



## International Journal of Economic Research

ISSN : 0972-9380

available at <http://www.serialsjournal.com>

© Serials Publications Pvt. Ltd.

Volume 14 • Number 1 • 2017

## A Study on Market Potential for Healthcare Packages

B. Jeyaprabha<sup>1</sup> and K. Kala<sup>2</sup>

<sup>1</sup> HOD, Vel Tech Business School, Vel Tech University

<sup>2</sup> Assistant Professor, Vel Tech Business School, Vel Tech University

**Abstract:** Today, people are spending more on healthcare. The trends that would influence the Indian healthcare market would be because of the doubling of the disposable incomes, increase in the number of middle class, expansion of medical infrastructure, greater penetration of health insurance and rising prevalence of chronic diseases. Most users of healthcare have been paying from their own pocket and preferring private services to government ones. Not surprisingly, major corporate like the Tata, Apollo Group, Fortis, Max, Wockhardt, Piramal, Duncan, Ispat and Escorts have made significant investments in setting up state-of –the-art private hospitals in cities like Mumbai, New Delhi, Chennai and Hyderabad. Good healthcare in India is in extreme short supply. With the demand for healthcare far exceeding supply, India’s healthcare industry is expected to grow by around 15 per cent a year for the next six years. Estimating the market or market potential for a new business or business expansion is critical in determining the economic feasibility of a venture. Estimating the market potential will determine if the market is large enough to support our businesses. This study aims to focus on market potential for health care packages with special reference to Malar Hospitals Ltd, Chennai.

**Keywords:** Business Expansion, Market Potential, Healthcare.

### INTRODUCTION

India’s healthcare sector has been growing rapidly and estimated to be worth US\$ 40 billion by 2015, according to Pricewaterhouse Coopers in its report, ‘Healthcare in India: Emerging market report 2012’. Revenues from the healthcare sector account for 5.2 per cent of the GDP, making it the third largest growth segment in India. The sector’s growth will be driven by the country’s growing middle class, which can afford quality healthcare. Over 150 million Indians have annual income of more than US\$ 1,000, and many who work in the business services sector earn as much as US\$ 20,000 a year. Today at least 50 million Indians can afford to buy Western medicines-a market only 20 per cent smaller than that of the UK. With private healthcare driving a large chunk of healthcare in India, the stage is set for private healthcare players to take wing.

- Global Hospitals in Hyderabad, which had a modest beginning as a 150-bed facility dedicated to multi-organ transplantation in Hyderabad, is set to invest close to US\$ 178 million in a couple of years to set up hospitals in other metropolitan cities.
- Mumbai-based healthcare firm Wockhardt Hospitals is planning to set up 14 super-specialty hospitals across the country over the next two years, which could entail an investment of up to US\$ 152 million.
- Apollo Hospitals, Asia's largest healthcare group, is planning to expand its operations by setting up 50 hospitals across the country, including many in tier-II cities. It will invest US\$ 5-9 million in each of the facilities.
- According to a joint study by the Confederation of Indian Industry and McKinsey, India has the potential to attract one million medical tourists each year, which could contribute \$5 billion to the economy, according to the Confederation of Indian Industries.

### **REVIEW OF LITERATURE**

Kevin D. Dayaratna, Ph.D. in his study of Competitive Markets in Health Care: The Next Revolution said that literature review of academic research suggests that competitive markets in health care can offer patients greater quality, more options, and lower costs.

A review of studies of services to avoid hospital admission through treatment at home looked at data from five trials for a total of 844 patients. It found no change in mortality three months after patients would have been admitted, and a significant improvement in mortality at six months. There was an increase in readmissions to hospital, but it was not statistically significant, while there was no difference in how well patients functioned or their quality of life (Shepperd et al, 2009a).

A review of studies of services to support patients in early discharge from hospital looked at data from 13 trials for a total of 1899 patients. It found that for patients recovering from strokes and older patients with a mix of conditions, there was insufficient evidence of a difference in mortality, although there was evidence of an increase in readmissions (Shepperd et al, 2009b).

### **PRIMARY OBJECTIVE**

- To find out the market potential for health care packages in Chennai city with reference to the Malar Hospitals.

### **SECONDARY OBJECTIVE**

- To identify the market segments who will consume the service provided.
- To identify the most preferred health care packages among the respondents and identify the price range of the healthcare packages according to the preference of the respondents.
- To identify the potential customers in future for the healthcare packages.
- To analyse the competition level for the healthcare packages in Chennai.
- To identify the ways to promote the health care packages.

