

## What can be Effective Marketing Strategy for the Medical Clinic in Tbilisi?

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### Abstract

In Tbilisi already, there are more than 200 medical clinics. Some of them have a narrow specialization, such as dermatology. Others are multiservice medical companies, established as Limited Liability Enterprises. These clinics have either very low or no awareness at all in the mind of their patients. They need to improve their competitiveness. For this reason, they need effective marketing strategies and communications. As usual, IMC drives brands and positions them in the mind of their prospective consumers. "This brand knowledge affects how consumers respond to products, prices, communications, channels and other marketing activity – increasing or decreasing the brand value in the process" (Keller, 2003).

At the Georgian – European Marketing Association, marketers work to analyze the situation about the medical service market in the capital of Georgia and the model of effective IMC. **N-Medi club** is a small but multiservice medical clinic, established at the end of 2018. They have a lot of obstacles that can be overcome by extensive use of marketing. The main problem of this company is improper strategic marketing and low level of awareness in the mind of customers.

To fully understand marketing problems of this clinic, at Georgian – European Marketing Association, Professor Kakhaber Djakeli and his assistants made the marketing research divided into 2 main stages: a. the survey among customers of the clinic to understand the level of their satisfaction and b. the survey among medical staff of the company to know more about their vision and goals. Almost 200 target customers were asked. The doctors and physicians participated in the expert survey.

After the marketing research the answers were analyzed and the model of marketing strategy was established as a practical result of the study.

**Keywords:** brand, health economy, health marketing, marketing strategy, medical marketing

**JEL:** M31

### Introduction

All small clinics are not the same in Tbilisi. Medical services are not repeated in competitive organizations and it seems obvious that marketing plays an insignificant role in strategic development of such entities. Because of fierce competition among them, one of the beginning healthcare organizations, N-Medi club, contacted the office of Georgian-European Marketing Association. The directors of the clinic

wanted some marketing help. They understood the problem of their new organization and invited marketing consultants.

The first session of communications between the team members of N-Medi club made marketing consultants plan the following services for the clinic: a) Marketing Audit and exploratory marketing research of current customers of the

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clinic, b) Quantitative study – research of customers of the clinic in Saburtalo District, c) Evaluation of problems according to different marketing tools and d) Design of a strategic marketing plan of the clinic. Researchers

understood that the problem of the small clinic was representing many interesting things in health care of Georgians. They were showing the type of competition and the experienced eye could see the winning models in it.

## Research Methods

At the Georgian – European Marketing Association, marketers work to analyze the situation about the medical service market in the capital of Georgia and the marketing strategy model. But we tried to study N Medi club itself and its competitors.

What kind of methodology was good to study the new clinic, having entered the market 8 months ago? The suitable method of study was Marketing Audit. Having been auditing marketing of the clinic N Medi club, we tried to analyze its:

- mission, vision, goals and strategic marketing plan;
- segments of consumers and the consumer knowledge to our subject of the marketing research;
- learning the culture of organization.

After the marketing audit was done by us, the problem was identified. N-Medi club was a small but multiservice medical clinic established at the end of 2018 and they had a lot of obstacles that could be overcome by extensive use of marketing. The main obstacle of this company was a strategic marketing problem and low level or no awareness in the mind of customers.

## Results of Marketing Research

When strategic marketing analysis started at N Medi club, it became obvious that the company consisted of very experienced and professional doctors having no mission statement at all. It was only extensive medical experience of manager of the company and the vision of the staff to some abstractly oriented values that mattered.

From exploratory marketing research – auditing the company and even asking questions to its physicians and doctors - marketers understood

To fully understand the marketing problems of this clinic, at Georgian Marketing Association, Professor Kakhaber Djakeli and his assistants made the marketing research divided into 2 main stages: a. the survey among customers of the clinic to understand the level of their satisfaction and b. the survey among medical staff of the company to know more about their vision and goals. Almost 200 target customers were asked. The doctors and physicians participated in the expert survey. Marketers also studied the patients and their general awareness to clinics in the target district of the capital of Georgia, Tbilisi.

