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References that people do not neglect –a study of word-of-mouth in Indian healthcare industry

Jamid Ul Islam* and Rahela

Centre for Management Studies, Jamia Millia Islamia, New Delhi.

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ABSTRACT

This study specifically investigates the value or importance given to different sources of Word-of-Mouth. It also investigates the effect of Negative Word-of-Mouth on consumer decision-making. The study further investigates how actively people share their healthcare institute-related experiences with others. The study is based on primary data collected from 120 attendants from 4 hospitals (2 private hospitals and 2 government hospitals) in Delhi, India. The data is analysed using various statistical tools and methods. The results reveal that recommendations from medical practitioners and people who have availed the service are considered to be the most credible where as an individual's own opinion takes the back seat while choosing a healthcare facility. The results of the study also reveal that people share their healthcare institute-related experiences very actively with others so as to express a sense of care and humanity. The results also reveal that Negative Word-of-Mouth plays a significant role in consumer decision-making about choosing a healthcare facility. Thus healthcare practitioners should focus on positive as well as negative Word-of-Mouth, and should come up with different strategies for different sources of Word-of-Mouth, in accordance to the importance given to those sources by consumers, so as to enhance their position in the market.

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Introduction

Information technology advancements and stiff competition among business players has led to thorough information dissemination and wide choices to consumers in almost every product or service category. With many choices in hand; consumers, sometimes, find it difficult to choose one specific product or service provider who will fill to the purchase criteria set by them (consumers). More importantly in case of those services that are credence in nature i.e. where the utility impact is difficult or impossible for the consumers to ascertain even after the purchase and consumption (e.g. choosing a healthcare facility). Under such circumstances, Consumers typically ask people who they consider reliable such as family, friends, relatives, experts (medical practitioners), and people who have availed the service; for their recommendations (Word-of-Mouth) to choose a specific healthcare institute. The sources provide both positive as well as negative comments about specific healthcare institutes, which affect the decision making of an individual with respect to choosing a healthcare facility. Word-of-Mouth refers to informal transmission of ideas, comments, opinions, and information between two people neither one of whom is a marketer.

Arndt (1967) describes Word-of-Mouth as; Word-of-Mouth is characterised as oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, product or service.

Word-of-Mouth, both Positive and Negative can have predominant effects on consumer behaviour. Positive comments about a business or its products and services may increase sales and success, while as Negative comments can severely damage or even destroy the business. Therefore, both of these concepts need a prime attention of service providers in order to frame the

marketing-mix at par with the expectations of consumers (who have enough information available to them through both positive and negative Word-of-Mouth), so as to succeed in the contemporary business world-known for its fierce competition. In addition, the success of any marketing-mix will require an understanding of consumer behaviour, because this will empower the marketers to convince and incite the consumers to prefer and purchase their products and services rather than those offered by the competitors.

Swarbrooke J, and Horner S (2007), have described the study of Piercy (2002) in their book 'Consumer Behaviour in Tourism', stating that the most likely reason for organizations not succeeding in a truly marketing led approach is the fact that they do not really understand consumer behaviour in depth. They have simply learnt how to persuade consumers to purchase by trial and error, rather than having a sophisticated understanding of their complex purchasing processes. Thus, an understanding of consumer behaviour (needs, attitudes, and decision-making processes) is of predominant significance for businesses to improve and to succeed.

Consumer behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs (Schiffman L G et al, 2010).

Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase, the impact of such evaluations on future purchases, and how they dispose of it.

Tele:

E-mail addresses: jammicms.kmr@gmail.com

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Literature Review

Mangold W G et al. (1999) while studying the Word-of-Mouth communication in the service marketplace reveal that Word-of-Mouth communication is a dominant force in the market place of services. Cox (1967), large portion of Word-of-Mouth processes cannot be controlled by marketers but they can be monitored to assess the content and consequences of what consumers are saying about the firm's products/services. Advertising campaign might be adjusted accordingly. Hartman Cathy L. et al. (1995) have mentioned Bone (1995), that Word-of-Mouth communication can influence both immediate and delayed product judgements. Their research further reveals that Negative Word-of-Mouth effects are stronger than positive Word-of-Mouth, and Word-of-Mouth communication from an expert carries greater influence than that from non-expert sources. Buttle F A (1998), while studying referral marketing quotes Headley and Miller (1993) stating that in health service context, the attributes like reliability and dependability are mostly associated with the utterance of positive Word-of-Mouth. Samson et al. (2006) undertook the most compelling research that discusses negative and positive consumer word of mouth (NWOM and PWOM) in a mostly quantitative context and concluded that word of mouth, both positive and negative, is a powerful component in driving UK business performance. The results of the study also reveal that NWOM is a good measure to capture both loyalty and advocacy among existing customers, while negative information may also have a strong effect on purchase decisions by potential customers. Tu HT and Lauer J R. (December, 2008) state that, consumers mostly rely on Word-of-Mouth recommendations from friends and relatives while selecting new primary care physicians while selecting new primary care physicians. However, while choosing specialists, most consumers rely exclusively on physician referrals. Aslam Saad et al. (September, 2011) in their study regarding effect of Word of Mouth on consumer buying behaviour state that negative Word-of-Mouth travels faster than positive comments. Edison S W and Geissler G L state that consumers with high information disseminate both positive and negative information to other consumers about various companies, products and services, ranging from low-tech low involvement to high-tech high involvement. Thus, Negative Word-of-Mouth can spread like wildfire because of the easy availability of the latest technology to people. Blake I A, while discussing the impact of negative Word-of-Mouth states that Positive Word-of-Mouth can increase the sales, but Negative Word-of-Mouth can damage the reputation, decrease traffic, and reduce support to organisations. Thus, organizations need to pay thorough attention towards negative Word-of-Mouth.

