

## CHAPTER 14

# STRATEGIC MARKETING

### LEARNING OBJECTIVES

*After studying this chapter, you will be able to*

- discuss the concept of strategic marketing in marketing/public relations;
- explain the role of mission, vision, and values in marketing efforts;
- apply the concepts of SWOT analysis, target markets, and branding in healthcare marketing efforts; and
- evaluate the role of the healthcare marketer in relation to the importance of strategic marketing.

## CASE STUDY: NORTHEASTERN STATE HEALTH COMMUNITY CENTERS AND OUTREACH

Sandy Krause, director of outreach and development for the six Northeastern State Health Community Centers (NEHCC), reviewed the report Tom Bartlett, sales representative from the local television station, had left with her. She had first met Tom two weeks earlier when he arrived unannounced to encourage her to purchase television advertising for NEHCC.

At first she had not been interested in television advertising for NEHCC. However, Tom showed her data that specified when people watched television and—more important to Sandy’s concerns with NEHCC—data that listed which television shows were watched, the time the shows were watched, and who was watching them. Tom told Sandy that television viewing varied by family income; Tom’s television company had conducted research and knew who watched what and when they watched it and the differences between television viewing behaviors by income level. This information was indeed important to Sandy and her work at NEHCC.

Sandy was glad to see the television research. It would be helpful to her as she pondered whether or not to recommend that NEHCC advertise via television as part of its outreach to communities.

### NEHCC AS A PATIENT-CENTERED MEDICAL HOME

NEHCC comprised six not-for-profit healthcare community centers funded by the Bureau of Primary Health Care to deliver community and migrant healthcare needs. Primary healthcare was provided regardless of ability to pay, and the providers treated patients regardless of health insurance status (i.e., whether they had health insurance or not). The mission of NEHCC was “Empowering our patients and communities by proactively providing quality, affordable patient-centered healthcare.”

NEHCC was recognized as a **patient-centered medical home (PCMH)** by the National Committee for Quality Assurance (NCQA; see [www.ncqa.org](http://www.ncqa.org)). As a PCMH, the community centers were recognized as a healthcare delivery organization that ensured each patient had an ongoing relationship with a team of healthcare providers—that is, the patients saw providers they had seen before when they returned for primary healthcare (Kovner and Knickman 2011, 195). For instance, if a mother brought her son back to one of the healthcare centers for immunizations, her child was treated by the same team that had treated him earlier. Consequently, a long-term health relationship was built between provider, mother, and son if the mother and son continued coming to NEHCC. Moreover, as a PCMH, NEHCC would have sent a reminder to the mother that it was time for her son to receive the immunizations to ensure up-to-date, continuous primary care delivery. NEHCC also made certain that all communications were available in both English and Spanish.

---

#### *patient-centered medical home (PCMH)*

a healthcare organization designed to provide comprehensive primary care for patients throughout their lives; patients have a “medical home” where healthcare providers, acting on interdisciplinary teams, provide coordinated care so that patients’ information is stored at one site

---

As reported by NCQA (2011):

The Patient Centered Medical Home is a health care setting that facilitates partnerships between individual patients, and their personal physicians, and when appropriate, the patient's family. Care is facilitated by registries, information technology, health information exchange and other means to assure that patients get the indicated care when and where they need and want it in a culturally and linguistically appropriate manner.

The PCMH model fit well with NEHCC's mission to deliver primary care regardless of income or insurance status and NEHCC's dedication to provide healthcare to anyone who needed it. And Sandy emphasized NEHCC's vision—to improve the health status of underserved populations—in all of her communications.

The values that underscored NEHCC were direct and simple, and every action by the healthcare teams at NEHCC endorsed and reinforced them. NEHCC's values could be summed up as "Everybody deserves good healthcare." Outreach efforts were geared toward two goals:

1. Increasing community awareness of NEHCC
2. Increasing services used at NEHCC (among both new and returning patients)

Particularly because of NEHCC's commitment to providing access to healthcare, the target markets were primarily persons with low incomes who had Medicaid or were uninsured or underinsured (i.e., they earned too much money to qualify for Medicaid but not enough to purchase comprehensive health insurance).

