

NATIONAL TRENDS IN HOSPITAL ADVERTISING

By

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Bachelor of Science

Oklahoma State University

Stillwater, Oklahoma

1979

Submitted to the Graduate Faculty of the
Department of Marketing
College of Business Administration
Oklahoma State University
in partial fulfillment of the requirements
for the Degree of
MASTER OF BUSINESS ADMINISTRATION
July, 1984

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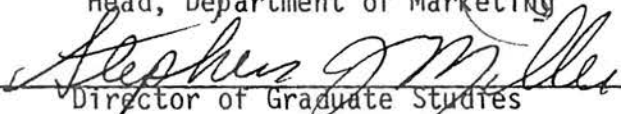
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Institution: Oklahoma State University Location: Stillwater, Oklahoma

Title of Study: NATIONAL TRENDS IN HOSPITAL ADVERTISING

Pages in Study: 71

Candidate for Degree of Master
of Business Administration

Major Field: Business Administration

Scope of Study: A national survey of hospitals is conducted in this study to determine the extent of the use of advertising by hospitals and the general attitude toward advertising by persons currently working within the industry. Using the premise that more advertising would be used in larger towns; that no marketing research would be conducted; that there would be no long- or short-range plans for advertising being used; and that those administrators with a more favorable attitude toward advertising would be working at advertising hospitals, a four-part questionnaire was designed.

Findings and Conclusions: Interestingly, more than half of the respondents indicated that they did use advertising. And even more surprising was the discovery that many of the sample respondents did conduct some marketing research and, in fact, tried to measure the effectiveness of their advertising efforts. This could indicate that some advertisers do have long- or short-range plans for their advertising.

When comparing the Likert means of the advertisers versus the non-advertisers, a statistically significant result indicates that there are differences in attitude between these two groups. The overall average Likert score of sample respondents is only slightly favorable and not much different from neutral.

Support for the assumption that more advertising is used by hospitals in more largely populated areas is soundly determined in a cross-tabulation and Chi-square analysis. Other relationships found to be significant in this analysis include: (1) whether marketing research is done and the population of the city, (2) whether marketing research is conducted and the population in the hospital's primary service area, and (3) whether a hospital attempts to measure the effectiveness of its advertising efforts and the nature of the hospital's primary service area--among others.

Overall, evaluation of the results seems to indicate that advertising is being utilized. It tends to be conservative in nature and more informative than competitive.

ADVISER'S APPROVAL

Raymond P. Fisk

PREFACE

While trying to decide who to thank for helping me with this thesis, certain persons come to mind immediately. A thank you must be extended to Dr. Raymond Fisk for his patience this past year and his assistance in completing this study and paper. For the use of the computer facilities, my thanks is extended to Oklahoma State University. Both Dr. Fisk and Oklahoma State University were instrumental in finalizing this study.

A special thanks goes to my mother, Donna Grimes, for the many hours of baby-sitting my impatient two-year old, Aaron Rose; for transporting us both to and from Norman to Stillwater on several occasions and waiting patiently while I worked. Without these persons and Oklahoma State University, this study could not have been possible. My deepest gratitude is extended to all.

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CHAPTER I

INTRODUCTION

Statement of Problem

With costs increasing at an enormous rate, the managers of health care institutions have had to rethink their current business strategies in an attempt to determine what, if any, changes can be made to better perform in this situation. Executives within the system are striving to assemble strategic plans and policies which will facilitate in the delivery of quality health care services while permitting their institutions to remain cost effective.

One of the sectors within the scope of business managers' responsibilities being given more inspection is that of marketing. The utilization of marketing techniques by services organizations has been the topic of numerous researchers in recent years. In addition to these studies are those designed to determine the position of marketing within the realm of health care. And within this arena falls the research that is comprised of studies being conducted on the elements of the marketing mix--place, product, promotion, and distribution.

It is a general belief that with the proper use of marketing techniques, a health care facility can be capable of managing the numerous pressures that are being exerted upon it. Pressures such as skyrocketing costs, obtaining donors, maintaining quality care, attracting trained and qualified personnel, and surviving in a competitive environment.

At this point a dilemma has developed over marketing approach to managing the situation. Many executives in the health care field are finding it difficult to strike an optional balance among the elements of marketing. How much of each element should be used? When should each be employed? Why should one element be chosen in a given situation as opposed to another? These questions, among others, are not new to many service institutions, but the questions are becoming increasingly more difficult to answer; the outcomes more important to affirm; the costs more deeply felt.

The use of the term "health care facility" must be clarified. Specifically, there are many types of health care facilities--examples include HMO's, clinics, hospices, and hospitals. Each of the facilities will have different markets for their services though their services may not be completely dissimilar.

This study focuses on hospitals and their application of advertising in their marketing mix. What varieties of advertising are being used by various hospitals at the present? What are some of the decisions made before the advertising is created? Is there any research conducted in order to enhance the development and effectiveness of the advertising?

Analysis of the responses to questions such as these is not intended to discover if advertising can lower the prices or assist in producing a more cost effective and competitive health care industry. The core of this research is an attempt to discern the sorts of advertising that hospitals are presently utilizing and to solicit comments from hospital administrators about their advertising design and effectiveness.

It is anticipated that the results derived from this research may be of benefit to those hospitals currently employing advertising; to those hospitals in the process of implementing it; and to those hospitals who are becoming interested in its potential for their use. Ineffective or potentially inappropriate methods or advertising messages might also be avoided by those hospitals now beginning to advertise. Costly mistakes can sometimes be averted by those entering a new field by noting the mistakes of their predecessors.

Hypotheses

There are four basic hypotheses. Hypothesis one predicts that those hospitals in larger towns do make use of advertising. This assumption stems from the increased element of competition to be found in more largely populated areas. With more hospitals in a given area, the use of advertising to attract a larger share of patients would probably be more likely.

Secondly, it is predicted that those hospitals that do utilize advertising in their promotional mix do not conduct any marketing research before the advertising is designed. Since many of the hospitals that are advertising, or will be advertising in the future, are relative newcomers into this field, there will be some who will advertise based upon the beliefs of the personnel within the institutions. It is assumed that a great deal of the advertising will be "seat of the pants" advertising; i.e., given a certain amount of money, the advertising is created and implemented without consideration of the market place that it will be placed in. Even less consideration for the actual targeted individuals is expected.

One more basis to this hypothesis could be the perceived importance or unimportance of advertising by hospital administrators. To many, advertising isn't considered professional or ethical. Some feel that they're being forced into becoming competitive in order to attract patients. And many feel that all that is needed to be a lucrative hospital is to be a good hospital with a sound reputation. For whatever reasoning it is asserted that the time and thought which should go into the advertising design (the marketing research) may be slighted.

Thirdly, it is assumed that the hospitals using advertising have no long- or short-term plans for it. Related to the previous hypothesis concerning marketing research, it is presupposed that if there is no research being conducted, then there are basically no fundamental plans upon which the advertising is based. Any advertising used has its basis in the ideas of hospital personnel only. This type of foundation could be sporadic in nature and, thus, without continuing development.

Finally, it is predicted that the hospital administrators who indicate a more favorable attitude toward hospital advertising will be at a hospital that advertises or that will be advertising in the near future. This assumption is based simply on the notion that those persons who are in the position to make decisions concerning advertising will be more likely to utilize advertising if they are more favorably inclined toward it. Those persons whose attitudes are not so disposed will be less likely to employ advertising for their hospitals.

Limitations

Limitations of the study consist of those associated with the sampling and scaling techniques. Since there is always the chance of

selecting a non-representative sample from a population, the results may not be completely accurate. The validity and reliability of the study depend a great deal on the discriminating ability of the statements in the Likert scale section and on the definition of the terms in the hypotheses.

Moreover, in conjunction with the use of a mail questionnaire survey, error can result when the intended respondent is not the person who completes the questionnaire. There is also no assurance that the nonresponse bias is not significant. There is a high probability that this nonresponse bias is highest among non-advertisers.

Further limitations include the mutual understanding of the survey questions and the terms used; the timeliness of the information; and the types of hospitals included in the sample. For some of the respondents, the use of certain terms caused some questions to be unclear. Brochures for some persons are not considered advertising, for example. Others stated that they used advertising when attempting to raise money for projects or to introduce a new service but they would never use advertising designed to reach potential patients. These persons felt like this distinction needed to be made. And for some, the word advertising applies to both advertising which is paid for and to supposed "unpaid" advertising. Since there is no such thing as unpaid advertising, this difference should have been defined.

Another limitation placed on this research is one affiliated with the types of hospitals included in the sample survey. All types of hospitals were included in the survey. Rehabilitative facilities; retirement homes connected to hospitals; long-term care facilities; clinics; university infirmaries; accredited and non-accredited hospitals; and

government facilities are all examples of the types of institutions that were included. Any response bias associated with any one specific type of institution might skew the results of the survey questionnaire.

Finally, the human factor limitation should be mentioned. Key punch errors, coding errors, and errors made by respondents are examples of this type of limitation.

Overview

This study is a national survey conducted in September of 1983. It is based upon a questionnaire designed to try and ascertain the current position of advertising in the hospital corporate structure. Chapter II is a review of the literature that has an emphasis in service marketing in general and marketing hospital services specifically. Chapter III gives a more detailed description of the research conducted. Following this is a discussion of the results of the survey responses' analyses in Chapter IV. Chapter V includes some concluding remarks along with some quotes taken directly from the comments section of the survey questionnaire.

CHAPTER II

REVIEW OF THE LITERATURE

Two Viewpoints

Before a discussion of the use of marketing techniques by hospitals is launched, a short discussion of some of the service marketing research appears warranted. Since much of the information regarding services can serve as a basis for understanding the difficulties in establishing a health care marketing system, this review seems suitable.

From a marketing viewpoint, there appears to be two schools of thought concerning the marketing of services. There are those that believe that managers of service providing businesses should adopt the traditional marketing procedures applied by product marketers and modify them slightly to meet their own specific needs, for examples, target markets and products. Alternatively, there are those people who maintain that services have various innate properties distinct from those of products which render the traditional marketing approach suboptimal in accomplishing the desired effectiveness. This second group of people feel that by approaching the situation of the marketing of services in the same manner as that of a product manager, a gross oversimplification of unique conditions results.

