LEGISLATIVE CHANGES AND THEIR IMPACT ON MARKETING COMMUNICATION: EVIDENCE FROM BRANDING IN HEALTHCARE SECTOR

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ABSTRACT

Under the influence of new trends and turbulent development of the internet usage in marketing communication, many legislative changes had to be introduced into the marketing reality - mostly those about personal data privacy. However, not only online marketing is experiencing flourishing legal regulation. Surprisingly, many traditional marketing concepts face to the new legal reality. One of such cases is the ban of involvement of public known person into the advertising activities of healthcare products in Czech Republic. Due to the fact, that Czech Republic is EU member state as well as serious opinion maker of Slovak legislatives, the impact of this regulation is international. Thus, the aim of the paper is to analyze possible scenario of transmitting Czech scenario into the Slovak legal and market reality. Similarly, on the research provided in specific Slovak national psychographic environment where similar legislative change is only matter of future, relevant conclusions applicable also in Czech environment can be stated. The reason lies in psychographic similarity of Hofstede's national profiles and common socio-political history of Czech Republic and Slovak Republic. Such an approach could be considered as cross-cultural research realized via methods of statistical hypotheses testing and internal consistency analysis of contingency table. The data were obtained by own questionnaire survey realized on the sample of 500 respondents during second quarter of year 2021. It has been found out that: 1) in healthcare sector, significant majority of consumers recognize only branded products; 2) the attention paid by consumers to the advertisements of healthcare products is growing with increasing range of disability of consumers; 3) majority of consumers react positively on the reference given by social group authority on the healthcare product and 4) the dominant category of recommending authority are doctors and erudite professionals who are in personal contact with patients.

Keywords: Marketing Communication, Healthcare Sector, Brand, Advertising, Legislative Changes.

INTRODUCTION

In Czech Republic, new diction of Act on the Regulation of Advertising is applied on healthcare products since May 2021. This category of products includes items like contact lenses, respirators or covid tests. Among many modifications contained in this amendment, the ban on advertising referrals from scientists, health professionals and celebrities is extremely

important from the point of view of marketing communication. While medicines have been specifically regulated by the Act on the Regulation of Advertising some time ago, healthcare products have been considered only under the general rules of advertising and consumer protection. Czech legislatives are defending new regulation by its necessity to stop the activities of dishonest merchants who scare customers and abuse their hard life situation.

LITERATURE REVIEW

The issue of marketing in healthcare sector is still extremely delicate topic. At the same time, the ethical dimension of these originally commercial activities and the generationally entrenched approach to the perception of healthcare as a free and affordable service with a guarantee of compliance with the identical quality of services provided arises. Thus, Slovak healthcare market opens very slowly to marketing activities which are traditionally perceived as a progressive managerial concept of a commercial nature based on the need for systematic creation and management of competitive advantage (Kemp et al., 2014). The main factor of this shift is the capital intensity of market entry resp. exit. Adequate healthcare tools require investment when certain rentability has to be reached in optimal time platform. This creates space for combining free and directly paid healthcare services for patients' health care, which requires support through adequate marketing activities.

Thus, the marketing reality does not avoid the traditionally non-commercial sector, such as undoubtedly the healthcare sector is. Traditional commercial marketing sources are becoming possible sources of competitive advantage in the fight for the patient. One of them is the brand. However, the issue of its construction and management is not sufficiently modified due to the specifics of healthcare sector. Not only is it necessary to reconsider the application possibilities of originally conceived managerial templates with regard to the specifics of requirements for the quality of service in the healthcare sector, but it is also demanding in terms of managerial skills requirements that small entrepreneurs (private healthcare providers) rarely have (Hytti and col. 2015). The whole situation is even more complicated by the fact that there is an interdisciplinary overlap of individual sub-issues of building and managing brand value and the need for their proper incorporation into the practice of healthcare service providing (Elrod & Fortenberry, 2018).

