

# The real NHS:

the benefits of a  
marketing approach



Spring 2008



## Contents

### **The real NHS: the benefits of a marketing approach**

- 3** Introduction
- 7** Exploring the issues
- 13** Why is marketing good for the NHS?
- 23** Conclusion
- 27** Sources
- 27** NHS advisory group
- 28** Courses

# 1. Introduction

In November 2006 the National Health Service's new marketing code was issued. This was the first explicit sign that the NHS really was breaking entirely new ground in engaging with the practices of the marketplace, and that the long-proposed ideal of a patient-led service was underway.

Central to the patient-led approach is the need to remain true to the founding values of the Health Service. The future of the NHS is therefore one of customer-managed relationships – a world where the service user is the person making the key choices about what is appropriate for them.

This is a significant change in orientation for the organisation, and one that requires four major steps to be taken if it is to become a reality.

- The NHS must ensure that it listens to its customers and

provides its services where they are needed and when they are needed (where this does not conflict with clinical judgement). A process should be put into place to capture and exploit customer insights.

- True choice only comes with knowledge of all the possibilities and their alternatives. Customers of the National Health Service need a constant and meaningful supply of accessible information; providing this information to each and every customer is therefore essential for a patient-led service.
- Neither of the first two steps will lead anywhere unless NHS employees are helped to understand what a patient-led service will mean in practice and what their part will be in its delivery. New customer-focused skills

and competencies need to be developed and embedded.

- The development of a commercial orientation will be an essential element of creating a successful Health Service for the future. It is therefore vital that health trusts begin to recruit staff with appropriate commercial skills who will deliver the vision and begin to develop the next generation of health service commercial specialists.

Implicit in the vision of becoming a patient-led service is recognition of the fact that the initial challenges that must be overcome are marketing challenges. For the NHS to become patient-led it must first become marketing-led.

The benefits of marketing are many for the National Health Service. Marketing is not about a few advertisements in the local or regional press: it is about understanding markets and identifying where value can be added. Marketing is about

communication, both with those within the organisation and those outside. Perhaps most importantly of all, it is about measuring the effectiveness of the value delivered. Marketing can help the NHS to re-establish contact with its founding values.

***The future of the NHS is one of customer managed relationships***

Used effectively, marketing will reduce costs by enabling healthcare providers to segment their customers, breaking them down into smaller groups with more clearly identifiable needs, in order to allocate spend where it is needed whilst cutting out unnecessary expense. It will give patients a role to play in the development of the services aimed at them. The patient with choice is an economically important player who will not be slow to point out what he or she expects of the service provider – and it is the role of the marketer

to listen. As a result, the age of the passive patient is nearly at an end.

Contrary to widely-held opinion, marketing in the NHS is not simply about advertising or selling the service: it is about developing that service in the first place, then, by absorbing constant feedback from the marketplace, continuing to ensure the service is fit for purpose and is actually what patients want.

This new world is coming about because of a clear and coherent government policy, articulated in the NHS Improvement Plan of June 2004<sup>1</sup>. This is not a case of grasping marketers forcing themselves onto unwilling trusts.

Rather, it is a case of professional managers accepting the realities of what this policy shift would bring – the creation of a far more competitive operating environment than they have ever known – and then sourcing the skills they will need to maintain or improve their competitive position in this changed scenario.

When patients come to understand what a marketing-led approach actually means for them, they may come to see it not only as the time when patients found their true voice, but, more pertinently, the time when they discovered someone within the NHS was actually listening to them.

