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Review Article

Customer relationship management (CRM) towards service orientation in hospitals: A review

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ABSTRACT

Customer relationship management (CRM) is significant for hospital services as it has been for any other businesses. A hospital helps in restoring and maintaining the health of the people. In healthcare facilities, CRM practices are mainly patient focused strategies which involve a combination of patient interaction and management of hospital interface which is effective. A CRM system is an innovative technology which makes the process of acquiring, developing and maintaining relationships with customers more effective and efficient. The benefits of CRM could be improved customer service, reduction in cost and better retention of clients.

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1. Introduction

Service in healthcare can be defined as a benefit which is intangible, and it cannot be physically viewed, felt, counted, touched or measured like other manufactured goods.¹ As the healthcare service is intangible, service quality depends on the customer, service process and service provider interactions. At times, it becomes difficult to provide the same service which can differ between customers, producers, time and places. This kind of heterogeneity may occur due to different types of professionals (such as nurses, doctors and physicians) delivery services to the patients having different kinds of varying needs. Services in the healthcare sector are produced and consumed simultaneously, and they cannot be stored to consume later. There are two other contributing factors, which are service delivery process and service provider interactions. It makes the

control of service quality difficult, as the patient is not able to judge the quality before consumption and purchase.²

2. What is service orientation?

Service orientation means to give a direction of the products and services an organization has to offer towards customer's welfare.³ With the consumers gaining more and more control and having a variety of choices in the healthcare industry, service orientation towards consumers is more important than ever. Many scholars think that service-oriented culture is a must in today's time for a successful organization.⁴ The aim of service orientation is to provide comprehensive and professional service items to the consumers. Service orientation helps in building customer-centric operations and also develops competitive advantages, hence improving the

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performance of the company and customer value. Also, the research conducted by scholars found out that customer-oriented companies can increase the value and customer satisfaction by meeting the expected demands of the customers and also by providing high-quality service. Service orientation can be conceptualized at three levels as strategic, individual and organizational.⁴ The individual level is concerned about whether an employee is more service-oriented as compared to the other staff members. Hogan et al.⁵ in 1984 defined service orientation as 'the disposition to be helpful, thoughtful, considerate and cooperative.'

The strategic level is business strategy related. Wu et al.⁶ stated that service-oriented companies are capable of actively providing professional and complete services to consumers throughout the whole service process. Homburg et al.⁷ even proposed that service orientation should be defined regarding three dimensions: (a) number of services being offered, (b) to how many customers these services are provided to and (c) how strongly these services are emphasized.⁴

The organizational level refers to whether the organization establishes and delivers excellent service and how it develops quality constructs. The organizational level differs from the strategic level in the sense that organizational level looks at establishing and planning processes whereas the strategic level mainly looks at how these services are being provided to the customers. Lytle & Timmerman⁸ defined service orientation as when organization's plan, pro-actively engage in, and reward service giving practices, processes and procedures that reflect the belief that service significantly affects the creation of superior value and excellent services.⁴

3. What is CRM?

Customer relationship management (CRM) is a combination of processes, people and technology that is seeking to understand the customers of the company.⁹ Today some definitions are available for CRM. According to Bose, CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction. More specifically, CRM involves acquisitions analysis and use of knowledge about customers to sell more goods or services and to do it more efficiently¹⁰ whereas Gartner¹⁰ defined CRM as a broad term and widely implemented a strategy for managing interactions with customers which involve using technology to automate, organize and synchronize business process – principally customer service, sales activities and marketing.

It is an approach which is integrated into nature and looks to manage relationships by focussing on relationship development and customer retention. Companies which are successful in implementing CRM will achieve long-run profitability and customer loyalty. To successfully manage, CRM implementation requires a balanced and integrated approach to technology.⁹

4. CRM in private hospital services

CRM which has had an important significance for businesses is also crucial for private hospital services. A hospital restores

and maintains the health of the patients. Preventive health-care, care of injured and sick people, training of medical and paramedical staff and health research are the general functions of a hospital. CRM is a management strategy that unites information technology like ERP with marketing for delivering better services. ERP stands for Enterprise Resource Planning. ERP is a software for business process management that helps the organization to use a system of the integrated application so as to manage their business and automate various functions related to services, technology and human resources.¹¹ These systems are complex information systems, and implementation can be high cost and difficult. CRM in private healthcare services includes communication services, strategic planning, database construction, consulting services, predictive segmentation, campaign management and communication strategies. CRM systems enable the company to gather and also constantly generate customer knowledge.

5. Role of ICTs

Since the last ten years, the focus on service across socioeconomic sectors coupled with transformational developments in ICTs has been increasing. The value of ICT to organizations involved in the service sectors has been recognized. ICTs are technological tools in the process of service delivery, which plays an important role to achieve efficiency and productivity. ICTs can also lead to new markets over time.¹² ICTs combine with resources such as knowledge and skills to help information to be repackaged and transported in various contexts to generate opportunities for innovation and service exchange.