Initially, branding in the healthcare sector has been identified with pharmacological brands (Sreedhar et al., 2006; Gapp & Merrilees, 2006). Only later it has extended to the field of healthcare service providing itself (Tuan, 2012; Chahal & Bala, 2012). Godsey et al. (2020) suggest a shift in the study of functional mechanisms of branding in healthcare and in the field of nursing. However, the current literature deals within the issue of building and managing brand value in healthcare, especially by the issue of the very principles of branding in the markets of emerging and transformed economies. Fong and Goh (2020) state that the imperative of effective branding implementation is the correct identification of the sources of brand value in healthcare, which they approached by applying the concept of brand equity according to Aaker. Through their own survey conducted on a sample of 271 respondents and evaluated with software support of SPSS statistical software, they found that the relevant sources of brand value in the healthcare sector are: 1) accuracy, 2) quality, 3) brand loyalty and 4) brand awareness. Khosravizadeh et al. (2020) have developed the issue of building and managing brand value from a procedural point of view. They have identified five basic components, which are: 1) market identification, 2)

brand identity, 3) brand positioning, 4) development strategy, 5) consolidation strategy. It can be stated that the last two components can be terminologically identified with the phases of brand value building (development strategy) and brand value managing (consolidation strategy).

A uniform approach to the issue of building and managing brand value seems to be inappropriate in the light of current knowledge. The authors gradually go through concepts that take into account the specifics of individual markets from the corporate resp. product perspective. Baharun et al. (2019) have analyzed this issue at the level of small and medium-sized enterprises in the healthcare sector. They have found that brand orientation, brand trust, brand equity, innovation, business performance, marketing and financial performance are key components in assessing branding effectiveness in the category of business entities. However, it is a very broad construct, which requires a more detailed specification. The intent of such a specification seems to be a selective examination of the sources of brand value of emergency medicine providers carried out by Altaf et al. (2018). They have found that: 1) the perception of emergency medicine services does not correlate with loyalty to the healthcare provider's brand; 2) brand awareness and brand image strongly influence brand loyalty; 3) positive brand image and brand loyalty significantly affect brand equity and 4) brand awareness does not significantly affect a healthcare provider's brand equity. This investigation has been followed by a study of Berry et al. (2016) who have aimed to explore the sources of brand value in palliative medicine. Similarly, Khosravizadeh et al. (2017) have applied an internally differentiated approach to the issue of branding in healthcare focusing on hospitals. They have stated that an understanding of the business aspects of healthcare and their applications and further development strategies are needed to achieve optimal marketing of hospitals. The purpose of their work was to systematically re-evaluate the relevant factors of branding in healthcare in order to optimize the processes of building and managing brand value. For the needs of the systematic review, they have selected more than fifty published papers registered in the Web of Science database. The results were classified and reported on the basis of three categories, namely: 1) dimension; 2) process/strategy and 3) results/benefits. The most important dimension of brand building was the brand equity. The most important process was the stabilization of the brand position and the most important result was the development of optimal marketing. Their results have also suggested a positive impact of the brand on the financial and clinical performance of hospitals. Thus, the concept of building and managing brand value in healthcare sector is an imperative of the successful competitive performance of hospitals in the market, but only few healthcare facilities have such an experience. From this point of view, it is necessary for hospitals to comprehensively identify the dimensions, processes and results of optimal branding in healthcare sector and use them subsequently in the process of optimizing planning, implementation and management across existing managerial structures. This approach have developed the concept formulated by Cham et al. (2016) which has only a framework character, limiting itself to the statement that a well-designed marketing mix has the potential to positively influence patients' subjectively perceived brand value in the healthcare sector. However, the regional view of this issue is increasingly being discussed. It is related to the awareness of national socio-cultural specifics of the subjective perception of brand value, not only in healthcare, but also in general. In US conditions, Kennedy (2019) has researched the importance of the brand in healthcare. It has been argued that a strong healthcare brand, combined with the excellent patient experience provided by qualified top service providers, has potential to influence consumer choice of healthcare provider in this highly competitive market. Odoom et al. (2019) have applied the same

