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HEALTHCARE ADVERTISING

by

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B. A., University of Montana, 1975

Presented in partial fulfillment of the requirements

for the degree of

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1986

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## ABSTRACT

In 1976 a United States Supreme Court case, Bates and O'Stein vs. State Bar of Arizona, established legal precedence for advertising in the healthcare industry. In the ten years following this landmark decision healthcare advertising has experienced remarkable growth.

The purpose of this paper is to examine significant healthcare advertising issues. Specifically, the paper includes discussion of four healthcare advertising topics. The first section, the emergence of healthcare advertising, discusses the factors most influential in the growth of healthcare advertising. The second topic area deals with controversies in healthcare advertising. Next, problems encountered in healthcare advertising are discussed, with particular emphasis given to those problems unique to the healthcare industry. And finally, the paper devotes a section to projected trends in healthcare advertising.

Research findings indicate that healthcare advertising is becoming more sophisticated in its methodology. In contrast to early healthcare advertising which primarily promoted image, advertising is currently becoming more market driven with emphasis placed on the promotion of specific healthcare products.

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## INTRODUCTION

Only ten years ago the idea of selling medical services just as McDonald's sells hamburgers would have shocked both the medical community and the public at large. Today, however, aggressive advertising of medical services is an accepted and growing practice.

Who are these new advertisers? While hospitals currently lead the way among healthcare advertisers, other providers are also increasingly advertising their services. Some of these providers include: various outpatient facilities, such as free-standing clinics; private practitioners in several healthcare fields; and professional associations such as the American Hospital Association.

### Hospitals

National Research Corporation, Lincoln, Nebraska, estimates that 81% of all United States hospitals currently advertise; of chain-affiliated hospitals, 93% advertise (Shaw, 1985, p.26).

Hospitals spend more for advertising than other healthcare providers. Hospital media expenditures alone have risen to over \$400 million in 1985, up from \$100 million to \$200 million in 1984 and from \$25 million to \$50 million in 1983 (Edel, 1985, p.18).

These total expenditures come from hospital advertising budgets of various sizes. Smaller independent hospitals typically have annual budgets ranging from \$100,000 to \$200,000 ("Searching for Agencies Qualified to Fractice", 1984, p.11) with a low-end budget for a hospital in a medium sized metropolitan market estimated at

about \$50,000 (Fridmore, 1982, p.66). Advertising budgets for hospital chains, such as Humana, can run as high as \$20 million annually (Fridmore, 1982, p.66).

### Outpatient Facilities

A growing segment of healthcare advertisers is comprised of various outpatient facilities such as emergency treatment centers and surgical centers; to a lesser extent, the more specialized centers catering to women, diabetes, kidney dialysis, eating disorders and substance abuse also advertise. These centers are growing in numbers with some, such as emergency care centers, expected to grow at a rate of 50% per year (Folse, 1985, p.16). As the number of centers increases so does the amount spent on advertising their services. While no aggregate figures exist for average annual advertising expenditure for these centers, the amount spent by AlternaCare, an outpatient surgical center subsidiary of American Medical International, is approximately \$500,000 annually. This half a million dollars is used solely to advertise its 15 Los Angeles centers (Folse, 1985, p.16).

### Private Practitioners

Kleisley-Cole, publisher of Advertising Physician and Advertising Dentist, estimates that between 25,000 and 35,000 dentists and as many as 100,000 physicians are advertising (Wagner, 1985, p.33). Of these advertising practitioners, about two-thirds spend \$15,000 or less annually for advertising (Maes, 1984, p.31).

However, both the number of advertising practitioners and the amount they are spending appear to be rising (Anderson, 1986, p.82).

### Professional Associations

Professional associations are also increasing their advertising budgets. These associations, such as the American Dental Association, the American Medical Association and various hospital associations, are advertising to promote and explain the healthcare industry itself. For example, in 1984 the Catholic Health Association began a \$900,000 campaign which provided CHA's viewpoints on differences in the quality of healthcare provided to the rich and the poor, on cutbacks in the national healthcare budget and on eight other topics ("Hospital Associations Plan Media Campaigns on Issues", 1984, p.62). The American Dental Association and the American Medical Association also are currently running or are considering using institutional advertising campaigns.

Why has this drastic change occurred in healthcare advertising? What does it mean for the consumer? How do healthcare providers feel about the growth of advertising? What problems does healthcare advertising present? What methods and media are most effective? What does the future hold?

All of these questions have been raised about healthcare advertising. The purpose of this paper is to address these questions and to provide insight as to the direction healthcare advertising is likely to take during the next several years.

## THE EMERGENCE OF HEALTHCARE ADVERTISING

The dramatic turnabout in healthcare advertising is rooted in a mixture of political, economic and social forces (Edel, 1985, p.15). These forces have been divided by the author into five categories: legal origins and self-regulation; changes in the Medicare system; growth of alternative healthcare systems; a shift from a seller's to a buyer's market in the healthcare industry; and changes in consumer expectations.

### LEGAL ORIGINS AND SELF REGULATION

Supreme Court Justice Harry Blackmun made the following statement in a 1976 landmark decision:

"Advertising, however tasteless and excessive it may sometimes seem, is nonetheless dissemination of information as to who is producing and selling what product, for what reason and at what price." (White, 1984, p.18).

With this Supreme Court decision a legal precedent was established for advertising in the healthcare industry. The court's intent was to protect consumers' interests in the free flow of commercial information. Prior to the 1976 decision, advertising had been considered in poor taste and was viewed an unethical practice by members of the medical community. Consequently, because of limited consumer access to information, healthcare practitioners were frequently charged with price fixing and conspiring to suppress competition (White, 1984. p.18).

Following the 1976 Supreme Court decision, the American Medical Association (AMA) agreed to allow advertising among its members. Today, industry associations, such as the AMA and the American Hospital Association (AHA), serve as self-regulators of their members' ads. The AHA, for example, publishes guidelines regarding what it judges to be appropriate for hospital advertising (White, 1984, p.18).

Guidelines set by the associations have been changing since first established in 1977. The original guidelines of the American Hospital Association made such specific statements as "claims of being 'the best' or the 'most efficient' are always open to criticism and should be avoided." The AHA's updated guidelines simply state "the contents of hospital advertising must be measured primarily by the criteria of truth and accuracy." ("Reactions Vary to AHA Ad Guidelines", 1985, p.62).

The new and old guidelines also differ regarding the AHA position on the purpose of advertising. The updated guidelines say that advertising is an acceptable part of a marketing plan that is designed to increase market share. This is a departure from the 1977 guidelines which specified that ads were for informing and educating the public and for fund raising. Interpreted by healthcare advertisers, the message from the new guidelines seems to be "as long as you have claims that are measurable and substantiated, the AHA is saying they're all right". ("Reactions Vary to AHA Ad Guidelines", 1985, p.62).