6. Differences between CRM in public and private healthcare

There are major differences between the CRM in the public and private healthcare.

- 1) In public healthcare, there is no competition, and it is the responsibility of the government to provide healthcare services to their citizens whereas, in private healthcare, hospitals compete with other private hospitals to provide better services to patients.
- 2) Public sector deals with a large volume of patients, millions and billions whereas private sector deals with a relatively small volume, as only people having good money can afford these hospitals.
- 3) In public sector, there are huge numbers of heterogeneous services/uncontrollable due to political decision making; in private there are homogeneous/controllable quantities.
- 4) One size fits all approach is used in public sector whereas more of a personalized approach is employed in the industry.
- 5) There is a lack of human resources and also salaries are poor as compared to the private sector.
- 6) The healthcare services provided by public sector are not for profit whereas the private sector works towards profit orientation and maximizing the shareholder value.¹³

The literature of CRM recognizes the long run value of current as well as the potential customers. Marketing activities which are directed towards maintaining, developing and enhancing good CRM often result in increased profits, revenues and shareholder values. The inputs of CRM should be majorly considered in decision making regarding the organizational capabilities development, resource allocation and also the management of value creation. The CRM is now deemed to be an integral part of the company strategy.¹⁴ CRM has attracted the attention of scholars and practitioners. Customer-centric strategies, tools, programs and technology are being adopted by more and more companies for effective and efficient CRM.¹⁵ CRM is an extensive approach which looks to maximize the relationship with all their customers, suppliers and distribution channels. Customer-centric business strategy and data mining techniques help the organization to get to know the client and also consistently offer more services and products for improved customer loyalty and retention over a longer period. Peppers and Rogers¹⁶ referred to this as maximizing lifetime “customer share”, hence resulting in customer profitability and conservation.

7. CRM strategies

These could be defensive and offensive strategies. A defensive strategy focuses on existing customers and building relationships with them for long durations whereas an offensive strategy focuses on acquiring a new market share, customers and leaving behind their competitors. The two methods are different in nature (Fig. 1), and it is for the organization to decide which one is suitable for them.

8. Analytical customer knowledge acquisition

It has become imperative to develop tools which can provide essential knowledge to analyze the data collected about customers. Xu and Walton¹⁷ used the model shown below

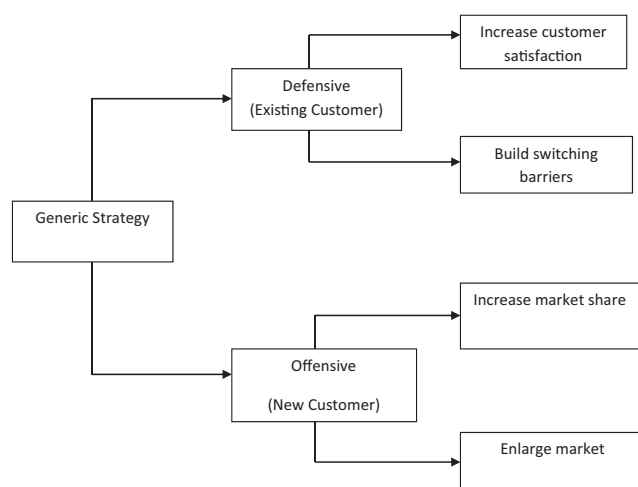


Fig. 1 – Defensive vs. offensive strategies.

Source: Adapted from Peelen.²⁰

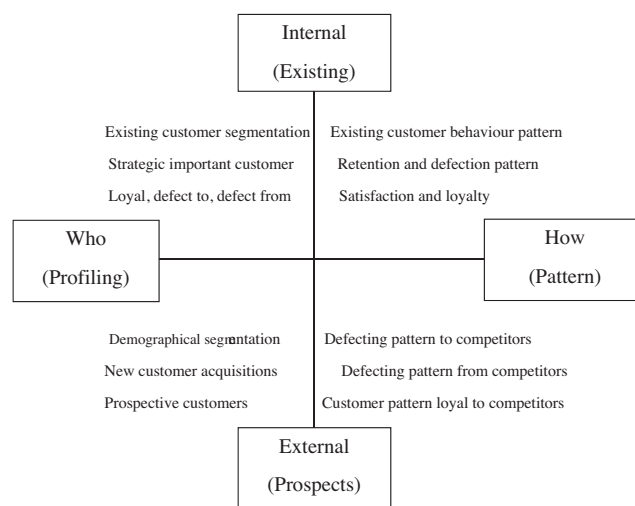


Fig. 2 – Analytical customer knowledge acquisition.

Source: Xu and Walton.¹⁷

so as to classify the segments in which knowledge needs to be attained (Fig. 2).

