

Market Segmentation and Buyer Readiness Stage Analysis to Determine Suitable Hospital Marketing

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Abstract. Changing the status of the hospital from a particular type such as Maternity Hospital to General Hospital has the consequence of adding several new services such as internal medicine, dental treatment, general surgery, etc. Internal medicine as a new service has the lowest visit in the past two years. It might happen since the public does not yet know its existence, so it needs to be promoted more. This study aims to analyze the market segmentation and buyer readiness stage of the community around the hospital. This study employed descriptive research through cross-sectional data collection. A total of 101 respondents were identified with simple random sampling from a population living within a radius of 3 km from the hospital. Then this study used primary data obtained by utilizing questionnaires consisting of several questions about the characteristics of respondents, psychographic, and buyer readiness stage. The results indicated that the market segment characteristics were people who are highly educated, work as civil servants and entrepreneurs, and those with a middle economic level. Then the medical service center that was frequently visited was the clinic/primary health service. The purchase readiness was at the awareness level, meaning that the respondents are still in the early stage of being aware of the hospital existence. Promotion is needed to increase purchase readiness to the level of knowledge to generate conviction and purchase. Understanding market segments and purchase readiness level could help hospitals to determine the suitable promotional methods for marketing campaigns.

Keyword: Buyer Readiness Stage, Hospital, Market Segmentation, Promotion

1. Introduction

Business competition in the field of health services is increasing especially hospitals. Marketing strategies greatly influence the growth and development of hospitals in winning a tighter competition. As consumers, people always want satisfying services. Therefore every hospital needs to develop new patterns in providing services to the community by improving the health services quality. It should begin with considering customer needs and end with patient perception¹. Improving the health services quality also requires a marketing strategy through promotional activities to make potential customers know, understand, and ultimately be interested in the value offered, as well as to make the customers do a purchase².

Changing the hospital status from a particular type such as Maternity Hospital to a Public Hospital on February 16, 2015, was accompanied by adding several new outpatient services such as general surgery, internal medicine, dental treatment, and general medicine. The number of outpatient visits in obstetric service has increased since the change in hospital status from 2013 to 2016. However, other services such as internal medicine, dental treatment, pediatric facility, and general medicine have decreased. Internal medicine service has the lowest visits compared to other services, with 0.03% of total visits in 2015 and 0.01% in 2016. Besides, the hospital does not have a good marketing strategy regarding hospital status changes and new service units for the community³. Therefore, this study aims to analyze the market segment and the level of buyer readiness stage of the community around the hospital. Thus it can be the basis for hospitals in determining promotion strategies to increase the utilization of internal medicine services at the hospital.

2. Materials and methods

2.1 Research design, population, samples, and variables

This research employed a descriptive study through cross-sectional data collection since the data sampling was conducted once in a certain period of time⁴. The subject of this study was people living within a radius of 3 km around the hospital. The samples consisted of 101 respondents taken through simple random sampling from the population. The independent variables were customer factors, including demographics, psychographic, health-seeking behavior, and buyer readiness stage. Meanwhile, the dependent variable was a promotion strategy to increase customer visits.

2.2 Instruments

This study used primary data obtained by utilizing questionnaires consisting of several questions regarding the characteristics of respondents, psychographic, and buyer readiness stage.

2.3 Research procedures and analysis

All respondents were explained before signing the informed consent. The researchers also assisted in the process of filling out and defining the questionnaire. The data obtained were analyzed using descriptive statistics and cross-tabulation methods, then it was presented in tabular form. The first step was to segment the respondents based on demographics, psychographic, and treatment-seeking behavior. The second step was targeting the selected individual segment characteristics based on the highest number to produce the target market. The third step was to determine the target response from the segmentation results based on the buyer readiness stage, i.e., awareness, knowledge, liking, preference, conviction, and purchase. The purpose of this stage was to discover in which phase the respondents were. This stage can be the basis for the preparation of the next step, which was determining the message, communication channels, and finally formulating a marketing promotion strategy.

3. Results

The results of the study, as seen in Table 1, indicated that the majority of respondents were 36-45 years old by 32.7%. They were respondents with excellent communication skills to be interviewed.

Based on the description in Table 1, there were 63.4% of the respondents living around the hospital within a radius of 3 km. Therefore, it became an excellent market opportunity for potential customers since it was easily accessible. The majority of respondents

had higher education by 56.4%, and 43.6% of them worked as civil servants. The respondents were classified as a middle economic level, amounted to 56.4%. Clinics/primary healthcare were the most visited treatment place in that area.

Table 1. Description of the characteristics of the hospital market segment (n=101).