## CHANGES IN THE MEDICARE SYSTEM

One of the major forces guiding the growth of healthcare advertising has been the change in the Medicare reimbursement system.

Since the beginning of the Medicare system in 1965, the government reimbursed healthcare providers the full amount charged for treating Medicare patients. But as inflation and medical technology advancements sent healthcare costs soaring, the Medicare budget crumbled and revised Medicare payment guidelines became necessary (White, 1984, p.11).

To meet this need, the prospective payment system was created in 1983 which set limits on the amount the government would pay hospitals for the treatment of specific medical conditions. With the assistance of Yale researchers, medical procedures were divided into 468 "diagnostic related groups" -- each with a specific price attached (White, 1984, p.11). The net result is: if a hospital treats a patient for less than the set price for a given procedure, the hospital keeps the difference; if the costs exceed the set price, the hospital absorbs the cost overrun.

During the period between 1976 and 1983, hospitals in the United States were closing at rate of about 40 per year. Many of the surviving hospitals are in business only because government cutbacks to date have forced out some of the weakest competitors. Experts predict that closure rates will increase to about 100 per year with the onset of the Medicare changes (White, 1985, p.11).

With the new Medicare payment plan in place, hospitals are being forced to cut the costs of patient visits -- ultimately this means a loss of revenue due to shorter inpatient stays. The burden then falls on the hospital to somehow cover this lost revenue by other means. Because one way to increase revenue is to increase the occupancy rate, advertising is often seen as one way to assist in boosting the number of patient visits.

### GROWTH OF ALTERNATIVE HEALTHCARE SYSTEMS

The problem of decreased bed-days results not only from intense competition by other independent hospitals, but from an increasing number of alternative healthcare systems.

A major competitive force facing independent hospitals today comes from the growing number of chain-affiliated hospitals. Hospital Activity Monitor, a research report from Cyrus J. Lawrence Inc., New York, estimates that large chain-owned or operated U. S. hospitals will have about an 8% share of the 7,000-strong American hospital market in 1985 with a gradual share increase throughout the remainder of the 1980s (Shaw, 1985, p.24). In light of this anticipated growth, independent hospitals which are not funded by large corporate dollars are looking for ways to remain competitive.

Another source of competition for the traditional hospital is the increasing number of free-standing medical facilities. Many of these facilities, such as emergency care (urgent care) centers and surgical care centers, have succeeded at the expense of hospital admissions. Successful free-standing clinics have taken the most

profitable services, such as emergency treatment and minor surgery, out of the hospital setting. These services can often be provided at less cost by offering them on an outpatient basis in a free-standing facility (Folse, 1985, p.28).

There has been significant growth both in the numbers of free-standing facilities and in the use of them by consumers. For example, the National Association for Ambulatory Care, Dallas, estimated 25.7 million patient visits to urgent care centers in 1984. This year's predicted total is 44.8 million ("Finding Survival in Emergency", 1985, p.26). The number of urgent care centers has grown from 260 in 1981 to 2,100 in 1985 with an expected growth rate of 50% per year (Folse, 1985, p.28).

In the wake of this increasing competition, many healthcare providers, and hospitals in particular, are finding that they can influence the survival of the fittest through increased marketing and advertising efforts (Shaw, 1985, p.24).

#### FROM A SELLER'S TO A BUYER'S MARKET

"Healthcare used to be a seller's market, but now it's a buyer's market," states Jim Houy, vice president of the American Hospital Association. There are currently more hospital beds than there are patients to fill them (White, 1984, p.13).

In addition to a surplus of hospital beds, there is also evidence of a "doctor glut". The current number of 485,000 U. S. physicians is expected to peak at some 643,000 by the year 2000 -- a 33% increase. This means that the current overall ratio of one



physician for each 500 people will decrease to one physician for every 388 people by the turn of the century (White, 1984, p.13).

The large supply of physicians stimulates formation of health maintenance organizations, preferred provider organizations and independent physician associations. This has a significant impact on competition for the delivery of healthcare (Edel, 1985, p.18).

Dentists face a similar problem. Current dental ratios show one dentist for each 1,600 consumers -- this being 400 less than the American Dental Association's specified ideal ratio of one dentist per 2,000 people. Aggravating the supply problem is the problem of less demand. Due to advanced technology and improved preventative care, people today do not need as much routine dental care as was once the norm (White, 1984, p.13).

Richard Edler, president of Doyle Dane Bernbach advertising agency in Los Angeles, comments on the healthcare industry:

"This is a supply and demand business where the supply is finally exceeding the demand. That leads to a naturally competitive marketplace, where advertising and marketing will play a critical role." (Erickson, 1985, p.17)

#### CHANGING CONSUMER EXPECTATIONS

At one time healthcare consumers relied heavily on physician referrals to particular healthcare facilities. Evidence suggests that referrals are no longer the determining factor when selecting a healthcare facility. SRI Research Center of Lincoln, Nebraska, published results of its study which indicates only 23% of today's healthcare consumers rely solely on physician decisions regarding which hospital to use. The study showed that 35% of the consumers

made their own choice when deciding on a hospital with another 34% indicating that the decision was made jointly by physicians and themselves (Folse, 1984, p.14).

This consumer involvement in healthcare facility decisions increases the importance of advertising to attract consumers. Consumers are becoming increasingly supportive of healthcare advertising. A study by National Reaserach Corporation shows that approximately 66% of consumers surveyed said hospitals should advertise (Jackson and Jensen, 1985, p.93). Studies also indicate that consumer preferences can be influenced and that marketing and advertising efforts can change consumer attitudes about particular facilities (Jackson and Jensen, 1984, p.94).

The evidence suggests that numerous factors have influenced the growth of healthcare advertising. Advertising momentum has increased significantly in the preceding several years; it appears likely that the forces stimulating this growth will remain intact to provide an incentive for continued growth of healthcare advertising in the future.

## CONTROVERSIES IN HEALTHCARE ADVERTISING

The growth of healthcare advertising has not occurred without generating a great deal of controversy. For classification purposes, the author has divided the major controversial issues into five general areas. They are: marketing versus healthcare tradition; healthcare provider points of view; consumer points of view; pros and cons of quality claims; and finally, the role of advertising in improving provider marketplace position.

### MARKETING VERSUS HEALTHCARE TRADITION

Considering that the basic point of marketing is to meet a consumer need and to promote the fact that the need can be filled, it would not seem that marketing of healthcare services should warrant the amount of opposition it has received. However, as healthcare managers and practitioners begin to inform consumers of their services using modern marketing techniques, they frequently encounter an obstacle called "tradition" (Cebzynski, 1985, p.1).

