

**Essentials of Health Care Marketing, 5th Edition**  
**Eric N. Berkowitz**  
*Transition Guide*

<b>4th edition</b>	<b>5th edition</b>
<b>Part I The Marketing Process</b>	<b>Part I The Marketing Process</b>
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Chapter 2 Marketing Strategy	Chapter 2 Marketing Strategy
Chapter 3 The Environment of Marketing Strategy	Chapter 3 The Environment of Marketing Strategy
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## *Chapter Updates*

### **Chapter 1**

This chapter and chapters throughout this text introduce the increasingly important digital influences on marketing and health care organizations. In the section on “Price,” there is a new discussion of a pay-for-performance model that is introduced as it affects hospital reimbursement. It is brought forward in the first chapter of the text, as this approach is assuming greater importance in the health care environment. There is a much more detailed expansion of this approach in Chapter 10 (Pricing). Additionally, in this discussion of pricing, there is a brief discussion of the attempt to control the growing cost of Medicaid with some states initiating a work reporting requirement.

In the “Place” discussion, virtual care is introduced. The Covid-19 pandemic crisis of 2020 resulted in the expansion of telemedicine, as practices were closed to onsite visits. This led to changes in insurance coverage and Medicare coverage expansion for reimbursement to allow increase use of telemedicine for enrollees. All major “place” or access shifts in the channel of distribution.

In the discussion of multiple markets, this edition has a revised perspective with a more direct comparison and figures to assist students in recognizing the intermediaries and multiple differing consumer markets. Traditional businesses and health care organizations must be considered in understanding their different needs.

This new edition has a significant expansion of the discussion around stakeholders. Increasingly, as the health care organization ecosystem becomes more complex for marketers, stakeholder identification is important in developing plans. A discussion new to the text is one of understanding primary and secondary stakeholders along with the recognition of subgroups and their potential impact on organizational plans. A new case has also been written for this text in the supplemental materials regarding the challenge for stakeholders identification for healthcare organizations.

Finally, this new edition has a section that is entitled “Are There Only Four P’s?” The classic four P framework has been the foundation of marketing based on the early work of Jerome McCarthy’s book on Basic Marketing in 1960. Yet many writers have suggested that it may be worthy to consider, 5, 6, 7, or even 8 additional P’s within the marketing framework. This section added to this edition provides an explanation of these perspectives, what each of these additional P’s represent, how they might add to the understanding of marketing, services, and whether the original Four P approach might be inclusive enough to capture any such expansion.

### **Chapter 2**

In this edition of the text, there has been greater clarification provided to students regarding the discussion of the organization’s mission and values. There always seems to be some confusion

among students in terms of the differences between these concepts. The greater discussion in this new edition should assist in better understanding. Two new organization's statements are provided and are then discussed considering this expanded presentation of mission and values.

The SWOT Assessment presentation in this edition has been revised to highlight how the assessment of the environment and the changing health care marketplace led to the organizational change by CVS as the company transitioned from the selling of health and beauty products to its present position. With Minute Clinics and specialty infusion pharmacies, CVS is a major health care provider in the US as it has now also acquired Aetna.

Throughout this text, there are video links provided within the content to highlight issues that are discussed or sections of the chapter. Within the Instructor's Manual, additional video links are also highlighted that are interesting for classroom discussion or out-of-class assignments. In the section entitled "Sources of a Differential Advantage," there is one such link demonstrating a market-based differential advantage by Shouldice Hernia Center in Toronto, Canada. This video shows the unique nature of this specialized hernia repair center that for seventy years has attracted patients from around the world. This section also provides a discussion of the cost-based differential advantage being provided by digital apps for the treatment of some chronic diseases.

In the discussion of "Disruptive Innovations and New Competition," five new forces that have been posited to greatly affect health care have been included in this edition: Amazon, digital revolution, regulatory change, personalized medicine, and consumerism. There is a discussion around these factors. Some of these disruptive forces are woven into a significantly expanded discussion of diversification. For example, there are specific mentions of companies such as Health Gorilla and RxRev. In each instance, there are always websites provided so that students can check these new companies, and should an instructor want to access these for an in-class discussion.

