

Developing Marketing Strategy to Attract International Patients

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Presentation available at:

www.StackpoleAssociates.com/Resources

Today's Presentation

- Marketing Strategy
- Market Lifecycles
- The Markets & Marketplaces
- Segmenting the Markets
- Trade-Offs & Decision Making

- Everyone knows that “marketing” can grow your business.
- Not many people know what “marketing” really is or how it works.
- Few people understand how to translate marketing concepts into programs and projects that produce results.

- Marketing isn't magic.



- **Marketing *is*:**

- Solid research and evidence-based decision making
- Grounded in psychology & the social sciences
- Combines knowledge, experience and creativity
- Added to your specific needs and goals to produce results.

- Marketing: It is what we do best.

- **Who we are:**

- Health and human services consultancy founded in 1991
- Experienced consultants with expertise in health care, marketing, research, and business development
- International perspective
- Deploying teams to meet client business requirements and financial / budgetary needs



- **What we do**
 - **Marketing, market research, and business development**
 - ***Research* to build the foundation for solid business decisions**
 - ***Create* marketing campaigns & business plans to get results and meet your goals**
 - ***Design* systems to meet your customers' expectations for repeat business & referrals**

- Looking for clients in the US, Canada and EU interested in your services?
- Effective, targeted market research can identify these individuals based on:
 - Geographic location
 - Age and gender
 - Income
 - Interest in medical tourism



Find the customers you *really* want



- **Effective marketing messages**
 - *Target* specific audience(s)
 - *Select and utilize* words that work
 - Educate clients about you and your services
 - *Motivate*
 - Inspire customers to contact you to learn more about you and your services
 - *Deliver* measurable results
 - Gain more customers, earning you Return on Investment (ROI)

- Stackpole & Associates can:
 - Deliver the marketing messages designed to reach your prospective clients through channels such as:
 - Direct marketing
 - Advertising
 - Public relations
 - Special campaigns

Access the Medical Tourism Marketing
Presentation on the home page of our web site:

www.StackpoleAssocaite.com

A Few Definitions - For Clarity!

- What is “Strategy”?
 - The point on the horizon – The GOALS
 - Strategic vs. Tactical
- What is “Tactical”?
 - The Steps to get to the GOALS
 - Meaning?
 - Strategy 1st – Tactics follow

A Few Definitions - For Clarity!