To understand fresh emotions of customers towards any organization, especially, the clinic they visited, researchers decided to make a telephone interview of current customers who visited the clinic in the last 3 months. After the evaluation of answers, some customers were invited to brainstorming sessions and qualitative marketing research, where health marketers wanted to understand how people search clinics in Tbilisi and what must be done by clinics for competitive marketing.

that it was mostly oriented as a Clinic for the district. Even in the mind of customers the clinic was seen as a district organization.

When marketers asked questions to final customers they firstly took the database of consumers of N Medi club, analyzed the consumer database of the company, marketers made a telephone survey among consumers who already visited N Medi club.

Marketing researchers contacted each 11<sup>th</sup> visitor, patients of the medical company. Marketers were using questionnaire N1 (see in appendix). The question A11 asking about the place of residence of patients has shown to marketers that almost 76% of visitors were from the district of SABURTALO, the same district the clinic was located in. It was obvious that Medical Clinic was known only in the same district it was located and marketers started to analyze its competitiveness among competitor clinics in the same geographical location. The services of the medical Company were neither unique nor differentiated. They were only usual and the same as other companies did.

The services consisted of:

1. Medical tests and diagnostics
2. Psychological service
3. Dermatological service
4. Cardio vascular service
5. Therapeutically service

6. X-Ray test
7. Gastroenterology
8. Sport medicine
9. Ophthalmology
10. Skeleton and back pain therapy

According to the Ansoff's matrix (Whalley, 2010), if some companies enter the same market by usual services and products, they have to pursue the penetration strategy but if companies offer to something new, they need to develop the market. N Medi club was offering the same products to the same customers and all they needed was the penetration strategy. What can be the penetration strategy for a medical company? First of all, these are appropriate prices for the patients preferring out-of-pocket payment. Secondly, such companies need flexible marketing communications. So, we went to generic strategies of Porter to diagnose the clinic and its approaches to find proper bases for its strategic development and competitiveness.

### The Model of Health Company Competitiveness

The model, developed on the basis of the marketing research done at Georgian – European marketing Association is offering good chances to entrench into rivalry with great chances to win. Analyzing marketing research results, it can be decided that competition in health market goes to the following factors of competition:

- Competitiveness encouraged by a traditional old clinic, i.e. brand and its loyal customers, attracting other patients;

- Competition encouraged by the factor of an attractive place;
- Professional labor competition: good doctors and nurses;
- Capital intensive competition: new equipment and buildings, foreign doctors and great foreign partners;
- Entrepreneurial competition: smart decisions, more business experience into health organization;
- A combination of above-mentioned principles.

On the other hand, we have Porter's generic strategies, like:

- Cost leadership strategy emphasizing organizations having lowest cost of operation in their industries;

- Cost focus strategy emphasizing organizations having minimal costs where they don't differentiate;
- A differentiation strategy when the health organization tries to be unique in health industry offering to patient high quality services and even high value (Porter, 1980).

If we combine Porter's strategies with applied factors of clinics, competitiveness found by Georgian – European Marketing Association, we receive the Model of Clinic Competitiveness (MCC).

Table 1. Model of Clinic Competitiveness (Source: author)

	Model of clinic company competitiveness			
Factors of competition	Cost strategy	Leadership	Cost Focus Strategy	Differentiation Strategy
Traditional old clinic and its loyal customers having their gravitation	Very important		Very important	Less important
Geographical location of clinic – place	Less important		important	Very important
Labor professionalism: good doctors and nurses	important		Very important	Less important
Capital intensive competitiveness: fresh new innovative equipment, facilities and doctors	Less important		Important	Very important
Entrepreneurial competition: smart decisions	Very important		Important	Important
Combined forms of competition	Important according to the strategy			

## How to Position a Clinic

As Larry Percy advises, there are two basic types of brand positioning. The brand which is centrally positioned must deliver all the basic benefits to customers. The centrally positioned brand is great. If we think of Xerox, Kleenex or Hoover, they are all centrally positioned. All other brands need to be positioned as differentiated (Percy, 2009). If we understand how markets are defined, we will see that Medical Clinics must be positioned with the same principle. Here the consumer behavior and even the archetypes of Jung can be considered (Jung, 1980).

