

Marketing care: a healthy challenge?

Background

The Market

The population of the UK is ageing. The improvements of living standards and healthcare in the UK has resulted in people living longer with average life expectancy now 77.2 years for males and 81.5 years for women (Office for National Statistics, 2008). There are now more pensioners, classified as people over 65 years of age, than the under 16 years for the first time and by 2033 23% of the population will be pensioners. The fastest growing population group are those aged 85 years and over and this age group is forecast to double to 3.2 million people in 2033, representing 5% of the total population (Office for National Statistics, 2009). An ageing population inevitably results in an increased need for private care services to support elderly people to live independently. This type of care is known as domiciliary care. An ageing population inevitably results in an increased need for private care services to support elderly people to live independently. Dementia associated with ageing is also increasing; currently 820,000 people in Britain are thought to suffer from dementia and it is estimated that 1.7 million will be suffering from the disease by 2051 (Dementia, UK). Other people requiring home care support are those with disabilities, both physical and learning. One and half million individuals in the UK have a learning disability with 58,000 supported by daily care services (Mencap, 2011). There are currently 29,000 adults with learning disabilities living with elderly parents, many of whom are too old or frail to continue to act as carers.

Recent UK government policy has recognised the need to reduce demand for residential care by introducing a series of initiatives to support independent living i.e. rather than people moving into care homes they are supported in their own homes (DOH, 2010). These reforms will focus on increased patient choice in that patients will be able to make decisions with their GP about the type of treatment that is best for them and they will also have more control and choice over where they are treated and who they are treated by. Councils will have a much greater leadership role in local health services in that they will be responsible for local health care priorities, joining up health and care services and ensuring they meet the needs of their local communities. This new direction for adult social care is an agenda that puts personalised services and outcomes at the heart of the vision.

Indeed, Mintel (2009) predicts that the UK market for domiciliary care is just under £55 billion and the market has grown on average between 2-4% each year (Mintel, 2009). Domiciliary care is provided either informally by family members or friends, local authorities, the NHS community or private care companies. Mintel (2009), anticipate that the private sector will grow marginally more than the overall market due to local authorities sourcing domiciliary care from private companies. The private domiciliary market is dominated by a number of large franchised national chains, regionally based small and medium sized enterprises (SMEs) and individuals. The demand for domiciliary care obviously attracts market entrants, keen to capitalise on market trends.

Small Business Marketing

The number of SMEs prevalent in the domiciliary care sector is set to rise and given the competitive nature of the industry, the care services offered by an SME need to be marketed effectively. Although marketing is practised by small firms the type and amount of activity small businesses undertake differs between sectors and is certainly different than the marketing practised by large firms. Small business marketing is different due to the small businesses unique characteristics; their budgetary and other resource constraints and the

influence of the owner manager. Management culture with SMEs tends to be more innovative and entrepreneurial. SME owners / managers are often in charge of all the decision making and operational issues of the firms. This has an impact on SMEs in managing the businesses on a day-to-day basis making it difficult for them to adopt a more planned, strategic approach and instead focusing on tactical; aspects. SME owners/managers lack a theoretical grounding in marketing and instead rely on networking, relationship marketing, word of mouth and their entrepreneurialism. If added to this mix is the nature of the domiciliary care market in terms of the level of trust, reliability and safety that is required this raises particular marketing challenges.

Marketing Domiciliary Services

In addition to the size of the business having an impact upon how care services are marketed, it is important to understand how the marketing of services such as domiciliary care is different to the marketing of goods. The characteristics of services, such as their intangibility, the nature of their simultaneous production, distribution, and consumption and the requirement for customer participation in the service, makes the assessment of a service delivery more complex to measure. (Grönroos, 2000; Svensson, 2006). In domiciliary services deciding on who the customer is can be complex, with the purchaser not necessarily being the consumer of the service. Services are often evaluated through interactions between the service provider and the service user and are reliant on attributes such as trust, assurance and empathy (Parasuraman, *et al.*, 1988). Service encounters in the domiciliary market means evaluation of care can be difficult to independently evaluate, with issues of confidentiality providing a further ethical dimension. Care can be seen by potential entrepreneurs as a ‘me-too’ product and individuals can set themselves up as carers or as providers of home care support. Without appropriate standards of care being practiced this issue could reverberate around the market. Moreover, recent work (Baron, 2008; Stone, 2009) have called for the elderly voice to come to the fore in marketing decisions.

The Case Company

‘Home Support’ is a small company, which provides domiciliary services to the elderly and disabled. This includes helping clients with dressing and personal grooming, food preparation and feeding, washing and ironing, collecting medication and offering companionship services such as accompanying clients on days out. It was established in 2008 by a single owner, Rosemary King and currently provides services on a local basis. It has a current turnover of £0.5 m and employs 49 personnel. There are three main customers for ‘Home Support’; local social services who commission specific care packages for people requiring support, the general public who wish to access home support on an individual basis and self help groups who require services on behalf of their members. Home Support’s business proposition is high quality of care provision and excellent customer service. It has rigorous staff recruitment and training procedures in place and prides itself on providing a high level of customer service to both existing and potential customers. It works with bodies such as the local Chamber of Commerce and is undertaking accreditation for the Investor in People Award and the Information Standards Board. It was recently awarded a local ‘best new small company’ award, which has generated positive public relations (PR) and additional business for the company. There are a number of competitors in the local domiciliary services market in which Home Support is operating; national franchised chains, small local providers and companies of similar scale to Home Support but who operate on a cost rather than a quality proposition. Home Support currently holds a 2 star care rating award by the Care Quality Commission (2009) which implies that the company is offering a good standard of care.

