

**THE IMPLEMENTATION OF SERVICE-DOMINANT LOGIC IN DESIGNING BRAND
MANAGEMENT PLANS TO MAINTAIN LEADERSHIP IN DR. YAP EYE HOSPITAL**

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Abstract—A privately-owned eye hospital operating since 1923 is beginning to take steps in managing its brand. The approach is based on Service-Dominant Logic, to ensure patient-orientation and relevance. Research was conducted to determine the factors that determine patients' hospital choice, hospital quality evaluation, and the hospital's performance in those factors. The results suggested that there are six factors considered when choosing a hospital: the perceived ability to cure illnesses, the skill of the doctors, the specialization of the hospital, the complete equipment owned by the hospital, the experience level of the doctors, and the extent of the patient's trust to the hospital. The hospital performs well in all six factors. Among the many factors considered when evaluating a hospital's quality, there are three factors which have higher importance than average, but the hospital's performance is lower than average: speed of treatment, established trust, and friendliness. The hospital is bound by the Code of Ethics of Indonesian Hospital, in conducting its promotional activities. The hospital is advised to communicate its competence in the six most important decision factors; it is done by placing posters and information boards throughout the hospital, and by opening a new media for communication with the public: online social media (Facebook). The hospital is advised to improve its quality by forming an Information Center, providing Patient Notification Service, simplifying the administrative process, and encouraging doctors to be more confident and give more explanations.

Keywords: hospital, brand management, Service-Dominant Logic, maintain leadership

I. INTRODUCTION

This project is undertaken as a requirement for graduation from the Master of Business Administration Program in Institut Teknologi Bandung.

Dr. Yap Eye hospital was founded in 1923 by Dr. Yap Hong Tjoen; the hospital was aimed to help the people of Dutch East Indies who suffer from eye illnesses and vision impairment. In 1972, a foundation was formed to act as a legal entity which owns and manages Dr. Yap Eye Hospital; the foundation is now known as the Foundation of Dr. Yap Prawirohusodo.

Dr. Yap is currently known as the biggest hospital specializing in eye healthcare in the central region of Java (Special District of Yogyakarta and the Central Java province). According to internal data, its patients are mostly from the central region of Java; the rest are from various regions in Indonesia, from Sumatra to Papua. Dr. Yap Eye Hospital provides healthcare services related to eye and vision. This includes diagnosis; treatment (including surgery); prescription of medication and corrective equipment (e.g. eyeglasses); sale of medication and corrective equipment; condition improvement; and prevention.

There is no department or competence designated to marketing or branding efforts; likewise, there has been no deliberate effort to form marketing or branding strategy. With increasing competition, the hospital is beginning to feel the need for conscious effort to maintain and improve its brand among the public. Service-Dominant Logic is chosen as the positive theoretical foundation due to its consumer-oriented nature and its emphasis on relevance.

II. BUSINESS ISSUE EXPLORATION

The business issue exploration will be using concepts and framework adapter from the positive theoretical foundation of Service-Dominant Logic. For more information regarding Service-Dominant Logic, see, for example,

(Vargo & Lusch, 2004), (Vargo & Lusch, 2008), (Vargo, 2007). Translating Service-Dominant Logic to brand management was discussed in (Brodjonegoro & Nasution, 2012).

A. Conceptual Framework

Basic Concepts

Service-Dominant Logic shifts the way value creation and transactions are viewed; it is contrasted with Goods-Dominant Logic. "Service" is (re-)defined as the application of specialized competences, through deeds, processes, and performances, for the benefit of another entity or the entity itself. Emphasis is put on "application of specialized competences" and "for the benefit of an entity". Goods are considered as distribution mechanisms for service, as an alternative to direct service provision (Vargo & Lusch, 2008).

Using Service-Dominant Logic, brand management must also be viewed as an application of the firm's competences for the benefit of both the consumer and the firm. Therefore, the main objective of brand management is no longer on managing and improving brand equity (as mentioned in, among others, (Aaker, 1996), (Keller, 2008), (Kotler & Keller, 2006)); the main objective of brand management using Service-Dominant Logic is to benefit the consumer.

Conceptual Models

To be able to benefit the consumer, we must first determine how the consumer uses the brand; this is represented using a model. The model is modified from the Consumer Information Processing Model as illustrated by Ken Matsuno (1997), which adopts several sources, including (Kotler, 1997), (Schiffman & Kanuk, 1997), and (Solomon, 1996).