In contrast to marketing other services such as banking or accounting, selling medical care is more sensitive because of the intimate relationship existing between doctors and their patients. Because of this relationship medicine has long been regarded as an almost-sacred profession (Cebzynski, 1985, p.1).

Royce Diener, CEO of American Medical International, has commented that it is difficult to persuade physicians to start regarding their patients as customers of healthcare services. This

difficulty is exacerbated by various medical associations' contentions that medical practitioners have no business trying to be businesses. A recent editorial in the New England Journal of Medicine condemned the practice of medical practitioners becoming more business oriented. The editorial urged the medical profession to "face the threat of entrepreneurialism". Additional discouragement has come from the American Medical Association which "has quite properly reminded physicians that medicine is a profession, a calling, and not a business", says Dr. Arnold Reiman, editor of the Journal (Cebzynski, 1985, p.1).

#### HEALTHCARE PROVIDER POINTS OF VIEW

Many healthcare providers oppose advertising because of the negative impact they think advertising would have on their profession's image. Others believe that images of individuals and organizations are not damaged because they advertise, but rather by how they advertise (Shapiro, 1983, p.13)

Overall, studies have shown that healthcare providers overwhelmingly disapprove of advertising by individual practitioners but are much more receptive to advertising done by hospitals ("M.D.s Oppose Peers' Advertising, More Accepting of Hospitals' Efforts", 1983, p.96).

One critic of physician advertising, Dr. Lawrence Catch, opposes the ads for three reasons: inappropriate influence over consumers, unprofessionalism and cost. Dr. Catch says he doubts consumers will be able to make intelligent decisions about something

as complicated as plastic surgery based on a TV ad. He is also disturbed by the cost of advertising which he believes ultimately will be passed on to patients in the form of higher fees. Further, he states:

"It's unprofessional and it puts me on the same level as the local guy who sells used cars. I particularly don't like that image." (Maes, 1984, p.31).

Other critics, such as Greg Korneluk, a Lewiston, N. Y., consultant, believe that advertising is essentially a cop-out technique used when physicians or other healthcare providers fail to manage their practices properly. Says Korneluk:

"Physicians may think that advertising is the answer for patients not being in the office, but if you're not a good doctor and don't run your practice well, all the advertising in the world is not going to do you any good" (Maes, 1984, p.31).

Still, many healthcare providers are realizing that advertising, if done in a tasteful manner, can provide a service to consumers and may benefit the providers as well. Some providers, as well as the FTC, support the notion that healthcare consumers have the same rights as any other consumer -- therefore, advertising which informs consumers about which providers offer what services at what cost actually benefits consumers and should be encouraged (White, 1984, p.18).

Some practitioners would also disagree with Dr. Catch on the issue of advertising cost. Dr. Robert Levy, a Wisconsin plastic surgeon, believes that his increased patient flow is the direct result of his advertising efforts. Consequently, Dr. Levy's fixed costs are covered by a greater number of patients -- this allowing

him to keep medical fees lower than would be possible if he did not advertise (Maes, 1984, p.31).

In trying to locate a middle ground, one type of advertising which is less controversial among healthcare providers is institutional advertising. Using institutional advertising, a professional association, such as the American Hospital Association, promotes a positive attribute of the healthcare industry in general without specific reference to a particular facility or practitioner. This type of advertising is the favored approach by many practitioners because it avoids anything that potentially violates tradition or which promotes competition among providers. By favoring a public education approach instead, institutional advertising creates a demand to the benefit of all (Wagner, 1985, p.33).

#### CONSUMER POINTS OF VIEW

As might be expected, there is a vast differing of opinion regarding the benefits of advertising as seen by healthcare providers and consumers. One of the major areas of disagreement focuses on whether consumers are sophisticated enough to make intelligent choices based on healthcare advertising.

In one study which surveyed both consumers and healthcare practitioners (dentists), the following statement was presented: "Advertising by dentists will permit patients to make intelligent choices". The results showed that some 69% of consumers agreed with

this statement while 88% of the dentists disagreed (Shapiro and Majewski, 1983, p.36).

In comments gathered from the consumers surveyed it was found that consumers indicated a strong desire for product and price information which they felt would enable them to make better informed decisions when seeking healthcare services (Shapiro and Majewski, 1983, p.36). The dentists, whose feelings parallel those of other healthcare providers, felt that healthcare advertising could not adequately convey the complexity and intangible aspects of medical or dental procedures. Therefore, they believed that healthcare advertising may do more harm than good to the patient who does not understand the complexity of the treatment process (Shapiro and Majewski, 1983, p.37).

There are, however, a number of consumers who oppose healthcare advertising. A 1983 study found that 24.5% of consumers surveyed agreed that doctors should never advertise. Some of their reasoning was based on perceptions that doctors who advertise are likely to be less competent, that prices are likely to rise to support the additional costs of advertising, and that advertising might encourage doctors to be untruthful in their ads in order to attract as many patients as possible (Marks and Ahuja, 1983, p.3)

Another study, undertaken by the National Research Corporation, Lincoln, Nebraska, found that consumers who opposed hospital advertising did so for three primary reasons: they felt people were already aware of hospitals and therefore advertising was not necessary; they believed a hospital's reputation should speak for

itself; and they believed that hospitals are community services which shouldn't need to rely on advertising to attract customers (Jensen, 1985, p.60).

### THE PROS AND CONS OF QUALITY CLAIMS

The following two advertisements were featured in an article appearing in American Medical News:

"Beautiful tomorrows begin today! Improving appearances can alter your ego and your future," reads an advertisement for Dr. Jones, "a highly trained surgeon." Featured in the ad is a photograph of a shapely, partially clad blonde. (Krieger, 1984, p.1).

"Heart-lung transplants: 50% survival after five years. Lifelong drug therapy and medical exams required. Possible risk of organ rejection and drug side effects. Cost \$80,000, plus additional expenses," reads an advertisement for Dr. Smith, "board certified surgeon, member of the American Society of Transplant Surgeons." (Krieger, 1984, p.1).

What do these two ads have in common? Quality claims. The differences between them provide a comparison of how dangerous or how effective quality claims in advertising can be.

Traditionally, any ads used by healthcare providers simply stated office hours, specialty, phone number and address. But as the competition within the healthcare industry increases, battles are emerging over what now constitutes "proper" advertising. The law offers little direction -- the 1976 Supreme Court decision never addressed the issue of quality claims. Without further legal clarification, advertisements which stress quality of services are still open to regulation or prohibition (Krieger, 1984, p.1).