Traditional

It would seem that some applicable ideas can be extracted from each

of these parties and integrated so that a more harmonic system of approach to service marketing can result. Taken from the more traditional school of thought are comments from a discussion by Brian F. Harris in 1981. Specifically, he feels that the,

. . . development of suitable marketing strategies in the area of professional services involves (1) the application, and adaptation if necessary, of marketing strategy approaches used in product marketing to the marketing of professional services, and (2) the applications of specific marketing strategy concepts [such as the marketing mix, market segmentation, product/service differentiation and positioning to professional services marketing].¹

Harris also points out that there is a need for professional service managers to "integrate elements of their marketing mix in a broader marketing strategy perspective."² He stresses that until this is accomplished, the likelihood of utilizing any of the elements of the mix successfully will be diminished.

In addition, professional service firms need to include marketing strategy as a part of the overall corporate strategic planning. Incorporated in this is that a firm should develop suitable marketing strategies based on clearly defined consumer demand characteristics. "A review of the literature shows a disproportionate emphasis on the characteristics of the services themselves."³

Harris also discusses the need for distinctive strategies based upon the objectives of the professional service. Specifically, for example, he notes that not unlike product marketers, professional service marketers need to develop alternate strategies that are aimed at either their existing clients or at acquiring new business clients. His suggestions for the marketing of professional services is that they take a less aggressive stance at first and then subsequently move to a more aggressive one. As they become more knowledgeable about their marketing

and more comfortable with its use, employing more aggressive strategies (like those involving advertising and attempting to lure competitors' clients to the firm) will be more readily accepted.

An Alternative Viewpoint

In a paper by Zeithaml, an endeavor is made at "showing that services' unique characteristics necessitate different consumer evaluation processes from those used when assessing goods."⁴ A framework is developed for isolating the differences in evaluation processes between goods and services based on the classification of qualities of goods proposed by economists Nelson⁵ and Darby and Karni.⁶

Accordingly, Nelson attributed two quality characteristics to services. These were search qualities and experience qualities. Search qualities are those characteristics that a consumer can evaluate before purchasing a product.⁷ Examples of these kinds of qualities include color, style, price, fit, hardness, and smell. Clothing, furniture, and jewelry are representative of the kinds of products that can be evaluated using these qualities.

Experience qualities, on the other hand, are those attributes which can only be evaluated after consumption of a product or during its consumption.⁸ Examples of these qualities are taste, wearability, and purchase satisfaction. Vacations and restaurant meals are examples of offerings appraised using these attributes.

To these two categories, Darby and Karni add one more - that of credence qualities. These are characteristics which may be impossible for persons to judge even after purchase of the product has been made.⁹ Brake relinings on automobiles and appendectomies are examples of

products evaluated with these type qualities.

From these three categories, a continuum of evaluation for different products is developed (see Figure 1 in Appendix C).

According to Zeithaml, three distinguishing characteristics are present in services which make the evaluation of services different from that of products. These are (1) intangibility, (2) non-standardization, and (3) inseparability of production and consumption. These characteristics make the simple adoption of the traditional marketing viewpoint less viable.¹⁰

Another important characteristic affecting the marketing of professional services is the amount of perceived risk which a consumer associates with their purchase.¹¹ This discussion of risk begins with a listing of unique attributes of services as compiled by Stanton. These are:

1. Intangibility,
2. Inseparability of production and consumption,
3. Heterogeneity in quality,
4. High perishability,
5. Fluctuating demand, and
6. Labor intensiveness.¹²

With these characteristics in mind, Guseman states:

So, the consumer, when obtaining a service, is faced with the situation of choosing among alternatives which vary widely in quality, with the level of quality being difficult to determine. This situation produces a high degree of uncertainty for the consumer in the purchase of services. This uncertainty combined with the possible consequences of a malfunction in the service--such as a wreck due to improper brake repair on a car--produce risk in the purchase of services.¹³

Therefore, it only seems appropriate to incorporate the notion of

perceived risk when explaining consumer behavior in the purchase of services. From this, then, can be constructed a fragment of the model needed for development of a marketing strategy for services.

Since perceived risk seems to play a role in the consumption of services, service marketers need to pay special attention to handling it.

Methods that help consumers to reduce this risk were suggested by Guseman:

- a. Seek information about the product from advertisements.
- b. Seek information about the product from stores where the product is sold.
- c. Seek information about the product from friends and acquaintances who may have product information.
- d. Seek information from technical sources (Consumer Reports, government information, magazines, private testing firms.)
- e. Shop around in several stores comparing alternatives.
- f. Buy a brand you are familiar with and have used in the past.
- g. Buy the product from a store in which you have confidence.
- h. Buy the brand which is best known.
- i. Buy from the most conveniently located store.
- j. Obtain a free trial before purchase, if possible.¹⁴

It seems that perceived risk has two major impacts on consumer behavior. This uncertainty can exert an influence "on whether or not a purchase of a service is desired and if the decision is to purchase, how to handle the amount of risk perceived."¹⁵

The most frequently mentioned means of reducing perceived risk are the use of store loyalty, reference groups, and brand loyalty. Upon analyzing these risk reducers, it appears that past purchase experiences are what many consumers rely on to reduce uncertainty. Once a person discovers a service brand or a service performer that he or she is

satisfied with, he/she is more likely to continue using it.¹⁶ Should a consumer decide to seek out information about a service, it tends to be from personal peer groups as opposed to commercial sources.

Thus, for services the shopping tends to be less productive. Given the situation of varying quality and the inability to evaluate services before performance, the consumer is forced to rely upon their own past experiences or the experiences of their friends or peer groups.¹⁷

From this discussion of unique qualities which services possess and the perceived risk which is associated more with services than with products, we can come to understand a little more about the elusive nature of marketing of services. The intangibility of services and the difficulty involved in evaluating their quality tend to create a trying situation to marketers of services. As a result of studies being conducted, however, it seems that we can deduce some information which can be of usefulness. For instance, it appears that:

. . . items which are perceived high in risk are infrequently purchased, somewhat expensive, having a certain degree of importance when compared to other products, and involve somewhat of a long term commitment on the part of the consumer, while a small number of alternatives are available compared to other items.¹⁸

One final comment should be made about the difficulty in marketing services. Oftentimes, a service is characterized by being configured to the unique needs and wants of a particular consumer.¹⁹ This quality adds yet another dimension to services and another aspect which sets service marketing apart from nearly all product marketing.

This dimension is very important from the standpoint of efficiency and effectiveness of marketing efforts. There is simply no way a marketer can tailor a marketing effort toward each and every individual who might be a potential customer. Therefore, potential purchasers are

grouped together into target markets based upon certain characteristics which the individuals within the groups are believed to have in common. Examples of these characteristics include age, activities, interests, and income.

Once similarities of the individuals within the groups are determined, a total marketing package (including promotional activities, advertising, etc.) can be designed to appeal to as many persons within each group as possible. The more specialized the offering is, the more specialized the marketing efforts should be. For example, some products might be more effectively marketed through targeted magazines with specific readerships while other products might need a national advertising campaign blitz. A great deal depends on the goals of the marketers, the product itself, and the potential consumers of that product.

The obvious problem here is that services are so specifically designed to the tastes and needs of each and every consumer of that product. But there is no way a service marketer can design a marketing package for each consumer. So, decisions have to be made about the specifics involved in a service offering and how to best market them.

Hospital Advertising

According to some research conducted in 1981, hospitals indicated that the future of advertising was looking bright.²⁰ Eight of the 10 hospitals responding indicated that they were observing advertising being employed by other hospitals in their areas. Many, too, were indicating that an increase in budgeted funds was being planned in the direction of advertising during the subsequent two years.

The implications directed toward hospital managers generating from

this research were:

1. A visible market image must be maintained.
2. Management must shift dollars to measurable advertising objectives (such as increasing the awareness level from eight percent to fifteen percent)
3. Management must utilize a sound creative strategy development approach. (Most advertising copy should include pretests among the intended evidence. Thus insuring that the intended message is understood, for example.)
4. Hospital executives should draw on the selectivity of advertising media. Good advertising is sending an appropriate message to a target audience.²¹

To be employed most effectively, these four suggestions require that some marketing research be executed. The costs of time and money having to be justified to each of the hospitals several publics (e.g., patients, donors, employees, among others). However, with the results of sound research, profiles of customers and potential customers can be compiled; thereby making the development of the hospital's advertising more effective and efficient. The determining of socioeconomic, attitudinal, and media-usage dimensions might allow for the refinement of segment specific messages.

A second study touching on the area of advertising also indicated that its use was becoming a more important promotional tool.²² Still, these results indicated that the tendency for most of the respondents was to view advertising and publicity as the only promotional tools available. Thus, ignoring price, product, and place.

Suggestions for hospital administrators arising from this study

include:

1. Develop short-run and long-run marketing plans.
2. View the marketing communications function as more than advertising.
3. Plan, budget, and use marketing research.²³

From the review of the literature it is plain to see that there is some debate about how to market services, and in some cases, if to market services. Professional ethics, in some kinds of services, contribute to the already complicated maze that makes up service marketing.

Providing insight into this struggle is the assigning of the unique qualities to services as compiled by Stanton and the realization that services cannot be marketed simply as products. The higher perceived risk involved in the purchasing of a service offering along with the individuality of the consumption of many services make the marketing of services difficult at best.

With this review of the literature in mind, we next examine the research and findings of a study that endeavors to discover the kinds of advertising being put into practice by hospitals and if any of the previous suggestions for hospital management are being acted upon.

ENDNOTES

¹Brian F. Harris, "Strategies For Marketing Professional Services Current Status and Research Directions", Marketing of Services, James H. Donnelly and William R. George, eds. (Chicago: American Marketing Association, 1981), p. 88.

