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RESEARCH ARTICLE

HOW HOSPITAL BRAND IMAGE INTERVENE THE IMPACT OF MARKETING MIX ON PATIENT LOYALTY

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ABSTRACT

Modern hospitals slowly have left their main purpose as public service facility and have moved to business orientation. For that reason, they always had to enhance the professionalism as well as continuously innovate in order to win business competition as well as to earn maximum profit. Previous researches provided results on impact of marketing mix to customer's loyalty. However, the impact of marketing mix particularly on patient loyalty to hospital, whether directly or mediated by hospital brand image, was still under observed. The purpose of this research was to investigate how far does marketing mix may enhance the loyalty of patient's in a hospital as mediated by brand image of the hospital. Five mixes were chosen namely product, people, price, place, and promotion. Data in the form of questionnaire were collected from 195 recurring patient of outpatient department in a profit oriented company managed hospital in Jakarta. The data was then processed using Structural Equation Modeling (SEM). The result of this research showed that marketing mix brought significant impact to hospital image while hospital image significantly impacted patient loyalty. Hospital image was able to be significant intervening variable between marketing mix and patient loyalty.

INTRODUCTION

At the observed hospital, the number of patient coming to outpatient department is increasing year after year but the percentage of this escalation is significantly decreasing year by year. The decreasing percentage of escalation of visiting patient is surely become a major problem. To anticipate this fact, a way out is required to so that any unexpected things shall not occur. Loyalty become evidence that a patient will always have strength and positive behavior to respective hospital. Characteristic of loyalty is based on the bound between patient and hospital cross classified to repurchase pattern while the existence of any loyal customers is not only repurchase of product or service when they need it but also the intention to recommend the product or services to friends, family and colleague. Marketing mix to be observed is the 4Ps of Mc Chartnamely product, price, promotion, and place (Kotler and Keller, 2012). Considering that research is conducted in service market, particularly medical service within a hospital so the researcher put additional P i.e. People, as taken from additional 3Ps for services marketing namely people, process and physical evidence. The following previous researches are considered in conducting this research. Li and Hung (2008) researched the impact of marketing mix on loyalty of students' parents in a school in Taiwan as mediated by school image. Dahmiri (2010) and Hadi et al. (2015) limited their respective research to the impact of marketing mix on

brand image whereas Dahmiri (2010) conducted research in department store while Hadi et al. (2015) conducted research in an English course. Wu (2011), Sirapracha and Tocquer (2012), Sonmez, (2014), and Upamanyu and Sankpal, (2014) each conducted research concerning impact of brand image on loyalty whereas each respectively observed hospital patient, customer of a cellular service provider, bank customer, as well as customer of a cosmetic. Ayed and Majed, (2012) also conducted researches to investigate impact of marketing mix on loyalty in tourism industry, as well as Owomoyela et al. (2013) to a customer of brewery, and Tjan, (2015) in retail sector. Previous researches, with exception to Wu (2011), were not conducted to a hospital. Wu's research was just about hospital image to patient loyalty. Based on the gap from aforementioned previous researches, the researcher saw the necessity to conduct a research to assess the impact of marketing mix to customer loyalty, particularly to patient in outpatient department of a hospital, directly as well as mediated by the brand image of the hospital itself. Result of this research is expected to be considered as evaluation materials for the hospital as well as to all profit oriented company that provides medical services.

LITERATURE REVIEW

Marketing Mix: Marketing mix is a combination of variables consisting four or more variables regarded as the core of the organization marketing system. Zeithaml and Bitner, (2000) in Hurriyati, (2005) said that the traditional marketing mix consist of 4Ps which are product, price, place, and promotion.

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Service marketing requires expanded marketing mix for service adding nontraditional marketing mix which are people, physical evidence, and process.

This mix is commonly known as seven Ps namely

- product
- price
- place
- promotion
- people
- process
- physical evidence (Mc. Carthy *et.al.* 1996).

According to Laksana (2008), product is every good thing, physical as well as nonphysical as marketed to the customer to fulfil their demand and their needs. Lupiyoadi, (2013) defined product as the entire concept of object or proves that provide certain value to the customers. Price is one important factor for customer to make decision whether to go for transaction or not (Engel, Blackwell and Miniard, 1996). According to Swastha and Irawan, (2005) price is certain amount of money (and additional goods if possible) needed to acquire certain combination of goods with its services. From the perspective of customer, according to Van Riel (2005), price is an economic sacrifice done by customer to acquire goods or services. Tjiptono, (2008) meanwhile said that place as distribution decision concerning easiness of access to service by potential customer. According to Baker, (2007) promotion is any activity to communicate information from seller to the customer or other parties in sales line to influence the attitude as well as behavior. According to Yazid, (2008) in relation to medical service of hospital, people are considered as all personnel or human resources within medical services of hospital with role to provide service to the patient.