To that end, any efforts by Sandy and her colleagues at NEHCC should have focused on persons who may not have had full access to private physician offices, clinics, or other healthcare delivery sites that charged a set fee per visit (NEHCC charged on a sliding fee scale) or did not accept patients who could not pay for services or could not pay the copayment required by their insurance plans. Patients who may not have had full access to the aforementioned sites might have been going to the emergency department at their local hospital for primary care needs (e.g., for the flu), a costly and inefficient method of accessing care.

When Tom introduced Sandy to his company's research on television viewer status and pitched the use of television advertising, he had shown her that single mothers who earned low incomes watched Saturday morning cartoons with their children and would see an NEHCC commercial if it aired on Saturday mornings during the cartoons. Tom proposed that NEHCC's outreach efforts should target this market because these mothers were the ones who would bring their children to NEHCC for primary care if they knew about the organization and its services.

Tom also proposed that NEHCC could show the commercial in Spanish and English ten times during the Saturday morning cartoons. For each 30 seconds of commercial time NEHCC purchased, the television station would offer a 1:1 match. Hence, each commercial would average \$2.50 per showing, or \$25 total per Saturday. If Sandy used her own staff as the actors and used voiceovers supplied by the television station, she would incur no other costs to create or produce the commercial. Sandy knew that NEHCC received on average \$111 in reimbursement from Medicaid for each Medicaid primary care visit. If the Saturday commercial spots brought in one patient, the \$25 investment would return \$86 to NEHCC.

Sandy edited the excerpted section from NEHCC's strategic marketing plan to include outreach commercials. (See Exhibit 14.1; Sandy's edits are italicized.) She considered the following questions: Would such an action help meet the objective of advertising outreach? The goal of increasing community awareness? Did it fit with NEHCC's mission, vision, and values? Did it fit as part of a marketing strategy that would enable NEHCC to concentrate its limited resources on its greatest opportunities, increase sales, attain its goals, and achieve a sustainable competitive advantage (Baker 2008, 3)? Moreover, she remained aware of the importance that any strategic success would be dependent on NEHCC's outreach initiatives—its relationships with referring physicians, clinics, and hospitals as well as ongoing relationships with patients and the public.

## STRATEGIC HEALTHCARE MARKETING AND THE IMPORTANCE OF MISSION, VISION, AND VALUES

As discussed in Chapter 3, **strategic planning** is the design of a plan to achieve agreed-upon goals. NEHCC had established two overarching goals:

1. Increasing community awareness of NEHCC
2. Increasing services used at NEHCC (among both new and returning patients)

As the director of outreach and development, part of Sandy's job was to reach out to referring physicians, clinics and hospitals, potential patients, and the public so that people were made aware of NEHCC's services. This outreach required marketing efforts. To ensure that appropriate efforts are implemented, persons in positions such as Sandy's must possess a clear understanding of what their healthcare organization is and know the environment in which the organization exists. To build this understanding, some organizations hold formal strategic planning retreats; others are more informal and hold strategic planning meetings. The main point is that the organization's administrators, board members, and clinical managers strategize about how to meet agreed-upon goals. Moreover, any agreed-upon goals, objectives, and actions should fit with the organization's mission (who it is), vision (where it wants to be), and values (how it wants to go about achieving its mission and vision).

---

**strategic planning**  
design of a plan to  
achieve agreed-upon  
goals

---

**EXHIBIT 14.1**

Advertising  
Section—Excerpt  
from NEHCC's  
Strategic  
Marketing Plan

**Goal 1: Increase community awareness of NEHCC****Objective 3: Maximize advertising outreach efforts**

<b>Action</b>	<b>Target Date</b>	<b>Frequency</b>	<b>Person Responsible</b>	<b>Comments</b>
Radio—research commercial with radio stations	September 15	Biweekly	Sandy	Identify best value stations (in progress; have contacted a few stations).
Spanish phone-book listing	Done	Yearly	Sandy	\$200 annual fee. Non-Spanish listing too expensive.
Research billboards	October 15	??	Sandy	More likely to be cost-effective in rural areas. May donate?
<i>Research television</i>	<i>September 15</i>	<i>Biweekly</i>	<i>Sandy</i>	<i>\$2.50 per 30-second commercial if run 10x; bilingual commercials. Total investment \$20.50 per Saturday.</i>

Market research to assess the environment also contributes significantly to the success of strategic initiatives. Research conducted by an organization may include patient satisfaction surveys; patients are asked questions regarding how they heard about the health-care site and regarding their experiences at the site. An organization also may benefit from research conducted by outside organizations. In the case study, Tom shared with Sandy the research conducted by the television station to identify television-viewing behavior.