²Ibid.

³Ibid., p. 89.

⁴Valerie A. Zeithaml, "How Consumer Evaluation Processes Differ Between Goods and Services", Marketing of Services, James H. Donnelly and William R. George, eds. (Chicago: American Marketing Association, 1981), p. 186.

⁵Philip Nelson, "Advertising of Information," Journal of Political Economy, Vol. 81 (July/August 1974), pp. 729-754.

⁶M. R. Darby and E. Karni, "Free Competition and the Optimal Amount of Fraud," Journal of Law and Economics, Vol. 16 (April 1973), pp. 67-86.

⁷Nelson.

⁸Ibid.

⁹Darby and Karni.

¹⁰Zeithaml, p.

¹¹Dennis S. Guseman, "Risk Perception and Risk Reduction In Consumer Services," Marketing of Services, James H. Donnelly and William R. George, eds. (Chicago: American Marketing Association, 1981), p. 200.

¹²William J. Stanton, Fundamentals of Marketing, 4th ed. (New York: McGraw-Hill Book Co., 1975), pp. 544-561.

¹³Guseman, p. 200.

¹⁴Ibid., p. 202.

¹⁵Ibid. p. 203.

¹⁶Ibid.

¹⁷Ibid.

¹⁸Ibid.

¹⁹Neil E. Beckwith and Thomas J. Fitzgerald, "Marketing of Services: Meeting of Different Needs," Marketing of Services, James H. Donnelly and William R. George, eds. (Chicago: American Marketing Association, 1981), p. 239.

²⁰Eric N. Berkowitz, Steve Hillestad, and Pamela Effertz, "The Future of Advertising: A Hospital Perspective," Journal of Health Care Marketing, Vol. 3, No. 1 (Summer 1982), p. 39.

²¹Ibid.

²²Peter M. Sanchez, "Improving Marketing Practices in the Health Care Field," Journal of Health Care Marketing, Vol. 1, No. 4 (Fall 1981), p. 18.

²³Ibid.

CHAPTER III

METHOD AND PROCEDURES

A nationwide survey was conducted of hospitals whose names were selected through a random sampling procedure. A total of 800 hospitals were selected from a 1981 listing made available by the American Hospital Association. The sampling technique used was a stratified random sample in which the strata were made up of each of the 50 states and Washington, D.C. A proportional number of hospitals was selected to represent each of these strata and the actual selection of respondents was achieved with the use of a random digit table (see Table I in Appendix C). No deviation was made in this procedure other than when on one occasion two hospitals listed had the same address in Denver, Colorado. Whether the hospital was accredited or not, was a Government institution or not, was an alcoholic rehabilitation hospital or not--for example--had no bearing on their selection.

A mail questionnaire was created with the dominant objectives of attempting to discover if advertising was being used, what kinds were being used, and the overall attitude toward advertising by hospital executives in the field. What resulted was a four-part questionnaire in which the advertising of a hospital was investigated; methods of its planning and research were reviewed; the personal opinion of the administrator was solicited; and the hospitals demographics were obtained (see Appendix A).

Section One of the questionnaire determined whether the sample respondent was an advertising hospital or not. Once this was established, the advertisers were asked to indicate the media forms that were utilized, i.e., television, newspapers, brochures, etc. The length of time that the advertising had been used, the use or non-use of an outside advertising organization, and the titles of the persons involved in the advertising creation and coordination were also determined. Also solicited were the intended target markets and the major ideas stressed in the advertising.

Section Two dealt with the planning and research which might have been conducted by advertisers. Determination of an advertising budget, whether marketing research was used, and whether other types of promotion were utilized was a part of this segment in the questionnaire.

Likert statements made up Section Three of the questionnaire. Twenty-five statements consisting of positive and negative aspects of advertising were presented to the sample respondents. An average Likert score for each respondent could then be calculated after each questionnaire was coded.

Section Four of the survey questionnaire was designed to determine important demographic information for each hospital. The size of each hospital, the length of time the hospital had been in the community, and the size of the community that each hospital was located in were all included in this section. Whether the hospital was a profit or non-profit institution and comments from administrators rounded out the information that this segment sought to determine.

Once the envelopes were addressed, the questionnaires were mailed to each of the sample members. The responses and computer analysis of

these responses follow in the next chapter. Since this study was considered exploratory, no attempt to determine any causal relationships among the variables was made.

CHAPTER IV

RESULTS AND DISCUSSION

Initial Evaluation

Within two weeks, completed questionnaires began returning--some usable, others not. Of the 373 questionnaires returned, those that were partially completed were screened out. The number of returned questionnaires used in the final analysis was 348--or a 43.5 percent response rate.

In addition, some respondents did acknowledge receipt of the sample questionnaire, but declined completing the form for various reasons. For example, some were mailed back from government hospitals, some were returned with the note that advertising is illegal for that particular institution in that particular state.

Sample Characteristics

The length of time that the hospitals have been in their respective communities ranges from less than one year up to 150 years. The average response was approximately 45 (45.24) years. Forty-nine percent of the respondents are located in a city with a population range of from 0 to 20,000 inhabitants. The next 16 percent are in the 20,000-60,000 range (see Table II in Appendix C).

In response to the question concerning the number of miles in any direction of the hospitals' service areas, the average measures 36.43

miles. With a range of from two miles to 500 miles, 52 percent of the respondents' areas are 20 miles and less. About 53 percent indicated that their primary service areas are rural in nature; 29 percent classify urban; and five percent note that their primary service areas are both (see Table III in Appendix C).

Upon considering the number of people in each hospital's primary service area, the largest category is the 0-20,000 response at around 27 percent. Two other classifications are nearly this figure--(1) 20,001-60,000 at 22 percent and (2) 100,001-300,000 at approximately 20 percent. In all, 80 percent of the respondents are contained in the categories composed of 0-300,000 range (see Table IV in Appendix C). The number of hospitals in the respondents' service area varies from one to 130. With an average of almost six hospitals (5.886) in these areas, 59 percent have three or fewer, 90 percent indicate 11 or less, and 95 percent indicate that there are 20 or fewer hospitals in their service areas.

Sample respondents have an average of nearly 191 beds in their institutions (191.13). The range in this case is from 11 to 2,800 beds, with 50 percent reporting 124 and fewer. Ninety percent of the sample indicate 449 and fewer beds. The number of patients served in the last 12 months ranges from 20 to 451,649. However, 50 percent indicate that this figure was 7,496 and fewer, and 90 percent of the respondents served 50,000 and fewer.

The number of physicians practicing in these hospitals range from zero to 4,000 and have an average of about 139 (139.38). Fifty percent of the sample falls in the category of 37 and fewer while 90 percent have 375 and fewer. So, while the range appears to be large going all

the way to 4,000 doctors, most of the respondents are not nearly so large.

The respondent hospitals employ an average of 608 persons with 50 percent reporting 316 and fewer. Ninety percent indicate their employees number 1,400 and less. The range in this case is from 1 to 6,000.

In response to whether the hospital is operated as a profit or non-profit institution, three categories are most frequently indicated (see Table V in Appendix C). These are nonprofit--County, 19.130 percent; nonprofit--no specific type, 19.130 percent; and other, 21.449 percent. The reason for such a large "other" category response as well as the "no specific type" category stems from the fact that certain major categories of hospital types were unintentionally excluded from the choices made available on the questionnaire. Written in by various respondents and accounted for under the "nonprofit" and "other" categories are (1) nonprofit corporation, (2) private, (3) corporate, (4) hospital district, and (5) district.

Simple Frequencies

An examination of the rest of the questionnaire reveals some expected results and some that are not so easily anticipated. As far as the use of advertising, 55.36 percent of the sample respondents indicate that they do employ advertising for their hospitals. The remaining 44.36 percent respond that they do not. Surprisingly, more than half of the respondents do employ advertising.

Of those who do use advertising, the newspaper is the most common medium. Eighty-nine and six hundred thirty-seven hundredths percent of the advertisers employ newspaper advertising (see Table VI in Appendix C).

Brochures and radio ads are second and third behind the newspaper ads with percentage figures of 69.430 percent and 65.285 percent, respectively. Magazines and television ads are utilized less frequently with the percentages equaling 34.715 percent and 29.016 percent. The "other" category, being marked by 25.389 percent of the respondents, needs explaining. Write-ins for this category very often were the phone book and fair booths or exhibits. Billboards appear to be used the least having a percentage figure of 16.580 percent.

These results tend to enforce an assumption that the more traditional sorts of advertising would be employed first as hospitals begin advertising. Newspapers and brochures might be considered less aggressive means of advertising the institution to many persons and, therefore, more acceptable initially. Their relative costs might also be more in line with the financial capabilities of many hospitals.

Another possible reason for these results might be rooted in the nature of the hospital's product--a service. As there is no tangible item involved before a decision to purchase is made, perhaps the ads themselves become surrogates for the intangible.¹ Persons who are attempting to make a selection of some sort or form an opinion might feel the need to have something material and touchable to aid in solving their dilemma.

Of the kinds of media being employed, that medium cited most often as being used first is the newspaper. The percentage of people who utilize advertising and who make use of the newspaper ad as their first choice is 46.821 percent. Following the use of the newspaper first is the use of brochures, with 32.948 percent of respondents indicating this choice. These two percentages total 86.127 percent. Therefore,

approximately 86 percent of advertisers make use of very traditional-- what might be considered less risky--media first. It is also noteworthy that these are both print media.

Respondents indicated the use of other media choices first in the following descending order: (1) magazine, (2) other (phone books, exhibits), (3) television, (4) radio, and (5) billboard. Note the move from print media to broadcast media in the listing (see Table VII in Appendix C).

The length of time that the sample respondents have made use of advertising reflects the relatively new "adoption" of advertising in the medical field. It would appear that most of the sample hospitals have begun to use advertising within the past three years (see Table VIII in Appendix C).

One possible explanation for the greater use of advertising is the more intensified competition among medical facilities. This competition, resulting in the selection of newer ideas in strategic planning, would probably account for 92 percent of the advertisers indicating that other hospitals in their areas advertise. Only eight percent of those respondents make use of advertising when no one else in the area does (see Table IX in Appendix C).

