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Innovation Study on Commercial Brand Marketing Mode-Take Shanghai Yixin Medical Co., Ltd. for Instance

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Abstract: Brand is the life of an organization. Managers of Chinese private hospitals as a whole lack the concept of managing modern hospitals, management experience of operating modern hospitals as well as systematic promotion consciousness of hospital brand and long-term brand strategy thought. Empirical study on brand marketing management of Shanghai Yixin Medical Co., Ltd. is taken from the view point of brand capital analysis, popularity evaluation, straight universal cognition, brand loyalty evaluation and market situation evaluation, etc. Based on SWOT analysis, innovation strategy of commercial brand marketing mode for Shanghai Yixin Medical Co., Ltd. is proposed and includes service product strategy, 3C strategy, price strategy and channel strategy, etc.

Key words: Private hospital, brand marketing, commercial mode innovation

INTRODUCTION

With deepened promotion of the reform, the hospitals are classified into state-owned hospitals and private hospitals. Main medical institutions still are 70,000 state-owned hospitals in China while there are about 4,000 private hospitals in current China. Seen from distribution in China, development of private hospitals is closely related to local social, economic and cultural development, with large private hospitals mainly distributed in the developed regions like Beijing, Tianjin, Tangshan, Yangtze River delta and Chu Chiang delta. Seen from the quantity, Sichuan covers the most private hospitals. According to health statistics of Sichuan in 2009, 150 private hospitals established in Sichuan totally take up 12.9% shares in total hospitals in Sichuan; then is Guangdong and Zhejiang. Seen from scale, the largest hospitals are distributed in Fuzhou city of Fujian Province, Shanghai city and Taizhou city of Zhejiang province. All of them have 80 beds at least; In contrast, private hospitals in the middle and western China only get 40 beds. Seen from market share, private hospitals in Shanghai earn less than 1% income of state-owned hospitals in 2012, private hospitals in Shenzhen take up less than 5% medical market share and private hospitals in Taizhou city of Zhejiang province outpatient service and inpatient leaving the hospitals only take up 3.5 and 4.2% of that of state-owned hospitals, respectively.

In recent years, national policy trends to encourage private hospital establishment, private hospitals have

become a hot topic in theory field and practice field. Chen (2006) thought that, with increasingly deepened reform of medical health system, only by improvement of comprehensive competitiveness and creation of brand seizing the market can the private hospitals make a success in furious market competition (Zhuang *et al.*, 2005). Main paths include: Specify operation concept and operation strategy; bear the task according to regional location and regional advantages, make precise market-positioning and precise positioning among comprehensive department, special department, special illness, large integrated and small special department and small integrated and large special department; transfer market adaption to market expansion; set up competition consciousness and marketing consciousness, operate the brand products and create a brand, expand and seize the market. Zhuang *et al.* (2007) considered that, due to increasingly deepening of medical health system reform and marketization of external hospital environment, the hospitals started to enter in the market with competition mechanism and brand operation management mode of the hospitals is transferred from “policy-depending” to “market-oriented” gradually and more and more private hospitals admit the concept of brand marketing. Hao (2008) thought that, private hospitals are the reflection of social demands rather than the products of systematic innovation. Private hospitals have no other competition advantages besides property system (Chen, 2009). The sole solution to quicken the development and be the outstanding hospitals is making strategic target suitable

for hospital development according to their own characteristics with innovative thought and adapting to environment positively.

This study holds the idea that private hospitals in China must accelerate system and mechanism innovation and establish hospital branding strategy so as to adapt to social development and meet social demands of the patients.

EMPIRICAL STUDY ON BRAND MARKETING OF SHANGHAI YIXIN MEDICAL CO., LTD.

Analysis on brand capitals: Shanghai Yixin Medical Co., Ltd., established six private hospitals including Shanghai Friendly Hospital, Shanghai Dushi Gynaecological Hospital and Shanghai Mingzhu Hospital, whose sales turnover is increased year by year. The company starts to establish Specialized Hospital with Huafu Brand in 2010 (Li *et al.*, 2006). Four Huafu Hospitals took three years to achieve the same profit that six private hospitals took five years. Therefore, Huafu Hospital brand is the very property of private hospitals affiliated to Shanghai Yixin Medical Co., Ltd., referring to Fig. 1.

Popularity evaluation: Charity Hospital is the supreme first-choice. 34.5% respondents considered Charity Hospital as their first choice while only 1.5% respondents mentioned Huafu when they are asked about popularity of hospital, so Huafu Hospital failed to leave a deep impression of the mass in terms of popularity without reference and brand popularity, details referring to Fig. 2.

