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C. David Shepherd
Kennesaw State University

Daniel Fell
Daniel+Douglas+Norcross

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Hospital Marketing and the Internet: Revisited

By C. David Shepherd and Daniel Fell

ABSTRACT

In 1995 a study was conducted to explore the use of the Internet in hospital marketing. Use of the Internet has exploded since that study was published. This manuscript replicates the 1995 study and extends it by investigating several managerial and operational issues concerning the use of the Internet in hospital marketing.

In late 1995 we conducted a study to measure the degree to which the Internet had been incorporated in hospital marketing efforts. The results of that study were published in the winter 1996 issue of the *Journal of Health Care Marketing*. In the short time that has elapsed since our study, use of the Internet has exploded. At the time of the study it was estimated that almost 30 million people were using the Internet. Earlier this year, a study by the U. S. Commerce Department indicated that the number of Internet users now stands at over 100 million people. Further, the same study indicated that Internet traffic is doubling every 100 days.

C. David Shepherd is an associate professor in the Department of Marketing and Professional Sales at Kennesaw State University, Kennesaw, Ga.

Daniel Fell is a marketing consultant and principal with Daniel+Douglas+Norcross in Chattanooga, Tenn.

While our original study described the use of the Internet in hospital marketing when it was published, does it accurately reflect the realities of the current marketplace? To address that question, we replicated our study in late 1997. Further, we extended the earlier research by investigating several additional managerial and operational issues that were not broached in the previous research.

THE STUDY

Consistent with our previous research, the study was conducted in a telephone format. The respondents were chief marketing officers, usually marketing vice-presidents or marketing directors, of hospitals located across the United States. The subjects were randomly selected from a national listing of hospitals found in the *Hospital Blue Book*, published by Billian Publishing. Chief marketing officers were selected because they are in a position to have a good perspective on both current and planned marketing efforts of their hospitals.

Of the 606-hospital chief marketing officers contacted, 314 participated in the study, yielding a 52% response rate. Hospitals that participated ranged in size from 16 bed to 1,208 bed facilities, with the average participating hospital having 194 beds. To facilitate comparisons with our previous study, hospitals were classified as small (less than 100 beds), medi-

um (between 100 and 499 beds), or large (500 or over). Approximately 38% of the participating hospitals were small, 55% were medium, and 7% were large.

THE RESULTS

Internet Utilization

Fundamentally this study was designed to ascertain the percentage of hospitals using the Internet in their marketing activities. As previously mentioned in our 1995 study, we found that 16.5% of the facilities surveyed were using the Internet in their marketing activities. We also found that 32.6% of the respondents expected to be using the Internet in their marketing efforts within two years. Remarkably, in the current study, 32.2% of the sample reported using the Internet in their marketing activities. In other words, Internet utilization has doubled in hospital marketing since the previous study, just as predicted by the hospital marketing directors participating in the 1995 study. In the current study, 56% of those not currently using the Internet reported that they planned to be using it in their hospital marketing within the next 12 months. We also found that 92% of the hospitals using the Internet had been using it for less than two years (48% less than one year, and 46% one to two years).

In the 1995 study, 37% of the large hospitals surveyed were using the Inter-

net in their marketing activities. This was significantly higher than medium (12%) or small (10%) hospitals that were almost identical in Internet utilization (12% and 10% respectively). As in the previous study, use of the Internet was found to be significantly correlated with hospital size (.1684, $p=.003$). In fact, the difference in usage appears to be more pronounced as 46% of the large hospitals are now using the Internet in their marketing efforts, while only 37% of the medium and 22% of the small hospitals are utilizing it.

