

## PREFACE TO THE SECOND EDITION

It seems like a lifetime since the first edition of this book was published in 2005. In the past five years, the world has changed significantly—and so have marketing and healthcare. One would think revising a textbook written five years ago would simply require noting the emergence of new marketing techniques, highlighting trends in marketing strategy preferences among healthcare organizations, and updating some of the hard numbers. Under ordinary circumstances in an ordinary industry, this would typically be the case.

The fact of the matter is that healthcare has been and is anything but ordinary. Since the 1980s, the healthcare industry has undergone a series of dramatic changes. Even to observers inured to the constant restructuring and shape shifting that characterize the field, recent developments reflect changes of such magnitude that seasoned professionals can hardly keep pace. By nature, healthcare is a dynamic enterprise that devotes massive resources to the creation of new devices, therapies, and drugs. Beyond advances in medical technology, the industry exhibits a constantly changing system of financing that makes short-term planning difficult and long-term planning impossible. Add to this the constant barrage of mergers and acquisitions affecting both the not-for-profit and the for-profit components of the industry.

Although health professionals have come to expect these types of changes, other forces have come into play that do not represent business as usual. In the past decade, the nation has experienced a dramatic increase in the number of people who lack health insurance. Add to the 47 million uninsured Americans the millions more who are underinsured, and we have the makings of a serious crisis not only in financial terms but also with regard to the health of the public. The uninsured are no longer simply the marginalized members of society who are unemployed, migrant, or too young to know better. They increasingly represent a cross-section of American society, reflected in the startling fact that, today, more than half of all personal bankruptcies are attributed to medical debts or loss of income associated with sickness. These developments have occurred against a backdrop of a failing medical safety net,

health facilities overrun with nonpaying patients, financial setbacks for many providers, and shortfalls in Medicaid funding.

Since 2000, the vagaries of the political environment have had a particular impact on the healthcare industry. The arena has been dominated by free-market proponents who have promoted a laissez-faire approach to healthcare in an environment that has been dominated by vested interests—in particular the insurance and pharmaceutical industries. Major legislative action has been taken (e.g., the Medicare drug benefit) or not taken (e.g., expansion of the State Children's Health Insurance program) in an arena that emphasized everyone's interests but the patient's. As this second edition goes to press, a new administration is in the White House and the political environment appears to be undergoing radical change. Almost overnight, a private-sector orientation to healthcare is being replaced with an approach that emphasizes much more governmental involvement and the resurrection of discussions on universal health coverage. Further, the economic stimulus package put forth by the Obama administration includes significant funding for medical research, information technology, and healthcare infrastructure development, and the first budget it submitted made healthcare reform a centerpiece. The extent to which the healthcare system will be transformed under the new administration remains to be seen, but it is clear that healthcare issues will be in the spotlight for the foreseeable future.

The changes occurring in the marketing field may appear less dramatic on the surface, and in many ways, current trends in healthcare marketing reflect the normal process of adapting marketing approaches to a constantly changing environment. Against this backdrop of evolutionary change, however, is evidence that a revolution has occurred in marketing. The Internet and other electronic forms of communication have created a paradigm shift in the method of information transfer that has far-reaching implications for marketing. Indeed, it has been argued that most of the old rules of marketing no longer apply and a set of new rules must be adopted. Although the healthcare field may be slower to join the revolution than some other industries, there is no doubt that the approach to marketing health services tomorrow will be much different than it is today.

One other development that sits at the intersection of healthcare and marketing relates to the changing role of marketing in healthcare, which has manifested itself in at least two important ways. First, marketing as a corporate function has shifted from the periphery of healthcare to the centers of power. Healthcare organizations have become much more market driven, and this development has placed marketers much closer to the decision-making process. Second, the marketing function has become much more integrated into the operations of many healthcare organizations. In fact, marketing is now often merged with strategic planning or business development opera-

tions and recognized for the pivotal role it can play beyond promotion. As such, the contribution that the marketing function is making in many health-care organizations is more significant than the founders of the field could have ever envisioned.

This revision of *Marketing Health Services* is much more than an update of the first edition. It characterizes the forces that are changing healthcare and marketing and chronicles the transformation of the healthcare marketing enterprise. The turmoil in the healthcare industry at the time of publication of the first edition seems almost tame in comparison to today's events. With the developments poised just over the horizon, the future should be interesting for healthcare marketers.