An Analysis of CRM Practices Followed by Private Hospitals in India

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Abstract: *CRM is based on the theory of relationship marketing, which aims to establish, nurture, grow, and improve relationships with clients in order to maximize their lifetime value and profitability for the company. A dynamic and fiercely competitive business environment has compelled the personal healthcare industry, which includes private hospitals, to adopt CRM procedures and practices that are intended to draw in new clients while also keeping existing ones. The purpose of this study is to strengthen patient loyalty, which will raise hospital profitability by improving the customer experience with the hospital's services and facilities. Customer relationship management as a strategy requires a customer-centric business approach to support effective processes like patient management, patient experience document management, complaint management, etc. The study analyses the effective CRM strategies of private hospitals & patients belonging to different income levels towards these practices. The competitive environment of the health sector is changing rapidly everywhere, and the implementation of CRM practices enables private hospitals to give the best services to their customers and enhance their lifetime value with the hospital.*

Keywords: Customer Relationship Management, Patient Management and Experience, Relationship Marketing

1. Introduction

The modern world is characterized by intense competition and improving customer relations is the primary concern for all hospitals and healthcare organizations. Globally, this industry has been severely damaged by the quick changes. These days' customers want to have individual attention, and they want to have the best experience and facilities in less time. Customers want to get started quickly; they want to have adventures and feel as if they are being cared for. They expect the organization and hospitals to help them in recovering fast.

Every business must customize its goods and services to fit the wants of its customers and even they must segment up its customers based on their needs in order to improve the relations and satisfy expectations. Thus, customer relationship management (CRM) emerged as a result of the necessity to establish and preserve lifelong, one-to-one connections with numerous consumers. The basis of CRM is the relationship marketing theory, which seeks to establish, maintain, develop, and fortify relationships with customers in order to increase the lifetime value with organization and to enhance the profitability. The goal is to increase customer satisfaction and loyalty because doing so will enhance the customer experience and boost profitability. The main objective is to enhance the customer loyalty, experience and satisfaction which, in return, will increase the volume of profit of organization.

1.1. Customer Relationship Management

The basic objective of relationship marketing in organizations is to attract, interact and retain customers (Walsh et al., 2004). Relationship marketing means shifting focus from transactions to relationships and giving importance to quality and customer service. Relationship marketing views customers as the most important factor and emphasize their retention, transforming single users into multiple service users. The whole concept of relationship marketing is summarized in Table 1.

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Table-1: Transaction marketing viz. Relationship Marketing

S No	Transaction Marketing	Relationship Marketing
1	In TM the focus is on a single transaction of business. Customer Retention is not that important.	In RM the focus is on retention of customers with the organization for a long time with organization
2	Short term focus	Long Term Focus
3	Less emphasis on customer relationship & service	Higher emphasis on customer service & customer loyalty
4	In transaction Marketing there is very low focus is on customer commitment	Higher Customer Commitment

Source: Berry (1983)

Studies suggest that effective CRM strategies determine the success of the healthcare industry. Patient engagement, patient e-health, and patient-oriented strategies play significant roles in customer satisfaction (Jarrell, 2009).

It is imperative for every organization to adopt the customer relationship management strategy, which involves a business plan cantered around the customer to improve the effectiveness of sales, profit, marketing, service, and processes. The practice of managing relationships and interactions with current and prospective customers is commonly known as customer relationship management (CRM). This includes the marketing activities, integration of sales, customer service, and technical support through the use of technology.

The motive of embracing and implementing CRM practices and strategies is to improve marketing productivity, increase customer satisfaction, and lead to increased sales. Customers are the most important asset for any business, and large companies are always trying to find new customer relationship management practices. There are many CRM tools in the market that help the organization manage relationships with customers and enhance the organization's performance.

Nowadays, advancements in technology enable major corporations to customize their offerings and cater to the preferences of their clientele. Customer Relationship Management (CRM) focuses on establishing, nurturing, sustaining, and enhancing enduring and mutually beneficial connections between customers and businesses.

The classification of CRM systems that is currently widely accepted can be divided into three categories. The first category is known as "Operational CRM," which focuses on improving the efficiency of processes of business CRM. The operational CRM includes call centre/customer interaction centre management, sales automation and marketing automation. The second category of CRM is "Analytical CRM," which manages and evaluates customer knowledge to have a deeper understanding of each customer and their behaviour. The analytical CRM system also provides the solution of data warehousing and data mining to organizations. The third category is "Collaborative CRM," which manages and synchronizes customer touch points and communication channels such as telephone, email and the web.

1.2. Personal Healthcare Sector of India

The personal healthcare sector in India comprises hospitals, clinics, medical tourism, health insurance, and medical equipment sector. This sector has been growing at a breakneck pace for the last 20 years. The reasons for its growth are increasing public and private sector expenditure. With respect to both employment and revenue, this industry has grown to be one of India's biggest.