Characteristic		Total	
		n	%
Age			
1.	17-25 years old	14	13.9
2.	26-35 years old	31	30.7
3.	36-45 years old	33	32.7
4.	46-55 years old	23	22.8
Distance of residence			
1.	<1 km	30	29.7
2.	1-3 km	34	33.7
3.	>3-5 km	37	36.6
Education			
1.	Elementary School	0	0
2.	Middle School (SMP)	3	3
3.	High School (SMA)	38	37.6
4.	Higher Education (PT)	60	59.4
Occupation			
1.	Entrepreneurs	43	42.6
2.	Civil servants	44	43.6
3.	Private employees	14	13.9
Income			
1.	< 1 million	4	4
2.	1-2.5 million	28	27.7
3.	2.5-5 million	57	56.4
4.	> 5 million	12	11.9
Health seeking behaviour			
1.	Hospital	33	32.7
2.	Primary health care	40	39.6
3.	Family doctor	19	18.8
4.	Nurse/midwife	6	5.9
5.	Traditional healers	3	3

The purchase readiness stage of the respondent can be seen in Table 2, by considering the number of answers with a percentage of more than 90%. As many as 82 out of 101 respondents stated that they had heard about the existence of the hospital. As many as 78 or 95.1% of these people know the location, so it could be interpreted that they were aware of the hospital's existence. It could be concluded that the level of purchasing readiness of the community around the hospital was at the level of awareness, amounted to 95.1%.

Table 2. Overview of the Buyer Readiness Stage of the respondent towards internal medicine service at the hospital (n=101)

Level of Buyer Readiness Stage		total	
		n	%
Awareness (82 out of 101 respondents said that they had heard about the existence of the hospital)			
1.	Understand the location of the hospital	78	95.1
2.	Do not understand the location of the hospital	4	4.9
Knowledge (38 out of 78 respondents said that they know about the hospital changing status)			
1.	Know the whereabouts of internal medicine services	21	56.8
2.	Do not know the whereabouts of internal medicine services	16	43.2
Liking			
1.	Satisfy with the hospital services	10	47.7
2.	Dissatisfied with the hospital services	11	52.3
Preference			
1.	Prefer this hospital	1	10
2.	Doubtful	4	40
3.	Do not choose this hospital	5	50
Conviction			
1.	Confident to take advantage of the services	0	0
2.	Not sure to use service	1	100
Purchase			
1.	Purchase	0	0
2.	Do not purchase	0	0

4. Discussion

Consumer behavior is the study of how individuals, groups, and organizations choose, buy, use an item, service, idea, or experience to satisfy their needs and desires⁵. Marketers should understand the customers' diversity and similarities to sell their products properly. Influencing consumer behavior is to affect consumer choices through appropriate marketing strategies⁶.

The first step that should be conducted in developing an effective promotional strategy is identifying the target market⁷. The selection of the target market is an initial concept in marketing. The idea of target markets is an essential aspect of modern marketing, primarily since most companies focus on the needs of specific market segments, not the whole market (known as mass marketing)⁸. Market segmentation utilizes variables based on geographic, demographic, psychographic, and particular behaviors⁵. In this study, another segmentation was carried out to look at consumer behavior, namely the behavior of seeking health.

Individual characteristics that become the determining factors in purchasing are sex, age, and stage of the life cycle, employment, personality, and lifestyle⁹. Based on the study results, the characteristics of respondents, according to the most age groups, were those who were in their late adulthood, the age when they were wary of suffering from degenerative diseases or diseases due to aging. Respondents were in the middle to upper socioeconomic level, worked as civil servants, and were highly educated. In this market segment, promotional strategies that can be carried out include print media such as leaflets, posters, or electronic media¹⁰.

Health seeking is the behavior of individuals or groups to find healthcare services¹¹. In the community, this behavior varies greatly, especially in developing countries. The utilization of health services is the result of the seeking health services process by individuals or groups. Most respondents in this study chose clinics/primary healthcare services when they were sick because it was close and accessible. Besides, this hospital, which has just become a public hospital, still has limitations of facilities and infrastructure. The hospital also does not have a collaboration with social health insurance or BPJS. Compatibility with health care providers and recommendations from friends and family also affect the respondents in choosing health services.

Purchase readiness level consists of six levels, i.e., awareness, knowledge, liking, preferences, conviction, and purchase¹². The target response can be at any of the six levels¹³. Based on the study results, it can be seen that the respondents were at the level of awareness by 95.1%. Most respondents did not know the product knowledge and had only been to this hospital as a visitor, not as a consumer. Therefore, the purpose of promotion that needs to be carried out by the hospital is to increase knowledge in advance by introducing hospital product knowledge. Thus respondents can get to another level, such as liking or even purchase intention.

Observing the market segment and the level of public purchasing readiness could become a basis for hospitals in determining the message content, format, and communication media that was used in promotional activities. Hospital promotion is one form of hospital marketing through disseminating the information about hospital services and conditions honestly, educating, informative to make people understand about the health services they can obtain¹⁴.

5. Limitation of the study

This study only discussed the market segmentation and determination of the buyer readiness stage. It should continue with identifying the communication strategy that was appropriate to be carried out by Public Hospital.

6. Conclusion

Market segments at this hospital include demographics, psychography, and health-seeking behavior. The majority of the respondents were 36 - 45 years old and lived within a radius of 1-3 km around this hospital. The respondents were highly educated and worked as an entrepreneur and civil servants. They were categorized as middle socioeconomic level. Clinics/primary health care was mostly visited compared to the hospital. The level of purchase readiness is at the awareness stage in which the respondents were not aware of the hospital's existence. Thus, there are still many people who are not aware of the type of services offered at the hospital.

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