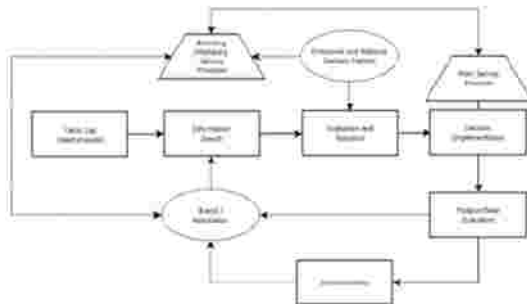


Figure 1 Modified Consumer Information Processing Model

The original model lists the steps that the consumer takes in accessing information in the process of utilizing a service provision: Problem

Recognition (rephrased as "Value Gap"), followed by Information Search, then by Evaluation and Selection, then Decision Implementation, and finally Postpurchase Evaluation.

The model modifies the Consumer Information Processing Model by adding another step after the Postpurchase Evaluation: Communication. Another modification is that there are two information entities involved, depicted by dotted ovals; additionally, the information flow is also depicted with dotted lines.

Two of the hospital's service provision efforts are depicted (in trapezoids): the Main Service Provision (i.e. healthcare) and the Branding/Marketing Service Provision.

The cooperation between Branding Service Provision and Main Service Provision can be likened to the cooperation between a restaurant's waitresses and cooks. The waitresses take orders from the patrons, and forward the orders to the kitchen. The cooks then proceed to use their equipment and expertise to fulfill the patrons' orders. On the other hand, the cooks also inform the waitresses on the variety of dishes that can be ordered. The waitresses should not promise the patrons dishes that the cooks cannot provide (for various reasons).

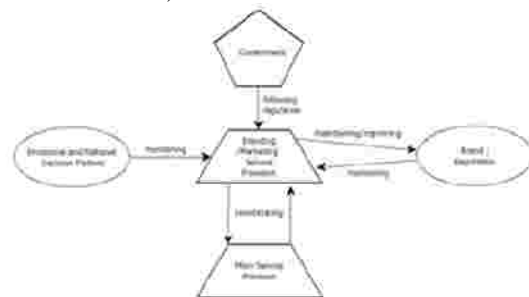


Figure 2 Branding Information Processing Model

From the above model that is oriented on the patient's information processing, the Branding Information Processing needs can be modeled. This model is similar to the Consumer Information Processing Model previously, but instead focuses on the Brand Service Provision, and includes additional external entities that are involved and may influence the Branding Service provisioning (depicted as pentagon). The model is depicted in Figure 2.

B. Method of Data Collection and Analysis

Data Collection Method

a. Hospital Staff Focus Group Discussion

The frontline staff of the hospital have already experienced years of interacting with patients, while simultaneously having a point of view from the hospital's perspective. Insight from the staff would provide invaluable information.

b. Patient Interviews

The main aim of the patient interviews is to uncover any factors that might be considered when choosing a hospital (i.e., Decision Factors) and evaluating a hospital's quality (i.e., Quality Factors).

c. Patient Questionnaire

The previous interview uncovered the factors that influence the patient's decision when choosing a hospital, and the factors that are evaluated by the patient when judging a hospital's quality. This questionnaire will then try to determine how important each of the factors is to the patient, and to gauge Dr. Yap's performance in each of the factors, according to the experience of perception of the patient.

Data Analysis Method

The preference information for the Decision Factors will be translated into scores of Multiplicative Preference Relations, adapted from (Chiclana, et al., 1998). The transformation function is formed such that for any criteria *c* that is given a priority rank of *r*, the absolute preference score is:

$$P_{ij} = \frac{r_i}{r_j} \cdot \frac{1}{n}$$

The multiplicative preference relations score is then translated into a percentage value. Each patient is given a total score of 100% to be distributed based on the score of each factor's preference relations score, compared to the total overall score given by that particular patient.

To identify the Quality Factors that need improvement, a simple adaptation of Importance-Performance Analysis is used (Martilla & James, 1977), as illustrated in (Huan & Beaman, 2005): the average of the score for both Quality Factors importance and Dr. Yap's performance in those factors are calculated; the result is then used to categorize the Quality Factors between high importance and low importance, and categorize the performance as high and low. The Factors that have high importance but low performance are in the first priority to be improved; the remaining factors only need to be maintained.