## **RESEARCH PROBLEM**

India's healthcare sector has made impressive strides in recent years. From a US \$ 20.6 billion industry in 2001, it is expected to touch US \$ 46.4 billion by 2012. According to a World Health Organisation Report, India needs to add 80,000 hospital beds each year for the next five years to meet the demands of its population. Infant mortality is high in India. On an average, 80 out of every 1,000 children die. This figure is just nine in the US and 30 for every 1,000 in Thailand. Life expectancy in India is amongst the lowest at 55.5 compared to United States at 75.5, and 66.5 for Thailand. This trend is particularly alarming because of its potential impact on one of Asia's fastest-growing economies.

Nowadays, more and more people are becoming fat and obese. And more people are considered overweight due to their improper eating habit. Overconsumption of sugar and carbohydrate which is associated to unhealthy eating habits also leads people suffer from diabetes and other diseases. And the rates of people getting affected because of the cardiovascular diseases are increasing. Environmental factors like low birth weight, malnutrition also possibly predisposes Indians to increased risk of diabetes and heart attacks in adulthood. Now with a very recent overabundance of food, their bodies are having difficulty making a metabolic U-turn and the result is high insulin intolerance, with accompanying raised levels of diabetes and obesity.

People are being more conscious about their health nowadays. So people are in need to prefer and go for having various health oriented check ups. As a result, there is an increase in the usage of the healthcare packages among the people. But people especially the middle income group don't prefer the hospitals for having the check ups and they prefer to have checkups in normal healthcare centres and only when they are aware of serious problem, they prefer to go for the best hospitals and continue with the treatment. So this study will help in analyzing the reasons behind the preference and various needs of the people in terms of their expectations relating to price, products etc. can be identified.

## **RESEARCH DESIGN**

In this study, descriptive research has been used to describe the facts and figures of the market potential for healthcare packages.

## **DATA SOURCES**

### **Primary Data**

Data collected for the specific purpose for this study is called primary data. The primary data consists of data collected directly from the field by the researcher. It was collected with the help of a structured questionnaire accompanied by personal interview.

### **Secondary Data**

The sources collected secondary data for this study are previous records like books, journals, newspapers, magazines.

- *Sampling Unit* : General public of the Chennai city.
- *Sample Size* : 300

- *Sampling Method* : Non – Probability Convenience Sampling
- *Statistical Tool Used For Analysis* : The weighted average method and the chi-square method.

### **MAJOR FINDINGS**

- It can be found from the study that only 4% of the respondents have said that health condition is excellent, 12% of the respondent's health condition is very good, 57% of the respondent's health condition is good and 27% of the respondent's health condition is fair.
- The study shows that a maximum of 36% of the respondents have an intention to have the health check up only after being insisted by the doctor, 32% of the respondents prefer to go for a health check up only after being insisted by the family members, and 5% after seeing health oriented advertisements.
- It can be found that a maximum of 31% of the respondents have preferred to have Master Health Check Up, followed by 23% who have preferred to have the diabetic check up, 16% of the respondents have preferred to have general health check up, 15% (only female) of the respondents have preferred to have well woman health check up, only 7% of the respondents have preferred heart check up, 4% of the female respondents have preferred to have Well Woman Health Check Up, and 4% of the respondents have preferred to have Senior Citizen Health Check Up.
- In case of master health check up, the preferred price range by maximum respondents were ranging from less than Rs.1,000 to Rs.4,000. When the heart check ups are considered, the most preferred price range is from Rs.2,000 to Rs.3,000. The study shows that the most preferred price range for the diabetic check up is less than Rs.1,000.
- The study shows that the most preferred price range for the stress relief plan is less than Rs.1,000. When the well woman health check up is considered, the most preferred price range is from Rs.1,000 to Rs.2,000. In case of the Senior citizen health check up, the most preferred price is from Rs.1,000 to Rs.2,000.
- When the competition level is analyzed, it is revealed from the study that a maximum of 16% of the respondents have undergone health checkups in the normal healthcare centres or the diagnostic centres followed by the Apollo Hospital where 12% of the respondents have undergone the health checkups, then the Lifeline Hospital where 10% of the respondents have undergone for the health checkups and then it is the Malar Hospital with 9% and the Vijaya Hospital with 9% of the respondents.
- It can be found from the study that when the loyalty level of the respondents are considered, more respondents are likely to shift their hospitals from where they have undergone the health check ups.
- The study shows that 43% of the respondents have preferred to undergo health check up in Malar Hospital in the future and 57% of the respondents have preferred not to undergo health check up in Malar Hospital.
- It is found from this study that when the decision sequence for preferring the hospital for undergoing the health check up, more weightage is being given to the doctor's expertise followed by popularity of the hospital, price of the packages, services provided and then it's the accessibility or the distance.