The discussion of "Organizational Strategy" section has greater depth in this edition. Many of the sections, such as "integration," "strategic alliances," "diversification," "pruning," and "retrenchment," will note each of these areas have more health-care related examples so that the relevance of these strategies specifically to the area is no more contextually specific.

In this edition, within the section on "Determining Organizational Strategy," a fourth new model has been included in the discussion, the McKinsey 7-S framework. The rationale for this model's inclusion is because of the large number of mergers and acquisitions occurring in the healthcare industry. This model highlights the factors that influence an organization's ability to change. In the context of the other models that are focused on the externalities of the marketplace, this framework is more of an inward organizational perspective of whether the organization has the ability itself to change in light of marketplace dynamics. To highlight the importance and value of the applicability of this model, in the supplemental material provided along with this text, there is a new case provided that can be directly applied to the McKinsey 7-S model related to

the merger issue of two medical groups.

### **Chapter 3**

This chapter on the environment contains significant revisions and updates as the health care environment is a dynamic, changing ecosystem. Instructors will notice significant changes to the “Economic” section of this new edition. In the section on “Technology,” the introduction of precision personalized medicine is introduced to students. Significant revision and enhancement in the section on “Behavior” are to be expected, considering the impact of online environment on consumer use. There is a discussion in this new revision of senior use and also adolescent use in terms of health care information seeking and trust of information.

Transparency of information is again a significant change since the last edition. Several states have now mandated an all-payer claims database, which has collected health care price and quality databases. The federal government regulations have changed for hospitals, and revisions are included in this edition. Hospitals must now list data on three hundred “shoppable” charges on their websites. This section also has a useful video link describing the “chargemaster” that many hospitals now post regarding this shoppable list of charges that are posted.

In the section of “Third-party transparency” within transparency, there is a new discussion regarding YELP and quantitative data sources. This is new to this edition and is a very interesting and recent finding regarding the validity of such qualitative social media sites relative to HCAHPS scores. It will result in an interesting classroom discussion. Related to this new discussion is an added new expansion of physicians and hospitals that are suing patients who are posting negative comments on social media sites.

The digital impact has been and will continue to be significant in the aging population of America. This section of Chapter 3 has been revised and enhanced in this section considering these advances. The section of “Structural Responses to the Senior Market” now discusses the concept of “geotechnology” to bring the latest digital technology whether it be sensors, wearables, or remote monitoring to assist seniors to age in place. Company examples and related web sites are provided.

As in other sections of this chapter, significant revisions are made to the section on the “Family,” as well as the “Geographical Shifts” in the United States. In terms of “Culture,” the major change regarding closing the compensation gap between gender is noted; however, the reality of the existing gap, even within the medical profession where there is an increasing percentage of women, remains.

In terms of the health care industry and competition, the trend of rural hospital closures is highlighted. The medical tourism issue for cost control remains with innovative programs for even pharmaceuticals. A video link is provided within the chapter on this innovative program. Finally, in the “regulatory” section, there have been some new additions. Because of the ACO regulations, the Stark III rules and the Department of Health and Human Services have

recognized the need to include new exceptions and safe harbors regarding physician self-referrals. These changes have now been explained in this section. As we are now in the age of telemedicine to a much greater extent than the previous edition, the regulations are also under greater review, as explained in this edition along with a discussion of the different distinctions being made around the terminology being used to describe “telemedicine.”

## **Chapter 4**

The buyer behavior process, the focus of this fourth chapter, has been affected by the digital revolution. As a result, the beginning of this chapter goes through the stages of the consumer decision-making process, and in doing so, the digital influences are a significant part of the revision in this chapter.

In the “External Search,” there are new data presented as to the influence of online search behavior by consumers at this stage of the decision process. The digital influence was noted particularly along the dimensions of cost of the search and the locus of control. The impact of external search by the patient and the relationship with their physician in terms of the sharing of the information was also presented in this edition.

Online search also impacts alternative evaluation. Results have demonstrated the impact on the increasing amount of information and the resultant effects on consumer satisfaction. This edition revision discusses these impacts and the important consideration for marketers to understand. In the discussion of complex decision-making, the concept of triangulation is presented. This approach is important as consumers are now integrating information between an array of sources such as their physicians, as well as input from those they obtain with their online sources.