C. Analysis of Business Situation

Patient's Awareness of Dr. Yap

The survey result states that only 10% heard about Dr. Yap from the person who gave the referral/recommendation; the remaining 90% have heard about Dr. Yap, either from friends/family or from the widespread reputation in society. Additionally, Dr. Yap has good presence the patients' lives, with 83% of the patients either have visited Dr. Yap before or know someone who visited Dr. Yap.

TABLE I. DR. YAP'S DESIRABILITY

No.	Decision Factors		
	Factors with Above Average Importance	Importance	Performance
1	Able to heal the patients	13.6%	4.13
2	Skillful doctors (regardless of age/experience)	11.4%	4.28
3	The hospital is a specialized hospital	10.8%	4.39
4	Experienced doctors (not young doctors)	8.5%	4.28
5	Complete set of equipment	7.0%	4.38
6	Able to instill trust; does not leave doubt	5.7%	4.05

The Desirability of Dr. Yap

Analyzing the result of the survey on the Decision Factors aspect, the patients' criteria in deciding which hospital to visit may be understood and ranked based on their importance. There are six factors with above average importance (greater than 5%).

The most important aspect is the ability to heal patients; this is congruent with the nature of healthcare service: loss of health creates discomfort (even pain) and the alleviation of the discomfort/pain is a strong motivator.

The four next most important aspects are also factors that apparently are perceived by Dr. Yap's existing patients as drivers or indicators to a hospital's ability to heal patients. The doctors' skill and experience, and the wide range/variety of equipment are considered drivers to the hospital's ability to heal. The specialization of the hospital is most likely considered both an indicator and enabler: a narrow focus of service enables the hospital to focus on the quality (and variety) of doctors and equipment; therefore a specialization is an indication of healing ability. The relatively high importance put on

specialization also agrees with the marketing practice of targeting and positioning, a widely known theory which can be found in many marketing books, e.g. (Kotler & Keller, 2006, pp. 308-309).

The hospital's performance in each of the six most important Decision Factors is listed in TABLE I.

Dr. Yap currently performs well in all six aspects that are most important decision factors for patients. The aspect with the weakest performance is "the ability to instill trust", but the performance is still good with a score of 4.05 (out of 5). With such good perception, Dr. Yap only needs to communicate this to the public.

The Perceived Quality of Dr. Yap

The aspects of Dr. Yap's quality are classified based on their average. Average importance is 2.13, and the average performance is 4.11. The Quality Factors are then classified into four groups forming a 2x2 matrix; the classification is based on the score for importance and performance: above or below average.

The first priority is the factors with high importance and low performance: speed of treatment, instilling trust, and friendliness. Speed of treatment is confirmed to be in need of being prioritized; multiple sources of information agree that patients often complain about the long waiting time and the overall complexity and redundancy.

Instilling trust is also important; it is the sixth most important Decision Factor, thus Dr. Yap needs to ensure excellence in this aspect in order to keep being the hospital of choice. Friendliness also has about average importance as a Decision Factor (4.9%).

The low performance in friendliness may be caused by two sides: the perception of unfriendliness, caused by worsening moods due to the long waits in discomfort (of illness), and it can also be caused by actual lack of patience of the staff. The lack of patience itself is likely caused by work overload, aggravated by abrasive attitudes of patients (who are also lacking patience due to the long wait).

TABLE III. IMPORTANCE-PERFORMANCE ANALYSIS RESULTS

HIGH IMPORTANCE			
<i>Perfor m- ance</i>	<i>Factor</i>	<i>Impor tance</i>	<i>Perfor m- ance</i>
High	Accuracy of diagnosis	2.52	4.17
	Thoroughness of treatment	2.50	4.19
	Good doctors	2.48	4.28
	Relevancy/accuracy of treatment	2.44	4.17
	Professionalism	2.40	4.25
	Good equipment	2.24	4.37
	Specialization	2.23	4.39
Low	Speed of treatment	2.38	3.81
	Instilling trust	2.27	4.05
	Friendliness	2.17	3.99
LOW IMPORTANCE			
<i>Perfor m- ance</i>	<i>Factor</i>	<i>Impor tance</i>	<i>Perfor mance</i>
High	Good facility	1.99	4.37
	Sense of compatibility	1.79	4.12
	Complete specialization of doctors	1.79	4.19
	Age of hospital	1.19	since 1923
Low	Imparting understanding to the patient	2.12	3.96
	Overall skill	2.12	3.99
	Overall level of experience	2.10	4.03
	Good medication	2.03	3.99
	Lending a positive suggestion	1.88	3.90
	Good nurses	1.86	3.78

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Regulations

The information on regulations is acquired from internal knowledge of the hospital. Hospitals in Indonesia are organized under Perhimpunan Rumah Sakit Seluruh Indonesia/PERSI (Indonesian Hospital Association). The PERSI regulates hospitals with a set of ethics, compiled in the Kode Etik Rumah Sakit Indonesia/KODERSI (The Code of Ethics of Indonesian Hospitals).