Predictably, opinions on the issue of quality claims differ dramatically. Many healthcare providers fear that patients might be easily led astray by exaggerated claims of competence. Other providers, as well as the FTC, stress that patients are sophisticated consumers who deserve to know the track record of a physician, hospital or medical procedure (Krieger, 1984, p.1).

On the negative side of quality claim advertising, healthcare providers worry that an unwise medical decision based on an unsubstantiated advertisement could be dangerous, even lethal. Some ads, such as those promoting plastic surgery, may "offer unrealistic psychological inducements" says John Munna, MD, of the American Society of Plastic and Reconstructive Surgery (Krieger, 1984, p.7).

Following are some quotations regarding quality claims as stated by some skeptical industry observers:

Dr. Robert Moser, of the American College of Physicians states:

"The skill of a physician is subtle and subjective, not captured by quality claims in advertising. A Yale graduate may not be as good as the physician at 'Ipswich Community Hospital' in Peoria. It is important for patients to shop around -- and find a physician who is competent, smart, personable and prompt. Advertising will not help." (Krieger, 1984, p.7).

Comments from Steven R. Cox, an economics professor at Arizona State University include:

"The likelihood that 'quality ads' will be false is very high. Patients always want the best care, but they can't always judge. The more persuasive the ad, the greater the profit potential for the physician." (Krieger, 1984, p.7).

And finally, comments from Nathan Boring, director of planning at Wilkes-Barre General Hospital in Pennsylvania:

"Nearly all hospitals meet state, federal and accreditation standards. Implications that your quality is higher than your competitor's -- and the competitor's response -- will undermine confidence in the entire hospital industry." (Boring, 1986, p. 73).

Of course, there is another side to the issue. Many feel that fears of patient manipulation and advertising deception are exaggerated and unjustified. Of the many complaints the FTC has received on healthcare advertising from practicing professionals, investigation has revealed that almost all of the ads in question were neither false nor deceptive -- if anything, they were simply demeaning to the profession (Krieger, 1984, p.7).

One defender of quality advertising, Allen Schaffer, MD, of the National Association of Freestanding Emergency Centers states:

"Quality claims can actually protect the consumer. Based on an ad, a patient can learn about a physician's training, credentials, history of malpractice litigation, and patient experience. Advertising brings the question of quality to the surface. Then there is a shift from the powerless patient to the powerful consumer." (Krieger, 1984, p.7).

Roy Bond, PhD, of the FTC, adds:

"If we prohibit qualitative characteristics from being publicized, we impose an increased cost on the consumer. We should treat medical advertising as any other type of advertising is treated." (Krieger, 1984, p.7).

Many healthcare providers and industry observers believe that it is possible, and desirable, to substantiate quality claims. Statistics which analyze patient outcomes or evidence which supports staff credentials are two commonly suggested types of data which can be used to advertise quality (Krieger, 1984, p.7).

It appears quite obvious that the debate will continue to rage, especially in light of the fact that the FTC has no precise definition of what constitutes a "false and deceptive" quality claim. It has been proposed that the AMA and the FTC work together to combat deceptive ads -- together they could develop guidelines which would define legitimate advertising for all medical practitioners (Krieger, 1984, p.7).

#### CAN ADVERTISING REALLY HELP PROVIDER POSITION?

The bottom line really comes down to whether healthcare advertising can do what it is supposed to do: can it improve the marketplace position of the advertising provider? Some people, such as Nathan Boring, a hospital planning director, firmly believe it does not:

"The generic theme is the excellence of care available in their hospitals, followed by a list of superlatives such as "finest doctors," "best equipment," "newest helicopter" and so forth. The underlying message is that one facility is better than the one across town. Invariably, the hospital across town responds with a promotion campaign of its own. In the end -- if there is one -- the community is no better served than before. But in the process, several hundred thousand dollars will be added to the community's bills for health care." (Boring, 1986, p.73).

Others, such as Jim Houy, vice president of the American Hospital Association, disagree:

"Somehow the decisions have to be made about which hospitals will survive. Either we regulate the hell out of everything and play God, or we put it out in the marketplace and let the people decide."(White, 1984, p.13)

Although the above two comments were specific to hospitals, it seems appropriate to suggest that the statements could apply to other aspects of the healthcare industry as well. Regardless of the type of healthcare entity in question, it seems likely that advertising will almost certainly play at least some part in determining who wins and loses in the newly competitive healthcare environment (White, 1984, p.13).

## HEALTHCARE ADVERTISING PROBLEMS

Advertising for the healthcare industry presents a number of problems. Some difficulties are much the same as those facing advertisers in other industries. However, the advertising of medical services also presents unique problems. This section of the paper is devoted to discussion of some of the major problems of advertising healthcare services.

### MARKETING MUST PRECEED ADVERTISING

Probably first on the list of things not to do, is to begin advertising without preparing a marketing plan. When healthcare advertising began to gain prominence, many providers started to advertise without knowing what they were attempting to advertising and why.

Advertising should be a final step in the process that begins with product development and moves through pricing, communications and distribution. A serious problem exists when an advertising campaign promotes a vague or nonexistent product. Charles Sturm, president of a Chicago advertising agency which specializes in healthcare, states:

"Unfortunately, most hospitals don't have anything to advertise. They have no clearly defined products, or they advertise a product which is not well-developed, and then they can't deliver." (White, 1985, p. 168).

American Marketing Association President Stephen Brown believes that healthcare advertising expenditures have grown rapidly at the expense of sound strategy, effective market segmentation and

aggressive sales. Hospital administrators have essentially rushed to join the new healthcare marketing movement by embracing only one of the four P's of marketing -- promotion -- to the neglect of price, product and place (Hauser, 1985, p. 170).

In order for healthcare advertising to be truly effective, it is critical that a full range of marketing elements supplement the advertising effort. Specifically, marketing elements currently eluding many advertising healthcare providers which need to be considered more thoroughly include strategic business planning, ongoing marketing research, in-depth customer relations training, product management, detailed pricing strategies, product packaging and positioning, cross-marketing, product harvesting, product segmentation, product life cycle, product distribution, psychographics and finally, aggressive sales (Hauser, 1985, p. 171).

#### THE COPYCAT SYNDROME

Daniel Beckham, president of HealthMarket Inc., believes that many hospitals began advertising for the wrong reason -- simply to retaliate against a competitor's challenge. When administrators face difficult marketing decisions, "advertising is the easiest thing to do." (Super, 1986, p. 69).

Healthcare advertising has tended to be reactionary in nature, occurring when one hospital in a market starts to advertise. A typical response is for other hospitals in the area to counter with their own campaigns simply to keep up with their competition. Because hospitals are not accustomed to being market-driven, the

immediate counter campaign is thought to be the right move to make. Typically, however, such ill-conceived campaigns are disappointing. Experts, such as Charles Sturm, recommend that providers stop advertising altogether until they have developed a solid marketing plan (White, 1985, p.168). The "me-too" reaction to what others are doing is usually counterproductive, and always expensive (Martin, 1985, p.27).

