

How Does the Marketing Mix of Regional Public Hospitals in Padang, Indonesia, Compare to Private Hospitals?

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ABSTRACT

Hospitals, like any other business, must attract patients to increase revenue. Several studies have shown that the marketing mix concept was closely linked to the selection of hospital services. Public and private hospitals differ in some ways, particularly in finances. This study compared the marketing mix of regional public (RSUD) and private hospitals (non-RSUD) in Padang, Indonesia, and offers practical insights that could be applied in the real world.

This was observational research with a cross-sectional study design. Samples were selected consecutively, 100 samples. The data was collected using a questionnaire to investigate the marketing mix of RSUD compared to non-RSUD in Padang. The Chi-Square statistical test was used to determine if there was a significant difference in the marketing mix between the two types of hospitals. Logistic regression was applied to identify the most critical factors. Both tests were conducted with a degree of significance of $p < 0.05$.

The results showed that only 34% of respondents chose regional public hospitals (RSUD) as their preferred referral hospitals.

There was a significant difference in Price, Place and Promotion between the RSUD and non-RSUD ($P < 0.05$). Price was money spent on transportation to the hospital, not the cost of hospital services, due to respondents being covered by nationwide health insurance. Thus, it was related to the hospital location (Place) and public transportation. The promotion was the most considerable difference factor ($p = 0.003$).

These findings had practical implications for hospital management and marketing strategies, particularly price, place, and promotion. Understanding and leveraging these factors could empower hospitals to better meet the needs and preferences of their patients, which in turn improved the success of their marketing strategies.

Keywords: Marketing Mix, Marketing Strategies, Public Hospital, Private Hospital, Promotion

INTRODUCTION

Hospitals are one of the business organisations in the health service sector whose function is to provide health services to prevent and cure diseases.¹ Competition between hospitals in attracting patients to increase revenue by paying attention to

customer needs and preferences has caused significant changes in the structure and function of hospitals in recent years.² One of the most effective ways to attract patients is to improve the quality of services provided because service quality is a significant determinant of the choice of healthcare providers. Patient expectations and preferences must be considered to improve service quality. High-quality services can attract new patients, maintain existing patients, and strengthen patient-provider relationships.³

Several factors can influence the patient choice of hospital, such as cost, available facilities, employee services, hospital reputation, hospital network and market competition, physical environment, service customisation, service quality, variety of services available, location, and accessibility. The community can choose the health facilities that best fit their health needs.³ One of the marketing strategies that can be applied to attract patients is the Marketing Mix Concept. A Marketing Mix is a set of marketing variables, consisting of 7Ps, that are used for marketing purposes and to reach the right target market. The 7P concept consists of Product, Price, Promotion, People, Process, Place and Physical Evidence.⁴

Several studies have proven that the Marketing Mix concept was related to the selection of hospital services. Research conducted by Bahadori M et al., 2016 on factors contributing to patient choice of hospitals showed that 21 factors contributed to patient choice. These factors were classified into six categories: facilities and physical assets, doctors and employees, location and place, services, prices, and promotions. The most significant factors contributing to attracting patients are doctors, employees, and the clinical environment. This study stated that it was essential for

hospital managers and heads of outpatient wards to focus on and strengthen these two factors.³ Qualitative research using a phenomenological approach was conducted in Malang Raya, Indonesia, in 2019, reporting that distance was the main factor for patient consideration in choosing a hospital. The next factor was health insurance owned by patients because it was related to hospital rates that affect the expenditure of sick people.⁵

Like private hospitals, public hospitals must attract patients to finance the hospital operation and increase revenue. A regional public hospital (RSUD) in Padang City serves a reasonably large population with an average population growth of 2.4% annually. It potentially receives referrals from 23 main health centres (Puskesmas), 62 auxiliary health centres, and 25 other primary care clinics. More and more investments are being developed around this hospital, such as industrial areas, real estate settlements, educational complexes, etc. This is expected to increase the utilisation of the hospital as a referral hospital in Padang. However, based on data from the 2021 hospital annual report, the number of outpatient visits since 2017 has shown a slow increase. In 2017, the number of visits to the hospital outpatient clinic increased by only 9.8%; in 2019, this number decreased to 3.7%. From 2020 to 2021, the RSUD became a hospital for COVID-19 patients, so it did not accept visits from non-COVID-19 patients. Besides this public hospital, 27 hospitals are operating in Padang. Given the competitive nature of the health market, this study aims to investigate how the regional public hospitals' marketing mix compares to other hospitals in Padang.

METHODS

A cross-sectional study design was conducted on 100 patients who got a referral letter for hospital services from two health centres in the working area of the RSUD.