The KODERSI also regulates promotional efforts; Clause 23 in KODERSI states:

Rumah sakit dalam melakukan promosi pemasaran harus bersifat informatif, tidak komparatif, berpijak pada dasar yang nyata, tidak berlebihan, dan berdasarkan Kode Etik Rumah Sakit Indonesia. (Hadianto, 2000)

(Loosely translated as: "Hospitals, in conducting marketing promotions, must be informative, not comparative, based on real grounds, not excessive, and adheres to The Code of Ethics of Indonesian Hospitals.")

The clause that marketing promotions must be informative is often interpreted as a prohibition to conduct promotional activity to boost sales or persuade consumers/patients or any objective other than providing information; it is implied that a hospital must have an information to share if it is conducting promotional activities.

Summary

Dr. Yap is currently performing well at factors that are being used to choose a hospital. To aid the public in choosing a preferable eye healthcare provider, this achievement should be communicated and established more deliberately.

There are three factors that have higher importance than average, but with lower performance than average: speed, friendliness, and the hospital's ability to instill trust in the patients. These factors need to be improved, so the hospital can deliver better satisfaction to the patients.

III. BUSINESS SOLUTION

Due to needed brevity, the solution discussed here are the solution that are already evaluated and chosen.

Placing Posters and Information Displays in the Hospital

Permanent posters will be placed in the walls of the hospital, containing information about most

frequent eye illnesses or injury, the cause, and the treatment needed (including the equipment used, if any). The number of posters should not be too many, and the placement must also be chosen with great care; the posters should not decrease the esthetics of the hospital. A preferred place is where patients frequently visits or passes while not in a hurry, e.g. the bathroom of the hospital, the wall beside the registration desk, the walls near to the inpatient wards.

Replaceable information boards will be placed in the waiting area and in front of the clinic; it contains information about the doctor(s) currently practicing in the clinics near the waiting area. The information boards contain the doctor's name, the most recent picture in a friendly expression, a summary of the doctor's medicine education and career in medicine, and the equipment that they're proficient with. The narration should be concise, friendly, and factual (instead of persuasive).

Participating in Charity Events and Free Consultations

Social media accounts take little effort to make, and the effort to maintain is not much more than maintaining the current website. The hospital should explore the media, creating a Facebook account. The account should be used to convey information and answer questions; no promotion or persuasion should be made.

It would be challenging for the hospital to organize its own charity event; the workload of the staff is already high. However, the hospital can open itself to cooperation with outside parties that wish to organize a charity involving eye healthcare.

Establish an Information Center

Crucial to the improvement of Dr. Yap's performance is the existence of an Information Center. The Information Center refers to a location that acts as an information hub; both patients and staff can ask for and be provided information here. The staff that work in the Information Center may not be from one department; staff with various competences working under various departments may work together in the information center, fulfilling various roles and requirement:

1. Processing patient registrations, both outpatient and inpatient/surgery
2. Searching, fetching, and delivering patient medical records to the clinics

3. Providing information regarding outpatient clinics (e.g. schedules, specialization of doctors, etc.)
4. Providing information regarding surgery and inpatient clinics (e.g. costs, classes of wards, availability of rooms, etc.)
5. Providing notification service for the patients (will be discussed later, this is also a chosen solution).
6. Noting and tracking patients flow throughout their visit, e.g. recording the patient's bills, re-registration, etc. (will be discussed later, this is also a chosen solution)
7. Providing further explanations and directions regarding the patient's illness and medication, when required (will be discussed later, this is also a chosen solution)
8. Other information services (e.g. lost & found items, providing driving directions to the hospital, etc.). This role does not require unique competences and the patient can actually ask any staff for this kind of information, Information Center being one of them.

Providing Patient Notification Service

A patient notification service will be provided by the Information Center. Because the Information Center delivers patients' medical records to the clinics regularly, it can monitor the queue number of the patient currently being examined. The Information Center then notifies the patient who purchased this service when their queue number is close to being called in.