Thirty percent of the advertisers indicate that their institutions hire an outside agency to help with their advertising (see Table X in Appendix C). It would seem that some hospitals do feel a necessity to enlist a specially trained person for at least part of this task. Proportionally, the largest categories of amounts of advertising done externally are in the 21-30 percent group, the 41-50 percent group, and the 91-100 percent group (see Table XI in Appendix C).

Furthermore, the titles of the persons who are responsible for the various elements of the advertising development appear to mirror some concern for the continuation of marketing and advertising in future strategies. For example, in response to questions concerning (1) the title of the person who designs the advertising, (2) the title of the person who designs the theme, and (3) the title of the person who writes the advertising copy, the respondents indicate the use of many titles other than the administrator or other, more traditional, titles (see Table XII in Appendix C).

Moreover, interesting details to note are that, first, some of the respondents indicate the hiring of freelance and graphics artists as part of their advertising development. And secondly, the use of the term "marketing" in some of the titles suggests progress in the incorporation of marketing techniques (which might include advertising) into the overall organizational plan of the hospitals.

In summation, the application of more business oriented and advertising oriented titles to persons made responsible for various aspects of the hospital's promotion would appear to reflect the greater importance being placed on advertising. In analysis to one more question concerning titles of individuals, the responses tend to support this observation further.

After determining the responsibility of the advertising, the direction of the advertising is examined (see Table XIII in Appendix C). The largest category of intended recipients appears to be that of consumers. Almost 98 percent of advertising executed is directed toward this category. Other categories, in descending order, include "physicians," "other medical care facilities," and "other hospitals."

Sixty-five percent of advertisers indicate that they direct their ads toward special groups of people (see Table XIV in Appendix C). But only 10 percent mention price in their ads (see Table XV in Appendix C).

Almost 56 percent of the sample respondents indicate that they do attempt to measure the effectiveness of their advertising efforts (see Table XVI in Appendix C). Methods employed include asking patients why they chose the hospital and measuring responses to specific advertising campaigns. And while 55 percent of advertisers responded that some marketing research is undertaken for their hospital (either internal or external), only about 43 percent feel they serve the needs of any special group of people more effectively than any other group (see Tables XVII and XVIII in Appendix C). Other types of promotion utilized by advertisers include:

Publicity -- 74.611 percent of advertisers

Displays -- 67.876 percent of advertisers

Personal Selling -- 36.269 percent of advertisers

Other -- 34.715 percent of advertisers (phone booths, exhibits, etc.)

Cross-Tabulations And Chi-Square Tests

An evaluation of the variables is then made utilizing cross-tabulations and the Chi-square test. Results of Chi-square analyses indicate that some interrelation and dependence can be associated with more than a few of the variables.

When crossing the responses of the question "Does your hospital advertise?" with the answers to other questions, three relationships materialize (see Table XIX in Appendix C). Whether a hospital advertises appears to have a relationship with the population of the city in which

the hospital is located, the nature of the primary service area (rural or urban), and the number of people in the primary service area. The greater the population in the city in which the hospital is located and in the hospital's primary service area, the more likely it is that the facility does advertise. Those hospitals located in urban areas are also more likely to be advertisers.

Two relationships emerge for those advertisers who hire an outside organization to help with their advertising (see Table XX in Appendix C). Hospitals located in urban areas are more likely to employ the use of specially trained, outside organization members to assist with their advertising strategies. In addition, those with the larger population in their primary service areas are more likely to contract with an outside agency.

The nature of the hospital's primary service area, the population of the hospital's primary service area, and the type of institution that the hospital is appear to have an association with whether the hospital directs its advertising toward special groups of people (see Table XXI in Appendix C). The hospitals located in urban areas and those with larger populations in their primary service areas are more inclined to advertise toward specific groups.

The type of institution would appear to have a relationship with whether an institution directs its advertising toward special groups or not--but it is not as imposing as that of the first two mentioned. It would seem that those medical facilities which are considered profit oriented and that category of institutions made up of corporate, private, hospital district, district, and nonprofit corporate are more apt to advertise to specific groups. However, this relationship is slight.

The variable having by far the most interrelationships with other variables is that one which deals with whether an organization has any marketing research conducted (see Table XXII in Appendix C). It appears that the larger the population of the city in which the hospital is located, and the larger the population of the hospital's primary service area, the more likely it is to have some kind of marketing research performed. This is true also of hospitals in urban areas, as opposed to those in rural areas, and of those types of institutions included in the categories of profit, church, corporate, district, hospital district, nonprofit corporate and private.

Finally, the marketing research variable is related to two other variables which would seem to be only sensible from a marketing standpoint. Hospitals who feel they serve one group of persons more effectively than any other group are more apt to have marketing research performed as are those facilities who direct their advertising toward special groups.

The final group of cross-tabulation analysis concerns itself with whether the hospital attempts to measure the effectiveness of its advertising efforts (see Table XXIII in Appendix C). The greater the population of the city where the hospital is located and the greater the number of people in a hospital's primary service area, the more likely it is that the hospital attempts to measure its advertising effectiveness. Moreover, those hospitals that have urban primary service areas and conduct marketing research are more inclined to undertake measures to try and establish this effectiveness.

Likert Results

In an endeavor to measure the attitude of the persons who completed

the questionnaires toward advertising, a section of the form was devoted to positive and negative statements about advertising with each statement followed by a Likert-type scale. Averages are then calculated for each statement, for all the responses in total, for those respondents whose hospitals do advertise, and for those whose hospitals do not advertise. The way in which the coding is devised allows for the more positive attitudes to be represented by a lower calculated number. For example, an average of one indicates the most positive attitude while a five denotes the most negative attitude. (Three is neutral.)

The averages for each statement when all responses are included is shown in Table XXIV in Appendix C. Most of the means are around two and the least favorable is a 3.27. Overall this average is 2.40. This indicates a slightly positive attitude among the respondents as a whole-- a little more positive than neutral (see Table XXV in Appendix C).

When divided into two groups consisting of those whose hospitals advertise and those whose hospitals do not, a difference materializes. Advertisers tend to have a slightly more positive attitude than non-advertisers. As noted in Figure 2, the mean for advertisers is 2.15 while the average for non-advertisers is somewhat less positive at 2.69. However, both are a little more positive than neutral at three.

Averages for the statements seem to indicate that the sample respondents feel that consumers and physicians will continue to consider the advertising institution competent. Furthermore, they also do not consider the opportunity for abuse as a major concern.

To use the t-test for statistical significance to determine if this difference is meaningful, first the t value is calculated. The following formula is applied.²

$$t = \frac{(\bar{X}_1 - \bar{X}_2)}{\sqrt{\frac{S_1^2}{N_1} + \frac{S_2^2}{N_2}}}$$

$$t = \frac{(2.69 - 2.15)}{\sqrt{\frac{.3064}{123} + \frac{.1198}{149}}}$$

$$t = 9.4072885$$

Since this t-value is larger than the critical value of t associated with 270 degrees of freedom at the $\alpha = .05$ significance level, it would seem that the difference between the means is significant (one-tailed test).

ENDNOTES

¹Dennis S. Guseman, "Risk Perception and Risk Reduction in Consumer Services," Marketing of Services, James H. Donnelly and William R. George, eds. (Chicago: American Marketing Association, 1981), p. 202.

²C. William Emory, Business Research Methods (Homewood, Illinois: Richard C. Irwin, Inc., 1980), p. 423.

CHAPTER V

SUMMARY and CONCLUSIONS

Comment on Hypotheses

In summary, it is first appropriate to address the original hypotheses on which this study is based. The first hypothesis, that hospitals in larger towns make use of advertising, is supported in the Chi-square analysis that includes the population of the city in which the hospital is located. Results from this test indicate that the larger the city is, the more likely it is that the hospital does advertise.

However, the second hypothesis which states that advertisers do not conduct marketing research does not have such support. Fifty-five percent of the sample respondents indicate that they do conduct some kind of research--either formal or nonformal. When this figure is evaluated in conjunction with the findings that some hospitals are advertising to specific groups, it may be assumed that more hospitals will be directing their advertising messages toward specific target markets. This would then allow for more efficient use of each dollar allocated for the advertising efforts.

This result could tie in with the subsequent hypothesis--that no long-or short-term plans are made for the advertising. Though the reasoning might appear to be indirect, since there is some marketing research, perhaps some strategic planning is being conducted. Moreover,

the frequency analysis indicates that almost 56 percent of the sample respondents do attempt to measure the effectiveness of their advertising. Finally, some respondents indicate that the funds for advertising are allocated as a part of their regular budget process. Though the support is not overwhelming, some of the reasoning presented here could indicate that advertising as part of the overall marketing function of some hospitals, is receiving more consideration.

The final hypothesis is that administrators with more favorable attitudes toward advertising will be at hospitals which do advertise or will advertise in the future. The Likert analysis attempts to discover whether this first relationship exists. Findings indicate that the average Likert score of executives who are located in advertising hospitals is more favorable than that same average score of the executives in non-advertising hospitals. In fact, both groups' average scores indicate favorable attitudes toward advertising in that both averages lie above being neutral at a score of 3.00. (Advertisers average is 2.15 while non-advertisers average score is 2.69.) The difference of these means, however, is proven to be statistically significant so there is some support for this last hypothesis. Analyses of responses in the questionnaire do not allow for any conclusions about advertisers with favorable attitudes and potential future advertising.

Perceptions of Advertising

The number of sample respondents who indicate the use of research in their marketing strategy; the fact that some respondents who employ advertising actually include it in their budgeting process; and the use of the term "marketing" in the titles of some of the advertisers'

executives all would seem to indicate the adoption of some business techniques into the health care field and specifically, some of the marketing techniques. This is not a judgment as to whether this is right or wrong but merely an observation of a current situation. Only time can really show the way in which this dimension of marketing and advertising will proceed. In overall summary, it appears that the simple adoption of business strategies cannot take place as the nature of health care cannot be compared to the nature of other industries. Each industry is unique in many respects and the health care industry is no exception. Rather, it would seem that an evolution of marketing and advertising ideas must, of natural course, take place before conditions that are comfortable for most people are met.