The sample was collected by consecutive sampling on all populations that met the selection criteria. The inclusion criteria were willingness to be respondents, age > 18 years, having nationwide health insurance (BPJS), and choosing the same referral hospital before. Data were obtained from respondents using a questionnaire to determine the characteristics of respondents, their choice of referral hospitals, and their perceptions of their chosen hospitals' marketing mix, which consisted of Product, Price, Promotion, Place, People, Process, and Physical evidence. The perceptions were measured using a Likert Scale, which then was scored. Validity testing was conducted on the questionnaire using the product moment correlation technique at another health centre on 30 patients with an r value more significant than the r table ($r = 0.444$). Cronbach alpha reliability coefficient was $\alpha = 0.83$. Data were analysed using a Chi-Square statistical test to determine if there was a significant difference in the marketing mix between the two types of hospitals, and a multivariate logistic regression analysis was conducted using the Enter method to

determine the most dominant variable. Statistical analysis results were considered significant if the p-value ≤ 0.05 .

RESULTS

The RSUD is a regional government apparatus of Padang City. This hospital is located in the working area of the Belimbing Health Center, Kuranji District, Padang City. It is in the green zone, meaning that the hospital is in a disaster-safe area, which is located ± 6 km from the straight line of the coast with an altitude of ± 20 m above sea level. One hundred four respondents were collected consecutively, and four were removed due to incomplete data, so the total sample that could be analysed was 100. The results of the study showed that the respondents were mainly in the 40-64 year age group (63%), more than half were male (57%), had low levels of education (60%), were unemployed (53%), with the most common type of work being housewives (49%). Less than half of respondents chose the RSUD as their referral hospital (34%). Table 1 shows the marketing mix of the respondents' selected hospitals.

Table 1. The marketing mix of the chosen hospitals of respondents (n=100)

Variable	f	%
<i>Product</i>		
Good	97	97
Sufficient	3	3
<i>Price</i>		
Cheap	63	63
Quite cheap	22	22
Expensive	15	15
<i>Promotion</i>		
Good	17	17
Sufficient	34	34
Lacking	49	49
<i>People (doctors)</i>		
Very satisfied	29	29
Satisfied	71	71
<i>People (staff)</i>		
Very satisfied	15	15
Satisfied	85	85
<i>Place</i>		
Easy to reach	64	64
sufficient	30	30
Difficult to reach	6	6

<i>Process</i>		
Clear	70	70
Sufficient	27	27
Unclear	3	3
<i>Physical Evidence</i>		
Incomplete	6	6
Complete	94	94

Table 1. shows that respondents generally agreed that the Product of their chosen hospital was good (97%), and more than half of the respondents perceived that the Price was cheap (63%). Only 17% of the chosen hospitals had good Promotion. Most respondents were quite satisfied with the

quality of doctor services (71%) and employee services (85%). More than half said that the Place was easy to reach (64%), most of the Process was apparent (70%), and Physical Evidence was generally complete (93%).

Table 2. The marketing mix of RSUD compare to non-RSUD

Independent variable	Referral Hospitals				Total		P Value
	RSUD		Non-RSUD		n	%	
	n	%	n	%			
<i>Product</i>							
Good	32	33	65	67	97	100	0,27
Sufficient	2	66,7	1	33,3	3	100	
<i>Price</i>							
Cheap	24	38,1	39	61,9	63	100	0,04*
Quite cheap	3	13,6	19	86,4	22	100	
Expensive	7	46,7	8	53,3	15	100	
<i>Promotion</i>							
Good	2	11,8	15	88,2	17	100	0,01*
Sufficient	8	23,5	26	76,5	34	100	
Lacking	24	49	25	51	49	100	
People (doctors)							
Very satisfied	10	34,5	19	65,5	29	100	0,95
Satisfied	24	33,8	47	66,2	71	100	
People (staff)							
Very satisfied	7	46,7	8	53,3	15	100	0,26
Satisfied	27	31,8	58	68,2	85	100	
<i>Place</i>							
Easy to reach	20	31,2	44	68,8	64	100	0,03*
Sufficient	9	30	21	70	30	100	
Difficult to reach	5	83,3	1	16,7	6	100	
<i>Process</i>							
Clear	22	31,4	48	68,6	70	100	0,42
Sufficient	10	37	17	63	27	100	
Unclear	2	66,7	1	33,3	3	100	
<i>Physical Evidence</i>							
Complete	31	33	63	67	94	100	0,40
Incomplete	3	50	3	50	6	100	

Chi-Square, *significant if p <0.05

Table 2 shows that there was no significant difference between Product, People (quality of doctor and employee services), Process and Physical Evidence between the RSUD

and non-RSUD in Padang (p>0.05). There was a significant difference in the Place, Price and Promotion (p<0.05). The multivariate test showed that Promotion was

the most considerable difference factor ($p=0.003$).