Brand Image: Knap, (2001) defined brand as internalization of a number of impressions as accepted by customers involving any special position in their memory concerning emotional function they feel. According to Staton, (1996) brand is defined as name, idiom, symbol, specified design or any combination of these mentioned element, formulated to identify goods or services as supplied by the seller. Kotler, (2000) said that brand is a commitment of the seller to consistently provide feature, benefit and certain service to the buyer, not only a distinguished symbol comparable to any specified competitor company.

Patient Loyalty: Definition by Griffin (2005) said that customer loyalty is the purchasing behavior that can be defined as nonrandom purchase as made clear upon time after time by certain decision making unit. According to Lovelock (2005), patient loyalty is the readiness of the customer to continuously buy from a company for a long term and recommended this product to friends, including preference, intention and will in the future while Mowen and Minor, (1998) said that customer loyalty is a condition where customer has positive feeling upon a brand, well committed to that brand, and has intention to keep purchasing in the future. Singh and Sirdesbmukh, (2002) said that customer loyalty is conceptualized as intention of the wrongdoer to maintain the relationship by providing services with service provider and it becomes rationale contract that is made by certain. Priyanto, (1998) said that effecting factors to a goods or services among other is the value (price and quality). Image (from the personality of the personnel or the reputation of the brand), comfort and facility to access the

product, satisfaction of customers. according to Aaker, (1997) in Riyadi, (1999), influencing factors of customer loyalty are satisfaction, behavior, commitment, product favor, trust and moving cost.

Hypotheses development: Marketing mix indeed provides significant direct impact to customer loyalty. Beside marketing mix, some previous researches also showed the impact of brand image to customer loyalty, particularly patient, as well as the impact of marketing mix to brand image. Based on those impact, this research is conducted to examine the following hypotheses.

H1. Well managed marketing mix may enhance the hospital image: Previous researches showed that marketing mix holds important role in building image of a company (Tjiptono, 2008) including school (Li and Hung, 2008) and retail sector (Dahmiri, 2010). Place was the factor with dominant contribution in comparison to other mix particularly in retail sector (Dahmiri, 2010) while promotion is the least significant mix in an observed English Course class (Hadi *et al.*, 2015), so that marketing mix may also bring significant impact to hospital image as observed within this research.

H2. A better hospital image shall enhance the patient loyalty: Brand image has become special consideration for customer to choose goods of services (Mowen and Minor, 1998) including services in a school (Li and Hung, 2008) and hospital (Wu, 2011). These researches were further confirmed by Sirapracha and Toquer (2012), as well as by Sonmez (2014). From that researches, hypothesis may be made that brand image shall also enhance patient loyalty in a hospital

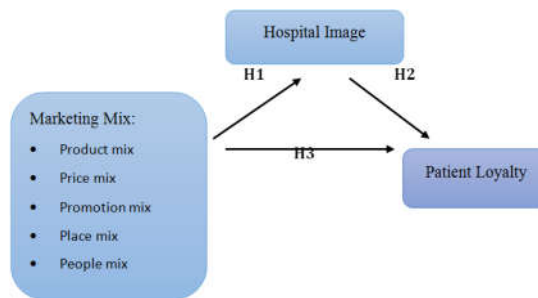
H3. Well managed marketing mix will enhance Patient Loyalty: Beside ability to enhance brand image, marketing mix may also enhance customer loyalty. This argument was applicable to services such as school (Li and Hung, 2008) and tourism industry (Ayed and Majed, 2012). Same result occurred also in sales of goods such as brewery (Owomoyela *et al.*, 2013) and retail industry (Tjan, 2015). According to the hypotheses, the conceptual model can be described in the following picture.