A stumbling block that seems to exist at present could well be based upon the various frames of reference for which the term "advertising" has for different people. Comments solicited from the sample respondents indicate a varied opinion of advertising for hospitals which, in some way, could reflect the attitudes of some persons to advertising in general. Examples of these comments include:

"Advertising is not good terminology--Educate, Promote, Identify, etc."

"Good patient care is all the hospital needs. Word of mouth from patients...is worth more."

"Improper-highly aggressive advertising could degrade the profession to that of used car lots."

"If it's good for IBM and Carter's Little Liver Pills-- what can it hurt?-or-help? With ORG's--who knows?"

"It's necessary. Can be effective. Should have begun

long ago. Health care is a product--and like all products, should be presented accurately to its consumers."

"Do not like the idea of spending part of patients' bill toward advertising."

"As a county institution we must care for any and all patients we can handle. Advertising would be a complete waste of money here."

"Health care is a business and needs to be treated as such in all facets to assure efficiency of operation and the maximum quality care."

"Effective advertising and quality care can co-exist."

"Content should be in "good taste and factual."

"Launched campaigns for building--not for business."

"Don't think advertising is good for any hospital. Money should be used to buy better equipment for when you serve the public good."

"Advertising is forced upon us by intense competition of proprietary hospitals...we would rather not have to advertise. It is generally a misleading practice."

"Can be very effective if administered by capable professionals. Advertising is one of several realistic methods of communicating with potential patients."

These comments are from both advertisers and non-advertisers. They seem to express concern over hospital advertising and over the content of the ads themselves. For the most part, advertisers indicate that the major ideas stressed in their ads are quality service, services available, and special projects, and all seem to feel that the quality and the taste of the ad content is a major concern.

Problem Questions

When the questionnaires began returning, an initial evaluation began to indicate that some questions had not been made explicit enough for many of the respondents. These questions were rather vague to many persons completing the form. It became apparent that an oversight in the development of two questions in the demographics section should be commented upon.

The first question dealt with the number of patients that each hospital served in the past 12 months (Section IV, Number 8). What seemed to create a misunderstanding is the fact that there are different categories of patients and different ways of accounting for these patients. For examples, five categories immediately pointed out were (1) inpatients, (2) outpatients, (3) admissions, (4) patient days, and (5) newborns.

The second question containing ambiguity is in reference to the number of physicians who practice at each hospital (Section IV, Number 9). Once again, there are various categories of doctors and this made it difficult for some respondents to reply. Two examples of these categories were (1) active and (2) associate.

Due to the uncertainty with which these questions were received, it is difficult to endorse the responses with any degree of confidence. Though the means are reported in the analysis, their accuracy should not be considered infallible.

Concluding Remarks

The health care industry has a very unique quality that other

industries do not deal with so directly--life and death situations. For many injured or ill persons, quality care is the most important aspect--as are the expediency of this care and its immediacy. No one will negate this.

The place of advertising as it falls within the realm of marketing in the health care industry appears to be evolving into the corporate strategies for many hospitals due to many reasons; however, it is the responsibility of professionals within the industry to help guide in this evolution. Increasing costs of the quality health care that all persons want for their families dictates that something must be done. Advertising may not be the answer for all hospitals and persons who do not immediately accept it or like it need not be considered non-progressive--rather, that they are acting out of the responsibility they feel for the health care profession. And for the time being, evidence suggests that most hospitals who advertise are taking what could be considered a non-aggressive stance in that much of their advertising now utilized appears to be more informative in nature and less competitive.

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APPENDIXES

APPENDIX A

EXAMPLE OF QUESTIONNAIRE

Please complete the following questionnaire and return it in the envelope provided. Each question concerns some aspect of your hospital and/or the hospital's advertising. Your time and careful response to each one is appreciated.

I. ADVERTISING

1. Does your hospital advertise?
 Yes No (If no, please complete parts III and IV of the questionnaire)
2. If yes, what kind of advertising is used?
 Television Newspaper Magazine Other (please specify)
 Radio Billboard Brochures _____
3. Which form of advertising did your hospital use first?
 Television _____ Billboard _____ Magazine _____ Other (please specify)
 Radio _____ Brochures _____ Newspaper _____ _____
4. How long have you been using advertising? _____
5. Do other hospitals in your area use advertising?
 Yes No
6. Do you hire an outside organization to do your advertising?
 Yes No
 If yes, what proportion of your advertising is done externally? _____%
7. What is the title of the person primarily responsible for coordinating your advertising plans?

8. What is the title of the person who designs your theme? _____

9. What is the title of the person who designs your advertising?

10. What is the title of the person who writes your advertising copy?

11. To whom do you direct your advertising message? (You may check more than one)
 Consumers Other medical care facilities Other hospitals
 Physicians Other (Please specify) _____
12. Do you direct your advertising toward special groups of people? (Examples might include maternity patients or elderly patients)
 Yes No
13. Do you mention price in your ads? Yes No
14. What are the major ideas stressed in your advertising? _____

II. PLANNING AND RESEARCH

1. How do you determine your advertising budget? _____

2. Do you attempt to measure the effectiveness of your advertising efforts?
 Yes No If yes, how do you do this? _____
-
3. Does your hospital or some other organization conduct marketing research for the hospital?
 Yes No
 If yes, what kind of marketing research is conducted? _____
-
4. Do you feel your hospital serves the needs of any special group of people more effectively than other groups?
 Yes No
 If yes, please specify _____
5. What other types of promotion do you make use of? (You may check more than one)
 Personal Selling Displays
 Publicity Other (Please specify) _____

III. PERSONAL OPINION

Indicate your personal degree of agreement or disagreement with each of the following statements by placing an "X" on the scale to the right of the statement.

SA - Strongly Agree A - Agree N - Neutral D - Disagree SD - Strongly Disagree

	SA	A	N	D	SD
Advertising is an appropriate practice for hospitals.	/	/	/	/	/
I feel that the use of staff and personnel training can be considered potential advertising information.	/	/	/	/	/
Conducting marketing research is a necessary and fundamental step for the creation of advertising.	/	/	/	/	/
Publicity is the only type of promotion that is right for institutions such as hospitals.	/	/	/	/	/
Marketing research would help us in meeting the future needs of our community.	/	/	/	/	/
The use of information-type ads as opposed to price-type ads is more appropriate for hospitals.	/	/	/	/	/
Conducting marketing research is more of a luxury-it's nice, but not necessary for this hospital.	/	/	/	/	/
I feel that I can justify the money spent on advertising to our donors and our potential donors.	/	/	/	/	/
The community this hospital serves is too small to justify marketing research.	/	/	/	/	/
The community we serve is too small to justify our use of advertising.	/	/	/	/	/
Advertising will intensify competition and, thereby, improve patient care.	/	/	/	/	/
The cost of advertising exceeds the benefits gained by using it.	/	/	/	/	/
Health care decisions are too important for consumers to make advertising their major source of information.	/	/	/	/	/
Though advertising could be abused by many health care institutions overall its contribution will be positive.	/	/	/	/	/
Advertising does not lower the image of a hospital in the consumer's mind.	/	/	/	/	/

The use of advertising really isn't necessary for most hospitals.

A hospital can advertise and still be considered competent by physicians and consumers.

The image of advertising and the image of hospitals tend to clash.

There is a great opportunity for abuse of advertising when used by hospitals.

I consider the use of advertising by hospitals to be an ethical, progressive practice.

If this hospital advertises, consumers will tend to think that we're not as competent as another hospital.

Advertising could allow the health care industry to become more cost effective.

Advertising by hospitals could lower the risks that consumers associate with choices in medical services.

The use of advertising to gain customers is inconsistent with delivery of quality patient care.

Advertising will allow consumers to make more informed decisions given their health care choices.

IV. HOSPITAL DEMOGRAPHICS

1. How long has your hospital been in your community? _____
2. What is the population of the city where the hospital is located.
 0 - 20,000 20,001 - 60,000 60,001 - 100,000 100,001 - 300,000 300,001 - 500,000 500,001 - 700,000 700,001 +
3. How many miles in any direction does your hospital's primary service area include? _____
4. What is the nature of your hospital's primary service area?
 Rural Urban Other (Please specify) _____
5. How many people are in your hospital's primary service area?
 0 - 20,000 20,001 - 60,000 60,001 - 100,000 100,001 - 300,000 300,001 - 500,000 500,001 - 700,000 700,001 +
6. How many hospitals are in your service area? _____
7. How many beds does your hospital have? _____
8. How many patients did your hospital serve in the last twelve months? _____
9. How many physicians practice at your hospital? _____
10. How many persons does your hospital employ? _____
11. Is your hospital administered as a profit or non-profit institution?
 Profit Non-Profit: (Check which type) Church City County State Federal Military

Any comments pertaining to advertising by hospitals?

THANK YOU FOR YOUR ASSISTANCE!

THIS SURVEY DOES NOT REFLECT ANY OFFICIAL POLICY OR STATEMENT OF OKLAHOMA STATE UNIVERSITY.

APPENDIX B

EXAMPLE OF CODED QUESTIONNAIRE

IND. 1-2
STATE 6-7
DAY 8-9

Please complete the following questionnaire and return it in the envelope provided. Each question concerns some aspect of your hospital and/or the hospital's advertising. Your time and careful response to each one is appreciated.