There are two levels of information service: notification by text message and notification by phone call. The price is set accordingly, with phone notification costing more than text notification; the effort, time, and cost for making a phone call is considerably higher. With two levels of service and price, the patients can choose the service which better suits their needs and purchasing power.

Simplifying the Administrative Process

The administrative process involves several parties with several concerns; one of the main concerns is nonpayment, i.e. the patient leaving without paying, after receiving service and/or medications. The redesign of the process would require input and coordination from all parties involved, and final design is determined by many departments.

Instilling Confidence in the Doctors

Further knowledge regarding patient trust and doctor's confidence would need to be gathered, e.g. from medical journals. When sufficient material is acquired, the hospital would then encourage the doctors to have more confidence when working with a patient, and give instructions based on the gathered knowledge.

Adoption rate for the more senior doctors can be difficult, a more deliberate change management may be necessary; on the other hand, the more senior doctors are much less likely to be lacking in confidence. Therefore, the focus of the efforts should be on the younger doctors.

Providing Explanations to the Patients

Patients seek understanding about their illness, and expect reassurance from that understanding. Explanations given to the patients would help them find relief, if only emotionally. On the doctor's desks will be placed signs encouraging the patients to ask about their illness; the doctors are also encouraged to explain illnesses in simple terms.

The Information Center can help providing further explanations, e.g. explaining how the medications would help cure the illness.

Monitoring Patient Perception

Many steps have been taken to improve the patient's convenience. Another survey would be conducted several months after the execution of the above steps; further steps will be taken according to the results of the survey, e.g., if the patients still haven't perceived the staff as more friendly, then a re-evaluation of their workloads will be done. A stressed staff cannot be expected to be friendly; the hospital would need to ensure the staff aren't too stressed by their workload.

The Patient Perception Survey would also need to be conducted periodically, ideally twice a year. Changes in perception can be detected, predicted, and even anticipated in the future.

IV. IMPLEMENTATION PLAN

Page limitations only enables the timetable for the proposed implementation to be discussed here.

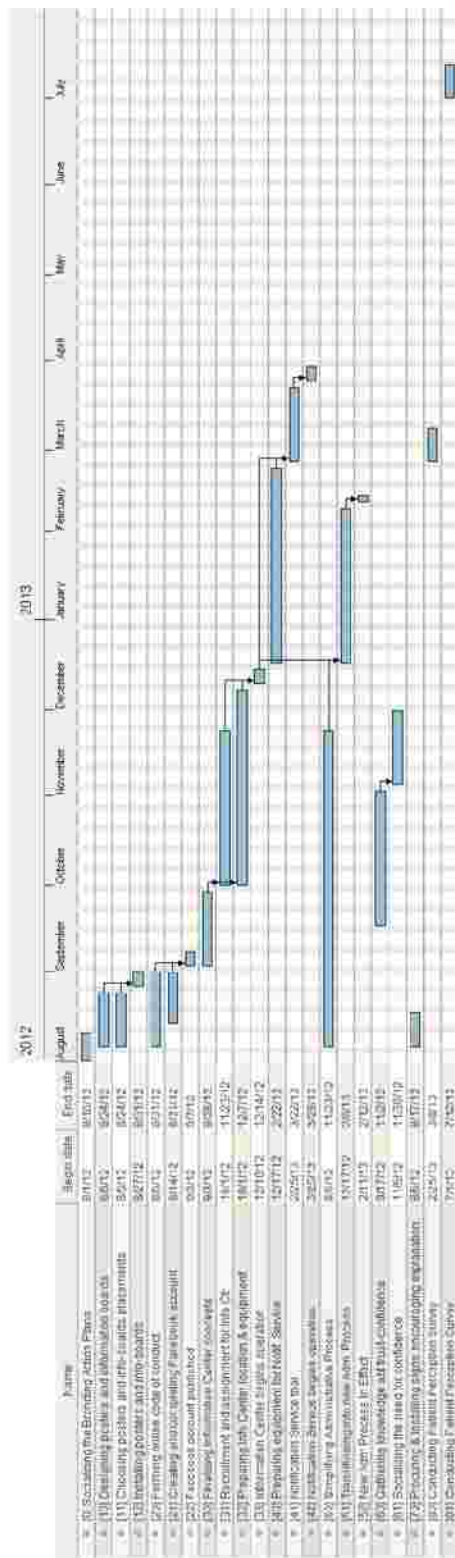


Figure 1 Proposed Implementation Gantt Chart

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