Perceived Value of Health Service—The Conceptual Model

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A knowledge in the field of a perceived value in a marketing literature is in a steep progress. The concept of the perceived value is rerely founded in a health marketing literature. In the medicine health literature, the concept of a patient satisfaction and research models with direct relationship between service quality and patient satisfaction are used. Our conceptual model transfers knowledge from the other marketing sciences to the health marketing. In the article all elements of the conceptual model are introduced, with which the authors can describe the concept of perceived value of health service.

Keywords: perceived value, perceived quality, satisfaction, loyalty, reputation, price conceptual model, health services

Introduction

Nowadays, the whole world economy is service oriented. According to some sources (OECD, 2007), the service represents 70% of GDP in OECD countries. A health service industry is one of the important ones with high growth potentional.

The health care service quality and patient satisfaction are key elements of the European public healthcare systems agenda (Lacalle & Bachiller, 2011). Development of a comprehensive approach to improve the health care quality and security is among priorities of the European countries. In researching quality of health services, it is important to take into consideration all possible aspects of quality, which are known to a multidimensional concept. From marketing perspective, it is important to analyse perceived service quality, which means to analyse it from the point of patient's view.

The value concept is widely used in various disciplines, such as economics, accounting, finance, and production management (Pisnik, 2008, p. 6). The role of a costumer changes from that of a mere costumer to a multifaceted role (Wang, Lo, & Yang, 2004, p. 171). Authors (Woodruf, 1997; Woodal, 2003) thought that the perceived value will become one of the dominant research concept. Considering the fundamental definition of the perceived value, that is a trade-off between the "give and get" components, the benefits and sacrifices as well as antecedents and consequences of the perceived value should be analysed. The health care system is just one of service systems with its own charecteristics, so it can try to make the conceptual model for the perceived value of the health care service. A kind of a partial model can be found in articles of Choi, Cho, S. Lee, H. Lee,

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and Kim (2004), Abbasi, Rostami, Heydarian, and Amini (2015), and Chenal and Bala (2010), but the models have weaknesesses and are not so integrated and complex as our model.

Theoretical Background

Perceived Value

The perceived value is defined as the costumers evaluation of the usefulness of the perceived benefits and the perceived sacrifices (Zeithaml, 1988). That is, consumers may cognitively integrate their perception of what they get (benefits) and what they have to give up (sacrifices). In the health care, benefits are the results of a good quality service in both the outcome and process domains. Like the service quality assessment, the perceived value has besides emotional components also cognitive components. However, unlike the quality assessment, the perceived value requires the trade-off between the benefits and sacrifices.

Today, the perceived value is considered as one of the most influential antecedents of customer satisfaction (Eggert & Ulaga, 2002) and also loyalty (Cronin, Brady, & Hult, 2000). As such perceived value is a relevant issue for the health care services.

Perceived Service Quality

The perceived service quality is the consumers overall perception about quality of a particular product of service in comparison to other available services (Chenal & Bala, 2010). The definition of service quality is the customer's overall impression or assessment concerning the relative inferiority or superiority of the organization and its services (Zeithaml, 1988; Bitner & Hubbert, 1994). It can be measured by comparing the customer's expectations with the customer's perceptions of an actual service performance (Parasuraman, Zeithaml, & Berry, 1988). Providers of medical services need to understand the patient's expectations and try to meet these (Lee, C. W. Chen, T. H. Chen, & C. Y. Chen, 2010). For hospitals, a satisfied patient is very important, because he is more likely going to keep using the medical service, follows the prescribed treatment plan, and maintains the relationship with a specific health care provider.

Reputation

Reputation is what, is generally said or believed about a person's character or standing and thing's characteristics. The reputation is an intangible and a very important asset to an organization, it also has a positive influence on a costumer perception on value of a product, on a costumer's loyalty, trust, and confidence (Pisnik, 2008).

A doctor's reputation positively influences both the patient's trust and satisfaction (Torres, Vasquez-Parraga, & Barra, 2009).

The results of Wu (2011) revealed that the hospital's brand image has both a direct and indirect effect on a patient's loyalty. It means that a positive brand image, not only increases a patient's loyalty directly, but also improves the patient's satisfaction.

In the health care context, Kotler and Clarke (1987) suggested that the hospital's brand image is the sum of beliefs, ideas, and impressions that a patient holds toward a hospital. The patients often form a brand image for a hospital from their own medical examination and treatment experiences (K. H. Kim, K. S. Kim, D. Kim, J. Kim, & Kang, 2008). Oliver (1997) noted that satisfaction is in general a psychological state, which is usually the result of emotional expectations and the experience from former shopping behaviours. In the service environment, the customer satisfaction has been seen as a special form of a customer's attitude. It is a

phenomenon of post-purchase reflection on how much the customer likes or dislikes the service after experiencing it.