Internet Activities

When asked how their hospital is using the Internet in its marketing activities the leading responses were: World Wide Web site (85%), external e-mail (27%), physician referral services (15%), research (12%), hiring employees (5%), and education (4%). While Web sites and e-mail have been the leading Internet activities in both the 1995 and 1997 studies, Web sites have clearly become the dominant Internet activity. One of the most striking trends has been the growing number of hospitals that only use the World Wide Web. The percentage of hospitals that have a Web site as their sole use of the Internet has grown from 2% in 1995 to 15% in the current study. In fact, maintaining a Web site is the only

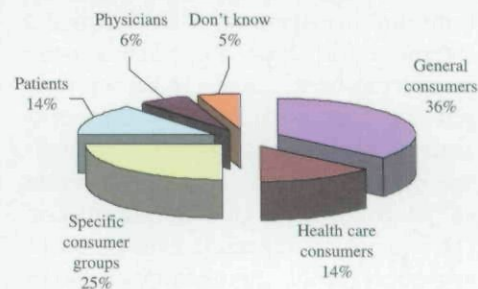
aspect of the Internet used by almost half (48%) of those hospitals using the Internet in their marketing efforts.

Approximately 58% of the hospitals with Web sites in 1997 had outside assistance in the development of their Internet site. In fact, 42% of the Web sites were fully developed outside the hospital. Very few of the Web sites had been online for more than two years (11%), while 36% had been in existence between one and two years, 33% had been in existence for six months to one year, and 21% had been in existence for less than six months. While the number of Web sites inquiries or "hits" varied widely from 6 to 120,000 per month, 76% of the hospitals reported having less than 100 hits per month.

When asked to identify the biggest challenges in maintaining a Web site, the leading responses were keeping up with the technology (21%) and keeping the site current (21%). Other challenges included: finding time to work on it (14%), obtaining internal support (5%), and recruiting talent to work on the site (5%). To meet these challenges, over three fourths of the hospitals with Web sites had at least one full-time staff member dedicated to maintaining the Web site (52% one full-time staff person, 24% over one full-time staff person), while

EXHIBIT 1

Primary target audience for hospital Web sites

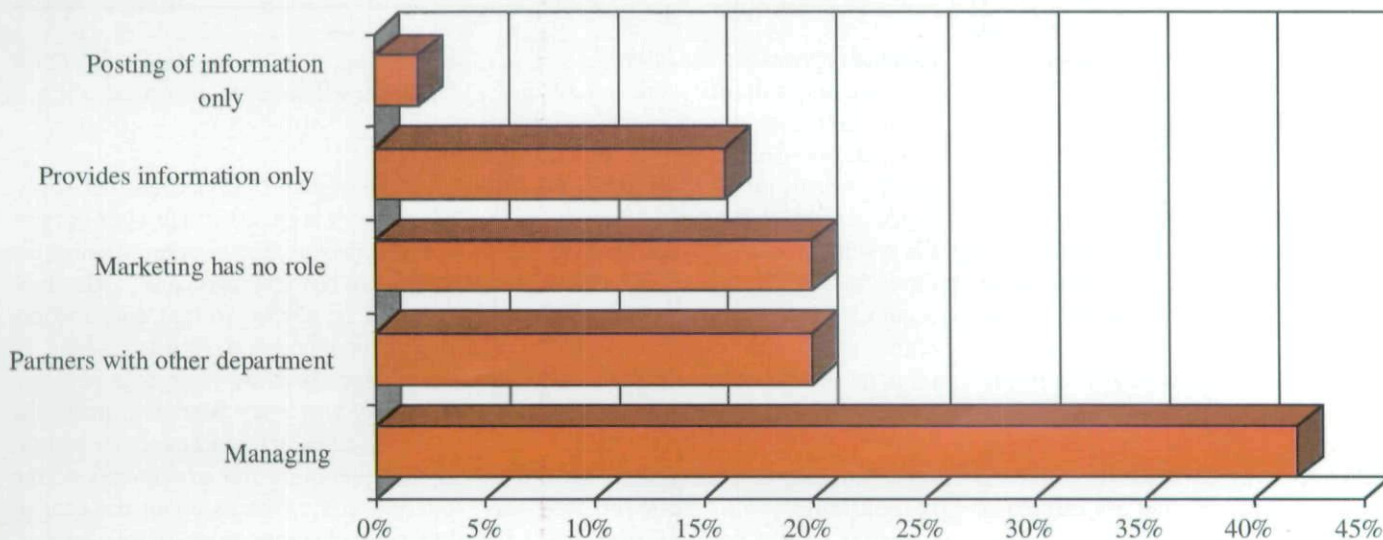


24% were able to maintain the site without dedicated staff. The staff time devoted to Web site maintenance was not found to significantly correlate with size of the hospital (.0987, $p=.366$).