approach when examining brand loyalty in the healthcare sector in Africa. They have stated that, due to regional specifics, it is necessary to approach this issue differently. They have found out that there are four important dimensions of branding in healthcare - brand elements, equipment, staff quality and first aid services. Lee (2020) has also followed up on this analytical approach to the issue of brand loyalty in the healthcare sector. The results have showed that the doctor's communication skills have a positive effect on the patient's trust, resulting in his loyalty to the brand. Furthermore, it has been found that patient trust have a positive effect on the prospective brand loyalty in the healthcare sector, suggesting that the doctor-patient relationship can be effectively maintained only if doctors actively listen to their patients. The potential of communication activities in the context of brand value building and managing has been highlighted by Crosswell et al. (2018). Aguerrebere (2019) have focused on the issue of examining brand communication policy on social media platform. It has been concluded that: 1) the implementation of social media as a tool for marketing communication; 2) new requirements of patients and 3) more intensive competition between hospitals, have led healthcare facilities to reconsider their communication strategies. Creating a renowned brand that helps a healthcare facility strengthen its strategic position in the market has become a strategic priority. The aim of his study was to analyze the impact of interpersonal communication between healthcare professionals and stakeholders through social media.

Concluding the above mentioned, it can be stated that the importance of the issue of building and managing brand value in the healthcare sector is growing. This topic is receiving increasing attention, especially with regard to the need to take into account the specifics of brand value sources. At the same time, several marginal lines of branding research in healthcare sector have been developed. These can be considered as indicators of trends in this area in relation to future research. An important fact is the statement not only of the sectoral specifics of healthcare, sector but also the confirmation of the need to respect regional specifics. The above only increases the importance of processing own research, as the specifics of branding in healthcare are not yet analyzed enough in the contributions registered in any of the reputable databases. Thus, it is not only necessary to take into account the specifics of the national socio-cultural profile of Slovak patients, but also the specifics of Slovak healthcare sector and its perception by patients resulting from its position of the public service traditionally paid by the state.

METHODOLOGY

The own survey was conducted on a sample of 500 respondents during the second quarter of 2021. The aim of the survey was to answer the following research questions: (1) Do consumers reflect on well-known valuable brands in healthcare products? (2) Do consumers pay attention to advertisements of healthcare products? (3) Is there a consumer category that shows a higher degree of attention to advertisements of healthcare products? (4) What aspects of current advertising do consumers respond positively to? (5) Which category of recommending authority is dominant among consumers? To obtain relevant data in research questions (1) and (2), respondents were allowed to respond through answers using a 5-point Likert scale from *"strongly agree"* to *"strongly disagree"*. To answer the research question (3), the respondents had the opportunity to choose the appropriate category of their medical disability based on the Decree of the Ministry of Health of the Slovak Republic (2021). Namely patients with severe disabilities, chronically ill patients with severe disease; chronically ill patients with moderate disease; ill

patients with a modest impact on quality of life and ill patients with a weak impact on quality of life or people without health complications. In the research question (4), the respondents were offered answers regarding the possibility of aspects of contemporary advertising according to Světlík et al. (2017), namely these support of personalities and celebrities, product placement, humour, word of mouth a sensory appeals like music and colours. In the research question (5), respondents selected from the options known white coat, common white coat, public known person and ordinary person. These alternatives have been determined with respect to the possibilities of recommending authority in the healthcare sector in accordance with Source Credibility Theory, Source Attractiveness Theory, Meaning Transfer Theory (Světlík, 2017).

To answer the research questions, it was used the testing of statistical hypotheses in order to determine whether the discrepancy between the statement in the hypothesis and the results of the observed phenomenon is accidental or systematic. This is justified based on one of the main ideas according to Deming (2000), and that is that managers often treat random fluctuations as if they were systematic fluctuations. Testing statistical hypotheses makes it possible to distinguish random variability from systematic variability and thus helps managers make better decisions based on valid and realistic data (Lyócsa et al., 2013). The hypotheses of our own research were determined and are shown in Table 1.

One Sample t Test was used for statistical evaluation of hypotheses A, B, D, E. The vast majority was set at more than 50% of respondents. The test statistic for a One Sample t Test is denoted t, which is calculated using the following formula:

$$t = \frac{\bar{x} - \mu_0}{s_{\bar{x}}}; s_{\bar{x}} = \frac{s}{\sqrt{n}} \tag{1}$$

Where μ_0 is the test value (the proposed constant for the population mean); $\bar{x}$ is sample mean; n is sample size; s is sample standard deviation and $s_{\bar{x}}$ is estimated standard error of the mean. The calculated t value is then compared to the critical t value from the t distribution table with degrees of freedom $df = n-1$ and chosen confidence level. If the calculated t value > critical t value, then we reject the null hypothesis.