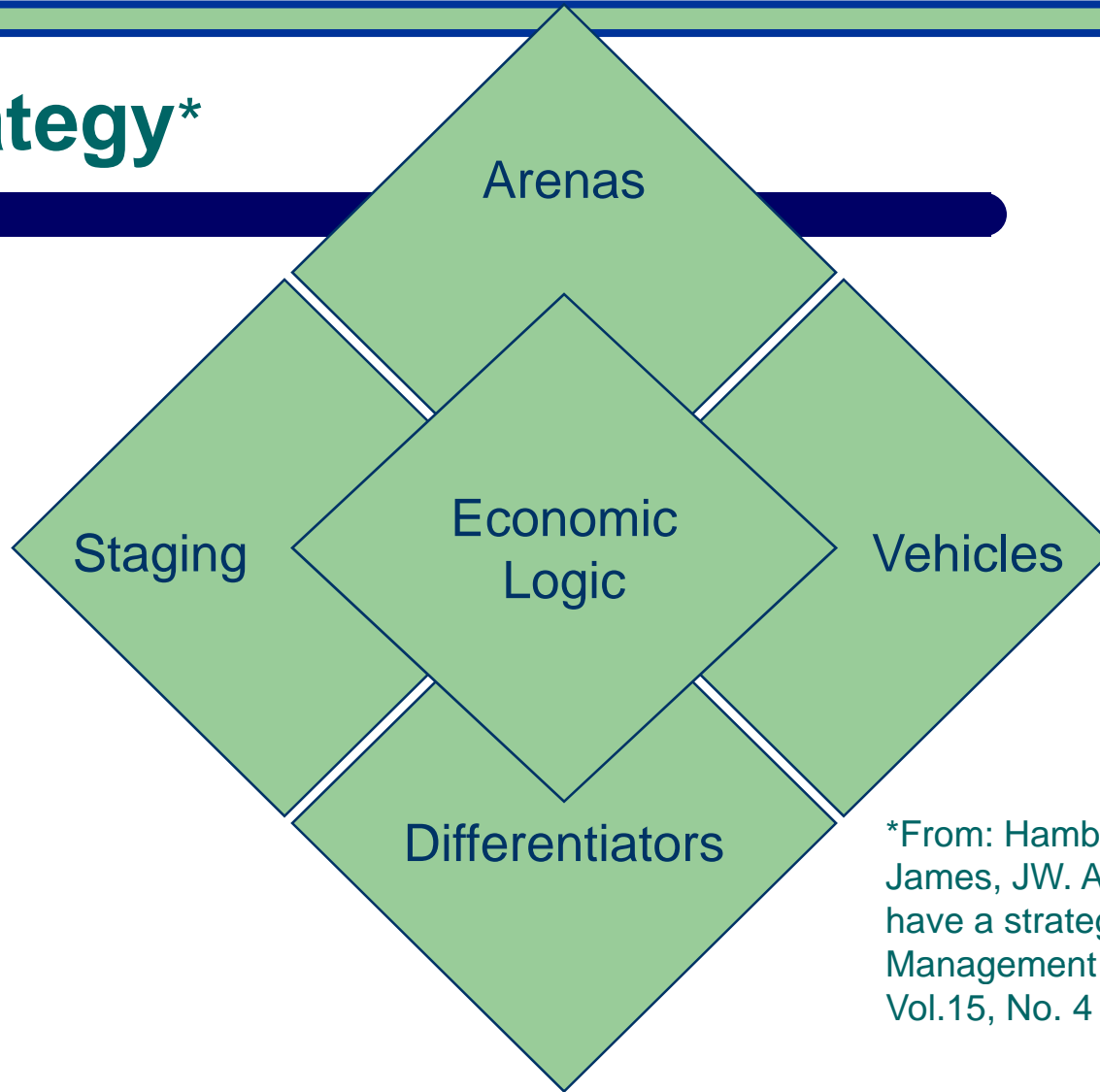
- *Marketing – a definition*
 - *Management of the interface between the provider and the customer / consumer*
 - *Creating / maintaining preference*

A Few Definitions - For Clarity!

- *Sales – a definition*
 - *Behaviors which persuade and influence customers and consumers to select yours vs. others’*
 - *Securing commitment*

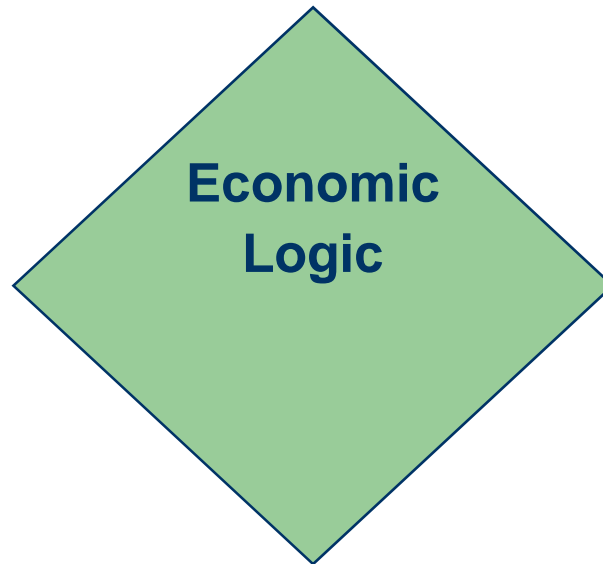
Identify Your Strategy

Strategy*



*From: Hambrick DC and James, JW. Are you sure you have a strategy? Academy of Management Executive, 2001, Vol.15, No. 4