Thus, a favourable hospital brand image helps to strengthen the intentions which patients have for a selected hospital.

Sacrifices (Price)

Sacrifices from the patient's perspective can be divided into two types: the price that the patient has to pay and nonmonetary costs such as time spent and the mental and physical stress experienced in receiving the care. The nonmonetary costs are substantial in the healthcare services sphere due to the queues and waiting lists that occur, especially in the public system (Moliner, 2009). First of all, the nonmonetary costs, such as time and effort, must be acknowledged since many customers consider time as an important commodity. As a result, anything can be built into products/services to reduce time, effort, and search costs can reduce perceived sacrifice and thereby increase perceptions of the value (Zeithaml, 1988, p. 18). Consumers factored the non-monetary transaction costs into their quality judgments and decisions (Petrick, 2004, p. 31), it is very important that they should be taken into consideration and not be regarded as any less important than the monetary costs. The nonmonetary costs sometimes might be of more important value than monetary costs and can also be a reference point for customers while making a purchasing decision (Örgev & Beker, 2013).

Patient Satisfaction

Oliver (1997) noted that satisfaction is a general psychological state and is usually the result of emotional expectations and the experience from former shopping behaviours. In the service environment, the customer satisfaction has been seen as a special form of the customer attitude. It is a phenomenon of a post-purchase reflection on how much the customer likes or dislikes the service after experiencing it (Woodside, Frey, & Daly, 1989), and it can also be defined as a fulfillment of the consumer's goals, which was experienced and described by the customers (Oliver, 2006). The consumer's satisfaction is the fundamental of a consumer sovereignty (Choi et al., 2004). Satisfaction of a patient also affects the outcome of a medical practice. The patient's satisfaction assessment is becoming an integral part of the strategic processes for the health care organizations (Reidenbach & McClung, 1999).

Moreover, the patient's satisfaction is a critical indicator for the health care service organizations. The providers of a medical service need to understand the patient's expectations and try to meet these (Lee et al., 2010). For hospitals, the satisfied patients are important, because they are more likely to keep using the medical service, follow the prescribed treatment plan, maintain the relationship with a specific health care provider, and recommend the hospital to other users (Hekkert, Cihangir, Kleefstra, & van den Berg, 2009). Undoubtedly, the patient's satisfaction is the passport to profitability in the hospital setting.

Loyalty

A customer's loyalty is not the same as a satisfied costumer. A costumer's satisfaction is defined as a measure of a costumer's expectation being exceeded. The expectation can be predictable. As a consequence, to get a high score and a satisfied costumer, all you have to do, is to do what the costumer expects from you. Nogami (2009) said that 65% to 85% of costumers, who switched suppliers, were satisfied or very satisfied prior to their departure. The customer's loyalty is an emotional relationship between customers and the company. It is much more difficult to get loyalty from costumers than getting them satisfied. Bettencourt (1997) wrote that loyal customers will speak positively of the company product and service. Loyal costumers are more

tolerant when they feel a little dissatisfied. Kessler and Mylod (2011) wrote that there is a statistical link between satisfaction and loyalty, and that this link is weaker for high-satisfaction hospitals.

The satisfied patients prefer the same hospital for the same or different treatments and may recommend it to their friends and relatives, unlike dissatisfied patients, who may discontinue their treatment from the same hospital. Despite the significance, the public healthcare organizations take the value of loyalty for granted. Namely, the loyal patients can add to their success. In other words, a patient's loyalty is essential for healthcare units to retain patients and to survive in the competitive market (Chenal & Bala, 2010).