The variables examined in hypothesis C are of qualitative character, therefore Chi-Square Tests of independence were chosen as suitable measures of associations (Rimarčík, 2008). The test statistic for the Chi-Square Test of Independence is denoted X^2, and is computed as:

$$X^2 = \sum_{i=1}^{R} \sum_{j=1}^{C} \frac{(o_{ij} - e_{ij})^2}{e_{ij}}; e_{ij} = \frac{row\ i\ total * col\ j\ total}{grand\ total} \tag{2}$$

Where o_{ij} is the observed cell count in the ith row and j^{th} column of the table; e_{ij} is the expected cell count in the ith row and j^{th} column of the table. The calculated X^2 value is then compared to the critical value from the X^2 distribution table with degrees of freedom $df=(R-1)(C-1)$ and chosen confidence level. If the calculated X^2 value > critical X^2 value, then we reject the null hypothesis.

If there is dependence between variables it makes sense to examine the internal structure of the contingency table. Therefore, it was subsequently used a correspondence analysis that can be understand as the analogue of main components method a factor analysis for qualitative characters in the contingency tables. Correspondence analysis is a multivariate graphical technique designed to explore relationships among categorical variables. When the study

variables of interest are categorical, correspondence analysis is an appropriate technique to explore the relationships amongst variable response categories and can play a complementary role in analyzed data (Sourial et al., 2010). This method therefore lends itself well to marketing surveys that explore customer preferences and attitudes, and which seek to assess brand attractiveness. Examining the internal structure of the variables only makes sense if there is a dependency between the observed characters (factors). The use of correspondence analysis has to therefore be preceded by the testing of hypotheses on the independence of the observed characters (Kráľ et al., 2009).

RESULTS

The method of statistical hypothesis testing is one of the most important statistical inference procedures. The interim and final results in accordance with the methodology of statistical hypothesis testing (Rimarčík, 2008) and are shown in Table 1. Calculations were performed by The IBM® SPSS® software. For this research, the significance level was set at 0.05.

Table 1 **STATISTICAL TESTING OF HYPOTHESES**				
Hypothesis	**Calculated t value**	**Critical t value by df 499**	**Decision rule**	**Result of testing**
H0: 50 % or less of consumers of healthcare products reflects on well-known valuable brands.				
H1: The vast majority (more than 50 %) of consumers of healthcare products reflect on well-known valuable brands of retro marketing.				
Hypothesis A	10.37536	1.64485	10.37536>1.64485	H0 rejection
H0: 50 % or less of consumers pays attention to advertisements of healthcare products.				
H1: The vast majority (more than 50 %) of consumers pay attention to advertisements of healthcare products.				
Hypothesis B	2.23607	1.64485	2.23607>1.64485	H0 rejection
H0: 50 % or less of consumers responds positively to support for personalities and celebrities in health care advertisements.				
H1: The vast majority (more than 50 %) consumers respond positively to support for personalities and celebrities in health care advertisements.				
Hypothesis D	1.78885	1.64485	1.78885>1.64485	H0 rejection
H0: 50 % or less of consumers considers white coat recommending authority to be dominant in advertisements of healthcare products.				
H1: The vast majority (more than 50 %) consider white coat recommending authority to be dominant in advertisements of healthcare products.				
Hypothesis E	4.203808	1.64485	4.203808>1.64485	H0 rejection
Hypothesis	Calculated X^2 test	Critical X^2 value by df 16	Decision rule	Result of testing
H0: There is no statistical dependence between the category of consumers according to medical disability and the reporting of the degree of attention to advertisements of healthcare products.				
H1: There is a statistical dependence between the category of consumers according to medical disability and the reporting of the degree of attention to advertisements of healthcare products.				
Hypothesis C	309.47477	26.296	309.47477>26.296	H0 rejection