9. Overview of the healthcare industry in India

There are two types of healthcare sectors in India, public sector and the private sector. The public sector healthcare services, known as government hospitals, are taken care of by the administration, and the patients do not have to pay for the services provided whereas, in private sector, the patient themselves or through medical insurance have to pay for the services rendered. It is often argued that private sector healthcare in developing countries be more accountable, sustainable and efficient as compared to the public sector.¹⁸ Most of the newer advanced surgeries such as laparoscopic, arthroscopic and elective surgeries like replacements are usually not covered in government set-up due to patient overload and lack of funding whereas these procedures are performed routinely in the private set-up. Life-saving surgeries and trauma take priority in the government sector. The critics of the private sector believe that only rich and upper class can afford the private services whereas public services are beneficial for the poor people. As health has become the top priority for all human beings, healthcare industry in India can be seen as an emerging industry. Each and every citizen of India is becoming more and more health conscious leading to the requirement of healthcare of top quality. The national average of the proportion of household in the higher middle class and even in the middle class income groups has seen an increase to 20% in 1996 and 38% in 2012 from 14% in 1990. Private insurance is seen to be the driving force of the healthcare revenues. The worth of the Indian healthcare industry is around 1 billion pounds today, and it is expected that it will grow by around 13–15% annually.¹⁹ The Indian healthcare industry is on a steady and strong growth curve with a huge scope for investing in the multi-speciality hospitals, installation of the advanced technology and also the expansion of the existing facilities in recent times.

Private healthcare is becoming one of the fastest growing sectors in India with the major private hospitals like Apollo Hospitals expanding its chain into various cities of the country. Healthcare marketing has passed its earliest stage of development and is now developing its character. There is an obvious need for hospital management to have a sense of basic understanding of healthcare marketing concepts. The survival of the corporate hospitals will depend on the ability of the hospitals to respond to the needs and expectations of the patients through innovation and quality services more efficiently and effectively, hence aiming at customer satisfaction which is the main goal of the marketing philosophy. In today's private healthcare marketing in India, there is much competition to attract the attention of patients in all fronts. The main objective of these private hospitals is not only to provide the specialized services more efficiently but also to maintain the overall quality of services provided.¹⁹

10. Campaign management and response analysis

Different types of campaigns including Doctors day, blood donor day, etc. are organized, and customized emails are also sent to the clients. Status of the campaigns is sub-divided and placed into three categories – completed, suspended and inactive.

11. Suggestions and conclusions

The quality of treatment is the prime factor for patients to choose the hospital for their treatment. Hence, the management must ensure that they recruit talented doctors and put effort to sustain the quality of physicians so as to improve customer retention. The management team can provide free transportation services to the hospital so as to increase the convenience factor for the patients. They can also provide free camps where the emphasis is on making a relationship with new unexplored clients. The management can slowly shift from conventional methods to technology related services by adopting technology like ICT. ICT leads the organization to huge cost savings. The complaint handling system can also be improved, like a full compensation should be provided by the hospital to the customer in case there is a certain fault on the hospital's part. Feedback taken by the clients must be seriously analyzed and quick necessary action must be made by the authorities to enhance the effectiveness of the services provided. To improve the interaction between patients and the doctor, the doctor must genuinely demonstrate concern for the patient. All the staff members including the doctors must show sympathy and care towards the patients, and patients must feel that they truly care. However, this may not be an easy task for the staff members considering the number of misfortunes they see in everyday life. The biggest misfortune that can happen in a hospital is a loss of a patient's life. At times, the condition of the patient is so critical that even after doctors and staff members trying the best to save the patient are unable to do so. It can also have a setback on the mindset of the physicians and staff members.

Training to the employees must be given by professionals from across the world on relationship building and to teach the latest and advanced know-how in the healthcare industry. Any changes made by the management so as to provide the services in a better way must be clearly and promptly conveyed to all staff members. Information must be stored safely and securely at every interaction with the customer so as to generate a wider customer view. It is also important to make a note of what things went wrong and not according to the plan, as it is important to learn from the previous mistakes and ensure that they do not get repeated the next time. The importance of taking the opinions of the staff members is crucial when deploying a system because at times they can provide a very good idea which could improve service orientation.

12. Conclusion

To be successful and popular, every hospital has to put in hard work in maintaining relationships with customers and to provide enhanced customer experience. Even though the concept of CRM is new for the private healthcare sector in developing country like India but the hospitals are trying hard to gain knowledge about CRM and to promote CRM towards service orientation. The information about the customer can be taken out any time and reviewed quickly using CRM. It helps to make the organization more efficient as a staff member who has recently joined or does not have information about that particular customer can easily extract their information and read up. The patient's rights to privacy and confidentiality of care and information are respected. The quality of services provided is the major factor to attract customer and then promoting CRM towards service orientation adds to it. Till the services rendered do not meet the customer expectations in this competitive environment, CRM alone cannot make the customers happy.

Conflicts of interest

The authors have none to declare.

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