The Development of Conceptual Model

Based on theoretical knowledge, the conceptual model is drawn in Figure 1.
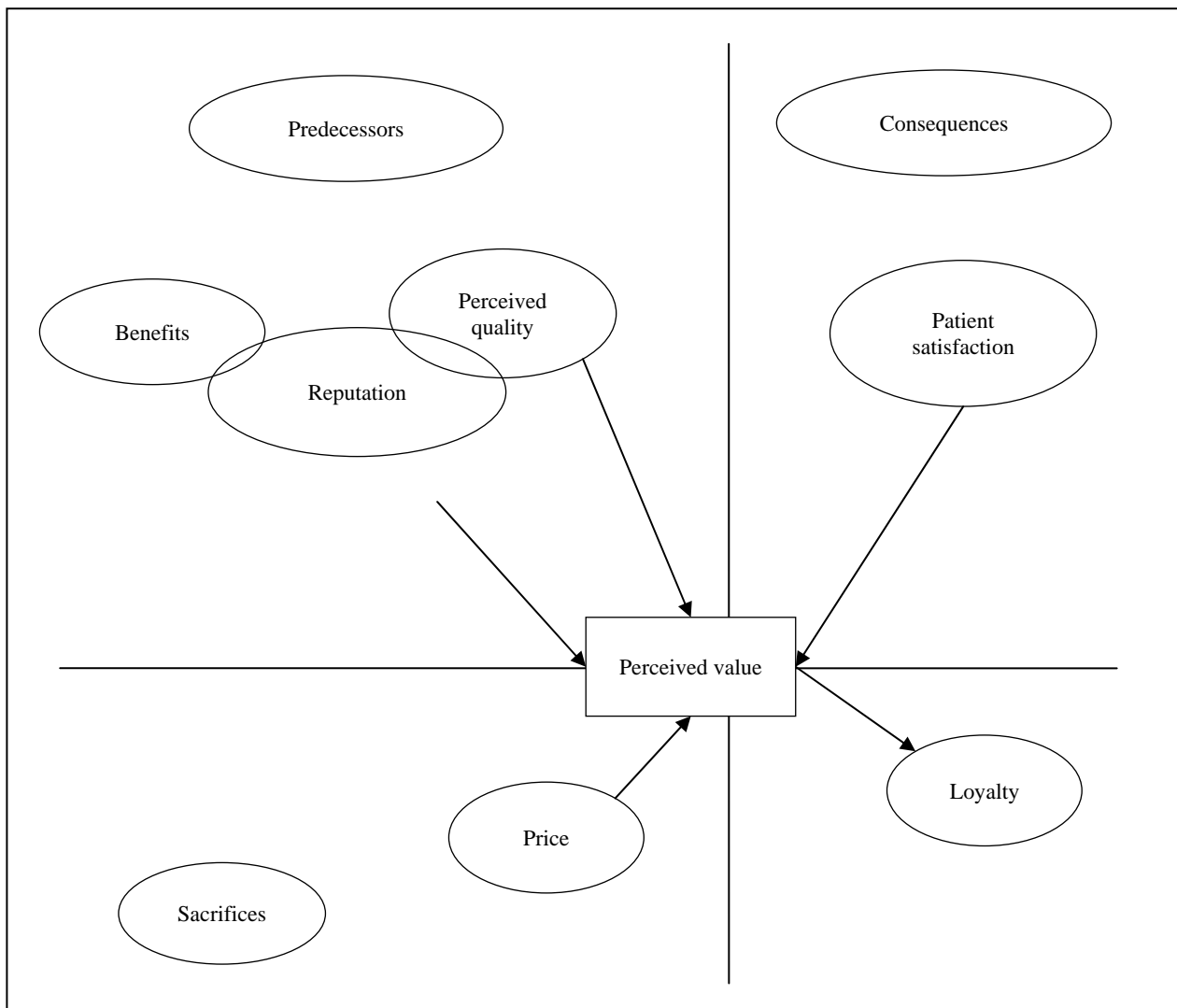

Figure 1. Conceptual model.

The perceived quality is the user's perception of quality of a service compared to the quality of other service providers (Chenal & Bala, 2010). Different authors suggested a connection between the perceived quality and the perceived value of a service, where a higher perceived quality leads to a higher perceived value.

Other authors for example Cronin et al. (2000), suggested that in the addition of the direct impact of the perceived quality to the perceived value of a service, the perceived quality also influences the overall users' satisfaction.

From this point of view the first two hypotheses can be derived.

H1: The higher the perceived quality of the health care service, the greater is the perceived value of that service.

H2: The higher the perceived quality of the health care service, the greater is the satisfaction of the patients.

Reputation has an important role in the distinction among different health care providers (Shanti, 2006). There exist direct and indirect influences of reputation that can affect the success of the health care provider. Researchers of Chen (2009) and Wood (2000) described a positive link between the reputation and the perceived value and quality of the service. It can be expected also the same results for the health care services, therefore we can derive the next hypotheses:

H3: The better the reputation of the health care service provider, the higher is the perceived quality of that service.

H4: The better the reputation of the health care service provider, the higher is the perceived value of that service.

The higher perceived value of the service leads to a more satisfied costumer or user. Regarding time duration the success of a service provider is linked to the loyalty of the users. Atilgan, Askoy, and Akinci (2005) believed that the loyalty of the users is strongly influenced by the perceived value of the service. It can be expected the same for the health care services, from this it can be derived the fifth and sixth hypotheses:

H5: The higher the perceived value of the health care service, the greater is the satisfaction of the patients.

H6: The higher the perceived value of the health care service, the greater is the loyalty of the patients.

More doubts arise when it wants to describe the connection between the perceived quality of the service and its price.

Hussey, Wertheimer, and Mehrota (2013, p. 27), in their metaanalysis, which contained all relevant analyses of effect of price on the quality of health care services, concluded that the link is inconsistent and it can be either positive or negative. Many researchers (e.g., Dodds, Monroe, & Grawal, 1991; Pisnik, 2000) suggested that a higher price leads to a higher perceived value of the service. From this our hypothesis is as follows:

H7: The higher the perceived price of the health care service, the higher is the perceived quality of that service.