I. ADVERTISING

- Does your hospital advertise? ADVERTIS 10
 (1) Yes (2) No (If no, please complete parts III and IV of the questionnaire)
- If yes, what kind of advertising is used?
 11 TV 13 NEWS 15 MAG 17 OTHER
 Television Newspaper Magazine Other (please specify)
 13 RD 14 BL 16 BR
 Radio Billboard Brochures
- Which form of advertising did your hospital use first? ADFIRST 18
 Television (1) Billboard (3) Magazine (5) Other (please specify) (8) marked more than one
 Radio (2) Brochures (4) Newspaper (6) (7)
- How long have you been using advertising? LONG AD 19-20
- Do other hospitals in your area use advertising? OTHER AD 21
 (1) Yes (2) No
- Do you hire an outside organization to do your advertising? OUTSIDE 22
 (1) Yes (2) No
 If yes, what proportion of your advertising is done externally? PROEXT 23-24
- What is the title of the person primarily responsible for coordinating your advertising plans?
COORD PLN 25-27
- What is the title of the person who designs your theme?
DES THEME 28-30
- What is the title of the person who designs your advertising?
DES ADVER 31-33
- What is the title of the person who writes your advertising copy?
WRITES AD 34-36
- To whom do you direct your advertising message? (You may check more than one)
 37 CON'S 39 MC 41 HSP
 Consumers Other medical care facilities Other hospitals
 38 PHY 40 OTH
 Physicians Other (Please specify)
- Do you direct your advertising toward special groups of people? (Examples might include maternity patients or elderly patients)
 (1) Yes (2) No SPEC GRPS 42
- Do you mention price in your ads? (1) Yes (2) No PRICE 43
- What are the major ideas stressed in your advertising?
MAJ IDEAS 44-46

II. PLANNING AND RESEARCH

- How do you determine your advertising budget?
DET BUDGET 47-49

- MARKETING 50
2. Do you attempt to measure the effectiveness of your advertising efforts?
 Yes No If yes, how do you do this? HOWMSR 51-53
-
3. Does your hospital or some other organization conduct marketing research for the hospital?
 Yes No MRG, RES 54
 If yes, what kind of marketing research is conducted? HOWRES 55-57
-
4. Do you feel your hospital serves the needs of any special group of people more effectively than other groups? SRVNEEDS 58
 Yes No
 If yes, please specify HOWSRV 59-61
5. What other types of promotion do you make use of? (You may check more than one)
 Personal Selling Displays
 Publicity Other (Please specify) OR

III. PERSONAL OPINION

Indicate your personal degree of agreement or disagreement with each of the following statements by placing an "X" on the scale to the right of the statement.

SA - Strongly Agree A - Agree N - Neutral D - Disagree SD - Strongly Disagree

			SA	A	N	D	SD
+	66	Advertising is an appropriate practice for hospitals.					
		<u>ADAPROP</u>	1	2	3	4	5
+	67	I feel that the use of staff and personnel training can be considered potential advertising information.					
		<u>PRSTRAIN</u>	1	2	3	4	5
+	68	Conducting marketing research is a necessary and fundamental step for the creation of advertising.					
		<u>RESNEC</u>	1	2	3	4	5
-	69	Publicity is the only type of promotion that is right for institutions such as hospitals.					
		<u>PUBLICITY</u>	5	4	3	2	1
+	70	Marketing research would help us in meeting the future needs of our community.					
		<u>RESFUTUR</u>	1	2	3	4	5
+	71	The use of information-type ads as opposed to price-type ads is more appropriate for hospitals.					
		<u>INFUPRC</u>	1	2	3	4	5
-	72	Conducting marketing research is more of a luxury-it's nice, but not necessary for this hospital.					
		<u>RESLUX</u>	5	4	3	2	1
+	73	I feel that I can justify the money spent on advertising to our donors and our potential donors.					
		<u>JUSTIFYAD</u>	1	2	3	4	5
-	74	The community this hospital serves is too small to justify marketing research.					
		<u>COMMISMLL</u>	5	4	3	2	1
-	75	The community we serve is too small to justify our use of advertising.					
		<u>COMSMLAD</u>	5	4	3	2	1
+	76	Advertising will intensify competition and, thereby, improve patient care.					
		<u>INTNSCMP</u>	1	2	3	4	5
-	77	The cost of advertising exceeds the benefits gained by using it.					
		<u>COST BEN</u>	5	4	3	2	1
-	78	Health care decisions are too important for consumers to make advertising their major source of information.					
		<u>HLTH DEC</u>	5	4	3	2	1
+	79	Though advertising could be abused by many health care institutions overall its contribution will be positive.					
		<u>OV RHLCON</u>	1	2	3	4	5
+	80	Advertising does not lower the image of a hospital in the consumer's mind.					
		<u>LWRIMAGL</u>	1	2	3	4	5

- 14 The use of advertising really isn't necessary for most hospitals. ISN'T NEE 514131211
- + 15 A hospital can advertise and still be considered competent by physicians and consumers. COMPETENT 112131415
- 16 The image of advertising and the image of hospitals tend to clash. CLASHING 514131211
- 17 There is a great opportunity for abuse of advertising when used by hospitals. OPPORTUNE 514131211
- + 18 I consider the use of advertising by hospitals to be an ethical, progressive practice. ETHICAL 112131415
- 19 If this hospital advertises, consumers will tend to think that we're not as competent as another hospital. CONSUMER 514131211
- + 20 Advertising could allow the health care industry to become more cost effective. COST EFFECT 112131415
- + 21 Advertising by hospitals could lower the risks that consumers associate with choices in medical services. LOW RISK 112131415
- 22 The use of advertising to gain customers is inconsistent with delivery of quality patient care. QUALITY 514131211
- + 23 Advertising will allow consumers to make more informed decisions given their health care choices. INFORMED 112131415

IV. HOSPITAL DEMOGRAPHICS

1. How long has your hospital been in your community? LONGITUD 24-26
2. What is the population of the city where the hospital is located. POPULAT 22

<input type="checkbox"/> (1) 0 - 20,000	<input type="checkbox"/> (3) 60,001 - 100,000	<input type="checkbox"/> (5) 300,001 - 500,000	<input type="checkbox"/> (7) 700,001 +
<input type="checkbox"/> (2) 20,001 - 60,000	<input type="checkbox"/> (4) 100,001 - 300,000	<input type="checkbox"/> (6) 500,001 - 700,000	
3. How many miles in any direction does your hospital's primary service area include? PRIMSERV
4. What is the nature of your hospital's primary service area? 29-33

<input type="checkbox"/> (1) Rural	<input type="checkbox"/> (2) Urban	<input type="checkbox"/> (3) Other (Please specify) <u>NEIGHBOR</u> 34	<input type="checkbox"/> (4) Both
------------------------------------	------------------------------------	--	-----------------------------------
5. How many people are in your hospital's primary service area? PPL AREA 35

<input type="checkbox"/> (1) 0 - 20,000	<input type="checkbox"/> (3) 60,001 - 100,000	<input type="checkbox"/> (5) 300,001 - 500,000	<input type="checkbox"/> (7) 700,001 +
<input type="checkbox"/> (2) 20,001 - 60,000	<input type="checkbox"/> (4) 100,001 - 300,000	<input type="checkbox"/> (6) 500,001 - 700,000	
6. How many hospitals are in your service area? HOSP AREA 36-38
7. How many beds does your hospital have? BEDS 39-44
8. How many patients did your hospital serve in the last twelve months? PATIENTS 45-50
9. How many physicians practice at your hospital? PHYSICIANS 51-55
10. How many persons does your hospital employ? EMPLOYEES 56-61 FF 62-64 PI 67-71
11. Is your hospital administered as a profit or non-profit institution?

<input type="checkbox"/> (1) Profit	<input type="checkbox"/> (4) Non-Profit: (Check which type)	<input type="checkbox"/> (2) Church	<input type="checkbox"/> (4) County	<input type="checkbox"/> (6) Federal
		<input type="checkbox"/> (3) City	<input type="checkbox"/> (5) State	<input type="checkbox"/> (7) Military

Any comments pertaining to advertising by hospitals? TYPE 72 (8) Other

THANK YOU FOR YOUR ASSISTANCE!

THIS SURVEY DOES NOT REFLECT ANY OFFICIAL POLICY OR STATEMENT OF OKLAHOMA STATE UNIVERSITY.

APPENDIX C

TABLES AND FIGURES

TABLE I
SAMPLE SELECTION

State	Number of Hospitals	Percentage of Total	% X 800	Number of Observations Needed
1. Alabama	146	.0210	16.80	17
2. Alaska	26	.0037	2.96	3
3. Arizona	80	.0115	9.20	9
4. Arkansas	96	.0138	11.04	11
5. California	599	.0858	68.64	69
6. Colorado	99	.0142	11.36	11
7. Connecticut	66	.0095	7.56	8
8. Delaware	15	.0021	1.68	2
9. D. C.	17	.0024	1.92	2
10. Florida	255	.0365	29.20	29
11. Georgia	192	.0275	22.00	22
12. Hawaii	27	.0039	3.12	3
13. Idaho	52	.0074	5.92	6
14. Illinois	286	.0410	32.80	33
15. Indiana	134	.0192	15.36	15
16. Iowa	140	.0201	16.08	16
17. Kansas	166	.0238	19.04	19
18. Kentucky	119	.0170	13.60	14
19. Louisiana	157	.0225	18.00	18
20. Maine	50	.0072	5.76	6
21. Maryland	85	.0122	9.76	10
22. Massachusetts	182	.0261	20.88	21
23. Michigan	239	.0342	27.36	27
24. Minnesota	184	.0264	21.12	21
25. Mississippi	117	.0168	13.44	13
26. Missouri	170	.0244	19.52	20
27. Montana	67	.0096	7.68	8
28. Nebraska	109	.0156	12.48	12

TABLE I (Continued)