### TARGETING DIFFICULTIES

Healthcare consumers are increasingly selecting healthcare services on their own. Other consumers are more inclined to make the decision jointly with their physicians. These selection processes stand in contrast with past practices when choices were based primarily upon physician recommendation. This trend toward consumer independence in the selection process can have a direct bearing on how hospitals: 1. choose to promote their services, and 2. select the specific target audiences for their ads (Jensen, 1985, p.58).

Trying to reach the healthcare audience which is most likely to use a provider's services can be difficult. The average American visits a physician four times a year and visits a hospital as an outpatient once annually. However, Americans are typically admitted to hospitals for inpatient services only once every seven years. Considering that this average admission rate is skewed by the elderly, the seven year frequency rate is actually overstated for the younger population. Because healthcare services are needed so

infrequently, the offer of service alone may not always be enough to attract a client ("Ad Efforts Hike Utilization Dramatically", 1984. p.44).

An additional problem faced when trying to attract consumers lies in the fact that eight out of ten consumers already have specific healthcare provider preferences (Jensen, 1985, p.48). Very often the most desirable consumer markets are also the most difficult to persuade. For example, women are the primary healthcare decisionmakers; they are, therefore, an obvious target market for healthcare advertisers. The irony is that women are more likely than men to already have specific hospital preferences, making this group of consumers much harder to persuade (Powills, 1986. p.66).

The elderly comprise another particularly problematic target audience. Persons aged 55 and older are an ideal healthcare market since their healthcare needs are significantly greater than those of persons between the ages of 18 and 54 (Super, 1986, p.80). Again a problem exists -- consumers aged 55 and older are likely to have previously established healthcare preferences. They also tend to rely on their physicians for healthcare advice. Consequently, this desirable target market for healthcare advertisers is much less likely to be influenced by advertising than are other consumers (Jensen, 1985, p. 98).



## ADVERTISING SENSITIVITY

The trend for consumers to take a more active role in selecting their own healthcare providers is important when determining which healthcare services to advertise. Advertising tends to be much more effective when the services or facilities being advertised are those self-selected by the patients. Thus, some services are more "advertising sensitive" than others.

As might be expected, patients with serious illnesses are more inclined to rely on physician recommendations when seeking medical services. Patients tend to select facilities and services themselves when the problems are less serious (Jensen, 1985, p.58).

Because of this correlation, advertising appears to be most effective when promoting services which are patient selected (Beckham, 1985, p.12). Fry-Hammond Barr, an ad agency with several years of healthcare advertising experience, has found this to be the case. Some healthcare services, such as in-patient surgery, for example, are little affected by advertising efforts (Pridmore, 1982, p.68). Probably because this type of service is quite dependent upon physician referral, advertising the to the consumer directly has little effect. On the other hand, Fry-Hammond Barr has found that elective services are advertising sensitive. Maternity services, for example, have responded well to advertising efforts (Pridmore, 1982, p.68).

## MEASUREMENT PROBLEMS

Until recently, healthcare ads could basically be placed in one of three categories. The first group can be called "image ads" -- those which are based on generic themes such as "We Care" or "We're Here for You", or those which are based primarily on public service formats.

The second group of ads, named "Early Clever" ads by one critic, is typified by ads which are cute and witty but do little to differentiate product or facility benefits (Sturm, 1985, p.36).

The third group, classified as "Neo-Obtuse" ads by the same critic, are usually high budget ads which promote name recognition, but don't inform the consumer about the product (Sturm, 1985, p.36).

These three ad types have one thing in common -- when it comes to evaluating advertising effectiveness, all of them make measurement difficult. In the increasingly consumer-led healthcare market, a hospital's image becomes more important. But unlike advertising which is developed for specific products, the effects of service advertising can't be measured easily (Elmqvist, 1985, p.64).

There must be some way to determine whether or not an ad is effective. If it can be shown that an ad has prompted a consumer to take a specific desired action, the ad can be assumed effective. To this extent, the three types of health care ads described above do not make this correlation possible.

## HEALTHCARE ADVERTISING IS "DIFFERENT"

Many problems associated with creating effective advertising campaigns are common to all industries which use advertising as a marketing tool. However, there are three aspects of healthcare advertising which tend to present problems which are more specific to the healthcare industry: the concept of negative selling, the selling of a business within a business, and the complex internal chain of command found within most hospital management structures.

### Negative Selling

Dick McDonald, president of McDonald Davis & Associates, a firm with 15 years of healthcare experience, states:

"Healthcare clients are unique among advertisers because, first, almost everyone else is headed toward a positive sell. There are only two industries I know of -- healthcare and undertaking -- that are negative sells." (Erickson, 1985, p. 16).

Advertising for healthcare in many cases involves trying to promote services which consumers would generally prefer to avoid. Consequently, healthcare advertising faces some tough and unusual communications problems. In many cases the first hurdle involves overcoming a patient's natural fear, or the patient's desire to avoid or ignore a health problem. This difficulty is especially amplified when the healthcare services being promoted are sensitive in nature, such as those dealing with mental illness, cancer, or alcohol and drug abuse (Franz, 1984, p.24).

## The Selling of a Business Within a Business

Many healthcare facilities involve a number of different internal businesses. When there are diversified services offered by a healthcare provider, there often becomes a need to develop different campaigns for each service line (Erickson, 1985, p.17). For example, the approach used by a hospital to promote its substance abuse program will likely be much different from the appeal used to draw expectant mothers to its obstetrics program.

The issue becomes further complicated when advertising is coordinated for hospitals in healthcare chains. Not only must decisions be made regarding how to advertise separate services, but an additional question is posed: should the corporation coordinate advertising messages from headquarters or should advertising responsibility be delegated to the individual facilities?

Nancy Shalek, president of a Los Angeles ad agency notes:

"Not only are there different demographics among the physicians and patients for each hospital, but each offers different services, different facilities, different everything." (Erickson, 1985, p.17)

## A Complex Internal Chain of Command

An additional source of frustration encountered when dealing with healthcare accounts stems from client relationships.

Jon Leifer, president of a Kansas City agency specializing in healthcare accounts states:

"The relationship with the client is radically different. Every client needs and expects special treatment, but in healthcare, that's carried to the nth degree (Erickson, 1985, p.16).

To a large extent, "special treatment" means having several layers of hospital management approve ads and marketing plans. Beyond the usual marketing director and administrators, in the healthcare setting physicians, boards, and possibly trustees, are also included in the process.