DISCUSSION

Products

Products are an essential element in a marketing program. This study found that respondents who chose non-RSUD hospitals said that the product was good (67%) more than those who chose RSUD (33%). However, there was no significant difference between the two groups. These results differ from the study reported by Ekawati S in 2022, which states that the Product was related to the use of health services by patients at the Surgical Polyclinic of RSUD in Takalar Regency, Indonesia.⁶ Different results were also reported by Farantika DY et al. (2016) on outpatient services at the RSUD of Situbondo Region and Ulfah M et al. (2013) on the outpatient polyclinic of Bina Sehat Hospital, Jember Indonesia.^{7,8} Also, Magdalena H et al. 2017 reported that most patients or families in Bangka Belitung chose hospitals with the best health services (Products) as referral places.⁹

This difference in results was likely due to differences in respondent characteristics, where respondents in the study by Farantika DY and Ulfah M had the most prominent educational background of college, and the majority of respondents were private employees and self-employed who had an income/revenue every month. In our study, most respondents had a low level of education, and more than half of the respondents were unemployed. Patient education affects patient knowledge and abilities to seek information, in this case, the information about the product of hospital services. The job was related to income, thus influencing decision-making regarding utilising services according to their financial abilities.^{7,8} According to Notoatmodjo (2003), consumer demand for health services

relates to education and community behaviour.¹⁰

In addition to the variation in respondent characteristics, the differences in perception of the marketing mix of Products between RSUD and non-RSUD were insignificant because the product quality of both groups of hospitals was predicted to be similar. This was supported by the results of our analysis, which also showed no differences in the people factors (quality of doctor and employee services), processes, and physical evidence that significantly contributed to product quality.

Price

This study found that 61.9% of respondents said that prices to access services in non-RSUD hospitals were affordable, and only 38.1% in RSUD said they were cheap. Price in our study was not hospital cost but patients' expense on transportation, etc, for hospital visits because the respondents of our study were people covered by BPJS. However, we found that this indirect cost influenced patients' choice of hospitals. There was a significant difference in Price between RSUD and non-RSUD. The same results were reported by Farantika DY et al. in 2016; price was proven to have a considerable effect on the decision to use outpatient services at public regional hospital Situbondo Region.⁷ While Ulfah M et al.'s research (2013) reported different results, price was not a determinant for respondents in choosing Bina Sehat Jember Hospital as a health service provider.⁸

Price influences the patient's decision-making process in choosing health services because the price is the cost that patients will incur to go to the hospital for health services.¹¹ To access services at a hospital, patients will spend some money, such as the cost of public transportation and other unexpected costs. The RSUD Padang is

located in an area not served by public transportation, so to reach the hospital, patients must use private vehicles or other vehicles, such as online motorcycle taxis, which require a higher cost. This difference in results was due to differences in the economic level and work of respondents; where in our study, more respondents were unemployed, while in Ulfah M's research, the average respondent was a private employee and self-employed with middle economic status.⁸

Promotion

Promotion is any effort to increase brand awareness and product sales. In our study, 88.2% of respondents said non-RSUD had a good promotion, and only 11.8% said the promotion was good in RSUD. There was a significant difference between promotion in RSUD and non-RSUD. The same results were reported by Ekawati S in 2022; information availability was related to the utilisation of health services at the Surgical Polyclinic regional public hospital of Takalar Regency.⁶ Similarly, studies by Farantika D.Y (2016) and Ulfah M (2013) showed that promotion was related to patients' determination of hospital choices.^{7,8} A cross-sectional study involving 300 patients from six hospitals consisting of three private hospitals and three company hospitals in Shiraz, southern Iran, 2018 reported that promotion was a significant marketing strategy for hospitals.¹²

The promotion has been part of the classic marketing mix suggested by McCarthy since 1979. It is a fundamental element for a company because it concerns all company communications to stimulate marketing. Rengkuan's research (2015) reported the same results: a relationship between the marketing mix of product services, price, place, promotion, and physical evidence with patient loyalty.¹³ Kotler (2009) explained

promotion as providing information to the market about the products/services sold, where and when. The promotion had a vital role in communicating the existence and value of the product to potential customers.⁴