State	Number of Hospitals	Percentage of Total	% X 800	Number of Observations Needed
29. Nevada	25	.0036	2.88	3
30. New Hampshire	33	.0047	3.76	4
31. New Jersey	135	.0193	15.44	15
32. New Mexico	55	.0079	6.32	6
33. New York	349	.0500	40.00	40
34. North Carolina	161	.0231	18.48	18
35. North Dakota	60	.0086	6.88	7
36. Ohio	240	.0344	27.52	28
37. Oklahoma	143	.0205	16.40	16
38. Oregon	83	.0119	9.52	10
39. Pennsylvania	315	.0451	36.08	36
40. Rhode Island	21	.0030	2.40	2
41. South Carolina	91	.0130	10.40	10
42. South Dakota	69	.0099	7.92	8
43. Tennessee	167	.0239	19.12	19
44. Texas	561	.0803	64.24	64
45. Utah	42	.0060	4.80	5
46. Vermont	19	.0027	2.16	2
47. Virginia	137	.0196	15.68	16
48. Washington	123	.0176	14.08	14
49. West Virginia	81	.0116	9.28	9
50. Wisconsin	165	.0236	18.88	19
51. Wyoming	31	.0044	3.52	4
TOTAL				800

TABLE II
POPULATION OF CITY

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
0- 20,000	168	168	48.837	48.837
20,001- 60,000	56	224	16.279	65.116
60,001-100,000	24	248	6.977	72.093
100,001-300,000	36	284	10.465	82.558
300,001-500,000	13	297	3.779	86.337
500,001-700,000	14	311	4.070	90.407
700,001 +	33	344	9.593	100.000

TABLE III
NATURE OF PRIMARY SERVICE AREA

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	3	•	•	•
Rural	183	183	53.043	53.043
Urban	101	284	29.275	82.319
Other	44	328	12.754	95.072
Both	17	345	4.928	100.000

TABLE IV
POPULATION IN PRIMARY SERVICE AREA

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	3	•	•	•
0- 20,000	92	92	26.667	26.667
20,001- 60,000	76	168	22.029	48.696
60,001-100,000	40	208	11.594	60.290
100,001-300,000	69	277	20.000	80.290
300,001-500,000	24	301	6.957	87.246
500,001-700,000	17	318	4.928	92.174
700,001 +	27	345	7.826	100.000

TABLE V
TYPE OF INSTITUTION

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	3	•	•	•
Profit	37	37	10.725	10.725
Non-profit Church	45	82	13.043	23.768
City	29	111	8.406	32.174
County	66	177	19.130	51.304
State	15	192	4.348	55.652
Federal	9	201	2.609	58.261
Military	4	205	1.159	59.420
Other	66	271	19.130	78.551
Non-profit	74	345	21.449	100.000

TABLE VI
KINDS OF ADVERTISING BEING USED

	Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
1. Newspaper	•	155	•	•	•
	No	20	20	10.363	10.363
	Yes	173	193	89.637	100.000
2. Brochures	•	155	•	•	•
	No	59	59	30.570	30.570
	Yes	134	193	69.430	100.000
3. Radio	•	155	•	•	•
	No	67	67	34.715	34.715
	Yes	126	193	65.285	100.000
4. Magazine	•	155	•	•	•
	No	126	126	65.285	65.285
	Yes	67	193	34.715	100.000
5. Television	•	155	•	•	•
	No	137	137	70.984	70.984
	Yes	56	193	29.016	100.000
6. Other	•	155	•	•	•
	No	144	144	74.611	74.611
	Yes	49	193	25.389	100.000
7. Billboard	•	155	•	•	•
	No	161	161	83.420	83.420
	Yes	32	193	16.580	100.000

TABLE VII
ADVERTISING MEDIUM FIRST USED

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	175	•	•	•
Newspaper	81	81	46.821	46.821
Brochures	57	138	32.948	79.769
Magazine	11	149	6.358	86.127
Other	11	160	6.358	92.485
Television	5	165	2.890	95.375
Radio	5	170	2.890	98.265
Billboard	3	173	1.734	100.000

TABLE VIII
LENGTH OF TIME OF ADVERTISING USE

	Cumulated Percent*	Percentage
One year or less	22.29	22.29
Two years or less	42.68	20.38
Three years or less	58.60	15.92
Four years or less	66.88	8.28
Five years or less	78.34	11.46
Six - Ten years	89.17	10.83
More than Ten years	100.00	10.83

*Percentages based on 157 responses. Thirty-six responses are made of "unknown," "no answer," "several years," "years" and "N/A."

TABLE IX
AREA HOSPITALS USING ADVERTISING

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	156	•	•	•
Yes	176	176	91.667	91.667
No	16	192	8.333	100.000

TABLE X
EMPLOY OUTSIDE ORGANIZATION

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	156	•	•	•
Yes	57	57	29.688	29.688
No	135	192	70.313	100.000

TABLE XI
USE OF OUTSIDE ORGANIZATIONS

Percent Done By Outside Agency	Percent of Respondents
21 - 30 percent	4.124 percent
41 - 50 percent	6.186 percent
91 - 100 percent	7.216 percent

TABLE XII
TITLES OF PERSONS INVOLVED WITH ADVERTISING

Question	Proportions		
	All* Summed	Includes the Term "Marketing" Specifically	Total Responses
What is the title of the person who . . .			
(1) designs your advertising?	55	17	182
(2) designs your theme?	35	22	181
(3) writes your advertising copy?	50	16	182
(4) is primarily responsible for coordinating your advertising plans?	130	29	191

*For this question, all titles including the terms "marketing", "public relations", "publicity", "community", "ad agency", "media", "credit", "communication", or any other term which would indicate outside assistance were summed.

TABLE XIII
DIRECTION OF ADVERTISING MESSAGE

	Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
1. Consumers	•	155	•	•	•
	No	4	4	2.073	2.073
	Yes	189	193	97.927	100.000
2. Physicians	•	155	•	•	•
	No	101	101	52.332	52.332
	Yes	92	193	47.668	100.000
3. Other Medical Care Facilities	•	155	•	•	•
	No	171	171	88.601	88.601
	Yes	22	193	11.399	100.000
4. Other	•	155	•	•	•
	No	161	161	83.420	83.420
	Yes	32	193	16.580	100.000
5. Other Hospitals	•	155	•	•	•
	No	175	175	90.674	90.674
	Yes	18	193	9.326	100.000

TABLE XIV
 ADVERTISE TOWARD SPECIAL GROUPS

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	164	•	•	•
Yes	120	120	65.217	65.217
No	64	184	34.783	100.000

TABLE XV
 PRICE MENTIONED IN ADS

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	163	•	•	•
Yes	19	19	10.270	10.270
No	166	185	89.730	100.000

TABLE XVI
MEASURE EFFECTIVENESS OF ADVERTISING EFFORTS

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	159	•	•	•
Yes	105	105	55.556	55.556
No	84	189	44.444	100.000

TABLE XVII
CONDUCT MARKETING RESEARCH

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	157	•	•	•
Yes	105	105	54.974	54.974
No	86	191	45.026	100.000

TABLE XVIII
SERVE NEEDS OF SPECIAL GROUP

Response	Frequency	Cumulative Frequency	Percent	Cumulative Percent
•	160	•	•	•
Yes	81	81	43.085	43.085
No	107	188	56.915	100.000

TABLE XIX
CROSS-TABULATIONS: CHI-SQUARE TEST FOR
SIGNIFICANCE OF "DO YOU ADVERTISE?"

	Degrees of Freedom	Chi- Square	Probability
1. Do you advertise by Population of city?	6	27.337	0.0001
2. Do you advertise by Nature of primary service area?	3	25.451	0.0001
3. Do you advertise by Number of people in primary service area?	6	37.793	0.0001

TABLE XX

CROSS-TABULATIONS: CHI-SQUARE TEST OF SIGNIFICANCE FOR
 "DO YOU HIRE AN OUTSIDE ORGANIZATION . . .?"

	Degrees of Freedom	Chi- Square	Probability
1. Do you hire an outside organization to do your advertising by Nature of primary service area?	3	15.194	0.0017
2. Do you hire an outside organization to do your advertising by Number of people in hospital's primary service area.	6	20.503	0.0023

TABLE XXI

CROSS-TABULATIONS: CHI-SQUARE TEST OF SIGNIFICANCE FOR
 "DO YOU DIRECT YOUR ADVERTISING . . .?"

	Degrees of Freedom	Chi- Square	Probability
1. Do you direct your advertising toward special groups by Nature of hospital's primary service area?	3	37.099	0.0001
2. Do you direct your advertising toward special groups by Number of people in primary service area?	6	30.233	0.0001
3. Do you direct your advertising toward special groups by Type of institution?	6	12.751	0.0472

TABLE XXII

CROSS-TABULATIONS: CHI-SQUARE TEST OF SIGNIFICANCE FOR
 "DO YOU HAVE ANY MARKETING RESEARCH . . .?"

	Degrees of Freedom	Chi- Square	Probability
1. Do you have any marketing research done by Population of city?	6	32.536	0.0001
2. Do you have any marketing research done by Nature of hospital's primary service area?	3	21.608	0.0001
3. Do you have any marketing research done by Number of people in hospital's primary service area?	6	29.255	0.0001
4. Do you have any marketing research done by Type of institution?	6	18.584	0.0049
5. Do you have any marketing research done by Special groups more effectively served than others?	1	5.088	0.0241
6. Do you have any marketing research done by Do you direct your advertising toward special groups?	1	14.064	0.0002

TABLE XXIII

CROSS-TABULATIONS: CHI-SQUARE TEST OF SIGNIFICANCE FOR
 "DO YOU ATTEMPT TO MEASURE THE EFFECTIVENESS?"