MATERIALS AND METHODS

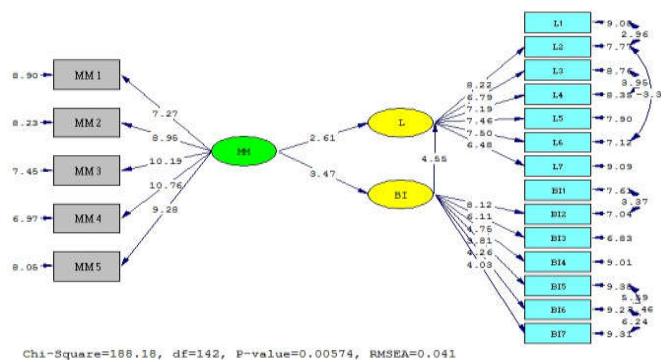
For this empiric quantitative research, The Researchers used descriptive analysis method using the model of causal relationship (Soentoro, 2015). The data was collected using questionnaire to 210 purposively taken respondents of recurring patient of a middle up customer segmented hospital in South Jakarta managed by a limited liability company, subsidiary of a major business group. Within 210 respondents, 195 questionnaire were returned and properly filled. Prior to the research, measurement was conducted with the sample of 30 persons that were taken from the same location as the research, using the same method of sampling.

Measurement: Dimensions that are used to measure the variable of marketing mix in this research are cited from Li and Hung, (2009) with certain modification in term of hospital. Measurement uses Likert scale of 5 points whereas point 1 denotes strongly disagree while point 5 denotes strongly agree. Researched indicators were hospital infrastructure, i.e. devices as well as tools; ability, skill, knowledge, experience and concern to the patient, tariff, easy to access location and the availability of means of transportation, formal as well as

informal information about information about hospital services, commitment to patient loyalty, word of mouth, and recommendation as well as hospital reputation. Data were processed using the analysis model of Structural Equation Model (SEM) using SPSS 22 and Lisrel 8.80. Measurement of each variable of this research was done using Kaiser-Meyer-Olkin Measure of Sampling Adequacy as well as Bartlett's test of Sphericity. The variable of marketing mix has KMO above 0,5 so the factor analysis to operational variable of marketing mix is usable and acceptable. In validity test of marketing mix using anti imaging matrix, from 24 indicators 3 indicators were removed for having 2 component matrix while the other 21 were acceptable. On the patient loyalty variable KMO was above 0,5 while validity test using Anti Image Matrix removes 1 indicator, because of two component matrix, and accepted the remaining 8. Upon validity test on hospital image variable, the KMO was above 0,5 while validity test using Anti Image Matrix shows that all indicators are acceptable. Criteria of the research questionnaire to be reliable or not were subject to Cronbach's Alpha measurement. If the result is above 0,5 or even near to 1,0 so the research instrument is reliable. Cronbach's Alpha output showed that each variable had above 0,5 so that it could be concluded that the variables of marketing mix, patient loyalty and hospital image are reliable as measuring tool of this research.



Picture 1. Research Model



Picture 2. Path Diagram T-Value

RESULT

Analysis of Measurement Model: Analysis of measurement model is performed to specify the indicator (i.e. observed variable) to each construct variable, and to evaluate the degree of reliability for this construct. The loading factor of any latent variable must not less than 0,5 (Hair, et al. 2013). The measurement of construct validity resulted that not all operational variables are valid for the factor loading have no good fit (i.e. above 0,05) at significance level of 5% (Hair, et al., 2013). Construct reliability formula and Average Variance Extracted provide results that construct reliability on marketing mix is 0,79, loyalty 0,84 and brand image 0,70 and onvariance extracted, marketing mix is 0,41, loyalty0,45and brand image 0,28. According to Hair, et al. (2013), the requirement of good reliability are that the construct reliability is above 0,70 and variance extracted is above 0,50.

Analysis of Overall Model Fit: From analysis of goodness of fit, some test shoes good fit which are Chi Square, ECVI, AIC and CAIC, Fit Index and Goodness of Fit while other test resulted close fit which are RMSEA and Marginal Fit on Critical N. Therefore, it can be concluded that overall model fit fulfil the requirement of goodness of fit. This research then results this following path diagram.

Hypotheses Testing

The research provided T value as described in this following table

Table1. Research Model Hypotheses Testing

Hypothesis	Statement	T-Value	Remarks
H ₁	Positive correlation between marketing mix and hospital image	3,47	Data supports hypothesis
H ₂	Positive correlation between hospital image and patient loyalty	4,55	Data supports hypothesis
H ₃	Positive correlation between marketing mix and loyalty	2,61	Data supports hypothesis