## **SUGGESTIONS**

- 1) The Malar Hospital can develop a proactive health and wellness program that provides people with updates on medical discoveries, advances, and treatment options. The program can be in such a way that Membership can be made at a less cost (for people belonging to the age group 20 to 30, 30 to 40, and 40 to 50 or free of cost (for people who belong to the age group above 50). And the members can be made to stay in contact through the website, newsletters, magazine and they can be made to know the health oriented events like awareness programs, health check ups etc. that are scheduled. The members of these programs can also be provided with benefits like Prescription Discount Card that provides valuable discounts on prescribed medicines or drugs by the doctors and this card can be made accepted for the pharmacies that join in this network. The vendors who join this network can be intimated to the members through e-mail, magazines etc. So, the awareness level about the health among the people can be increased.
- 2) The Malar Hospital can also engage in conducting programs that can change the people's lifestyle characteristics, so that they become more conscious about their health.
- 3) Health Card for the healthcare packages can be introduced which works similar to a debit card. People can initially load funds onto the Health Card through the Internet. The beneficiaries can then use Health Card to receive healthcare services from any of the extensive health care provider network across India. If a patient's provider is not a part of the Health Card network, India Health Card will contact that provider and explain the simple, no-fee registration process. By using the card, beneficiaries will also receive quality service at a discounted rate, while ensuring timely payment to healthcare providers.
- 4) In order to change the impact on smoking and drinking behaviour, awareness programs can be conducted in high schools, colleges and companies targeting the youth.
- 5) The level of awareness about the health care packages can be increased by participating in the health oriented expo like meditec – clinika that is held every year in Chennai.
- 6) The hospital can conduct free camps in other locations of Chennai to gain more number of customers in future.
- 7) Malar Hospital can also open branches in and around Chennai.
- 8) The Hospital can promote the healthcare packages by reducing the price of the packages that can be affordable by all the people in such a way that services provided can be reduced to a certain level as per the prices reduced.
- 9) The Hospital can also engage in having the awareness camps through mobile van programs, mobile bus etc. The hospital authorities can coordinate with community agencies, such as school departments, councils on aging, health centers and the housing authority to reach the people who need these service the most – seniors citizens, teens and families who do not have access to medical care. The Mobile Health services can be made available free of cost and the basic screening tests like blood pressure screening, cholesterol screening, diabetes screening can be done and education can be given about the health nutrition and other heart related diseases.

- 10) Malar Hospital can approach the primary and higher secondary schools and increase the awareness about the heart diseases, by making the school students to go for a free general check up and follow ups in Malar Hospitals if needed.
- 11) Heavy traffic, poor transport services and distances prevent the rural poor people from getting the healthcare they need. To help them, an integrated network of rural village out-patient clinics can be set up around the Chennai City.

### **CONCLUSION**

Talking to people about preventive health care is like planting trees to save the earth. So, it has to be done with utmost care and people should be made to realize the importance of health in order to have a happy life. India's huge population of a billion people also represents a big opportunity for the health care sector. The middle income group in this vast base, is also a large 300 million. Today, people are spending more on healthcare. A middle-level manager with a family of four, spends between US \$ 170 and US \$ 255 a year on healthcare – compared to just US \$ 43 in the late –1980s. Most users of healthcare have been paying from their own pocket and preferring private services to government ones. There are various gaps in the Indian healthcare market, which also present a vast opportunity. Good healthcare in India is in extreme short supply. With the demand for healthcare far exceeding supply, India's healthcare industry is expected to grow by around 15 per cent a year for the next six years. Since the opportunity is present and gaps are a limiting factor, we should try to overcome the barriers and utilize the resources in a proper way.

### **BIBLIOGRAPHY**

- Ernst and Young (2006), "Opportunities in healthcare: Destination India, Health Sciences India"
- Ugur yavas; Donald J. Shemwell. (2001), "Modified importance-performance analysis: an application to hospitals", International Journal of Health Care Quality Assurance, Vol. 14 No.3, pp.104-110.
- Puay Cheng Lim; Nelson K.H. Tang. (2000), "The development of a model for total quality healthcare", Managing Service Quality, Vol. 10 No.2, pp.103-111
- [www.fortishealthcare.com/](http://www.fortishealthcare.com/)
- [http://india.gov.in/citizen/health/healthcare\\_system.php](http://india.gov.in/citizen/health/healthcare_system.php)
- [www.whoindia.org](http://www.whoindia.org)
- [www.mamashealth.com/Heart\\_stat.asp](http://www.mamashealth.com/Heart_stat.asp)
- [www.heartstats.org/](http://www.heartstats.org/)
- [www.medical-library.org/j\\_med.htm](http://www.medical-library.org/j_med.htm)