Objectives of the Study

Some circumstantial objectives of the study are:

To investigate the importance given to various sources of word-of-Mouth in availing a healthcare facility.

To explore the effect of Negative Word-of-Mouth on consumer behaviour while choosing a specific healthcare facility.

To study how actively people share their healthcare institute-related experiences with others.

Research Methodology

For this study, 4 hospitals were selected in Delhi, India. Out of the 4 hospitals, 2 were Private hospitals (Apollo and Fortis) and 2 Government hospitals (AIIMS and Safdurjung). These hospitals were selected for data collection using purposive sampling.

The respondents of this study are the randomly selected attendants from different parts of the country. Certain criteria were set for choosing respondents; Age above 18 years, and who were accompanying the patients admitted in the hospital for at least two days.

The sample size selected was 120 respondents. Personal interviews were done to the respondents followed by questionnaires. Out of 120 distributed questionnaires, 102 completed questionnaires were returned, resulting in a response rate of 85%.

The research instrument used in this study is unstructured personal interviews and self-administered questionnaires. The questionnaire is divided into different sections keeping in view the various objectives of the study. For the convenience of respondents, questionnaires were explained to them in their respective (local) languages, where the need was felt. A five-point Likert scale is used in the questionnaire.

Descriptive statistics (such as Frequency Distribution and Mean) is used to analyse the characteristics of the sample. Ranking has been done to investigate the value given to various sources of Word-of-Mouth.

Data Analysis and Interpretation

Frequency distribution of sample in hospitals is presented in Table-1. 30 respondents were selected randomly from each hospital, out of which 28 complete questionnaires were obtained from Apollo, 26 from Fortis, 24 from AIIMS, and 24 from Safdurjung. *Frequency Distribution of Gender, Residence, Medical Insurance and Official reimbursement* is presented in Table-2. 76 (74.5%) respondents were male and 26 (25.5%) were female. 28 (27.55) respondents were from rural areas, whereas 74 (72.5%) were from urban areas.

Surprisingly only 18 (17.6%) of the respondents were availing medical insurance and 84 (82.4%) were not covered under any medical insurance policy, expressing the vast scope for medical insurance in India. 20 (19.6%) respondents were availing official reimbursement and 82 (80.4%) respondents were without this assistance.

Frequency distribution of Expected Number of Days, Age, Family Income per Month, and Educational Qualification is presented in Table-3. The categories are defined therein.

Descriptive statistics of Family Income per month and Hospital type is presented in Table-4. As evident from the data, the minimum income of respondents in Private hospitals is equal to the maximum income of respondents in the government hospitals. Therefore, private hospitals may come up with their own apt healthcare insurance plans in order to fetch that lower-income potential customer group. When asked about the source of awareness about healthcare institute, only 1 respondent said advertising, whereas 93 (91.2%) respondents have reference as their source of information, 7 (6.9 %) said internet, and 26 (25.5%) chose other sources (specifying that as famous, past experience, or self). This highlights the importance of Word-of-Mouth in choosing a healthcare facility.

Frequency distribution with respect to perception regarding Negative WOM is presented in Table-5. As clear from the data, 84 (82.4%) respondents believe that negative WOM affects their decision-making when it comes to choosing a healthcare facility. Therefore, it is not only important for managers to enhance positive Word-of-Mouth but they should also focus on the negative comments talked about them, and should take effective steps to reduce negative WOM.

Frequency distribution of the Ranks given to various sources of Word-of-Mouth is presented in Table-6.