Large hospitals may outsource some of their marketing research needs. For instance, one hospital was interested in learning if a cardiovascular center would add value to the region and be profitable for the hospital. The hospital hired a firm from another state to study the demographics (i.e., age, income level, and health status of area residents) and competition (i.e., what cardiovascular services other healthcare organizations within a 50-mile, 100-mile, and 150-mile radius offered) in the area. Whether the organization is conducting its own research or using research provided by an objective, outside firm, the fact remains that market research helps clarify the goals of the organization, identify target markets, and direct branding efforts.

---

**SWOT analysis**

a tool used to identify an organization's internal strengths and weaknesses as well as an organization's external opportunities and threats

---

**SWOT ANALYSIS, TARGET MARKETS, BRANDING, AND PROMOTION METHODS**

A **SWOT analysis** (strengths, weaknesses, opportunities, and threats) is one tool that may be used to identify an organization's internal strengths and weaknesses as well as an organization's external opportunities and threats. SWOT analyses are subjective, a result of stakeholders' opinions. *Stakeholders* are individuals, groups, and entities that have an interest in an organization's success. With reference to NEHCC, stakeholders would have included the organization's executive director, board of directors, clinical managers, and administrative staff (including Sandy). Because NEHCC was funded by the Bureau of Primary Health Care as community and migrant health centers, 51 percent of the board members were clinic users. Hence, patients were represented as well. (For more information about health centers and a description of Health Center Program fundamentals, see <http://bphc.hrsa.gov>.)

Often a SWOT survey is distributed to stakeholders prior to the strategic planning retreat or meeting, and the results are distributed to attendees and discussed at the retreat/meeting. On the basis of this discussion, the organization establishes goals to work toward. For an example, consider the SWOT analysis conducted by NEHCC prior to its strategic planning retreat (see Exhibit 14.2).

From the SWOT analysis, the stakeholders who attended the NEHCC strategic planning retreat determined that an opportunity for NEHCC was to focus on Medicaid patients (new and returning). The target market they identified, therefore, was Medicaid recipients. The number of new patients was expected to increase after Medicaid coverage was expanded, and the state in which NEHCC was located had indicated it would accept the expanded Medicaid provision, which was scheduled to take effect in 2014 per the Affordable Care Act (Medicaid.gov 2013). (Remember that in 2012 the US Supreme Court ruled that states may or may not accept Medicaid expansion; see [www.supremecourt.gov/opinions/11pdf/11-393c3a2.pdf](http://www.supremecourt.gov/opinions/11pdf/11-393c3a2.pdf).)

Also, the attendees determined that the image of NEHCC—its branding—should be improved. Comments such as “they are just free clinics” needed to be addressed and the public be made aware that NEHCC was for all patients who needed care, regardless of racial or ethnic origin. The American Marketing Association (2013) defines *brand* as “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers.” The branding of service products involves consumers as co-creator of the branding image (Anker et al. 2011). Hence, in the case study, the service was primary health care, the consumers were the patients of NEHCC, and the patients and the sites were the co-creators of the “brand experience and brand benefit” (Anker et al. 2011, 34). To effectively brand NEHCC, both NEHCC and the patients would have had to embrace the idea that the patient experience at NEHCC resulted in quality healthcare. NEHCC had to become associated with positive, desirable images of health providers who offered healthcare for everyone. The best way to bring about this branding was strategic marketing, or in Sandy's case, the success specifically would have