## 2. Exploring the issues

Baroness Cumberlege, Parliamentary Under-Secretary of State at the Department of Health, stated as long ago as 1993:

*"We are marketing three things in the health business – change, health and services."*  
(Quoted by Owens and McGill)

Owens and McGill went on to explore why it is that successful organisations concentrate on serving the needs of customers in a chapter entitled *Putting Patients First*, which was not very far removed from the current initiative for a patient-led NHS. Six rules of marketing within the NHS, developed by Brian Edwards, at that time the General Manager of Trent Regional Health Authority, were proposed:

1. Make it easy for GPs to access your services whether they are fundholders or not.

2. Set standards or make service promises and be certain you can deliver them.
3. Go hunting for people with complaints and reward staff who uncover them. A satisfied complainant becomes your strongest advocate and best long-term customer.
4. Talk about your successes. Show your pride. It does wonders for staff morale.
5. Invest in your staff because that is the way to win. Your staff can undermine any corporate image you may generate in a flash.
6. Keep checking your customer's perspective. The needs of patients change as does their image of us.

The wisdom of these rules would seem self-evident and non-contentious to seasoned marketers. Yet there is clear

resistance to the very idea that the NHS offers a suitable environment for marketing practice, as evidenced by General Practitioner Margaret McCartney in the *Financial Times* article *More medicine, less marketing*<sup>iii</sup>

"Successful marketing sustains, broadens or deepens its markets. Good medical care does not do this. Good medical care instead works by talking, listening, examining, diagnosing, assessing risks and benefits, and making decisions on doing something or nothing or planning a later reassessment."

To which the successful marketer might well respond – "And what's so wrong with that?" They might even claim that "talking, listening, examining, diagnosing and assessing risks and benefits", far from being the exclusive preserve of the medic, are central parts of the marketing planning process too.

Clearly there is either a fundamental misunderstanding,

or a lack of appreciation, amongst some of the elements of the health services community of what marketing is and what

***Are the disciplines of marketing and medicine really so polarised that well executed and effectively delivered marketing cannot deliver value to the Health Service?***

it's there to do. There are many broadly similar definitions of 'marketing', but in a health service context the definition set out below has much to commend it:

*A management process for understanding markets, for quantifying the value required by the different customer groups in these markets, for communicating this to everyone in the organisation and for measuring the effectiveness of the actual value delivered.*

Are the two disciplines of marketing and medicine really so polarised that marketing, well executed and effectively delivered, cannot deliver value to the Health Service marketplace? In the commercial world markets need to be sustained, and the very existence of market forces reveals often unpalatable truths and allows them to be confronted in a way that avoids stagnation and encourages the adoption of innovative approaches to problems. Why should this be an anathema to the National Health Service?

In order to understand the issues more clearly The Chartered Institute of Marketing held a round table forum at its Moor Hall headquarters, inviting along senior marketing, communications and commercial managers from a variety of NHS trusts.

The key areas for exploration were:

- How marketing cultures come into existence.
- Building and cultivating awareness of marketing.

- The division between social and commercial marketing.
- The need for policy-driven guidance informed by a clear political agenda.
- How marketing success might be measured in the Health Service context.

The session began with an exploration of what would appear to be the central problem for marketers within the NHS context, the extent to which 'marketing' is accepted and the perception amongst employees of marketing's role. Margaret McCartney is certainly not alone in fundamentally misunderstanding the role of marketing and the benefits it can deliver. She speaks of "glib, meaningless statements" and paints a picture of an organisation "shattered into pieces and forced to waste its resources to compete with itself"<sup>iv</sup>. The Unions too are not slow to join in: "The very idea that hospitals should spend taxpayers' money on advertising for patients instead of treating patients is ridiculous" states Karen Jennings, Head of Health

at the public services union Unison, again seemingly betraying a lack of understanding of what marketing is actually about<sup>v</sup>.

Are these the views of neo-Luddites who need to be shown the light, or are they vital stakeholders who need to be embraced? However the views are seen, they represent a broad spectrum of the organisation's employees and clearly represent a challenge for marketers within the National Health Service.

Perhaps the critics of marketing should consider the language that is already being used to put across the challenges facing the Health Service. Have they thought for a moment about precisely what a 'patient-led' service entails, about what will be involved in putting patients at the core of service delivery as active participants with views and needs of their own, rather than as passive patients, accepting what is given to them? If the 18-week patient journey were so simple, why has it never been achieved within previous structures and processes?