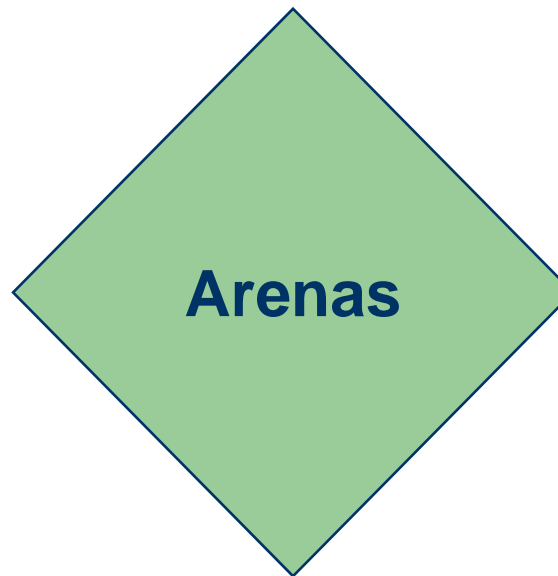
Economic Logic



How Will We Obtain Our Returns? EXAMPLES

- Low costs through input advantages (e.g., labor)?
- Premium prices due to unmatched service?
- Premium prices due to leading edge technology?
- Premium prices due to proprietary / restricted features?

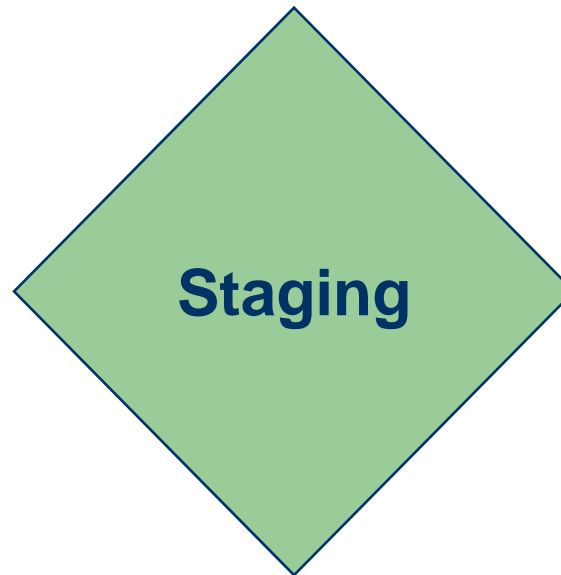
Arenas



Where Will We Be Active? (and with how much emphasis?)

- Which marketplaces?
- Which markets, and market segments?
- Which disease categories and / or core technologies?

Staging



*What Will Be Our
Speed and Sequence
of Moves*

- Speed of expansion?
- Capacity?
- Sequence of initiatives?
- Solo or collaboratively?

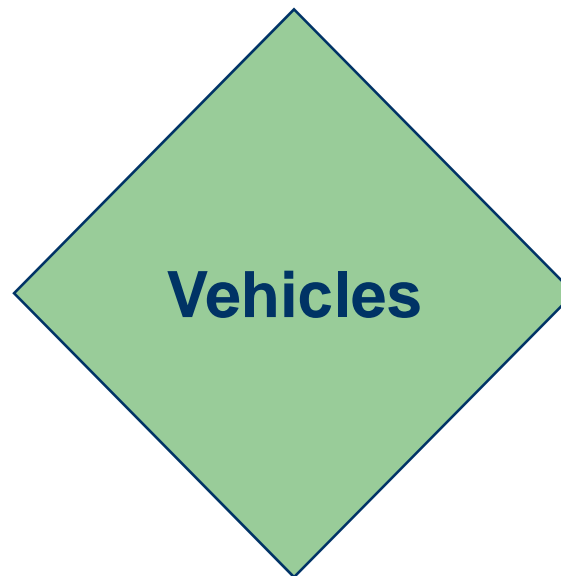
Differentiators



How Will We Win?

- **Competition?**
- **Image?**
- **Customization?**
- **Price / Value?**
- **Broad or Narrow Focus?**
- **Reliability / Quality?**
- **Availability?**

Vehicles



How Will We Get There?

- Internal Development
- Joint Ventures?
- Brokers / Facilitators?
- Licensing / Franchising?
- Public / Private Partnerships?
- Acquisitions?