	Degrees of Freedom	Chi- Square	Probability
1. Do you attempt to measure the effectiveness of your advertising by Population of city?	6	37.575	0.0001
2. Do you attempt to measure the effectiveness of your advertising by Nature of primary service area?	3	29.931	0.0001
3. Do you attempt to measure the effectiveness of your advertising by Number of people in primary service area?	6	43.541	0.0001
4. Do you attempt to measure the effectiveness of your advertising by Do you have any marketing research done?	1	27.723	0.0001

TABLE XXIV
LIKERT MEANS

Statement	Mean
1. Advertising is an appropriate practice for hospitals.	1.93
2. I feel that the use of staff and personnel training can be considered potential advertising information.	1.96
3. Conducting marketing research is a necessary and fundamental step for the creation of advertising.	1.94
4. Publicity is the only type of promotion that is right for institutions such as hospitals.	2.19
5. Marketing research would help us in meeting the future needs of our community.	1.94
6. The use of information-type ads as opposed to price-type ads is more appropriate for hospitals.	2.11
7. Conducting marketing research is more of a luxury--it's nice, but not necessary for this hospital.	2.33
8. I feel that I can justify the money spent on advertising to our donors and our potential donors.	2.34
9. The community this hospital serves is too small to justify marketing research.	2.18
10. The community we serve is too small to justify our use of advertising.	2.15
11. Advertising will intensify competition and, thereby, improve patient care.	3.08
12. The cost of advertising exceeds the benefits gained by using it.	2.44
13. Health care decisions are too important for consumers to make advertising their major source of information.	3.27
14. Though advertising could be abused by many health care institutions overall its contribution will be positive.	2.38
15. Advertising does not lower the image of a hospital in the consumer's mind.	2.20

TABLE XXIV (Continued)

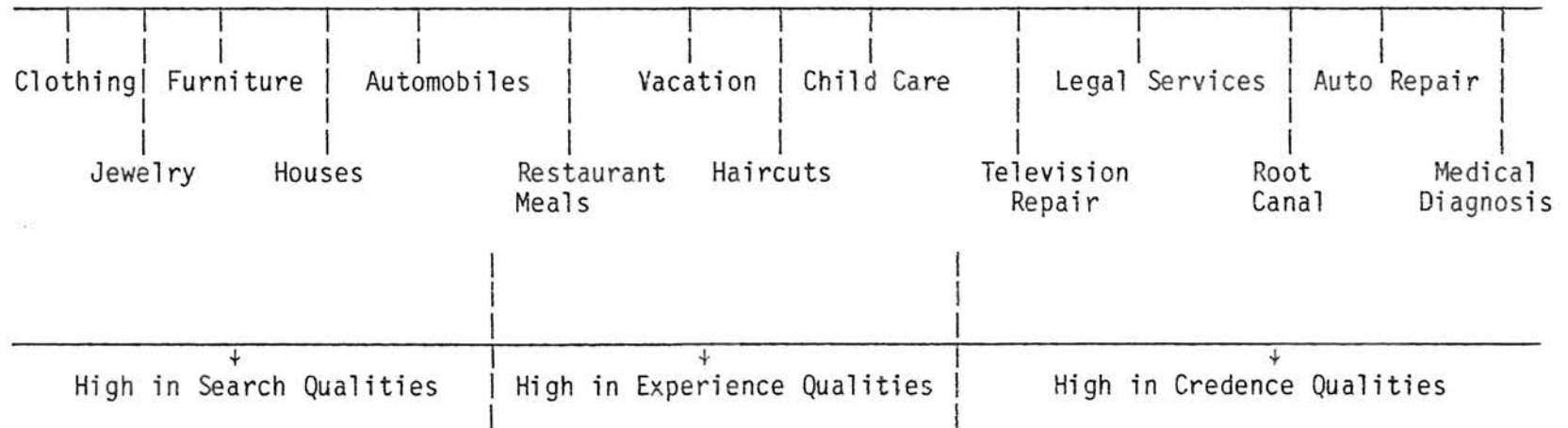
	Statement	Mean
16.	The use of advertising really isn't necessary for most hospitals.	2.62
17.	A hospital can advertise and still be considered competent by physicians and consumers.	1.93
18.	The image of advertising and the image of hospitals tend to clash.	2.62
19.	There is a great opportunity for abuse of advertising when used by hospitals.	3.24
20.	I consider the use of advertising by hospitals to be an ethical, progressive practice.	2.14
21.	If this hospital advertises, consumers will tend to think that we're not as competent as another hospital.	2.08
22.	Advertising could allow the health care industry to become more cost effective.	2.79
23.	Advertising by hospitals could lower the risks that consumers associate with choices in medical services.	3.10
24.	The use of advertising to gain customers is inconsistent with delivery of quality patient care.	2.27
25.	Advertising will allow consumers to make more informed decisions given their health care choices.	2.42

TABLE XXV
MEANS OF LIKERT TOTALS

Groups	Number	Means
1. All responses	272	2.40
2. Advertisers	149	2.15
3. Non-advertisers	123	2.69

Easy to Evaluate

Difficult to Evaluate



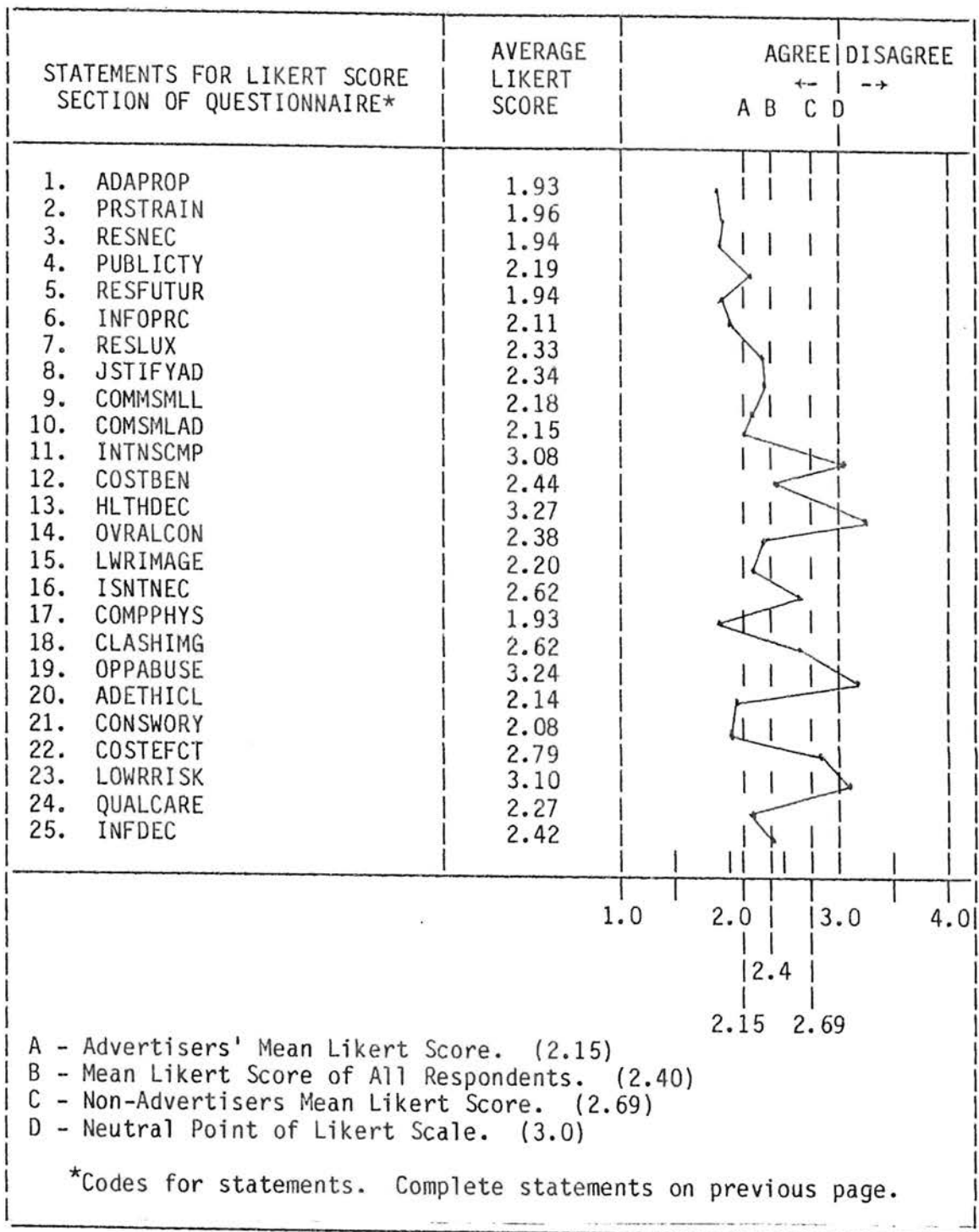
Source: Valerie A. Zeithaml, "How Consumer Evaluation Processes Differ Between Goods and Services," Proceedings Series, American Marketing Association (Chicago, Illinois, 1981), p. 186.

Figure 1. Continuum of Evaluation for Different Products

1. Advertising is an appropriate practice for hospitals.
2. I feel that the use of staff and personnel training can be considered potential advertising information.
3. Conducting marketing research is a necessary and fundamental step for the creation of advertising.
4. Publicity is the only type of promotion that is right for institutions such as hospitals.
5. Marketing research would help us in meeting the future needs of our community.
6. The use of information-type ads as opposed to price-type ads is more appropriate for hospitals.
7. Conducting marketing research is more of a luxury - it is nice but not necessary for this hospital.
8. I feel that I can justify the money spent on advertising to our donors and our potential donors.
9. The community this hospital serves is too small to justify marketing research.
10. The community we serve is too small to justify our use of advertising.
11. Advertising will intensify competition and, thereby, improve patient care.
12. The cost of advertising exceeds the benefits gained by using it.
13. Health care decisions are too important for consumers to make advertising their major source of information.
14. Though advertising could be abused by many health care institutions, overall its contribution will be positive.
15. Advertising does not lower the image of a hospital in the consumer's mind.
16. The use of advertising really is not necessary for most hospitals.
17. A hospital can advertise and still be considered competent by physicians and consumers.
18. The image of advertising and the image of hospitals tend to clash.
19. There is a great opportunity for abuse of advertising when used by hospitals.
20. I consider the use of advertising by hospitals to be an ethical, progressive practice.
21. If this hospital advertises, consumers will tend to think that we are not as competent as another hospital.
22. Advertising could allow the health care industry to become more cost effective.
23. Advertising by hospitals could lower the risks that consumers associate with choices in medical services.
24. The use of advertising to gain customers is inconsistent with delivery of quality patient care.
25. Advertising will allow consumers to make more informed decisions given their health care choices.

Part A

Figure 2. Comparison of Likert Means



Part B

Figure 2. (Continued)