Because the perceived price is a part of the equation of the definition of the perceived value, it would be expected that the connection between the two is negative. However, the frequency of study of these connections is rare and the results are a lot of times inconsistent. It can be assumed that the connection is negative and from this our final hypothesis can be derived:

H8: The more favourable is the perceived price of the health care service, the higher is the perceived value of that service.
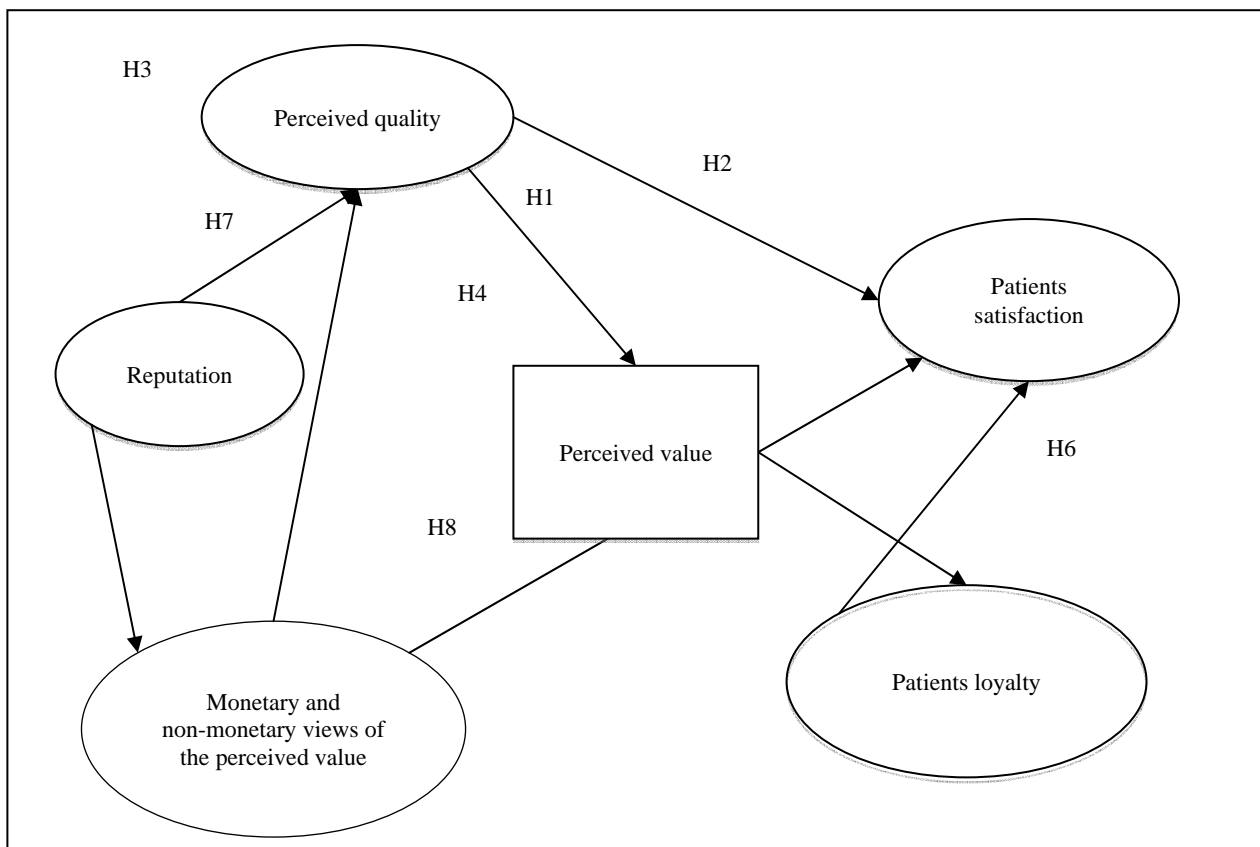
Figure 2. The conceptual model with hypotheses.

Conclusions

The knowledge of the concept of the perceived value is rapidly increasing in the field of marketing. However, the concept itself can be rarely, if at all, found in the health care literature. In medicine, only the concept of quality can be detected. From this point of view, with the conceptual model of the perceived value it can contribute to science mainly, because our model transfers the knowledge of marketing science to the field of the relationship between the health care provider and the patient.

In our work the key elements of our conceptual model of the perceived value are introduced. Our attempt is to empirically investigate this model and to analyse all the links between the model elements.

The results will show the antecedents as well as consequences of the perceived service value model. Taking both factors of the model into account, this also can be our contribution to the science in the field of health care.

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