Market/Service Lifecycles

- *Markets and service lines go through 4 lifecycles.*
 1. Introduction
 2. Growth
 3. Maturity
 4. Decline
- The match between the market & service line lifecycles determines best strategy

Marketing / Service Lifecycles

Market

| | Introduction | Growth | Maturity | Decline |
|--------------|--------------|---------------|-----------------------|---------|
| Decline | X | X | X | Drop |
| Maturity | X | X | Maintenance | Harvest |
| Growth | X | Differentiate | Necessity/ Network | Niche |
| Introduction | Go for it! | Differentiate | Necessity/ Network | Niche |

Service

Marketing Lifecycle

Market

Destination
Providers

| | | Introduction | Growth | Maturity | Decline |
|--------------|--|--------------|---------------|-----------------------|---------|
| Decline | | X | X | X | Drop |
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DPs

Service

Market Lifecycles- Go For It

- In a new market, an organization and / or provider introduces a service and attempts to secure leadership.

Market Lifecycles – Go For It

- *Product / Service*
 - *Limit variations, control quality, and package / bundle services*
- *Placement*
 - *Limited*
- *Promotions*
 - *High-profile advertising and PR*
 - *Education of markets*
 - *Brand recognition*

Market Lifecycles – Go For It

- Price
 - *High-price strategy*
 - *Low-price strategy*
 - *Price elasticity of demand*
 - *Price setting & lists*

Marketing Lifecycle

Market

Destination
Providers

| | | Introduction | Growth | Maturity | Decline |
|--------------|--|--------------|---------------|-----------------------|---------|
| Decline | | X | X | X | Drop |
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| Growth | | X | Differentiate | Necessity/ Network | Niche |
| Introduction | | Go for it! | Differentiate | Necessity/ Network | Niche |

DPs

Service

Market Lifecycles-Differentiate

- *In a growing market, an organization introduces a service or wants to continue to grow its previously introduced service.*

Market Lifecycles - Differentiate

- *Service*
 - *Feature/quality set by prior entrants*
 - *Target specific market segments*
 - *Vary features*

- *Placement*
 - *Convenience / Distinctive*

Market Lifecycles - Differentiate

➤ *Promotions*

- *Direct marketing – create selective demand*
- *Advertising and PR less important*
- *Sales functions more important*
- *Labeling VIP for ease of distinction*