People

Doctors are the main component of services in a hospital that help sick people establish a diagnosis and determine therapy. This study found that 65.5% of respondents were delighted with doctors' services in non-RSUD hospitals, while in RSUD, the number of very satisfied respondents was lower, 34.5%. Regarding the quality of employee services, 53.3% were delighted with the services of employees in non-RSUD hospitals, and 46.7% of respondents were delighted with RSUD. There was no significant difference in the marketing mix of People between the RSUD and non-RSUD. The same results were reported by Ditasari E et al. (2019) at Panti Waluya Hospital, Malang; doctor services did not affect patient decisions in choosing one-day care in the hospital's operating room.¹⁴ The results of our study differ from the research of Nasiripour et al. conducted in four private and government hospitals located in Sari, Iran, which found that there was a significant relationship between marketing mix People and hospital choices; services in private hospitals were better in terms of time and speed of service provision.¹⁵ Different results were also reported by Hosseini et al. in their study of private hospitals in Tehran, Iran, with discipline and operational speed in providing services as the second most influential factor in attracting patients personally to the hospital.¹⁶

Place

Place is the physical location where the business runs to reach the target market. A company needs an ideal sales location to

reach the target market easily. This study found that 68.8% of respondents said the accessible place was in a non-RSUD hospital, while in the RSUD, only 31.2% said the location was easily accessible. There was a significant difference in the marketing mix Place between RSUD and non-RSUD. Mayasari E et al. (2020) in the Malang Raya area reported that distance was the main factor for patient consideration in choosing a referral hospital. People chose the hospital that was closest to them.⁵ Ditasari E et al. (2019) reported that distance and cost were factors in selecting a one-day care hospital at the Panti Waluya Hospital in Malang.¹⁴

Process

The process is a procedure, mechanism, or flow that consumers must follow to access a service. This study found that the process was straightforward: non-RSUD hospitals (68.6%) and RSUD (31.4%). There was no significant difference between the marketing mix Process of the RSUD and non-RSUD. The same results were reported by Ulfah M et al. (2013), where the Process was not related to decision-making using outpatient services at the Bina Sehat Jember Hospital.⁸ However, Ravangard R et al. (2020) reported different results at a hospital in Shiraz in southern Iran. The marketing mix process in this hospital significantly correlated with hospital selection.¹² This was because the respondents in that study mostly had higher education (86.3%), while in our study, the education level of 60% of respondents was low. Education is a socio-economic factor influencing consumers' choice of health services. Education influences individual awareness of the importance of health for themselves and their families, affecting the need and preference for health services. The higher a person's education, the higher the health services utilisation.¹⁰ Also, there is a strong inverse relationship between patients'

education level and their perspective on the hospital's marketing status because patients with higher education levels give lower scores for evaluating the hospital's marketing status than patients with lower education levels.¹² Yaghoubi et al. also found a relationship between patient education level and various components of the hospital marketing mix.¹⁸

Physical Evidence

Adequate physical evidence is a patient consideration when choosing a hospital. In our study, 67% of respondents said that physical evidence was complete in non-RSUD hospitals, and only 33% said it was complete in RSUD. There was no significant difference between the marketing mix physical evidence between RSUD and non-RSUD. The same results were reported by Ditasari E (2019), who stated that there was no relationship between hospital facilities and the decision to choose the operating room at Panti Waluya Hospital in Malang.¹⁴ However, Ekawati S et al. (2022) reported that hospital facilities were related to the utilisation of health services at the Surgical Polyclinic of a hospital in Takalar Regency.⁶ Pawara et al. also reported different results. There was a relationship between facilities and patients' revisited interest in utilising outpatient services at RSIA Siti Khadijah Makassar in 2019.¹⁹ Research conducted at Dr Tadjuddin Chalid General Hospital, Makassar City, in 2022 on 649 outpatients in the internal medicine polyclinic found that hospital facilities were related to hospital utilisation.²⁰

CONCLUSION

There were significant differences in the marketing mix in price, promotion, and place between RSUD and non-RSUD. The product, people, process, and physical evidence were similar. Promotion was the most significant different factor; thus, it

could be predicted that promotion was the most crucial factor contributing to the selection of patient referral hospitals to the RSUD. The RSUD must increase promotion efforts to increase the number of patients who choose RSUD as a place to go for a referral. In addition, to increase patient volume, the RSUD Padang must be accessible by public transportation. Public transportation not only increases the accessibility of the hospital but also lowers the price or cost spent for accessing the hospital services.

Declaration by Authors

Ethical Approval: Research approval was obtained from the health and research ethics committee, Faculty of Medicine, Universitas Andalas No. 388/UN.16.2/KEP-FK/2024.

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