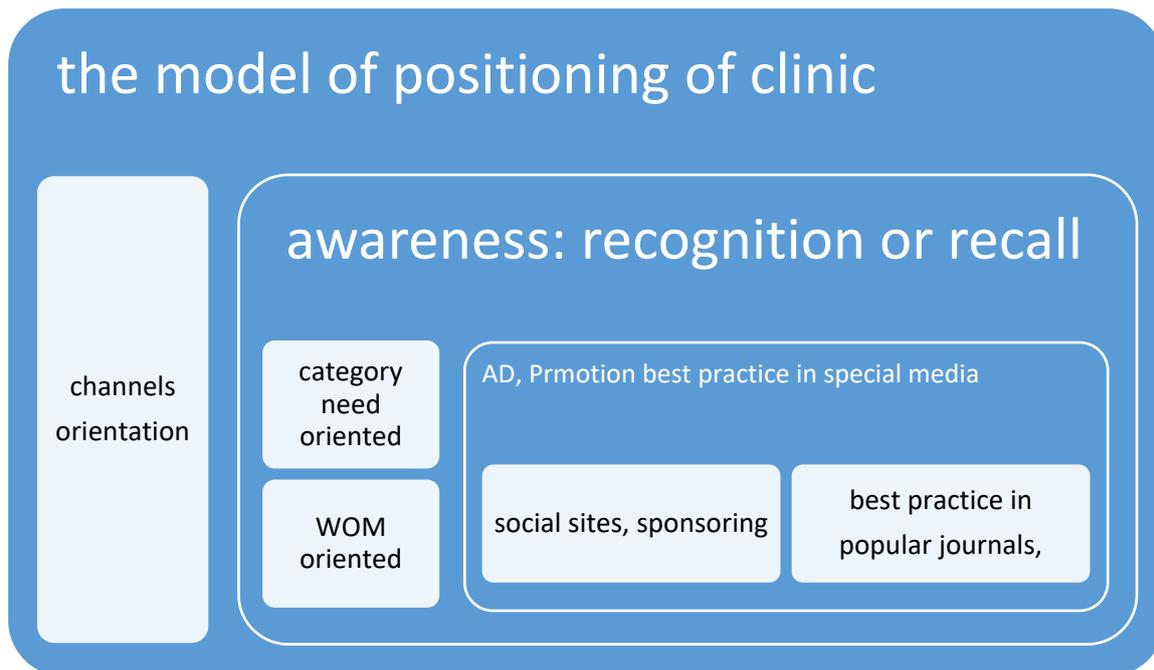
Central positioning of any brand is a great dream for their marketers. But the research team of the Georgian-European Marketing association, analyzing the N Medi club, decided that, this clinic, according its material-technical bases and other characteristics, could not afford itself such a great type of positioning.

Having understood the competition among clinics in Tbilisi and the district of Saburtalo, marketers confirmed the following essential thing: the target clinic could not pursue the strategy of only the place to healthcare manipulations. There were other bigger and

more affordable clinics in the district, having a cost leadership strategy and the role of central health facility. So, the marketing strategy was suggesting another way to success: differentiated positioning.

To develop differentiated positioning, the following model of clinic positioning was created by the author of this paper, at the Georgian European Marketing Association.

Table 2. The Matrix of Clinic's Positioning (Source: author)



**Explanation of the matrix:** positioning can be oriented at two levels:

- One channel orientation is word-of-mouth communication for positioning which can be done either by social sites and sponsoring events for the recognition of awareness of the clinic or by describing the best practice in popular online and offline journals;
- Another channel can be oriented on the category need of the patient. This can be done either by advertisement and promotion for fast recognition or best medical practices well described in special media, social and health popular programs, for recalls of brand awareness. This recall brand awareness is the key for any professional success and oriented on reputation constriction in healthcare markets.

## Policy Recommendations to Clinics and their Managers

Taking into consideration Table 1 and Table 2, the following policy recommendations can be utilized:

- Traditional old clinics in Tbilisi are very few but if they are, they have old and loyal customers who are used to old prices. That's why, patients, who liked their old style of slow medical diagnostic, liked the old prices as well. The old prices mean low prices. That's why, on the one hand, it is essential for old traditional clinics to have low costs and develop cost leadership strategies. But experts can argue this recommendation and say the old clinics can have a lot of waste. It is difficult to retrain old style doctors. Their habits cannot be changed. The

cost leadership strategy needed for such old-style organizations is complicated to maintain.