DISCUSSION

Previous research, although conducted in a school shows linear correlation between marketing mix and customer loyalty. Brand image may become a significant mediator between marketing mix and customer loyalty (Li and Hung, 2008). It follows that the better a management in marketing mix is the better the customer loyalty. The first hypothesis (H₁) test shows that the analysis supports the hypothesis with 3,47 of T-value. From this result, conclusion can be built whereas the higher the attention to marketing mix is the higher the image of the hospital. From the path diagram we can see that Place mix (MM4) has the most significant impact among others on hospital image with the t-value of 10,76 while the least impact is contributed by Product (MM1) with T-value of 7,27. Following to Tjioptom, (2008) company must pay attention to marketing mix to enhance customer's awareness both on brand image including hospital image as well as customer, particularly patient. This result confirms the researches as conducted by Li and Hung, (2008) Dahmirim, (2010) and Hadi et al. (2015) concluding that marketing mix, especially in service company has positive impact to brand image. Within the test of hypothesis 2 (H₂), it is found that the result supports the hypothesis H₂. By which conclusion may be made that enhancement of hospital image shall bring positive impact on its patient as customer.

This result confirms the previous researches that conducted by Wu, (2011) Sirapracha and Tocquer, (2012) Sonmez, (2014) and Upamanyu and Sankpal, (2014) stating that brand image has positive impact on customer loyalty. Result of Hypothesis 3 (H₃) shows that the analysis supports the Hypothesis. The result of this test shows that the chosen and executed marketing mix of the hospital provide positive impact on patient loyalty. This result also confirms the previous researches as conducted by Ayed and Majed (2012), Owomoyela et al. (2013), and Tjan, (2015) concluding that marketing mix brings positive impact to customer loyalty.

Through method of multiplying two regression coefficients (Hair *et al.*, 2013). The hypothesis testing shows significant mediating role of hospital image between independent variable of marketing mix and patient loyalty as dependent variable. Therefore, conclusion may be made that particularly in a hospital, brand image may mediate the impact of marketing mix on loyalty. It follows that the research of Li and Hung, (2008) is confirmed by this research and also the result of the former is applicable also in a hospital.

Managerial Implication: Primarily, based in the result of this research, The Researchers suggest the hospital to enhance marketing mix, which in turn will enhance both hospital image as well as patient loyalty. First, Product. As the least significant mix, hospital must pay more attention to this mix among others by taking care of the availability of medical services including care as well as any observation and medication. Cleanliness and aesthetic of the hospital must be reviewed to be more attractive. Beside that, waiting room must be put under consideration particularly about the comfort for patient to wait even in a longer period of time. This is meant to provide comfort to patient as well as to the visitor to in turn enhance loyalty. Second, People, covering medic and non medic personnel, must provide fast and accurate service; to provide diagnosis, proper medicine preparation, on time meals, and so on. Hospital must place the personnel in correlation to their qualification and the personnel must pay attention to respective job description. Hospital must supervise the performance of their personnel and provide motivation, guidance as well as understanding to any arising problems as faced by personnel both medic and non medic. Third Price. Price is still considered affordable and competitive in comparison to service and facility supplied by hospital to the patient as customer. Nevertheless, price must be continuously evaluated regarding any circumstances. Fourth, Place. This is the most significant mix. To enhance the current achievement, directional sign must be added as well as transportation means subject to any patient request. Fifth, Promotion. To provide better, at least sufficient, information about everything within, as well as to gain hospital image, the hospital must pay attention to the promotion, among other by certain event or talk show both for medical personnel as well as for open public. This research also confirms that hospital image significantly affects the loyalty and is able to mediate the marketing mix as well as patient loyalty so that it is recommended that hospital image shall always be kept and enhanced if possible by which the loyalty will also be enhanced. One suggestion to apply that by reviewing the applied marketing mix for as aforementioned that marketing mix is proven positively impacted the hospital image. Secondly, problems with authority as well as involving in any cases may harm the hospital image.

Research limitation and further recommended research:

This research has limitation as follows; first, sample of this research are taken from recurring patient in the outpatient department in a hospital in Jakarta, managed by a limited liability company, subsidiary of a major holding company with middle upper class of market segment. Therefore, The Researchers do not recommend any hospital, with different market segment and/or managed by foundation or other nonprofit legal entities and/or resided in other area, to apply this research as well as its implication. For the proper application, The Researchers recommend for a researches with samples that are taken from aforementioned classification of

hospital so that more comprehensive information and generalization may be built. Secondly, marketing mix that are taken for this research are Mc Charty's 4Ps i.e. Product, Price, Promotion, and Place with one additional of People because the subject of this research is a service company. Therefore, we also recommend that any further research may take another additional P whether Process or Physical Evidence.

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