Two new behavioral decision models are represented in this revision. One model is the “Health Belief Model.” The foundation of this model is from public health for attempting to understand why individuals were not adopting healthy behaviors. For marketers, it is a valuable framework to understand, as it is based on the two basic foundations: first is the desire to avoid an illness, while second is the belief that taking a specific action will lead to ultimately getting well.

The second important model introduced in this edition is based on Behavioral Economics from the work by Thaler and Sundstein. Working on the belief that an individual can be “nudged” along to make better decisions, its premise is that a person is more sensitive to avoid a loss than susceptible to the likelihood of a gain. A new case on the behavioral economics approach of “nudging” patients to comply with completing end-of-life directives is now included.

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This edition also has a new section entitled “The Customer Journey.” This section describes the series of dyadic interactions in which a customer engages as they consider alternatives to the stage after the interaction when there is post-experience evaluation.

This edition has significant revision in terms of subculture. There have been major changes in terms of the Hispanic subculture. The marketing implications are highlighted. Similarly, the important health issues among African Americans are also highlighted in this edition including the recent significant differences that were observed during the Covid-19 crisis.

## **Chapter 5**

Chapter 5 (Market Research) begins with an expanded, brief highlight on the importance of having a good problem definition to begin the research process for students to understand as the essential part of the market research process.

Of significance in this revision is the expanded discussion of big data and data mining. Within the section on data mining, there is now a focal point of the privacy issues that marketers also must be sensitive to in today’s climate, as consumers are growing increasingly concerned with their data usage.

A new section has been included in this edition, “Artificial Intelligence and Market Research.” This section describes Amazon’s approach to AI and provides an example of how it is applied in a health care context in England.

In the use of primary research tools, the section on “Focus groups” has been enhanced in this new edition. A discussion of the digital impact has been provided with explanations of how synchronous and asynchronous focus groups are now tools being implemented by market researchers.

## **Chapter 6**

The Market Segmentation chapter (6) has continued to be revised and enhanced to make the concepts in this chapter increasingly more meaningful to students. In the early section on “Strategies to Segment the Market,” instructors will find the discussion of the majority fallacy now relates to an issue not healthcare specific but relevant to most in terms of currency—the electric car challenge facing Elon Musk as major car manufacturers target market segment. However, healthcare-specific examples are given for niche strategies as students are directed to the website of Pediatrix along with Harvard Pilgrim Health Plan and its product differentiation approach.

In the “Age” segmentation strategy, the typical approach is the focus on women’s health. In this edition, an alternative approach is taken as health centers are in some instances directing their efforts at males who are historically underutilizers of the health care system.

An interesting video link is included in the segmentation discussion on “Ethnicity,” focusing on a former Wall Street Executive who built a successful Asian Health Service in New Jersey and is

now helping other institutions doing the same.

While the earlier edition discussed “Income Segmentation,” this edition introduces the concept of the V.I.P. patient. Again, in this section, there is an interesting video link to one top-tier, London-based facility that caters to the “traditional type of V.I.P.” patient. The issue of the V.I.P. patient is again discussed in a new chapter in this edition, (Chapter 16) “Ethics.”

The section on “Psychographic Segmentation” has been revised with a real-world psychographic segmentation framework developed by one large health care system in the Southeastern part of the United States. Similarly, the “Lifestyles” approach was also revised to include an example used by a health system from Cincinnati to demonstrate to students the applicability of these psychographic schemata in practice. Finally, within the segmentation approaches, an interesting concept referred to as “share of wallet” is discussed. Utilized originally by Disney as they strategized many years ago in thinking about the visitors who went to their theme parks, this perspective has been presented to health care organizations by the Advisory Board.

The “Benefits Segmentation” discussion in this edition also underwent a significant revision. The example presented in this text again is more relevant to students than past editions, as it now focuses on the health insurance industry. There are segments described such as the “e-patients” and the “disconnected.”