➤ *Price*

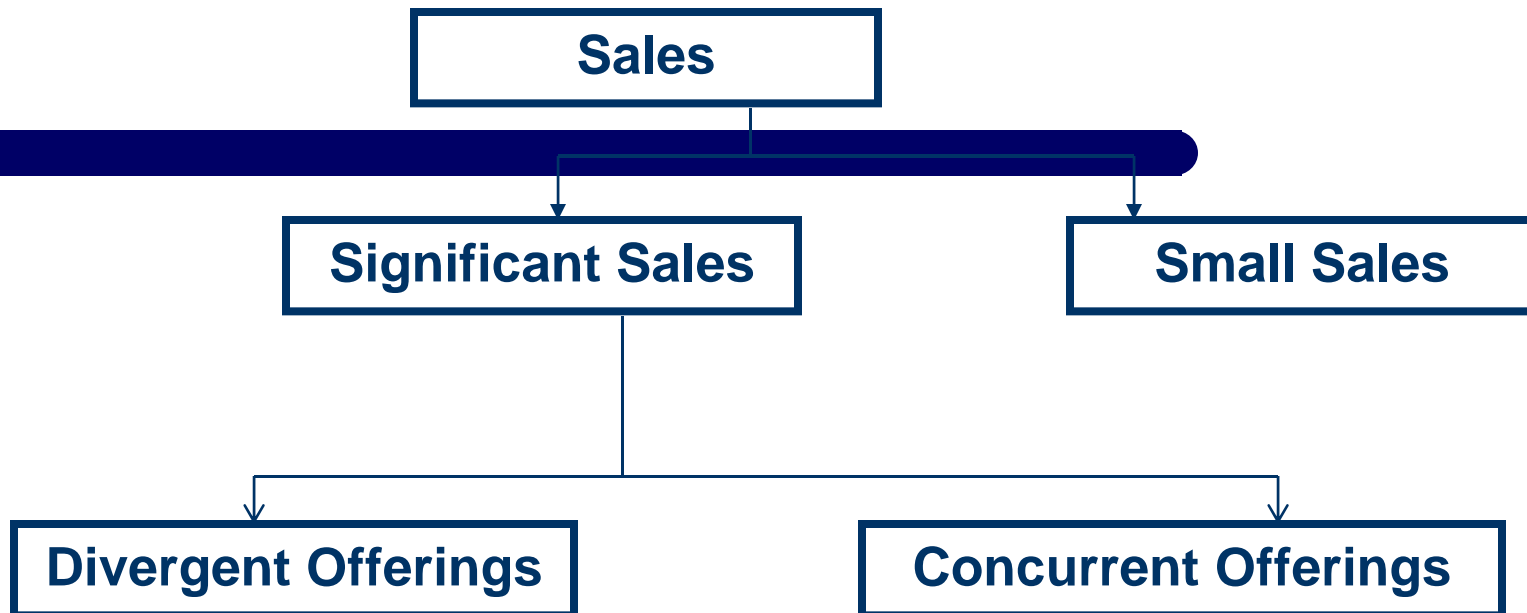
- *Variations / flexibility*

Demand moves through distinct cycles

1. *Divergent / New Demand.* The first purchase of a category of product or service. It is a **discontinuous** purchase for the buyer. (*Discontinuous* means there is typically no existing experience.)
2. *Aggregate demand.* Purchases of additional quantities of the new product or service.
3. *Continuous improvement demand.* Purchasing the bigger-better-faster version of a product or service.
4. *Economy demand.* Purchasing a down market, lower-cost, no-frills version of a product or service already being used.

These four demand types create the four different types of decision cycles.

4 types of buyer demand



New Applications
Demand Selling
*(the catalyst and driver for
the other demand types.)*

- Aggregate Demand Selling
(more quantity)
- Continuous Improvement Demand Selling
(bigger, better, faster)
- Economy Demand Selling
(cheaper, more economical, "good enough")

| Selling Challenge | Concurrent Offerings | Divergent Offerings |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Decision Makers | Decisions are made by one or a few individuals within a given buying organization. | Mid- and Upper-tier personnel. Consensus decision among a larger group of decision makers within a given buying organization. |
| Major challenge on an opportunity-to-opportunity basis | Convincing a smaller number of mid-tier buyers to purchase more of the same version (aggregate), a more robust version (continuous improvement) or cheaper version (economy) of an existing offering. Regardless, the way the job is done does not fundamentally change. Typically, the challenge represents getting the mid-tier decision base to switch to a new vendor for a comparable method of doing a job. | Convincing a larger group of buyers from mid and upper tiers within the buyer organization to fundamentally change the way a job is currently being done, or to begin doing a new job altogether. |

| Selling Challenge | Concurrent Offerings | Divergent Offerings |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Marketing Challenge | Unearth qualified leads of buyers who have active needs. | Getting salespeople in front of buyers who do not yet have active needs so they can begin building the case for change. |
| Primary competition | Competitive solutions. | The buyer's resistance to change (buyer inertia). |
| Budget | Existing budget in place for this category of offerings, although it may have to be revised when the demand type is continuous improvement | No budget is currently in place – or even on the horizon – for this type of offering. |
| Infrastructure for Offering | Original investment in infrastructure is already made, so at least some infrastructure is in place. | No infrastructure is in place. Significant investment in infrastructure is required |
| Buyer Perspective | Low-to-moderate risk in and around the decision to buy / change. | High, organizational, departmental, and personal risk to buy / change. |