Cognition for universal quality: Huafu Hospital obtained a good opinion of the customers generally and only one respondent considered it “not good”, 74% respondents thought Huafu Hospital “very good” and “better”, including 18% respondents made the highest evaluation for Huafu Hospital which indicated that Huafu Hospital had left a good impression for the customers (Fig. 3).

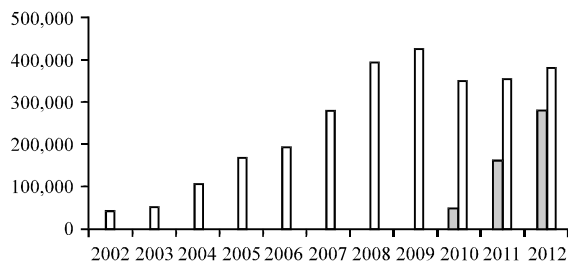


Fig. 1: Profit comparison of brand private hospital and no-brand private hospital. Green is symbolic of huafu brand hospital; red is symbolic of no-brand hospital

Quality cognition: The investigations indicated that quality, price and hospital facilities get the higher scores than the other factors and become the three most important factors in selecting hospital of the customers. Price is the key factor with the greatest attention besides quality and the factor that is easy to judge, so price has influenced decision-making in selecting the hospitals. Moreover, credit quality is another important factor. Thus, price is the only problem existing in Huafu Hospital and its expensive image has influenced the decision making and especially for the patients who has never contacted with Huafu Hospital (Fig. 4).

Brand loyalty evaluation: Table 1 indicates that the patients treated in Huafu Hospital and the patients planning to treat in Huafu Hospital are willing to pay the premium for treatment when they have spent 10,000 yuan. 28% customers agree to pay 500 yuan and 501-1,000 yuan, 20% agree to 1,001-1,500 yuan and 5% agree to 1,500 yuan or more for therapy in Huafu Hospital, for they pay special attention to therapy effect and brand of Huafu Hospital. Of course, 13% customers are unwilling to pay more for their focus on price, or rate of performance and price.

Huafu Hospital possesses a great many potential users and loyal users, so Huafu Hospital still keep rapid development (Fig. 5).