A new segmentation scheme has been added to this text edition described as “Population Segmentation.” This approach is particularly relevant in health care where it is known that there is high-need, high-cost patients, i.e., the heavy users. This approach focuses on an entire patient base, as is the challenge for an H.M.O. or an A.C.O., and the group or population is stratified or segmented into risk groups.

The cohort segmentation discussion was updated within each cohort, and their digital use was highlighted throughout the discussion. Additionally, the Gen Z cohort was added to the listing and discussion of cohorts that was not included in the previous edition.

## **Chapter 7**

Creating Customer Loyalty is the focus of Chapter 7. As this revision begins, the concept of lifetime value of a customer is now introduced for students to underscore it is over the long term that loyalty and relationship are the focal points for the organization. Similarly, in the following section, the important issue of “engagement” is highlighted in an extended discussion in this edition. The importance of marketing is driving for engagement and the role that digital adds in accomplishing that objective is discussed.

A new section is added in this edition entitled “The Customer Experience: The Omnichannel Challenge.” The focus of this section is the need for a seamless customer experience. The challenges for today’s healthcare organization are multiplied with the myriad of channels in which the customer journey occurs and by which the consumer then can interact with the many

potential siloed operations. This section discusses a “customer-back” approach. A new concept of customer responsiveness and the addition of a net promoter score are also introduced within the overall goal for an organization to achieve engagement. Examples of how some health care systems have employed digital approaches to successfully reach challenging populations and remain engaged with them through digital means are presented in this revision.

## **Chapter 8**

Chapter 8 “Marketing in the Digital Age” is a new chapter to this edition of the text. As a result, this is not a conversion note but rather will provide a brief overview of the elements contained within this new chapter. Given that the entire health care ecosystem and marketing are dramatically affected by the digital transformation, this new chapter has been included in the text.

The beginning of this chapter begins with a section entitled “The New Face of Competition” that highlights the disruption that is occurring across a range of industries because of the digital transformation and its impact. Banking, entertainment, travel, and hospitality are a few of the segments that are highlighted. Several of these examples are noteworthy given that they are similar to healthcare having been fixed asset-based businesses in terms of the source of their value creation.

The text then continues with “The New Digital Landscape of Healthcare.” Referencing Moore’s Law that addresses the speed of change in microchip processing, the tools that are being brought to bear in healthcare are reviewed. This section discusses the digital values drivers such as patient empowerment and the democratization of information among others that are key considerations for health care marketers to recognize in the formation of their plans. The FDA also has a Digital Health Care Innovation Action Plan that is reviewed in this section along with a dedicated section on the implications of digital’s influence of health care marketing in areas such as price transparency, mobile-assisted technologies and voice-activated devices such as Siri, and home-based devices like Alexa and Google Voice.

A significant portion of this chapter is then structured in terms of the “Patient Journey” and in each of the stages that comprise the journey. Along each stage, the digital influences are then highlighted, and the considerations for marketing along the stages are highlighted throughout: wellness and prevention, symptom onset and seeking care, diagnosis, and monitoring conditions. As would be expected in a chapter on digital influences, several links are provided to companies that have digital innovations. Like previous chapters, there is a video link in the “Wellness and Prevention” stage of the patient journey. There are also discussions about topics such as crowdsourcing, and barriers to adoption of new technology as they relate to the patient journey.

This chapter specifically discusses “Marketing in the Digital Age: Beyond the Patient Journey” in terms of major issues such as the empowered consumer, the 365/24/7 environment, the highly segmented marketplace, and operating in an environment of fake news. Additionally, there is a significant discussion of marketing in an era of the “Internet of Things.” The IoT era impacts



health care in dramatic fashion and thus the environment for marketers within this sphere.

## **Chapter 9**

Chapter 9 (Product Strategy) in the previous edition was Chapter 8. This revision begins with an expanded discussion of the “Inconsistency” element of one of the Five I’s of services. This aspect is particularly relevant in the omnichannel nature of today’s healthcare environment that was discussed in which a health care organization must deliver consistency in every interaction. It is also important in order to engender trust and for effective communication. There is a more in-depth discussion around the Inventory “I” of services with the introduction of the just-in-time concept. Finally, in terms of the “Interaction with Consumers,” the concept of co-creation with customers is also presented in this early part of the chapter revision on product strategy. In the discussion of “Classification of Consumer Products,” these classifications are now presented to more directly tie to relevant health care examples in each of the three categories as well as the accompanying revised table.