The Indian Personal health care sector is of two types – Government and Private. With a focus on providing primary health centres (PHCs) in rural areas, governments/public health systems have established a limited number of secondary and tertiary care hospitals in major cities.

Public Hospitals do not have to compete with others as they get their funds from governments. The Government provides healthcare services to people through these hospitals & PHCs. India has a significant pool of highly qualified medical experts, giving it a competitive advantage over other nations. India has competitive costs when compared to other Asian and Western nations. India has a significant pool of highly qualified medical experts, giving it a competitive advantage over other nations. India has competitive costs

when compared to other Asian and Western nations. Surgery costs in India are much cheaper, than USA or Western Europe.

1.3. Market Size and Investment

The share of Indian healthcare sector in the GDP is increasing yearly, creating abundant employment opportunities in the country. The Indian healthcare industry is currently one of the largest in terms of both income and jobs. With a CAGR of 22% since 2016, it has grown and now directly employs 4.7 million people. Over 500,000 new employment per year, or 2.7 million additional jobs, could be created in the sector in India between 2017 and 2022 (NITI Aayog Report, 2021).

The size of the Personal Healthcare market was USD 8.8 billion in 2022. The revenue for the Health Care segment is anticipated to reach US$543.80m in 2023, according to a Statista analysis. Volume of market is predicted to reach USD 827.50 million by 2027, with forecast of revenue increase at a rate of 11.07 percent annually (CAGR 2023–2027).

2. Literature Review

Customer Relationship Management helps the organization is making decisions and in maintain the long profitable relationship with customers (Jackson, 2005). CRM is a strategy which is driven by data for determining customer needs and profitability (Fitzgibbon and White, 2005).

Marketing is one of the functions of an organization that creates communication mechanisms and provides value to customers. The main objective of this strategy is to manage the relationships with its customers for the benefit of the organization and its stakeholders (Kotler and Keller, 2006). Managing customer relationships, especially those with employees, distributors, and strategic alliance partners, was critical to the company's long-term success (Beckett-Camarata et al., 1998). CRM is an integrated learning approach that combines various efforts to better understand customers and provide tips for enhancing relationships with customers based on data collected through various web sources (Yuan and Chang, 2001).

The CRM environment is complex and requires change in organization, new thinking and change in organizational vision. Databases in CRM environments are considered as resources where commercial value is created by understanding customer behaviour (Brige, 2006). These CRM tools create 360-degree models to view customer interactions and behaviours. This 360-degree view of the customer helps the company predict customer purchasing patterns and behaviour (Galbreath and Rogers, 1999). The basic idea behind implementation of CRM in organization is that it can achieve the best market performance by having an ability to understand customers and their needs (Narver and Slater, 1990).

Customers have a crucial part in business performance, and when such relationships last, earnings increase (Reichheld, 1993). CRM aids in customer retention, and it is typically less expensive to keep existing clients than to get new ones (Sheth and Parvatiyar, 1995). Since the organization's survival depends on its clients, it must comprehend them in order to increase customer happiness (Dadwal and Malik, 2018).

Exchange in marketing has moved from transactions to relationships (Foss and Stone, 2001). Understanding customer needs and aspirations is the key to successful CRM. The result of CRM is achieved by placing the customer needs at the heart of the organization and integrating them into organizational strategy, people, technology, and processes of business (Fox and Stead, 2001). Relationship marketing focuses on customer satisfaction by providing high-quality services that exceed customer expectations (Berry, 2001).

CRM integrates sales, marketing, service, enterprise resource planning, and supply chain management functions by utilizing business process automation, technology solutions, and information resources. Its primary goal of the CRM is to optimize customer interaction by establishing and enriching long-term, coherent relationships between consumers and organizations. CRM integrates customer needs and desires with a organizational strategy. It strives to enhance customer satisfaction by improving business processes through technology (Galbreath and Rogers, 1999; Fox and Stead, 2001).

There is no doubt that healthcare is a business, but it is not like other businesses, and patients are also not like other Customers. Illness and injury leave health care customers in a degraded and vulnerable state. Despite their position, they have to make important and difficult decisions in a short period of time. The services they seek often require an immense level of trust on the part of the service provider (Torpie, 2014).

Due to this reason, personalized interaction, interactive management, and mutual relations with patients are essential elements of hospital CRM (Gbadeyn, 2010). Hospitals can enhance their business by treating patients as their kings and partners and by providing individualistic care to everyone (Rodak, 2012). The healthcare sector has started giving importance to patient satisfaction& loyalty, and because of this, CRM strategies have become of utmost importance (Skeels and Tan, 2010).