- Competition encouraged by the factor of an attractive place (Figure 1), is one of the most interesting things for clinics having the image of a district clinic. If the clinic decides that it is done mostly for district citizens, it must be accessible. From the marketing research carried out by the Georgian – European marketing Association it is obvious that the place plays a significant part among other factors influencing customer decision.

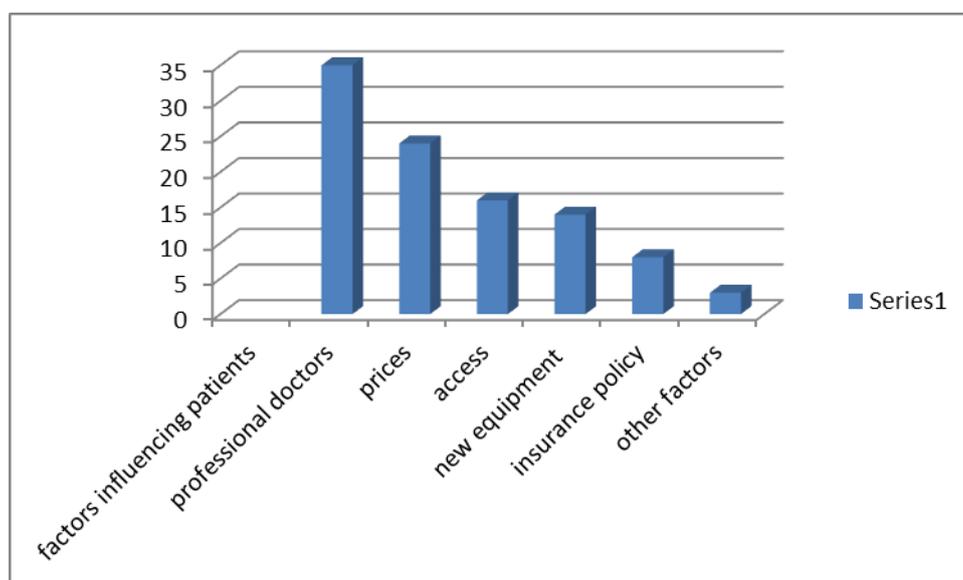


Figure 1. Factors Influencing Patients to Choose Clinics in Tbilisi

- Professional doctors and nurses have always served as a significant factor for competitiveness but if clinics have such a great labor, they must choose a differentiation strategy to make customers believe that they are great. Offering to customer interesting and effective unique health services, clinics can decrease their competition and even open new category of demand.

- The clinics having new equipment and buildings and capital-intensive competitiveness. Such type of advantage must be turned into

differentiated marketing. This means that all services and the way to offer them to final customers must be of different nature. All this needs new and buzz marketing. Having beneficial differentiations clinics know what to speak about to their final customer.

- Entrepreneurial competitiveness is very different from those we spoke above. Distinguished entrepreneurs look like talented musicians. They even look like a genius of art. Following this logic, marketing researchers noted that some clinics are set up and managed

by talented people having great entrepreneurial talents. What they do differently is the subject of next scientific article but, in a nutshell, they behave themselves in a very interesting way. Our research shows that entrepreneurs, investing their money in the clinic, try to decrease the costs because they did not have much experience in healthcare markets and if they made their fortune in some other sectors, they use similar business approaches which made them rich. For example, some health entrepreneurs buying once clinic, almost immediately started to diminish costs, fired staff, made business cycle to be much efficient but lost

patients. Another health entrepreneur was more successful, having reduced costs; he started concentrating on more popular health care services and flourished. This entrepreneur now thinks to establish the chain of his clinic and open the next health organization in the Black Sea port of Batumi. So, effective and efficient approaches work well in combination with right marketing. Entrepreneurs without experience in the field of healthcare industry are trying to use the cost leadership strategy, or the strategy of cost focus. Also, they use penetration marketing strategy.