Dave McCarthy, executive vice president of a Chicago advertising agency which handles healthcare accounts adds:

"It's a different hierarchy. Everything passes through a multiple decision-making process that you just don't have to deal with at a traditional consumer products company." (Erickson, 1985, p.16).

Because of the complexity involved when dealing with a multi-level hierarchy, many agencies without healthcare experience find it difficult and frustrating to handle hospital accounts (Erickson, 1985, p.16).

#### THE NEED FOR SUPPORT

For advertising to be successful, one essential element is necessary -- an understanding of advertising goals, and support of them, by those parties whose influence can affect the success of the entire advertising effort.

An obvious group from which support is necessary is the staff of the healthcare provider. It is essential that a well-developed advertising campaign be accompanied by staff members who are willing to establish and oversee a workable system to handle the additional inflow of patients (Franz, 1984, p.26).

It is also critical to have physician support of the advertising effort. Perhaps more important than staff physician

support, is support from referring physicians. If these physicians are not informed about the advertising purpose and process, it is probable that physicians may view the advertising as an attempt to go around them to get their patients (Folse, 1985, p.30). If this perception prevails the result will likely be a drop in the number of referrals to the advertised facility from these physicians.

Depending on the service being promoted, support may also be needed from other parties. If the advertised service is sensitive in nature, an educational process may need to be undertaken to secure support from those who ultimately influence the success of the advertising effort. For example, a Midwest hospital, hoping to gain support for its rape, incest, and child-abuse center, had to educate not only the general public, but also local law enforcement officials and other healthcare professionals about the services they offered (Franz, 1984, p.26).

### OTHER PROBLEMS

#### Believability

The way in which a healthcare provider sees itself may be different from how it is seen by the public. The image a facility wishes to project is irrelevant unless it coincides with an image the public is willing to accept. It is usually necessary to research the marketplace using professional techniques and skilled personnel to learn what the community will allow the facility to be, based on their current perceptions (Martin, 1985, p.27).

## Recall

If an ad is to work, it must be remembered. Healthcare ads, however, are often easy to forget. One nationwide study showed that more than 60% of consumers polled indicated they have not seen or heard any hospital advertising (Fowells, 1986, p.66).

This lack of memorability in healthcare advertising may stem partially from the fact that many hospitals primarily continue to use image advertising rather than to advertise specific services. It has been found that consumers are less likely to remember seeing or hearing image advertising because it offers no specific information; "We Care" does not give consumers reason enough to choose a particular facility over another. On the other hand, survey findings report that remembered ads tend to contain specific information about services in general, emergency care, obstetrics and birthing centers, and substance abuse treatment (Fowells, 1986, p.66).

## Inadequate Budgets

Not only must an adequate budget be available to support the advertising effort itself, but there must be sufficient funding available to support the entire marketing program.

Hospital marketing budgets in particular are generally underfinanced -- with results often being less than ideal. As a rule of thumb, hospitals should spend about \$1,000 per bed with approximately 1% to 2% of gross revenues going to marketing and communications efforts (White, 1985, p.168). Despite this

recommendation, hospitals are chronic underspenders in the marketing department. Consequently, the money saved by not undertaking the requisite marketing homework, is wasted -- sometimes many times over -- on unfounded, reactionary advertising campaigns.

### Getting the Right Message Across

Even if a provider knows the message it wants to convey, putting it into appropriate words for the average consumer can be a difficult task. Getting the wording right is essential if the advertising message is to be effective. Care must be taken to keep the words from being too technical for a layperson to understand. On the other hand, wording should not be condescending or in any way imply that the consumer is ignorant. And finally, words which can have potentially negative connotations should be avoided. For example, "experimental" can imply 'guinea pig' status -- the wording "scientifically aggressive" might appear more scientifically sound (Franz, 1984, p.28).

### Professionalism

Healthcare providers potentially can be their own worst enemies when it comes to advertising. Many providers make their advertising suspect by using puffery, too much shouting of "we care the most", and other soft claims which can't be substantiated (Shaw, 1985, p.25). This type of advertising has the potential to undermine consumer confidence in the healthcare industry (Boring, 1986, p.73).



## FUTURE TRENDS IN HEALTHCARE ADVERTISING

The healthcare industry has experienced a rapid initiation into the advertising arena.

Some experts are predicting that the year 1986 will be a "Quantum-leap year" for healthcare marketing -- this leap bringing changes in the areas of demographic research, product management, more accurately targeted advertising and stronger marketing programs ("1986 Holds Surge in Demographics for Marketers", 1986, p.67). The purpose of the final section of this paper is to more clearly define some of the projected future trends in healthcare advertising. Specifically included in this discussion will be information regarding the move back to basic marketing and the shift away from image advertising. Also included will be discussion of trends in media usage and potential changes in ad agency involvement with healthcare accounts.

### BACK TO BASIC MARKETING

Before a product or service can be advertised, the product or service must exist. In many cases, early healthcare advertising attempts took the backdoor approach; the ad campaign came first. Results from advertising in this manner were generally poor, thus prompting healthcare providers to take a hard look at the whole marketing process.

Arthur Sturm, president of The Sturm Communications Group of Chicago, has said that "advertising was originally considered

synonymous with marketing". He adds that advertising should be the last step in a long process of market analysis (Super, 1986, p.69).

Many healthcare providers are now realizing their earlier mistakes and are making moves to ensure a solid marketing plan is in place before any new advertising efforts are begun. Steve Hillestad, vice president of Abbott-Northwestern Hospital in Minneapolis, predicts that hospitals will be getting back to having a good product before going out on a limb with their claims (Super, 1986, p.69). To this extent, many healthcare providers are stressing product management and are redesigning their products.

Ken Trester, director of planning and marketing for the University of Michigan Medical Center in Ann Arbor, states:

"Product management responds to the marketplace. It allows us to operate in a mode whereby the market drives the product and not the reverse." ("1986 Holds Surge in Demographics for Marketers", 1986, p.67).

One new development appears to be the introduction of specific "packaged" services that other providers may have ignored. At one hospital, product introductions within the past year have included such services as a sexual dysfunction program, a sleep disorder program, cataract surgery and pulmonary rehabilitation. All of these newly added programs are "advertising sensitive", or more susceptible to consumer selection. As healthcare marketers begin to recognize that not all product lines are as consumer-sensitive as others, this awareness is also reflected in more sophisticated advertising campaigns (Super, 1986, p.70).

### More Emphasis on Demographics

There is expected to be an increase in the use of demographic information in developing sound marketing strategies. For example, the use of patient demographic information can be combined with general demographic information to determine the relationship between population characteristics and the actual patterns of use in a particular facility. This knowledge not only makes it possible for providers to better target their advertisements and to define market share, but also to adjust services to consumer needs and to plan for the future ("1986 Holds Surge in Demographics for Marketers", 1986, p.67).