3. Objectives of the Study

- To determine the effective strategies of CRM in the Private Hospitals of India.
- To determine whether the different level of income of customers leads to differences in the perception of customers about CRM Strategies.

4. Hypothesis of the Study

For this research, the following research hypothesis was formed:

- *Null Hypothesis-Ho*: There is no significant difference in the perception of the customers about CRM strategies among different levels of income of customers.
- *Alternative Hypothesis-Ha*: There is a significant difference in the perception of the customers about CRM strategies among different levels of income of customers.

5. Research Methodology

A systematic gathering, recording correctly, and analysis of recorded data for giving a solution to the problem is called research (Cooper and Schindler, 2003). Different problems require different types of data and different methodologies to analyze so that solutions can be provided. This research paper is based on primary data, which has been gathered through face-to-face surveys. The questionnaire had statements, and respondents had to give their satisfaction levels ranging from 1-5 level, ranging from not at all necessary to extremely important. The representative sample was chosen from the private hospitals in the states of Delhi and Haryana because it was not practical to analyze the entire population.

6. Analysis and Findings

To find out how customers perceive a private hospital's CRM strategy, participants of the study were asked to rate each factor using statements varying from "not at all important" to "extremely important. The participants were asked to give rating of their satisfaction level of CRM strategies on a 1-5 scale. The responses given by participants were assessed by calculating the mean value, and the results are presented in the discussion.

6.1. Sampling

The target population was people visiting private hospitals from all sections of society, from all age groups, and all income groups. Out of 1200 face to face to interactions, 680 responses were used for this study, which is 56%, which shows that the sample collected for the study is unbiased (Roscoe, 1975).

6.2. Reliability of Instrument

The Cronbach's reliability test has been used for the questionnaire to test its reliability and acceptability. This test is widely used by researchers around the globe and is considered the most appropriate test for the reliability of the questionnaire. If the value is between 0.65 and 0.75, then reliability is accepted, and if it is more significant than 0.75, it means that reliability is outstanding and highly accepted. The alpha of Customer perception about CRM strategies in private hospitals is above 0.70 (Table-2), implying that questions for knowing customer perception about CRM strategies variables are reliable and acceptable.

Table 2: Cronbach's Alpha Test for each factor to test the Reliability of the Instrument

	Quality Constructs	Variables(items)	Number of Respondents	Cronbach's Alpha
1	PE	4	680	0.80
2	PM	4	680	0.76
3	DM	3	680	0.71

4	HF	5	680	0.74

Source: Self-Compiled with SPSS

Table 3: Combined Cronbach's Alpha Test for the Reliability of Instrument

Number of Items	Cronbach's Alpha
16	0.874

Source: Self-Compiled with SPSS

6.3. Demographic Profile of Respondents

The brief profiles of the respondents are shown in Table 4. In the survey, 51.2% of customers were male and 548.8%% respondents were female. The customers were from different income levels, different education levels, and different age groups.

Table 4: Demographic Profile of Respondents

Variables	Categories	Response in Numbers
Gender	Male	348
	Female	332
Age	Less than 20 years	52
	20 years-35 years	197
	35 years-50 years	184
	Above 50 years	247
Family Income (per month)	Less than 2500 USD per annum	42
	Between 2500 USD and 6250 USD per annum	163
	Between 6250 USD and 12500 USD per annum	203
	Above 12500 USD per annum	272
Education	Less than Graduate	109
	Graduate & above	571

6.4. Descriptive Statistics

The average score, standard deviation, and variance were calculated for each item in the questionnaire, as shown in Table 5.

Table 5: Descriptive Statistics of the items in the Instrument

Constructs	Variables	Mean	Standard Deviation	Variance
Patient Experience	Personal Attention To Patients	4.07	0.742	0.550
	Confidentiality Of Patient Personal Information	4.12	0.804	0.646
	Patients Meal Services	3.77	0.735	0.541
	Hospital Staff Interaction During Check Up With Patients	3.77	0.861	0.742
Patient Management	Patient Information	3.70	0.629	0.396
	Patient Appointment History	3.76	0.987	0.974
	Patient Prescription History	4.22	0.795	0.632
	Patient Medical History	4.12	0.830	0.688
Document & Complaint Management	Speed Of Billing Process	3.90	0.849	0.720
	Speed To Admission Process	4.42	0.664	0.441
	Speed Of Complaint Management	4.39	0.788	0.621
Hospital Facilities	Hospital Cleanliness	4.39	0.788	0.621
	Hospital Disease Control Procedures	4.09	0.743	0.552

Hospital Waiting Room Facilities & Conditions	3.60	0.588	0.345
Medical Shops	3.90	0.669	0.448
Hospital Security Services	3.87	0.645	0.416

Source: Self-Compiled with SPSS

6.5. Factor Loading

The factor analysis was performed to extract the essential factors that affect the customer perception of CRM practices of private hospitals. The adequate level of loading (Barcelayet et al., 1995) is 0.60. Table-6 shows that all the variables have factor loading values of more than 0.60, confirming the factors' legitimacy.