Respondents were also asked to indicate the primary target audience for their Web site. As shown in Exhibit 1, consumers were the primary target audience for Web sites (general consumers 36%, health care consumers 14%, and specific consumer groups 25%). The category "specific consumer groups" was used in this study to group a list of specific consumer groups, including women (4%), and elderly (3.5%), and several other specific consumer groups that were only

EXHIBIT 2

Marketing department's role in the hospital's Internet activities



mentioned once, (e.g. adolescents, business people, and men over 40).

Internet Management

Respondents were asked several questions to gain insights into the operations and management of the hospital's Internet effort. First, respondents using the Internet were asked, "What are your primary objectives in using the Internet in your hospital marketing." The number one response given was communication (17%), followed by provide information (16%), obtain referrals (16%), build awareness (16%), education (5%), and to build an Internet presence (5%).

Respondents were also asked what role the marketing department had assumed in the hospital's Internet activities. As shown in Exhibit 2, 42% indicated that the marketing department had assumed a management role in Internet activities. In fact, the marketing department was found to be three times as likely to manage the hospital's Internet activity as the next most frequently mentioned department (Information Systems). Exhibit 2 also points out that 20% of the hospitals reported that the marketing department has no role at all in on going Internet activities. In these situations, management of the Internet fell to Information Systems and several other departments, such as Library (2%), Physicians (2%), Strategic Planning (2%), and Education (2%).

Next, respondents were asked if their hospital used a formalized approach for evaluating the return on their Internet investment. Only 17% of the hospitals using the Internet had established any form of formalized evaluation. The primary means to evaluate the Internet investment were "hits" (67%), followed by referral from site (27%), and customer survey (7%).

Finally, respondents were asked to rate the support given by top management to the hospital's Internet investment. A total of 59% indicated that top management gave a high level of support (26.5%-very high level, 32.7-high level), 29% indicated that management's support was neutral, while 7% offered little support, and 5% offered no support at all.

EXHIBIT 3

The importance of the Internet within the next five years

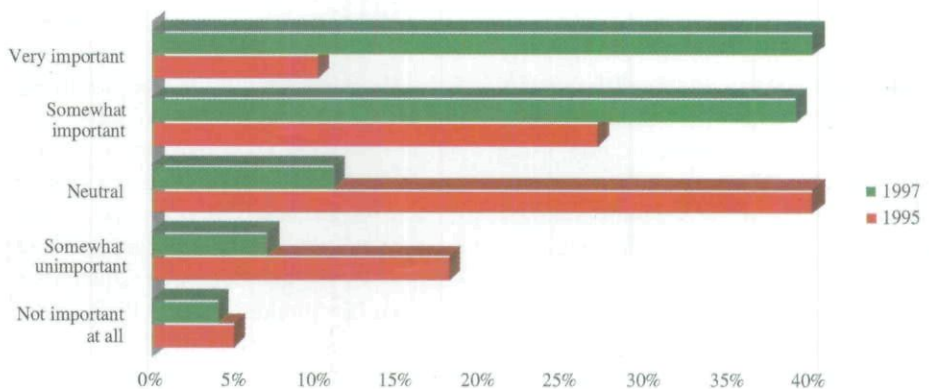
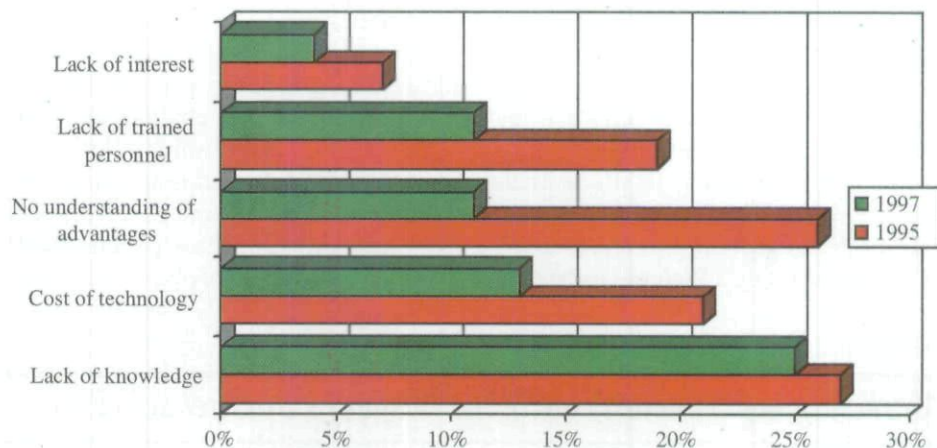