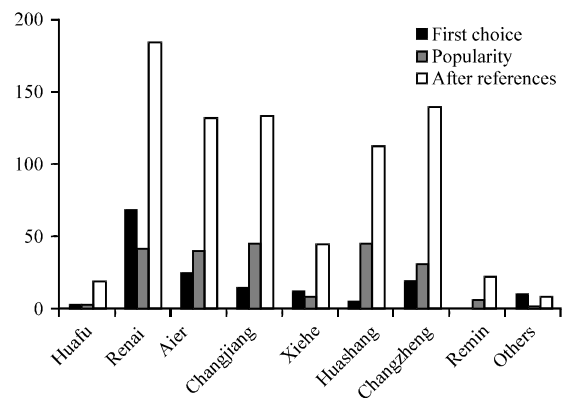


Fig. 2: Popularity evaluation of huafu hospital

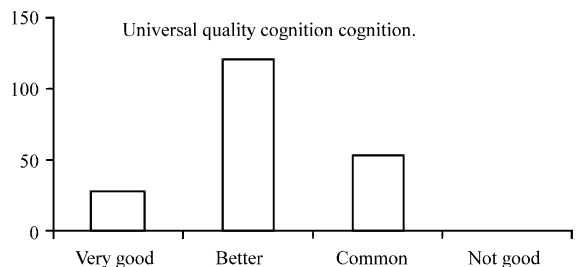


Fig. 3: Universal quality cognition of huafu hospital

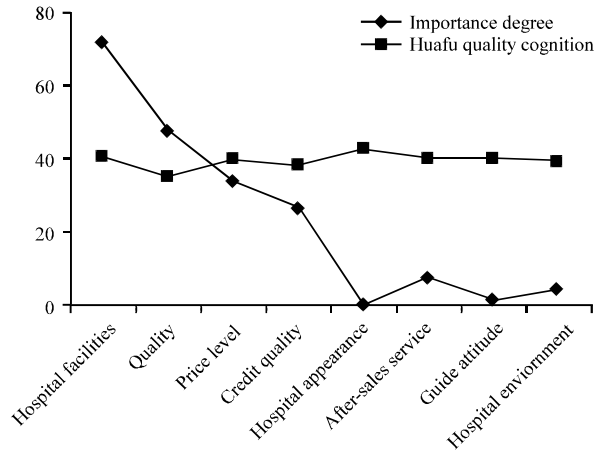


Fig. 4: Huafu quality cognition

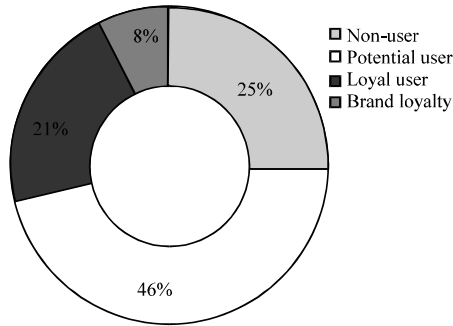


Fig. 5: Brand loyalty

Table 1: Premium of the commodity

	Treated in Huafu	Plan to treat in Huafu
Unwilling	5	6
Within 500 yuan	11	12
501-1,000 yuan	13	10
1,001-1,500 yuan	8	6
Above 1,500 yuan	2	1
Total	39	35

Market situation evaluation: Only 4% patients go to Huafu hospital, 31% to Charity Hospital, 16% to Union Hospital and 14% to Aier Hospital in Shanghai Market. Reputation, influence and popularity of Huafu brand have been effected greatly and its market shares shall be improved further (Fig. 6).

SWTO ANALYSIS ON BRAND MARKETING MANAGEMENT OF SHANGHAI YIXIN MEDICAL CO., LTD.

Advantages: Private hospitals affiliated to Shanghai Yixin Medical Co., Ltd. are advantageous in technology,

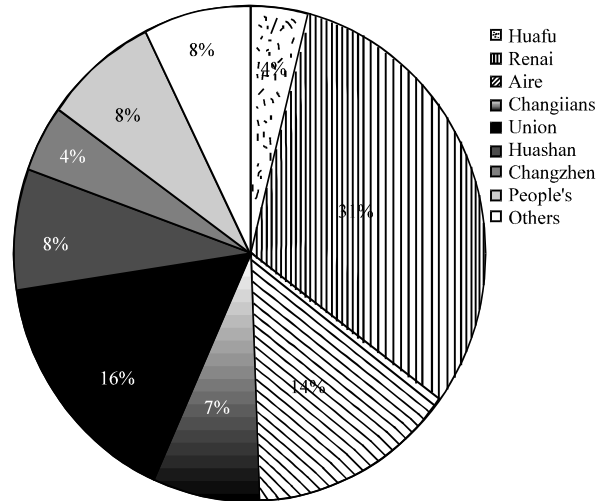


Fig. 6: Market shares

facilities, therapy, entity and therapy effect. No matter Huafu hospitals and no-brand hospitals, all private hospitals affiliated to Shanghai Yixin medical Co., Ltd. are equipped with advanced equipments, advanced diagnostic technique in China, innovative comprehensive therapy and entity, so their therapy can take significant effect and obtain high reputation in the patients going to private hospitals affiliated to Shanghai Yixin Medical Co., Ltd. as well as a great many loyal consumers.

Disadvantages: Huafu hospitals are still at the primary stage of the development, with the brand obtaining lower popularity than the large brand like Charity and Aier which are developed earlier. Skin specialized hospital is the sole system that Huafu brand of Shanghai Yixin Medical Co., Ltd. has not established. Popularity, reputation and influence of the brand are not shaped yet.

Private hospitals cannot have the same social credibility as public hospitals. Most patients trust in comprehensive state-owned hospitals rather than private specialized hospitals. Compared to state-owned hospitals, private hospitals is disadvantageous in drug price management, medical flow management and medical logistics service management, etc.

Chance: Firstly, with establishment of new medical reform scheme, private hospitals enjoy the same right as the state-owned hospitals in terms of listed insurance institution, scientific research proposal and professional title appraisal. Secondly, private hospitals affiliated to Shanghai Yixin Medical Co., Ltd. are gradually transiting to brand marketing and start to form primary influence of Huafu brand in Shanghai and around Shanghai. Shanghai

Yixin Medical Co., Ltd. plans to invest in main large cities of China to establish private hospitals of Huaifu brand and accordingly shape into a national medical network. Thirdly, brand hospitals affiliated to Shanghai Yixin Medical Co., Ltd. can become the listed insurance institution relying on their comfortable hospital environment and excellent hospital facilities, so the patients of the private hospitals can also use their medical insurance card to pay drug fee and improve the situation of high price in the private hospitals.

Threat: Firstly, Charity and Aier *et al.* have established strong brand effect earlier and been known to every patient in private hospital industry. On the other hand, comprehensive state-owned hospitals are still the first choice of the patients and private hospitals affiliated to Shanghai Yixin Medical Co., Ltd. cannot be compared with the state-owned hospitals in terms of scale and credit. Secondly, economic strength and brand influence of private hospitals have been weakened and private hospitals cannot afford medical disputes. Thirdly, the masses have the shadow for medical price of the private hospitals, service attitude while medical visit, ugliness in the medical process and after-therapy service, etc.