## Conclusion

The number of small clinics is growing in the capital of Georgia, Tbilisi. Because competition is increasing fast, medical clinics of Tbilisi must find their real segments among patients. Starting with segmentation and targeting, medical companies need to do effective positioning and differentiation that cannot be done without proper marketing. Marketers from the Georgian European Marketing Association studied some clinics in the target district of Tbilisi and found that the clinics have their own, some applied approaches of competition. Some of them, especially old clinics having loyal customers don't have proper marketing strategy, others, pursuing either cost leadership, cost focus or differentiation strategy without proper analysis and customer orientations.

Only few companies among clinics in Georgia pursue the status of the brand. Because a brand is "the intangible sum of a product's attributes: its name, packaging, and price, its history,

reputation and the way it's advertised". It can have four important characteristics, such as, attributes and benefits, values and personality (Kapferer, 1992; Keller, 1993). This seems very complicated for clinics of Tbilisi. Even some of them having much more financial sources and some management, fail instantly, because of sudden public and professional failures. Brand choice is linked with brand associations and not category need of customers, worsening their financial situation. Despite many problems clinics of Georgia must utilize modern marketing knowledge and use proper strategies improving their current competitiveness. In this article we tried to discuss the competitiveness and positioning strategies of Georgian clinics and implement new model for their proper development. Such marketing research will be continued by the Georgian – European marketing association to protect Georgian clinics and their patients.

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## **Appendix**

### **Questionnaire N1**

#### **A.1. Please tell us have you visited any medical clinic last nine months?**

1. Yes (continue)
2. No (finish interviewing)

#### **If Yes, how many times?**

1. once
2. twice
3. 3 times
4. 4 times
5. more

#### **A.2. About which medical clinics you heard in Your district or area?**

1. Curatsio
2. Awersi
3. Marjani
4. Kherkhemali
5. N-Mediclub
6. Policlinic in Saburtalo
7. Medical one
8. Other\_\_\_\_\_

#### **A.3. Which clinic you visited**

1. Curatsio
2. Awersi
3. Marjani
4. Kherkhemali
5. N-Mediclub
6. Policlinic in Saburtalo
7. Medical one
8. some other\_\_\_\_\_

#### **A.4. If it is confidential what services you received**

1. blood and urine tests
2. psychological service
3. dermatological service
4. cardio vascular service
5. therapeutically service
6. X-Rey test

7. Gastroenterology
8. Sport medicine
9. Ophthalmology
10. Skeleton and back pain therapy
11. Any other, please describe \_\_\_\_\_
12. deny to answer
13. troubled to answer

**A.5. Select attributes made you to like the clinic you visited:**

N	Attributes
1	Quality
2	Hygiene
3	Visual environment
4	Staff
5	Professional well-known doctors
6	Low prices
7	High quality high prices
8	Many different services
9	Punctuality
10	Accessibility of place

**A.6. Have you been satisfied (Likert Scale):**

Assessment of satisfaction	Very satisfied	satisfied	Average satisfied	dissatisfied	Very dissatisfied
Diagnostic and care	5	4	3	2	1
Service quality	5	4	3	2	1
Price	5	4	3	2	1
Result	5	4	3	2	1
Overall service	5	4	3	2	1

**A.7. Please mention main reason of your dissatisfaction:**

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**A.8. Would you go in the same clinic once again?**

1. yes
2. no

**A.9. What factor can work well for your satisfaction in future?**

factors	Very relevant				Too irrelevant
	5	4	3	2	1
Visit to Physician Booked Online	5	4	3	2	1
Medical Test Results are sent by E-mail	5	4	3	2	1
Medical Test Results are received on time	5	4	3	2	1
Mobile phone SMS info	5	4	3	2	1
With insurance company	5	4	3	2	1
Geographical access	5	4	3	2	1
Free parking	5	4	3	2	1

**A.10. How you get information about clinic?**

1. my doctor suggested
2. from Facebook
3. online
4. WOM
5. other sources \_\_\_\_\_

**A11. Which district of Tbilisi you live:**

1. 1.Vake
2. Saburtalo
3. Mtatsminda
4. Krtsanisi
5. Isani
6. Samgori

7. Didube
8. Chugureti
9. Gldani
10. Nadzaladevi

**sex:**

- 1) female
- 2) male