In the discussion of strategies within the product life cycle, such as penetration pricing, digital examples are now referenced such as being employed by Walgreens with Iagnosis Dermatologist OnCall so students may appreciate the impact of the new health care environment. A video link is also provided to a Penn Medicine ad that supported their proton therapy marketing strategy discussed within the text in the growth stage of the product life cycle.

The decline stage of the product life cycle has an expanded and significantly new discussion. Users of this new edition will note it includes comment on the demise of sleep centers, rural hospitals, as well as inpatient volume. This revised discussion also extended to contracting and the issues involving companies such as EmCare that were mentioned in an earlier chapter (3) with surprise billing, and to the strategy of harvesting. These three discussions have expanded significantly from earlier editions of this text.

A change has been made in the branding discussion in this edition. The multi-branding strategy has been more appropriately repositioned to a category called “Umbrella branding” approach that is common nomenclature within the industry. Within that discussion, multi-product branding is referenced. This is referenced for earlier adopters of this text. Examples of health care organizations following this strategy are provided.

## **Chapter 10**

Chapter 10 (Price) was formerly listed as Chapter 9 in the previous edition. This chapter begins with a major revision to the section on “Price Transparency.” The federal regulations on hospitals posting the *chargemaster* is an interesting but toothless rule change. It is also of little value to consumers. There is a new section added entitled “Corporate Response to Transparency” that describes how companies are now closely studying what they pay for hospital insurance rates relative to Medicare charges. This revision is also substantially changed in terms of the “consumer response” to transparency. Consumers are turning to digital search tools.

Organizations are also changing their transparency approach with online calculators and access to loans for consumers. This revision also discusses “point-of-service” plans.

In the section on “Price or Reimbursement,” a new alternative has been included in this revision on “Value-Based Payment” approaches, which are increasingly common in today’s health care environment. The four types of models that are commonly implemented are delineated for students.

In the discussion of alternative pricing approaches, a video link is provided in “Center of Excellence Contracting.” This is a chilling look at some corporations’ views as to the high-quality, cost-effective care argument that all organizations might think they are in today. It is not one that this company believes is true. The end result is they will seek out the providers who can actually deliver. For a marketing person, this is a challenge.

The positioning value of price has been presented in this edition as in earlier ones. However, in this edition, the accompanying graphic and this discussion is updated to recognize the positions now being taken by digital providers.

## **Chapter 11**

The Distribution Chapter (11) was formerly chapter 10. As this chapter begins, students will understand in this revision the effects of the digital environment, as an example of a direct channel is provided with digital apps as well as walk-in clinics in retail outlets. The introduction of second opinions through digital solutions is also discussed in the context of indirect channels in this revision.

In the section on “Functions in the Channel,” users of this edition will note in each of the functions, the revision now includes significant enhancement that has added digital examples to the distinct functions now being provided. For example, in the “Place” function, one of the more creative approaches being taken to demonstrate this function in the channel is provided in central Appalachia to the use of drones to deliver medicines in the area.

## **Chapter 12**

This Chapter “Promotion” was Chapter 11 in the previous edition. As the chapter begins with an overview of the communication process, the initial portion is on the “sender” of the message. In that regard, a major in-depth presentation is provided in terms of the “sender.” The rationale is because, particularly in health care, the sender of messages has received greater attention about whether the individual has a conflict of interest, or whether the company that utilizes a specific source has risk in doing so. In this section of the text are two supporting video links that are useful for the students to understand the issues; these links may be very supportive for additional classroom discussion.

The discussion on the Web and its evolution has now been revised to be called “The Evolving WEB: Moving to the Stage of WEB 3.0.” Students are provided with an explanation as to how the WEB has changed for its initial era of a static presentation of information, to its second stage

of a platform of participation. Now in its evolving third era of significant potential (WEB 3.0), this new stage will offer personalized data and important implications for health care organizations and marketers.