Using national demographic data, it has been noticed by most healthcare providers that the number of people aged 55 and older will be increasing dramatically in the next 25 years. Persons in this age group now comprise 21% of the total population, but by the year 2010 that percentage will increase to 25%. Because it is also known that healthcare costs of people over age 55 are 83% higher than those of people between the ages of 18-54, it appears that a large share of future healthcare profit will be generated from this mature market (Super, 1986, p.80)

Because older patients are more likely to rely on physician referral, especially if their illness is serious, many providers feel that trying to influence this group is a futile effort. Further, some administrators may hesitate to target older consumers because of uncertainty about whether the services will be profitable for the facility. However, many older consumers, and the vast

majority of those between the ages of 55 and 64, are healthy, and providers can offer a variety of preventative programs to ensure their health. It is expected that hospitals which are hoping to gain market share will begin aggressively targeting this mature market in the future (Super, 1986, p.82).

Many healthcare providers have also begun to direct more intensified advertising and marketing strategies toward women, thus reflecting that hospitals have recognized the statistical and demographic data which show women as major healthcare consumers and decisionmakers.

Women's hospital admissions are 15% higher than those of men, even when factoring out the number of admissions for childbirth. In addition, the hospital industry is starting to realize what the pharmaceutical industry has known for years: women make almost all of the purchase decisions for their families and decide where their family goes for healthcare services (Wallace, 1985, p.52).

As healthcare providers realize the financial importance of women becoming loyal consumers, serious marketing efforts are directed at gaining female marketshare. This marketing effort includes the development of products which meet women's needs and the use of advertising strategies which address factors which influence women's decisions. Healthcare providers are not only expanding their programs to include such services as breast cancer screening and stress management for women, but they are changing the tone of the advertising message as well. Successful future

advertising directed at the female consumer will talk to the women rather than talk down to them (Wallace, 1985, p.52).

### THE DECLINE OF IMAGE ADVERTISING

Healthcare providers are predicted to begin moving away from image advertising this year in favor of a more hard-sell approach. Specifically, more campaigns will feature prepackaged healthcare "products", and more ads will be branded with corporate names in hopes of creating brand loyalty for healthcare services (Super, 1986, p.74).

#### More Product Advertising

Healthcare advertising has traditionally used a soft-sell approach, but it appears that hard-sell is the buzz word of the future. The soft-sell approach typically advertises image. But healthcare administrators are beginning to realize that using image campaigns revolving around themes such as "We Care" are not enough. While image advertising was a logical first step when healthcare advertising was in its infancy, the symbolic message it conveys does not answer a consumer need (Super, 1986, p.74).

MediMarketing executive vice president, Dennis Fallen, believes that consumers have been trained to respond to benefits. He suggests that advertisements spell out advantages that stimulate action from potential patients, such as calling a referral telephone number to get information or to set up an appointment. These benefit messages that spark consumer action are a hard-sell approach.

A further problem with image advertising is that it has the potential to generate awareness, but awareness does not necessarily affect revenue or market share ("Marketing, Not Ads, Should Drive Healthcare Industry", 1986, p.15). Even if revenue increases, the nature of the generic image ad campaign makes it difficult to distinguish if the revenue increase is a direct result of the advertising effort. This presents one solid reason why administrators are moving toward direct-sell campaigns; administrators are beginning to recognize that it is significantly easier to tie volume increases to ads which promote specific products versus those which promote an image ("1986 Holds Surge in Demographics for Marketers", 1986, p.67).

For these reasons, healthcare advertising in the future is most likely to reflect products, rather than image. Healthcare providers are looking at their facilities, analyzing their markets, developing new products and promoting them separately. Some providers, such as Republic Health Corporation, are already heavily promoting prepackaged products. The Dallas facility has several product offerings which it advertises separately including "Gift of Sight" for cataract surgery, "You're Becoming" for cosmetic surgery and "Call Me" for the treatment of alcoholism (Super, 1986, p.74).

There does seem to be a middle ground, however, for those who are aware of the need to promote products, but who are not ready to abandon image advertising altogether. Some facilities such as St. Joseph's Hospital in Milwaukee are using a combination approach. St. Joseph's uses both image ads, which describe their facility and

suggest a specific image the hospital wants to portray, and target ads, which focus on specific services the hospital provides (Yanish, 1985, p.49).

### Increased Branding of Products

For hospitals connected with large healthcare chains, there is a definite move toward advertising which promotes brand-name recognition. This trend hopes to capitalize on a consumer base which has been reared with chain restaurants, retail stores and gas stations -- consumers who believe that chains offer consistent quality of service and lower prices than their independent counterparts (Kuntz, 1984, p.13).

Chain hospital advertising usually takes one of two forms. In the first form, headquarters develops a centralized advertising campaign which promotes the entire chain. This method's advantage provides consistency and continuity throughout the campaign; its drawback is that some research has shown that patients and physicians respond more to information about local hospitals' services than to corporate promotion (Alsop, 1986, p.31).

The other method of chain advertising has been to totally decentralize advertising responsibility. The benefit of this method is that it readily allows for specific promotion of local facilities. Its drawback is that the advertising effort for any given chain can be almost totally void of any continuity of message or emotional appeal. This problem was a major problem for Humana, the nation's largest healthcare chain. The company's decentralized

efforts resulted in Humana's affiliates hiring several different advertising agencies which all had different ideas for promoting Humana's services. The result was an inconsistent advertising image -- some ads featured old people literally flipping over Humana, an insurance salesman tap dancing atop a customer's desk and gymnast Mary Lou Retton plugging the company (Alsop, 1986, p.31).

Humana has changed its strategy and has sparked a new trend among chain advertisers. The new approach is to use a unified centralized advertising campaign. The campaign will emphasize the Humana name anticipating that consumers will welcome a familiar, trustworthy medical brand name when they need medical services. However, the campaign is flexible enough to allow for localized inserts to be added to the campaign messages (Alsop, 1986, p.31).

### MEDIA TRENDS

Marketing managers agree overall that healthcare advertising expenditures will increase this year. Considering percentage, however, the spending breakdown is expected to be much the same. For the most part, hospitals not connected with chains will tend to spend about 40% of their media budgets on print advertising, 30% on direct mail, 15% on radio messages, 10% on outdoor advertising, and 5% on television (Super, 1986, p.76).