The problem, perhaps, is that there is no clear comprehension by many NHS staff as to what is involved from a marketing point of view, and it is easy to understand why this might be the case. Very few staff members have encountered marketing before, other than as

**Marketing has built up its own formidable vocabulary over the years, and many terms are either unfamiliar, misunderstood or carry negative connotations**

passive recipients of consumer marketing campaigns. Marketing has built up its own formidable vocabulary over the years, and many terms are either unfamiliar (segmentation, service-dominant logic etc), are misunderstood or carry negative connotations (PR, advertising etc).

It seems that the lessons of the early 1990s, when the first

tentative marketing approaches were being outlined as first-wave trusts were being rolled out, have been ignored. Back then, after a period of time, there was gradual acceptance of what marketing could deliver, alongside an active dislike of what was perceived as marketing jargon. It may very well be the case that if a marketing orientation is to be created in the current situation we need to investigate the creation of a new marketing lexicon, drawing on the experiences and expectations of staff within the health services. Above all we need to use this lexicon to demonstrate to all stakeholder groups within the NHS why marketing is needed.

Marketing in the National Health Service should focus on two key factors:

Firstly, internal marketing is needed to show clinicians and managers the benefits of the patient-led approach, and to create a more joined-up

organisation where clinicians and managers work towards a common end purpose, rather than the current situation where managers and clinicians often have conflicting agendas. Re-engineering service processes in this way could have a huge positive impact on the success of the NHS, but previous lack of marketing experience amongst Health Service professionals has made this an unattainable goal.

Secondly, marketing strategies can be used to improve quality – from the perspective of both the patient and the clinician. By implementing commercial techniques, such as pricing, market research and segmentation, hospitals, clinicians and GPs can tailor their products and services to offer the right solution in the right place at the right time. Marketing is also essential to create the kind of push/pull strategies that will send out messages to GPs and attract patients towards the trusts.

### 3. Why is marketing good for the NHS?

Few would argue that the NHS is in need of greater strategic direction, but there is little consensus as to how to implement that strategic direction successfully. Pumping in increasing amounts of money does not in itself solve the problem, and neither does a politically-led emphasis on targets because that can lead to massaging of figures and draws both clinicians and managers away from their focus on patient needs.

Firstly, a marketing-led approach can offer a strategy on where the National Health Service is, and where it needs to get to. The marketing-led approach adopted in England, where a competitive marketplace has been created, has led to dramatic falls in waiting times and the '18-week' target is

increasingly being met. Whilst arguments for and against this policy are complex, it is an indication that principles from the private sector can be employed to bring about positive change in an organisation that is often perceived as stagnating.

A more commercial approach is not about being 'divisively competitive', as those who misunderstand the nature of marketing label it. Instead, it is about adopting a more commercial approach to the budgets that do exist, to extract maximum value from them. The NHS does not tend, for example, to consider pricing strategies from a marketing perspective – instead, price is set by cost.

By changing this, for example by offering the same services at different prices at different times,

resources can be managed more effectively to create more value from them. For instance,

***By offering the right services and products, at the right time, at the right price, NHS trusts can use competitive knowledge and marketing communications to attract patients***

where theatres are rented to private practitioners the cost could be lower at times when demand is lower, or patients could be offered faster treatment if they are prepared to receive it at unsociable times. Price, in other words, is not a purely financial concept; it can be applied to any issue of exchange. It is therefore a valid idea to examine in the public sector, where many services to patients are not financially 'charged for' and the service is 'free' at the point of contact.

#### Drivers for marketing

The main drivers to stimulate the NHS to see the need for marketing are Payment by Results (PbR), 'patient choice' and competition. With primary care the drivers for marketing will be public health targets – the benefits of using social marketing techniques; for example, changes in commissioning, the potential need to promote Independent Sector Treatment Centres (ISTCs) and the general desire to meet patient needs or be referred to the local County Council Health Scrutiny Commission.