COMMERCIAL MODE INNOVATION STRATEGY OF BRAND MARKETING OF SHANGHAI YIXIN MEDICAL CO., LTD.

Promote service product strategy: Firstly, insist in the way of constructing brand private hospital and establishing Huaifu brand hospitals in the main cities at the same time of gradually establishing related brand of Huaifu hospitals, like Huaifu Nursing Home and Huaifu Mess Hall, etc., meanwhile establishing Huaifu Clinics in the rural area. Secondly, private hospitals shall offer both good therapy and more extra service for the patients, such as online condition consultation, appointment making, guide service and magazines for common medical knowledge, etc.

Establish 3C strategy: Firstly, adopt CI strategy, including MI (company mental identification), BI (company behavior identification) and VI (company visual identification). Establishment of comprehensive CI strategy is the basis of establishing unique company operation concept and company culture as well as their communication in the market and in public. VI is an effective method of market communication to establish company brand and it takes an active and important effect of promoting product sales and acceptance in the market. However, company name “Yixin” and the company logo

fail to express the image of the company. Shanghai Yixin Medical Co., Ltd. shall possess a vivid company logo used in sales and management as well as production. Secondly, adopt CS strategy (Lin, 2010). Operation activities of the private hospitals shall consider customers satisfaction as the guide, take customers demands into consideration from the view point of the customers to respect and maintain the customers interest rather than the enterprise’s interest and opinion. Shanghai Yixin Medical Co., Ltd. (Yu, 2006) shall strengthen patient satisfaction strategy and civilize service idea of medical staff. Thirdly, adopt CC strategy. Cultural strategy includes comprehensive organization culture, brand culture and management culture meeting the demand for development, etc. The core of all competitions is rooted in cultural completion. Shanghai Yixin Medical Co., Ltd. ought to shape core value idea of the private hospitals and promote universal approval for core value by the interior employees and wide patients; Uniform advertising, fitness, furnishing and publicity of the company image.

Establish price strategy: Firstly, fix the price according to economic condition of the patients. Charge shall be ordered at the first grade while offering high-end service for the rich patients; charge ordered at the third grade while offering middle-end service for the common patients and charge ordered at the lowest grade, i.e., the fourth grade while offering low-end service for the poor patients. But therapy charge must be higher for whosoever treated in the hospitals. Otherwise, the hospitals cannot guarantee their profits. Secondly, fix the price as per development state of the hospitals. The first three months is the market introduction stage of the hospitals, when the hospitals shall make the preferential price and give different discounts for different items (Li, 2005). The fourth month of entering in the market is the development stage of the hospitals, when the hospitals shall gradually reduce the discounts for the items one by one and restore to the normal charge at the beginning of the seventh month; The hospitals shall make preferential price periodically when they enter into the mature stage after operating for three years. At the fourth year, the hospitals shall return the society another preferential stage. Thirdly, fix the price according with department type. Take modern physical therapy for instance, pricing differs in the different departments in the order of medical cosmetology>ophthalmology>specialized department (like department of infertility and sterility)>department of andrology>department of gynecology>department of surgery>department of ophthalmology and otorhinolaryngology>dermatology department>

department of internal medicine>department combined TCM with western medicine>department of TCM>department of pediatrics. In addition, the hospitals shall fix a lower price for oral drug and drug for external use than the retail price in the market; injection drug can be higher properly; assistant check and operation charge lower than that in state-owned hospital while therapy charge can be properly higher.

Establish channel strategy: Firstly, strengthen management and control for current distribution network (private hospitals affiliated to Shanghai Yixin Medical Co., Ltd.), perfect and standardize operation of existing websites, strengthen the capacity of expanding the market on the basis of maintaining current patients so as to stably improve regional sales amount and market shares (Li, 2009). Secondly, quicken establishment of distribution network and keep expanding of private hospitals affiliated, establish a complete distribution network for a larger market share and greater sales amount of the company under the precondition of fully understanding market development. Thirdly, take chain operation method of brand chain into consideration, create high quality brand of Huafu and make good use of brand resources to reduce the company investment and enlarge brand influence.

CONCLUSION

Managers of Chinese private hospitals lack the concept of managing modern hospitals, management experience of operating modern hospitals as well as systematic promotion consciousness of hospital brand and long-term brand strategy thought. They fail to recognize their own advantages and disadvantages as well as environmental change, development and threat. Instead, they are eager for quick success and instant benefit, focus on short term profit and neglect long term strategic development. It has an important significance on sustainable development of private hospitals to learn from advanced management experience and strengthen strategic management of private hospitals.

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