Based on the existence of dependence between variables it makes sense to examine the internal structure of the contingency table. We processed the result using the IBM® SPSS® software and are shown in Figure 1.
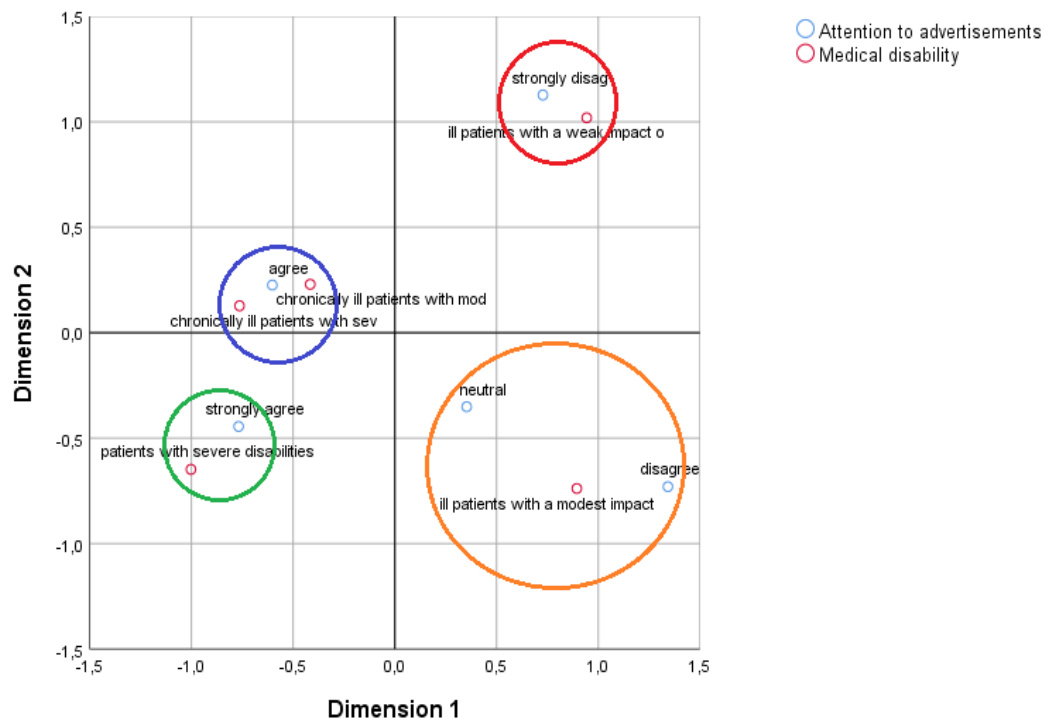
FIGURE 1
CORRESPONDENCE MAP

CONCLUSION

The aim of the paper was to analyze possible impact of transmitting Czech scenario of restricting the involvement of public known person in advertising activities of healthcare products into the Slovak legal and market reality. The reason lies in psychographic similarity of Hofstede's national profiles and common socio-political history of Czech Republic and Slovak Republic leading to the practice of implementing Czech legal patterns in Slovak Republic. The research was realized via methods of statistical hypotheses testing and internal consistency analysis of contingency table. The data were obtained by own questionnaire survey realized on the sample of 500 respondents during second quarter of year 2021. It was found out that: 1) in healthcare sector, significant majority of consumers recognize only branded products; 2) the attention paid by consumers to the advertisements of healthcare products is growing with increasing range of disability of consumers; 3) the majority of consumers react positively on the reference given by social group authority on the healthcare product and 4) the dominant category of recommending authority are doctors and erudite professionals who are in personal contact with patients. Thus, it can be concluded that marketing communication is powerful phenomenon in the marketing activities of healthcare sector entities as it is dominant tool of marketing mix when brand value building and management is taken into account. However, despite the fact that primary, the legal restriction of involvement of public known person in advertising activities of healthcare products could be perceived as significant factor of restructuring contemporary concepts of marketing communications, the opposite has been detected via own research. It is not

any social group authority as it could be originally expected based on high level of the dimension power distance in Hofstede's Czech and Slovak socio-cultural profiles, but it is recommending authority represented by doctors and erudite professionals who are in personal contact with patients. Thus, significant managerial implication for healthcare sector has been identified – costs of the involvement of public known person in advertising activities of healthcare products are not effective and the legal restriction does not cause any significant harm when the effectiveness of communication activities is taken into account. On the contrary, thanks to the Czech legislative changes, the space for optimizing marketing budgets has been identified. Moreover, the need of effective restructuration of existing structures of marketing communication has been pointed out in favor of focusing marketing communication on those tools, where doctors and erudite healthcare staff are its addressees.

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