#### The value of communication

The greatest value of marketing for the NHS is that it creates a framework for effective communication. By collecting information on patients' wants and needs, trusts can more effectively offer the services and products that are required, and tailor them to individual patients.

With the average customer exposed to hundreds of

branded messages every day, the benefit of a marketing approach is that communications to all stakeholders (patients, referring GPs, the media, relatives, the government and non-governmental organisations), become clearer, more consistent and more readily available. That communication generates more positive and coherent feedback, which can be used to continue the development of the right products and services, and make them available at the right place and time.

**Patients expect to participate actively in their programme of care, and not be treated as passive recipients**

Thanks to the internet, patients increasingly have access to channels other than their GP to find out information on their condition and the treatment options. This means that patients come armed with more

knowledge about developments in clinical practice. According to the paper *Marketing in the new NHS* by Netcare, patients "expect to participate actively in their programme of care, and not be treated as passive recipients"<sup>vi</sup>. This demand for information is why organisations such as charities commit to marketing spend, and why it is now important for the NHS to do so too.

#### Patient choice

The fact that, in England, customers have a certain level of choice about where they want to be treated makes the use of marketing techniques inevitable. By offering the right services and products, at the right time, at the right 'price', NHS trusts can use competitive knowledge and marketing communications to attract patients. Without this element of commercial thinking, trusts will find patient numbers declining and this will have financial consequences. Whilst there are many arguments in favour and against patient choice (the principal flaw being that there is a difference

## the benefits of a marketing approach

between informed consent and a patient making a choice that conflicts with clinical judgement), the NHS is in need of change – and having a market helps drive that change.

**The media quickly pick up on discrepancies between regions that are then presented as 'postcode lotteries'**

Any such changes do, however, need to be considered against the fact that increased choice does not necessarily mean a better service – for example the benefits of having a centralised centre of excellence in some specialist fields far outweigh the benefits of offering increased patient choice by fragmenting services.

ISTCs attracted much local opposition when they were introduced, and the government needs to look at whether they are an effective framework for market principles to be

introduced into the NHS. Primary Care Trusts (PCTs) have to pay for the ISTCs regardless of whether any patients choose to be treated there.

#### PR – explaining rationales, not selling spin

With an organisation as large as the NHS, and one that is so squarely in the public eye, all managers (and to a certain extent clinicians) need to take personal responsibility for how the Health Service is perceived in the wider world.

One problem with changing the Service positively is that making changes unilaterally proves to be almost impossible logistically; but when regions or trusts are given the power to make changes to benefit patients, the media quickly pick up on discrepancies between regions that are then presented as 'postcode lotteries' or unfair discriminations.

We have seen this recently in the media attention on four devolved administrations 'pursuing their own agendas' and offering

different services, which are then perceived to be unfair if patients live in a region that doesn't favour their needs. For example, in England the NHS market has resulted in significant falls in waiting list times, whereas in Scotland doctors have more input into decision making with more limited input from the private sector. In Wales the Welsh Assembly has been very successful in innovative approaches, such as abolishing prescription charges, but less successful in reducing waiting times.

Recruiting managers with communications experience, and giving existing managers training in communications, will contribute to resolving such scenarios. Such managers can communicate why decisions have been made in certain ways and explain the rationale behind their decision making, whilst also demonstrating that change inevitably leads to teething problems. They must communicate the broader picture and show the long-term benefits.

### Planning and budgeting

The NHS financial year-end is in March, but budgets for the following year are not finalised until the year-end itself. In Foundation Trusts these budgets are sometimes not finalised until May. This results in planning problems where trusts do not know what their budgets will be until the financial year is underway. A commercially-run organisation needs to have its budgets finalised in advance of this – typically, next year's plan would be finalised three months before year-end.