**EXHIBIT 14.2**  
NEHCC's SWOT  
Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Committed employees dedicated to NEHCC</li> <li>• Patient satisfaction is high</li> <li>• Patients are represented on board</li> <li>• Spanish and English speaking</li> <li>• Friendly and caring staff</li> <li>• Has facility to accommodate more patients</li> <li>• Clinics are known to communities</li> <li>• Affordable/high-quality primary care</li> <li>• Professional development for staff provided</li> <li>• Good EMR system; good IT support</li> <li>• Accredited as PCMH</li> <li>• Six locations in region of the state</li> </ul>	<ul style="list-style-type: none"> <li>• Community image (perception of NEHCC as “just a free clinic” and “serving Hispanics only”)</li> <li>• Always in need of more funding</li> <li>• Retention of quality staff</li> <li>• Competitive wages gap</li> <li>• Write-off \$\$\$ in accounts receivable</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Increase in Medicaid-reimbursable clients because of Medicaid expansion (2014)</li> <li>• Recession economy increases number of patients who need NEHCC</li> <li>• Federal grant due—align with NEHCC's mission</li> </ul>	<ul style="list-style-type: none"> <li>• Other healthcare sites potentially competing for patients who can pay (Medicaid)</li> <li>• Provider turnover</li> <li>• Other healthcare sites better at marketing (getting the word out)</li> </ul>

been dependent on NEHCC's outreach initiatives—its relationships with referring physicians, clinics, and hospitals as well as ongoing relationships with patients and the public.

### HEALTHCARE MARKETERS AND STRATEGIC MARKETING EFFORTS

As healthcare marketers consider how best to design, implement, and assess marketing efforts, they are mindful of their organization's mission, vision, and values; schooled in research findings conducted (or contracted) by the organization; and understand the organization's prioritized goals. Simply put, for any marketing effort, questions such as the following could be addressed:

1. Does this marketing effort fit with the organization's mission?
2. Will it help the organization achieve its vision?

3. Is it consistent with the organization's values?
4. Does it address the target market identified?
5. Does it say what the marketing team wants it to say to physicians, patients, and the public?
6. How would the marketing team measure its success?

For example, consider Sandy's deliberation about the television commercials for NEHCC. The commercials on Saturday mornings might have been one way to accomplish the following:

- ◆ Increase awareness by promoting NEHCC to a particular target market (single mothers on Medicaid who have young children)
- ◆ Brand NEHCC as the healthcare clinic that delivers quality healthcare for everyone

The commercials would not have been the only way to meet NEHCC's goal to increase community awareness. They would have been just one part of a marketing plan and were presented in the case study to illustrate the process healthcare marketers follow as they examine each step they plan to take to meet an identified organizational goal. One way to measure the success of an outreach effort such as the commercials would be to ask patients how they heard about the organization when they come in for an appointment. Such assessment enables healthcare marketers to determine whether or to what degree marketing efforts were successful.

## CHAPTER QUESTIONS

1. Other than the television commercials, identify another way NEHCC could have met its goal to increase community awareness. How could NEHCC have reached its target market of single mothers with young children other than via television?
2. Explain how your answer to question #1 fits with the mission of NEHCC. How would your idea have helped achieve NEHCC's vision? Is it consistent with NEHCC's values? Does it communicate what NEHCC wanted to communicate to physicians, patients, and the public?
3. How would you measure the success of your idea?



## CHAPTER EXERCISES

### 1. *Assessing strategic marketing efforts*

Ultimately, Sandy decided to implement the commercials. The transcript for the commercials follows. As you read it, consider the first six questions marketers consider as they decide whether or not to implement a marketing effort:

- a. Does this marketing effort fit with the organization's mission?
- b. Will it help the organization achieve its vision?
- c. Is it consistent with the organization's values?
- d. Does it address the target market identified?
- e. Does it say what the marketing team wants it to say to physicians, patients, and the public?
- f. How would the marketing team measure its success?

### **Transcript: 30-second commercial**

(The opening statement is spoken by Sandy's eight-year old son; the visual is the boy, who is looking at the camera. NEHCC's phone number is displayed on the screen. The boy looks at the camera and says:)

*Everybody deserves good healthcare.*

(A woman's voiceover follows; the visual is a family entering the clinic, and then individuals are seen speaking with healthcare providers in a friendly one-on-one atmosphere:)

*NEHCC has been a blessing for our family. Is a not-for-profit, federally funded community healthcare organization. It has Board Certified, caring physicians who provide care for anything from routine visits to unexpected sore throats. NEHCC's fees are based on income and family size. It accepts new Medicaid and Medicare patients. NEHCC also helps its patients save on prescriptions.*