EXHIBIT 4

Barriers to using the Internet in hospital marketing



Expected Importance of the Internet

All respondents were asked their opinion on how important they expected the Internet to become in marketing health care facilities within the next five years. Exhibit 3 depicts a comparison of the results between the current study and those found in our 1995 study. While the accuracy of such a long-range forecast is highly speculative, the results indicate a large increase in the percentage of hospital marketers that believe the Internet will become an important marketing tool. In fact, while less than half of the 1995 respondents (45%) believed that the Internet would become important to

health care marketing, almost 80% now believe it will become important.

Barriers

In both the 1995 and current study, respondents were asked "In your opinion what is the biggest barrier to using the Internet in hospital marketing?" The most frequent responses to that question are shown in Exhibit 4. While, a lack of knowledge about the Internet is still perceived as a primary barrier to using the Internet in hospital marketing, an inability to understand the advantages of the Internet and concerns about the cost of Internet technology have declined as per-

ceived barriers to using the Internet.

SUMMARY AND CONCLUSION

The results of this study offer several insights into the nature of hospital marketing on the Internet and suggest several research priorities. First, hospitals are rapidly accepting the Internet as a marketing tool. In the two years since our original research, the proportion of hospitals using the Internet in their marketing efforts has doubled to 32%. However, creating and maintaining a Web site is the only Internet activity in almost half (48%) of the hospitals that report using the Internet. Perhaps having a site on the World Wide Web has become the entry vehicle for hospitals that are beginning to utilize the Internet. Longitudinal research should focus on these Web site only hospitals to determine if they remain at this one-dimensional level of Internet activity

or if they begin to utilize the Internet for other services, such as external e-mail and research.

Second, the results of this study indicate that it is no easy task to create and maintain a Web site. In fact, we found that almost half of the hospital Web sites were fully developed outside the hospital. Further, over three fourths of the hospitals with Web sites had at least one full-time staff member dedicated to maintaining the site. Unfortunately, three fourths of the hospitals with Web sites reported having less than 100 hits per month. Clearly, research is needed to find means to attract target groups to the hospital's Web site. Perhaps the fundamental question is what do these target groups really want from a Web site? For example, the results of this study indicate that 36% of Web sites are primarily targeted at the general consumers. Research should be addressed at ascertaining what general consumers value in a hospital Web site.

Third, marketing departments tend to be taking a very active role in their hospital's use of the Internet. In fact, marketing departments have become managers of the Internet effort in almost half of the hospitals that report using the Internet. Managing an Internet effort, even if it consists solely of a Web site, is a new task for most marketing directors. The results of this study suggest that some hospitals are "jumping in" to the Internet without adequate planning or management. For example, we found that 12% of the marketing directors with Web pages did not know the primary target audience for their Web site. Perhaps even more problematic, only 17% of the hospitals using the Internet were doing any formal analysis of the return on their Internet investment. Clearly there is a need for research designed to identify the knowledge and competencies needed by marketers as they actively participate, and often manage, their hospital's Internet efforts. ■

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