Moving towards a more commercial approach to budgeting would help managers allocate resources more effectively and reduce the risk of deficits. Whilst political changes and elections can prevent the NHS planning as far ahead as a private company would be able to do, an improvement in budget planning is a realistic goal.

### Internal marketing

The other area where a marketing-led approach could make a key difference to improving the Health Service in the future is internal marketing.

There is much dissension between clinicians and managers about the best way to manage the NHS, and there is a certain level of mutual distrust. Internal marketing to encourage clinicians and managers to work in the same direction and create a more joined-up organisation can be achieved by emphasising the focus on the patient. Currently, it is sometimes the case that clinicians want to do their job and managers want to do theirs. By showing both groups that they are each a vital half needed to meet patients' needs, and that one half cannot do the job successfully without the other, steps could be taken to give a more strategic focus to the organisation, particularly to those clinicians who see managers as little more than an obstruction to them doing their job.

Part of achieving this will be to ensure that the managers who are in place have the respect of clinicians. This can be achieved in two ways: firstly, by recruiting managers who have commercial experience; and secondly, by giving existing managers marketing training.

The final vital element of internal marketing is to ensure that senior management both support and facilitate the implementation of marketing techniques. The reaction and support of senior management within the Health Service is essential if the momentum towards a patient-led future is to be generated and maintained.

One way to make internal marketing more successful is to create a more motivating environment for employees. All NHS employees accept that the salaries they earn are likely to be lower than they could expect in the private sector; employees accept this because they are driven by a desire to have a fulfilling job that helps society and other people. However, instead of the existing rigorous

pay structure that rewards long service rather than good work, two recommendations would be to adopt a more commercial approach where effective and efficient work is rewarded with bonuses, and to create more flexibility for good employees to be promoted within the system.

Such an approach goes without saying in the private sector, but the National Health Service currently automatically increases pay scales if an employee stays for a long period of time, regardless of the quality of work performed.

By saving money on not automatically awarding pay increases, part of the budget will be freed up to reward good work. This would do several things – it would motivate staff, which leads to better service for, and more positive feedback from, patients. It would go some way to eroding the long-termist culture of the NHS that leads to scenarios where some staff are change-resistant because they have been working in the same role for a long time, and believe that doing things the way they

have always been done is the best approach. It would also alleviate the problem of talented and skilled, but frustrated and de-motivated, practitioners or managers leaving the NHS for the private sector. This results in the loss of good staff who should have been encouraged

**One way to make internal marketing more successful is to create a more motivating environment for employees**

to stay, whilst less effective workers remain because the Health Service's profit and loss is not accountable to shareholders or customers.

Paying more competitive salaries to prevent talent leaving is not a question of asking for more money; it is merely a question of allocating existing budgets in more competitive ways. Whilst Agenda for Change has started to tackle this issue with its

competency gateways, it has not changed the situation to the degree we believe could be strongly beneficial for the NHS.

Adopting a more competitive approach can therefore be seen not as 'divisive' – instead, it highlights the need to treat public money as a precious resource that needs to earn its keep.

A business will fail without profit, but a sense of urgency of how spend is allocated is largely missing from the NHS. An increased commercial awareness would show that there is a need to generate profit, because that profit can then be ploughed back into research and development, staff productivity rewards, more equipment and resources, better

service and better treatment. This then creates a virtuous circle of profit, improving the service to patients. It has knock-on effects in terms of reducing costs – for example, in a lower number of complaints procedures and thereby reduced costs of payouts.

#### Other parts of the NHS

Most of the scenarios outlined in this paper are, by necessity of space, trust-focused and elective-care oriented. However, the underlying principles of patient-led marketing can be applied to other parts of the NHS, such as emergency provision, primary care and mental health services, where they do not conflict with duty of care.