(A man's voiceover follows; the visual is NEHCC's logo, which shows NEHCC and the statements "Healthcare for everyone" and "Se habla español":)

*NEHCC, in . . .* (He lists the six locations where NEHCC is located and concludes by saying:) *NEHCC, healthcare for everyone.*

### **Measuring success**

The commercials cost \$25 every other week for a period of 12 months (\$650 total). A survey asking "How did you hear about the community clinic?" was given to patients

who came in for an appointment. The number of patients who reported that they had heard about NEHCC via the commercials was counted over the 12-month period as one measure to assess the impact of the outreach effort. If four new Medicaid patients per month reported that they had heard about NEHCC via the commercials and that they (the mothers) as well as two of their children sought healthcare at least once during the year, at least 144 patient visits resulted. At an average of \$111 per visit, Sandy determined that NEHCC brought in \$15,984 on a \$650 investment. Moreover, given that NEHCC had the capacity to see new patients, these earnings were additional revenue. Consider question #6 from the list of questions that marketers consider as they decide whether to implement a marketing effort. Do you think the commercials were a success? Explain your answer.

2. *Preparing your own personal SWOT analysis*

In strategic planning, stakeholders may brainstorm or be surveyed regarding their thoughts on the organization's strengths and weaknesses and the opportunities and threats the organization may respond to. This exercise is designed to get you to think about your own strengths and weaknesses as well as opportunities and threats you should be aware of. Answer the following questions:

**Strengths**

- a. Write down at least five things you are good at.
- b. Write down at least five things you like to do (some may be a repeat of your answers to question #1).
- c. Write down three things other people say you are good at.

**Weaknesses**

- a. Write down at least five things you feel you do not do well or could improve on.
- b. Write down at least five things you do but don't enjoy doing.
- c. Write down three things other people say you should improve on.

**Opportunities**

- a. Write down at least three things going on "out there" (i.e., in the environment) that you could take advantage of.
- b. Write down at least two things others say you could take advantage of out there.

- c. What is something in the environment that could help you achieve your goals?

### Threats

- Write down at least two things out there that could negatively affect your ability to attain your goals.
- Write down at least two things out there that others worry could negatively affect your ability to attain your goals.
- What is something in the environment that could stop you from doing what you do best?

### Analysis

After your answer these questions, pair your strengths with your opportunities, your weaknesses with your opportunities, your threats with your strengths, and your weaknesses with your threats in a table like the following. Think about how you could match your strengths with your opportunities to achieve your goals while remaining mindful of your weaknesses. The following example may help guide you through the exercise.

	Strengths	Weaknesses
<b>Opportunities</b>	I'm good at social media. The local community center is looking for someone to help with its Facebook page. I could volunteer, offer service leadership, and add to my resume.	I'm disorganized. How can I work on time management so that I can volunteer at the community center and help with its Facebook page? I could work on my time management skills with the aid of time management aids I can find on the Web.
<b>Threats</b>	A threat is the economy—I have to work while I go to school full time. That's why I'm disorganized. I don't have time to get organized. Perhaps I could work on time management so that I can do all three—work, go to school, and volunteer.	I'm disorganized. How could I manage time effectively to do all three?

## REFERENCES

- American Marketing Association. 2013. "AMA Dictionary." [www.marketingpower.com/\\_layouts/Dictionary.aspx?dLetter=B](http://www.marketingpower.com/_layouts/Dictionary.aspx?dLetter=B).
- Anker, T. B., P. Sandoe, T. Kamin, and K. Kappel. 2011. "Health Branding Ethics." *Journal of Business Ethics* 104: 33–45.
- Baker, M. 2008. *The Strategic Marketing Plan Audit*. Devon, UK: Cambridge Strategy Publications.
- Kovner, A., and J. Knickman. 2011. *Health Care Delivery in the United States*, tenth edition. New York: Springer Publishing Company.
- Medicaid.gov. 2013. "Affordable Care Act." [www.medicaid.gov/AffordableCareAct/Affordable-Care-Act.html](http://www.medicaid.gov/AffordableCareAct/Affordable-Care-Act.html).
- National Committee for Quality Assurance (NCQA). 2011. "Patient-Centered Medical Home." [www.ncqa.org/tabid/631/default.aspx](http://www.ncqa.org/tabid/631/default.aspx).