ensuring that very few people are aware that the service exists or at least that no positive effort is made to inform people of the service that they can expect. This is a much less powerful argument than that from ethics. It is quite feasible to argue that resources are limited and that they should therefore be more carefully targeted, and that there will need to be effective public information systems that ensure that those with the greatest need or right are aware of the services". Though the "rationing" policy might look like a form of de-marketing, in next sections of this article we will discuss the theme of de-marketing from a different perspective, that is marketing applied to influence behaviours towards an informed, appropriate and aware decrease in unnecessary use of health services. See: Walsh K. Citizens and consumers: marketing and public sector management. Public Money and Management; Summer 1991.

[2] In Walsh (1991) words "it can be argued that it is unethical to market public goods like soap-powder, for example that the packaging of politicians and political campaigns is to obscure the real issues and to prevent the development of a genuine political dialogue".

[3] See Gupta S, Kohli R. Designing products and services for consumers welfare: theoretical and empirical issues. Marketing Science 1990;9(3),230–46.