In the discussion of the “message,” an important new concept of “inoculation theory” is also added in this revision. Its relevance to health care marketers is of significance, and it is presented about two-sided message creation. Within the discussion of message, the section of emotional appeals also has a video link showing a humor ad that was created by a national third-party payer in one of their recent campaigns.

In the section of “Decoding,” again, there has been a revision to discuss how, similar to encoding, the process does not always result in a correct interpretation. Again, a video link has been provided for an advertisement in which the market did not interpret it in the manner the company intended. Although not health care related, the effect on the company stock price was dramatic.

The discussion of “publicity” has more depth in terms of crisis management. Two health care related examples are provided to demonstrate the importance of prior planning necessary for health care entities. Again, a video link is provided of a difficult situation faced by a major health care facility in the upper Northwest that has been a public relations issue for some extended time because of a serious health care crisis.

In this section, two new promotion tools have been provided to the promotional mix that were not covered in the previous editions of this text. One is “Events” that are increasingly being used by health care organizations. A second topic that is new to this book in terms of topical coverage is “Sponsorship.”

### **Chapter 13**

Advertising (Chapter 13) was Chapter 12 in the earlier edition of this text. This revision begins with a revised presentation that indicates a somewhat changing perspective on physician advertising. The medical view on advertising is still rather contradictory as to whether there are benefits to this marketing “P.”

As in the previous chapters, instructors will find an early video link related to a hospital in Maryland to demonstrate an “Awareness” level approach within the discussion of the Hierarchy of Effects presentation of this chapter. In this section, there is a new concept presented related to the information deficit model, which is an important construct for marketers to consider as they develop their advertising campaigns.

A significant revision and new content were provided in the section on “The Digital Environment for Creating Copy.” This portion of the text now includes a presentation of A/B testing, or split testing, as suggested by companies such as Facebook in the pretesting for advertising copy.

Within the section on “Picking the Right Medium,” the “television” medium has been significantly revised to discuss the trend toward cord-cutting and the implications for potential advertisers. Along with this trend, the movement toward OTT (Over-the-top) distribution models with services like Apple TV+ and Roku and the implication for advertisers are also reviewed. These issues were not presented in the previous edition.

A new section with “Picking the Right Medium” was also added to this edition with “podcasting” now being included in this revision. The scope of its usage and audience is provided along with the advantages and some of the issues surrounding this medium. There have been significant changes as a function of digital advances in the outdoor advertising medium. These advances since the last edition have led to a revision in this section of the text. The section on “Digital Advertising” itself has been significantly revised in this edition as to be expected since the last edition. The concepts of geofencing along with microtargeting are discussed. Health care relevant examples are provided, and the trends in this medium are new content in this edition.

## **Chapter 14**

Sales and Sales Management, the content of Chapter 14, was previously covered in Chapter 13 of the previous edition. This edition begins in its revision with an overview of the increased use of sales by describing the benefits of the physician liaison function.

In the discussion of “Trade Selling,” there is a new discussion regarding the recent criticism that has grown of technical sales representatives and their presence within the operating rooms of hospitals. There is an alternative view as well as data supporting the value of this function that contributes to health care cost savings that is presented for consideration. Also, within this complex type of selling, e-detailing is integrated as a portion of use to technical sales tactics.

A new section has been added to this edition entitled “Hybrid Selling: The Changing Face of Sales in the Digital Age,” which encompasses a presentation regarding the combination of f2f and e-detailing in today’s business environment. This section reviews the hybrid nature of each approach and how to best maximize the effectiveness of each method for customer value and effectiveness and efficiency in the sales process.

In the section on “Sales Approaches,” a new alternative has been added to this edition, “Telemarketing,” as on a limited basis some health care organizations have employed this methodology. While there have been lawsuits against institutions that have done so, it is important to recognize its potential growing application by legitimate health care entities.

## **Chapter 15**

Chapter 15 on Controlling and Monitoring was Chapter 14 in the previous edition. This edition underscores the challenge of collecting market share data in an increasingly outpatient environment.