Table 6: Variables with their Factor Loading Value

Constructs	Variables	Factor Loading Value
Patient Experience	Personal Attention To Patients	0.796
	Confidentiality Of Patient Personal Information	0.859
	Patients Meal Services	0.834
	Hospital Staff Interaction During Check Up With Patients	0.836
Patient Management	Patient Information	0.726
	Patient Appointment History	0.740
	Patient Prescription History	0.767
	Patient Medical History	0.816
Document and Complaint Management	Speed Of Billing Process	0.821
	Speed To Admission Process	0.698
	Speed Of Complaint Management	0.921
Hospital Facilities	Hospital Cleanliness	0.921
	Hospital Disease Control Procedures	0.702
	Hospital Waiting Room Facilities & Conditions	0.686
	Medical Shops	0.820
	Hospital Security Services	0.876

Source: Self-Compiled with SPSS

6.6. Testing the Hypothesis under Study

The hypothesis for this study is:

- **Null Hypothesis-**Ho: There is no significant difference in the perception of the customers about CRM strategies among different levels of income of customers.

- **Alternative Hypothesis-**Ha: There is a significant difference in the perception of the customers about CRM practices among different levels of income of customers.

For testing the hypothesis, income-wise mean and standard deviation of different customers about CRM strategies as per income are shown in Table-7. One-way ANOVA using IBM SPSS has been computed to test for differences in the average perception score of customers of different income levels.

Table 7: Income Wise Mean and Standard Deviation of Different Customers (CRM Strategies-Income Wise)

| Family Income (per annum)	N	Mean	Std. Deviation
Less than 2500 USD per annum	42	4.7381	0.44500
Between 2500 USD and 6250 USD per annum	163	4.0000	0.00000
Between 6250 USD and 12500 USD per annum	203	3.0345	0.18292
Above 12500 USD per annum	272	3.6618	0.47398
Total	680	3.6221	0.57163

Source: Self-Compiled with SPSS

Table 8: One Way ANOVA to Test for Differences in Customer's Perception of CRM Strategies-Income Level

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.(p-value)
Between Groups	146.109	3	48.703	434.573	0.000
Within Groups	75.760	676	0.112		
Total	221.869	679			

Source: Self-Compiled with SPSS

Figure 1: CRM Strategies Income Level Wise
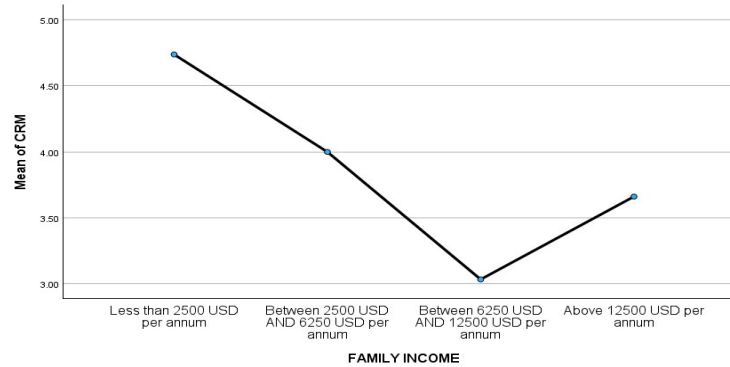
Source: Self-Compiled with SPSS

The result obtained from the One-way ANOVA test (Table-8) indicates that the p-value is 0.00, which is less than 0.05; hence the null hypothesis is rejected. This indicates a significant difference in the customers' perception of CRM strategies from different income levels.

7. Conclusion

This study concludes that the effective CRM strategies for private hospitals are speed of admission process, speed of complaint management, hospital cleanliness, management of patient medical history, and confidentiality of patient personal information. The data analysis of customers belonging to different income levels shows a significant difference in the perception of the customers about the CRM strategies. The analysis depicts that some variables are not that significant for the low-income group viz a viz hospital waiting room facilities, patient information, and hospital security service, whereas, for the high-income group people, all the variables are significant.

8. Limitations and Future Scope of the Study

This study investigates and illustrates the effective strategies of CRM in private hospitals in India. The hospitals can make changes in their strategies accordingly. The research findings are based entirely upon the Gurugram and Delhi sample survey and hence may not be applied directly and uniformly to other regions. In view of the individual constraints, the sample size is limited. This research can further be extended to different geographical areas, on customers of different age groups, on customers of different education levels, to have in-depth knowledge of customers' perceptions about different CRM strategies in private hospitals.

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