Television advertising will remain a small part of the budget for almost all hospitals because of its relatively high cost; even though television has the greatest reach, it is not always effective. Multihospital chains, however, will probably make more



use of TV advertising in 1986. The chains have a larger consumer base in almost all cases, as well as sizable advertising budgets. This makes television likely to become the predominant advertising medium for this type of healthcare provider. Some observers predict that these select providers may be spending about 50% of their advertising budgets on TV by 1987 (Super, 1986, p.96).

Direct mail advertising is expected to remain strong. This method of advertising has long been a preferred method of advertising healthcare services for several reasons. First, studies have shown print messages to be more memorable than messages conveyed by other media (Jensen, 1985, p.96). Second, research has identified a consumer preference for printed messages, especially direct mail (Jensen, 1985, p.98). Third, direct mail is the most effective and least costly advertising medium for increasing market share (Steiber and Boscarino, 1984, p.11). Compared with other forms of print advertising, direct mail receives ten responses to every response generated by other print ads. Finally, direct mail allows providers to better segment their markets (Super, 1986, p.73).

#### AGENCY TRENDS

Traditionally, healthcare accounts have been handled by agencies which specialized in healthcare marketing -- and for good reason. Healthcare marketing is still quite unsophisticated in its marketing skills. Because of this, many healthcare organizations

are encountering marketing for the first time and look to the ad agency for marketing guidance as well as advertising help.

Karen York, CEO of York Alpern/DDB of Los Angeles states:

"What we are really doing is business consulting in the broadest sense of the term. When (healthcare providers) come to us and ask about marketing, they don't even know all the components of marketing. They have no strategy and no idea how advertising fits in. We then bring them to the point where they know what advertising is supposed to do." (Erickson, 1985, p.16).

Because of the education which needs to be provided these novice advertisers, the specialized agency has been in a position to support a healthcare provider's marketing staff in ways a general agency would never consider (Erickson, 1985, p.16). However, these smaller agencies, most with billings under \$10 million annually, are willing and flexible enough to serve healthcare clients (Fridmore, 1982, p.66).

Larger agencies have previously stayed clear of healthcare accounts for another reason as well -- because of profitability doubts. The complexities of the hospital system require time and detail work which is disproportionate to potential profits for agencies used to breakfast cereal and cigarette accounts (Fridmore, 1982, p.66).

Now, however, all this seems to be changing. Larger agencies, once avoiding healthcare accounts, are now bidding competitively with one another to get them. Richard Edler, president of Doyle Dane Bernbach/Los Angeles sees the healthcare industry as one offering great opportunity to advertising agencies -- the industry is potentially a giant marketing category still in its infancy. Mr.

Edler says that many agencies, including his, want a piece of this newfound advertising business (Erickson, 1985, p.16).

Mr. Edler gives five reasons for the emerging interest in healthcare accounts:

- The trend for healthcare providers to address messages directly to consumers;
- The move from what he calls "disease care" to an emphasis on wellness programs, which "must be advertised, because people won't come into those facilities on their own";
- The increasing importance of the home in healthcare;
- The "explosive growth" in behavioral medicine, encompassing programs to fight alcoholism, drug addiction, smoking and eating disorders -- programs that require heavy advertising;
- The decreased role of the physician as consumers make more of their own healthcare decisions and use ads for information (Erickson, 1985, p.17).

One reason Mr. Edler did not mention, but which adds even more incentive to take on healthcare accounts, is the increasing potential for healthcare accounts to be financially lucrative. Even though many healthcare providers operate with small advertising budget, the trend is for ad spending to grow. This is especially true with the hospital chains where ad budgets often run over \$1 million annually ("Searching for Agencies Qualified to Practice", 1984, p.12), and some, such as the Humana chain, have annual advertising budgets in the \$20 million range (Fridmore, 1982, p.66).

But how does the large agency previously not interested in healthcare accounts break into this field -- especially given the special skills needed in order to effectively handle healthcare accounts? One solution is to merge.

Merging is becoming a popular way for large agencies to break into healthcare advertising. A merge with a specialized agency experienced with healthcare accounts allows both agencies and the healthcare client to 'win'. The merged agency has the luxury of using the big agency's creative talent, media services and monetary support while providing the street smarts and specialized expertise of the smaller agency (Erickson, 1985, p.16). It is expected that merging of talent will become a popular activity in the advertising world, much the same as it has been in other business industries.

## SUMMARY AND CONCLUSION

Of the several factors stimulating the growth of healthcare advertising in recent years, the 1976 Supreme Court decision was undoubtedly the most influential; a legal precedent was established for advertising in the healthcare industry. Following this decision the American Medical Association became the first healthcare association to officially allow advertising among its members. The growth of healthcare advertising was also influenced by a number of other forces: the changes in the Medicare reimbursement system; the emergence of alternative healthcare delivery systems; a surplus of healthcare providers; and the shift toward more consumer involvement in healthcare decisionmaking.

Even though healthcare advertising has become more accepted it is still a hotly debated issue. Disagreements about the pros and cons of healthcare advertising continue to flourish among healthcare providers and consumer advocates. Healthcare advertising has been difficult for many healthcare providers to accept because advertising is not perceived to be congruent with traditional healthcare philosophy and practices. Yet, while some see advertising as demeaning to the medical professions, others see it as a necessity if healthcare providers are to remain profitable in today's increasingly competitive healthcare environment. Further, consumers view advertising as a viable way of receiving adequate information on which to base informed healthcare decisions.

Healthcare advertising is faced with numerous problems, many of them unique to the healthcare industry. Advertising healthcare services is a complex process; not only are the products themselves diverse and intangible, but healthcare management structures and the healthcare industry itself also differ from those found in other industries. Because advertising in this industry has evolved so quickly, healthcare advertising has not been based on the sound marketing principals found in other industries; much healthcare advertising has been developed simply to match competitors' advertising efforts. Healthcare advertising also faces other difficulties such as ensuring that the message is seen by the appropriate audience, determining which healthcare services are most influenced by advertising, and measuring the effectiveness of advertising campaigns.

Trends in healthcare advertising suggest that the healthcare industry is becoming market-driven. Consequently, there is a move back to basic marketing as healthcare providers realize that a solid marketing plan is necessary if advertising is to be effective. This realization has prompted healthcare providers to place more emphasis on developing healthcare products which meet the needs or desires of consumers. With this move toward a product orientation, healthcare advertising emphasizing image is being replaced by advertising which emphasizes individual healthcare products.

Healthcare advertising has made an amazing transition from being virtually an unknown entity only ten years ago to being a half billion dollar annual industry today. Because advertising is expected to play a major role in keeping healthcare providers profitable in an increasingly competitive industry, equally impressive growth will likely occur during the next few years. While no one knows exactly what the future holds, it can be safely assumed that the healthcare industry will continue to change -- and its advertising will adapt, becoming more strategically sound and sophisticated in the process.

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