## 4. Conclusion

It is widely accepted that the National Health Service is in need of change, but opinions differ widely on how to achieve that change in an institution so vast and complex. Marketing is not the solution to all of its problems, but it can be a key part of the required positive change:

- **Culturally**, to help clinicians and managers work more effectively towards the same goal
- **Internally**, to extract more value for the patient from existing resources
- **Externally**, to show patients the benefits of the new NHS and gain their support by showing them that decisions are made for their benefit

There is much confusion about what marketing entails in the Health Service, and many

clinicians struggle with what they perceive as 'marketing jargon'. Part of the task in showing clinicians the value of marketing is to ensure that terminology and concepts are understandable and directly relevant to the NHS. If marketers are to be accepted they need to change commonly understood 'marketing' terms to commonly understood 'NHS' terms.

Creating a 'marketing department' in health trusts is not the only answer, because it does not in itself change the culture of the organisation or generate buy-in from clinicians and managers, many of whom have little experience or understanding of what marketing is or does. The answer is to bring more marketing knowledge to all parts of the organisation and to communicate the benefits of the patient-led approach to managers and clinicians.

It would also be beneficial to create a senior marketing post in the Department of Health and in the NHS itself – interestingly, neither role currently exists. It is also important for the board, the CEO and the non-executive directors to be receptive to marketing, and this attitude is not consistent across the Health Service.

Marketing should be a popular concept in the organisation because it could move it away from financial targets and number crunching towards serving, and looking after, the patient – which is why most people join the NHS in the first place. A marketing approach could help clinicians and managers express themselves in more effective ways by using persuasive arguments when dealing with what is sometimes perceived as political interference. Marketers are 'change agents', but that process of change can only be strategic if it has broad bottom-up and top-down support. Marketing becomes merely tactical and cosmetic without that support.

The focus on patient choice creates a market, but the bottom line is that most people want their local hospitals to be good and to be able to go there for treatment. A completely free-market approach would lead to hospital closures, which is not in the interests of the patient. A marketing approach can balance such conflicting scenarios and, by understanding the market and gaining opinions and information from all stakeholders, including patients, relatives, clinicians and managers, help make the right decisions. Allowing market forces to work creates efficiencies and improves performance, with the caveat that any extremes of market force (eg closure of a bad service) has to be countered by a realistic alternative offering for the patient. However, no decisions should be taken that contravene clinical judgement.

Adopting a marketing-led approach could help the NHS move towards being an organisation that is better able to:

- Understand the market – by gaining more information on patients' needs and wants, more effective solutions can be created and tailored.
- Create the service that patients want and need – within the limits of the Working Time Directive and existing budgets.
- Align managers and clinicians to work more co-operatively.
- Save costs by drawing more value for both patients and the organisation from existing budgets, allocating spend more effectively where it is needed.
- Fill spare capacity first, then move on to generating new income.
- Motivate and reward staff, leading to better efficiency and effectiveness, with knock-on cost savings.
- Communicate the benefits more effectively, reducing complaints and saving time and money.
- Work proactively with the media to address misunderstandings about strategies and decision making, and create a more positive relationship with all stakeholders.
- Focus on Gordon Brown's recent statement that the NHS should work more towards prevention than cure. A wider adoption of social marketing techniques can help achieve this.
- Move from a sometimes change-resistant culture to one that embraces positive change.
- Minimise the inevitable conflicts between patient desires, clinical judgement and availability of resources.

**Further practical suggestions**

- Introduce a senior marketing post into both the NHS and the Department of Health.
- Bring budgeting in line with the end of the financial year across the NHS.

the benefits of a marketing approach

For marketers, a customer does not buy a product or service – he or she buys a solution. The solution a patient wants is the

***If marketers are to be accepted they need to change commonly understood 'marketing' terms to commonly understood 'NHS' terms.***

right treatment at the right time. For the NHS, being more marketing-oriented in its approach to such issues could lead to a major shift in philosophy that places the customer, rather than the treatment or the provider, at the centre of its operations. This would lead to better service, more positive feedback, and a greater willingness amongst patients, doctors and managers to be more flexible for the greater benefit to all, and help return the organisation to some of its key founding intentions.