Table-7: Descriptive Statistics of Value of Negative Word-of-Mouth and Hospital type

VARIABLES	PRIVATE			GOVERNMENT			Total Average Value
	APPOLLO	FORTIS	Overall Mean Pvt.	AIIMS	SAFDARJUNG	Overall Mean Govt.	
	Mean Value	Mean Value		Mean Value	Mean Value		
NEGATIVE WORD-OF-MOUTH-HIGH COST	1.89	1.35	1.62	3.75	4.92	4.34	2.98
NEGATIVE WORD-OF-MOUTH-LESS EXPERTISE OF DOCTORS	4.86	5.00	4.93	4.92	4.83	4.88	4.90
NEGATIVE WORD-OF-MOUTH-POOR SERVICE QUALITY	4.57	4.92	4.745	3.71	3.58	3.65	4.20
NEGATIVE WORD-OF-MOUTH-DISTANCE	1.39	1.46	1.425	1.67	1.5	1.59	1.51
NEGATIVE WORD-OF-MOUTH-TIME CONSUMING	2.68	3.00	2.84	2.96	3.29	3.13	2.98

Table -8: Perception Regarding Sharing of Experience of a Specific Healthcare Institute

	Frequency	Percentage	Cumulative Percentage
Disagree	11	10.8	10.8
Agree	91	89.2	100.0
Total	102	100.0	

As the data reveals that references from a medical expert carry the highest credibility, 98% respondents have ranked it as high or very high, followed by the references by people who have already availed the service (92%) respondents ranked it as high or very high, followed by family references (81%), followed by references of relatives (52%) and friends (34.3%).

An important observation that is revealed by the data is that own opinion carries a least weightage when it comes to availing a healthcare service (13.8%), unlike other products and services where personal opinions matter to a greater extent.

Thus, it can be inferred from the responses that while choosing a healthcare facility, much depends on the reference of others, the credible sources such as experts or people who have experienced the facility and from family members. Own perception takes the back seat.

Frequency distribution of Value of Negative WOM and Hospital types is presented in Table-7. From the table it can be seen that in private hospitals, people rank the negative comments as follows:

Less Expertise of Doctors= 4.93> Poor Service Quality=4.74> More time Consuming=2.84> High Cost=1.62> Distance=1.42.

For Government hospitals, the value given to the negative comments is as follows:

Less Expertise of Doctors=4.88>High Cost=4.34> Poor Service Quality=3.65> More time Consuming=3.13> Distance=1.59.

From the responses it is very clear that consumers irrespective of the hospital types value expertise of doctors more than anything. For consumers in private hospitals, high cost is not a matter of concern as long as they are getting better quality. Time consuming and distance are also not the areas of concern for them while choosing a healthcare facility.

But as far as consumers of government hospitals are concerned, any negative comment regarding high cost is almost as important for them as the expertise of doctors, because respondents of government hospitals were mostly found to be low income people. Though distance least bothers consumers of government hospitals too, but they feel uncomfortable when they get to know that more time would be consumed in a specific healthcare institute. When asked about the reasons, most of them belonged to the labour or working class who had

no official reimbursements or medical insurance, thus were concerned about the impact of delay on their earnings. (1=Least Value and 5=Highest Value)

Frequency distribution regarding sharing of experience of a specific healthcare institute is presented in Table-8. As evident from the data below 91 (89.2%) agree that they would share their hospital experience with other people). This has a significant implication for marketers to convert them into unpaid advertisers for them by meeting their service expectations and providing them quality service Discussion and Conclusion

The purpose of this study is to investigate the relative importance given to various sources of Word-of-Mouth while choosing a healthcare facility, and also to investigate the effect of Negative Word-of-Mouth on consumer decision-making regarding the choice of a healthcare institute. The results reveal that while choosing a healthcare facility, much depends on the reference of the credible sources such as medical experts and people who have experienced the service, where as an individual's own perception and opinions take the back seat. Therefore, improving the service quality is of prime importance so that people who have availed the service start the favourable buzz around and as 91 (89.2%) respondents agreed that they would share their hospital experience with others; therefore, this is a sound platform for marketers to turn them into unpaid advertisers for their organizations.

As revealed further by the study, references from medical practitioners (at the local levels of the respondents) are treated to be more credible; therefore, doctors at local levels can be targeted and given some reference incentives. Regular conferences can be organized to make doctors of local levels aware about the facilities and service quality available in the hospital, so that they educate their patients about such facilities. This will enhance the references. It is brought out through the study that Negative Word-of-Mouth has a huge impact on the consumer decision-making, thus understanding and managing negative Word-of-Mouth is a must. It can help hospital management prevent the types of bad scenarios that click consumers to speak unfavorably about the specific healthcare institute. Monitoring the content and consequences of what negative comments consumers are passing about the institute can help the management learn where to and how to improve and strengthen the relationship with consumers. While companies may not be able to prevent all the negative comments, they can learn to recover from them, which may

turn angry consumers into loyal ones, spreading the favorable buzz about the specific healthcare institute.

Therefore, understanding the sources of references that people value high and do not neglect, monitoring and managing negative Word-of-Mouth in parallel with positive Word-of-Mouth can prove to be handy for the success of healthcare players.

Limitations of the Study

Several limitations of the current study need to be mentioned here. Firstly, the respondents of the study were the attendants of hospitals of Delhi; data can also be taken on large scale.

Secondly, due to the time constraints, foreign people are not included in the study.

Thirdly, longitudinal research design can be used for more reliable and general results.

The study was conducted and completed only within two months. Therefore, time constraint was another main limitation.

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