In tracking inbound digital marketing efforts, there was an expansion of the discussion regarding the metrics to be utilized. As it is important to consider the engagement factor in health care today, the engagement metric for digital investments was also underscored in this revision.

## **Chapter 16**

Chapter 16 is a new chapter in this edition of the text, entitled “Ethical Considerations in Marketing.” These notes similar to Chapter 8, then, are not a conversion from previous editions but rather present a brief overview to users of this text of the new material in this edition. The chapter begins with a section on “The Meaning of Ethics” for students and, more specifically, the definition of business ethics. A figure is provided on the American Marketing Association’s three ethical norms and six values that were developed. As is noted in this chapter, there is not an attempt to provide a “right” or “wrong” prescription regarding the many issues that are raised regarding the ethical issues surrounding the marketing issues or concerns; the purpose of this chapter is to expose students to the many dilemmas that students may well face in the realm of marketing and health care in today’s increasingly complex digital health care ecosystem.

The discussion in this chapter then continues with a debate that often occurs within health care: “Is the Patient a Customer?” To some extent, this issue can be related to the first-chapter discussion of a need versus a want. A common debate in healthcare is whether the patient should be viewed as a “customer” and the resultant focus then on customer satisfaction. The concerns around this perspective are for students to consider.

A second interesting issue presented in this new chapter is entitled “The Marketing Segmentation Ethical Dilemma of the VIP Patient.” While the concept of the VIP patient was presented within Chapter 6 Market Segmentation, in this chapter, the ethical issues around whether the VIP patient is treated differently not only in terms of service delivery but also clinically are presented. A video link is presented to two of the more interesting service-oriented approaches taken by health care facilities targeting the VIP patient.

The focus of the text also contains a section on “Ethics in the Digital Age” that again underscores the issue of privacy concerns and the new legislation that was passed in California regarding data protections for consumers. The United Kingdom has a “cookie law” that is also reviewed, as in the coming years, similar regulations may affect consumer data here in the United States. Also discussed in this section is the aspect of privacy and digital phenotyping that may well affect areas of the patient journey.

Within the digital ethical issue reviewed, specific concerns are raised regarding social media ethics. Of concern, the dimension of PHI, or personal health information, is presented, as many situations have arisen in recent years, and in some cases, individuals who have violated patients’ privacy have served time in jail. The guidelines by one specialty medical society are presented to highlight the challenges in this era of social media and the potential challenges to come for marketers to consider.

The balance of the chapter focuses upon the “Ethical Issues and the Four P’s.” In each area of marketing, of course, there are many challenging issues that arise for marketers to consider. The discussion begins with the concerns that occur with advertising. A major issue is the appropriateness of advertising by health care institutions. This question has been raised in the scrutiny by academic institutions in the realm of cancer care. The concerns are discussed in this section along with how some medical societies view what may be appropriate guidelines for advertising.

In the realm of advertising, a major focus is often the direct-to-consumer approaches that occur and the ethical issues this strategy raises. Given the AMA has called for a ban on this approach as recently as 2015, and only two countries, the U.S. and New Zealand, allow such an approach, it is worthy of a discussion for students.

Pricing ethics have come under increasing scrutiny from several state regulators who have imposed caps or review boards when large pharmaceutical price increases occur. The case of Martin Shkreli is reviewed, and the ethical implications of his acquisition and pricing strategy for Turing Pharmaceuticals are presented.

Branding itself has the possibility of some interesting ethical challenges. This was demonstrated by a co-branding strategy that occurred in New York City at a major academic medical center and a product manufacturer. It is a useful discussion for marketers to consider along with the ever-increasing co-branding approach undertaken by many health care organizations. Ethical issues in terms of sales are reviewed as it pertains to medical groups that are also now increasingly engaged in dispensing products and devices. In the digital environment, physicians are more often appearing on social media, touting medical products that lead to issues or questions regarding transparency.

With the increasing numbers of mergers and acquisitions of physician practices, it is likely, of course, that ethical dilemmas may well arise in the channel of distribution. There is a separate section discussing the concerns that are beginning to arise regarding issues around referral patterns and the freedom of physicians to make referrals in this more consolidated health care environment given that their first responsibility is a fiduciary one to the patient.