The rapid growth of Home Support has prompted Rosemary to review the long term future of the business. Changes in population statistics in terms of increases in life expectancy and the associated growth of age related diseases such as dementia suggest this is a market with potential for expansion. In addition, social services are increasingly turning to the private sector to provide localised care and support to enable people to live independently in older age. Consequently, the next step for Home Support has been identified as regional expansion of the business and to help achieve this expansion, Rosemary needs to develop a marketing communication plan that can be replicated and delivered as the company develops into new regional areas.

Home Support currently undertakes a number of marketing activities including a web site, an information leaflet and internal and external PR. Current marketing activities provide information around the service offer rather than actively promote the company. Rosemary does not use search engine optimisation for the web site and information packs are used primarily for distribution to social services. Rosemary perceives that most of the current 'marketing', which is undertaken for Home Support, is the communication with her customers and in particular social services. New business is driven through acquiring new contracts with social services or through positive word of mouth from existing customers. Rosemary perceives that she delivers the 'marketing' activity in Home Support through her personal interaction with key customers and the high level of customer service, which the company delivers. As she herself explains *'we know for a fact that we do it so differently...that really helps us stand out in the market place'*. One of Rosemary's concerns about expansion is that she will be personally unable to carry out this function in other regional locations. *'The biggest issue is how we roll it out because there is not a 'me' in every region'*.

Currently there is no specific marketing budget and activities are decided on an opportunity by opportunity basis. Rosemary herself manages any marketing activity although PR and web site support is bought in externally on an ad hoc basis. Marketing activities are not specifically monitored although a customer data base is maintained. Although the web site provides details about the company and its services, Rosemary is of the view that most of her business is generated through direct interaction with potential customers and as she sees it *'The web site does very little compared to what we get from face to face. It's all word of mouth and if we get a referral in, rather than just fax a response, we offer to go and talk it through with the customer and that sort of interaction influences sales and marketing and everything else'*.

Rosemary has identified a number of barriers around the development of a formal marketing communication plan for Home Support. A major concern of hers is the perception that marketing as expensive and unnecessary and which uses investment that could be ploughed into the quality of care provision. In discussions around marketing, Rosemary has concerns that marketing can be perceived negatively particularly amongst her key customers. *'It's a social services enterprise and if we were seen to be spending a lot of money on marketing...if we went overboard with huge press releases etc they would perceive that was where the money was going and not on the quality of the care provision'*. Other barriers to marketing are time and expertise. Although Rosemary has some background in sales she is responsible for running the business and her focus is on meeting customer needs, recruiting and training staff and running the day to day business. The small management team she employs are from home care backgrounds and have no expertise or experience in marketing. The new regional office for Home Support is scheduled to open within the next six months and Rosemary needs a marketing communication plan in place before the opening. The clock is ticking ...

Questions

1. What marketing communication activities would you propose for Home Support?
2. How best can Rosemary support the development of marketing in her business?
3. What marketing challenges are there for an SME operating in a service market?
4. Consider the ethical dimensions that arise when marketing a domiciliary care company.

Source 'Home Support' is a pseudonym for an SME in which research has been undertaken by the authors.

Teaching Note

Synopsis

This case discusses the U.K. private domiciliary market and provides insights into a SME domiciliary care provider, 'Home Support'. The study highlights the background information and long term future of 'Home Support' and focuses on the marketing activities, which are currently practised by this company.

Suggested Teaching Approach

This case study can be used effectively with undergraduates and postgraduates. Before examining the case study, students could discuss in class the possible barriers which SMEs are facing when carrying out marketing activities. As the case study is relatively short, the tutor can allow 15 minutes for students to read this in the class. At a general level, this case can be used to explore and discuss a number of principles and practices of marketing, e.g. macro-environmental analysis, SWOT analysis, services marketing and SME marketing. The case lends itself to individual or group work (between 3-5 students).

For postgraduate classes, students can be directed to read an academic article in advance of the session e.g. Gilmore, A., Carson, D. and Grant, K. (2001) 'SME marketing in practice', *Marketing Intelligence & Planning*, Vol. 19, No. 1, pp. 6-11. During the session, the case study and the article can be analysed.

This case study can also be used as a module assessment. Students can be divided into manageable groups (between 3-5). Students are required to carry out an environmental analysis on care provision in their home area and carry out a small piece of market research in understanding the needs of the elderly. Recommendations should be made on how the research and analysis impact on SME domiciliary care providers' marketing activities. Each group can present a written document and undertake a presentation of their findings.

In relation to case questions:

- 1) This question allows for either a discussion on marketing communication principles or the drawing up of a marketing communication plan for a service based business. The students should acknowledge both the resource constraints of SMEs as well as the ethical dimensions of utilising particular media,
- 2) Rosemary needs to recognise the need for formal marketing planning in her business and to meet her expansion ambitions, the need to develop a marketing strategy. Although Rosemary is the founder, she must delegate particular responsibility and allocate a budget for marketing activities.
- 3) The case can be used to illustrate typical market dimensions such as the 7Ps, service encounters, trust, relationship marketing aspects and the loyalty ladder. Also, until the service

is needed it is not a market that individual purchasers understand or are familiar with, which is challenging especially for new entrants.

4) The case raises a number of ethical dimensions. The mis-understanding of what marketing is can mean individuals see it as a wasteful activity in such a market. From the consumers point of view it can be a very confusing market in which to purchase services and certain stakeholders such as general practitioners are seen as trusted advocates. The consumer market is heterogeneous and whilst some individuals will be able to make informed decisions about their care needs, others will not. The situation is further complicated by, for example, local authorities also being purchasers and their principle not to be perceived to favour particular providers.

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