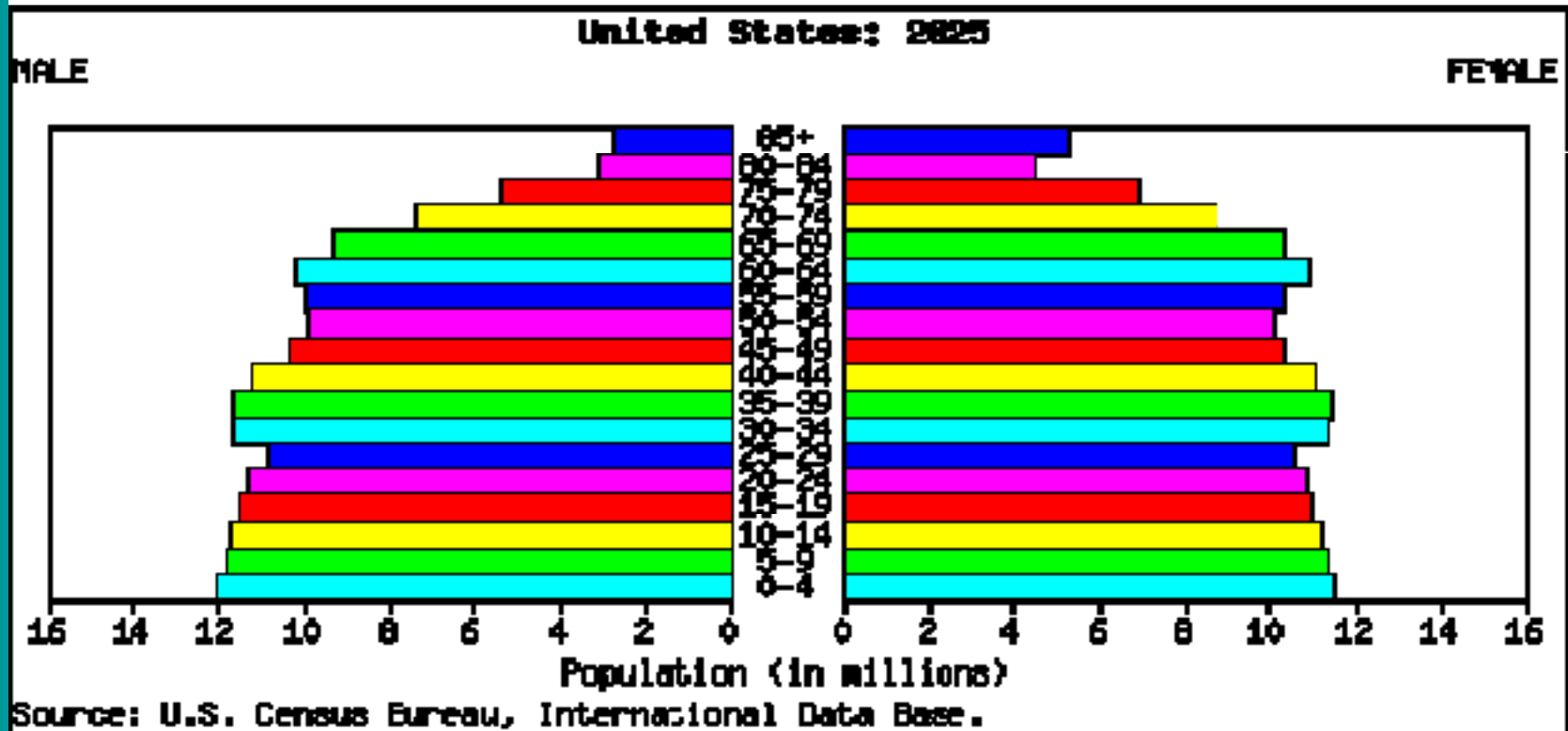
| Selling Challenge | Concurrent Offerings | Divergent Offerings |
|-------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Typical Buyer Motivation for Change | Problem removal or problem prevention of day-to-day issues. | Typically, both of the following are required: <ul style="list-style-type: none"> ● Opportunity to help the buyer better achieve critical goals and objectives. ● Problem removal or problem prevention of day-to-day issues or constraints |
| Proposals | Product / service-focused proposals or quotes. | Proposals that build and demonstrate the business case for change first, and then present the offering a distant second. |
| | | |

| Selling Challenge | Concurrent Offerings | Divergent Offerings |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Buyer Behavior Subsequent to Decision to Change</p> | <p>Once a decision to change has been made, most buyers will proactively shop the category by evaluating other vendors (although the level of shopping can be to varying degrees). The common exception is when the existing category vendor is perceived by the decision base as critical.</p> | <p>Once a decision to change has been made which is typically due to the catalytic effort of a change-agent salesperson, a buyer will most commonly not shop the competition. Rather, the buyer will continue to progress with the existing seller, and the buyer's next driving psychology around decision making focuses on the buyer's desire to hedge its bets and reduce risk around the seller's new offerings. Risk must be mitigated before a full rollout can be commenced.</p> |

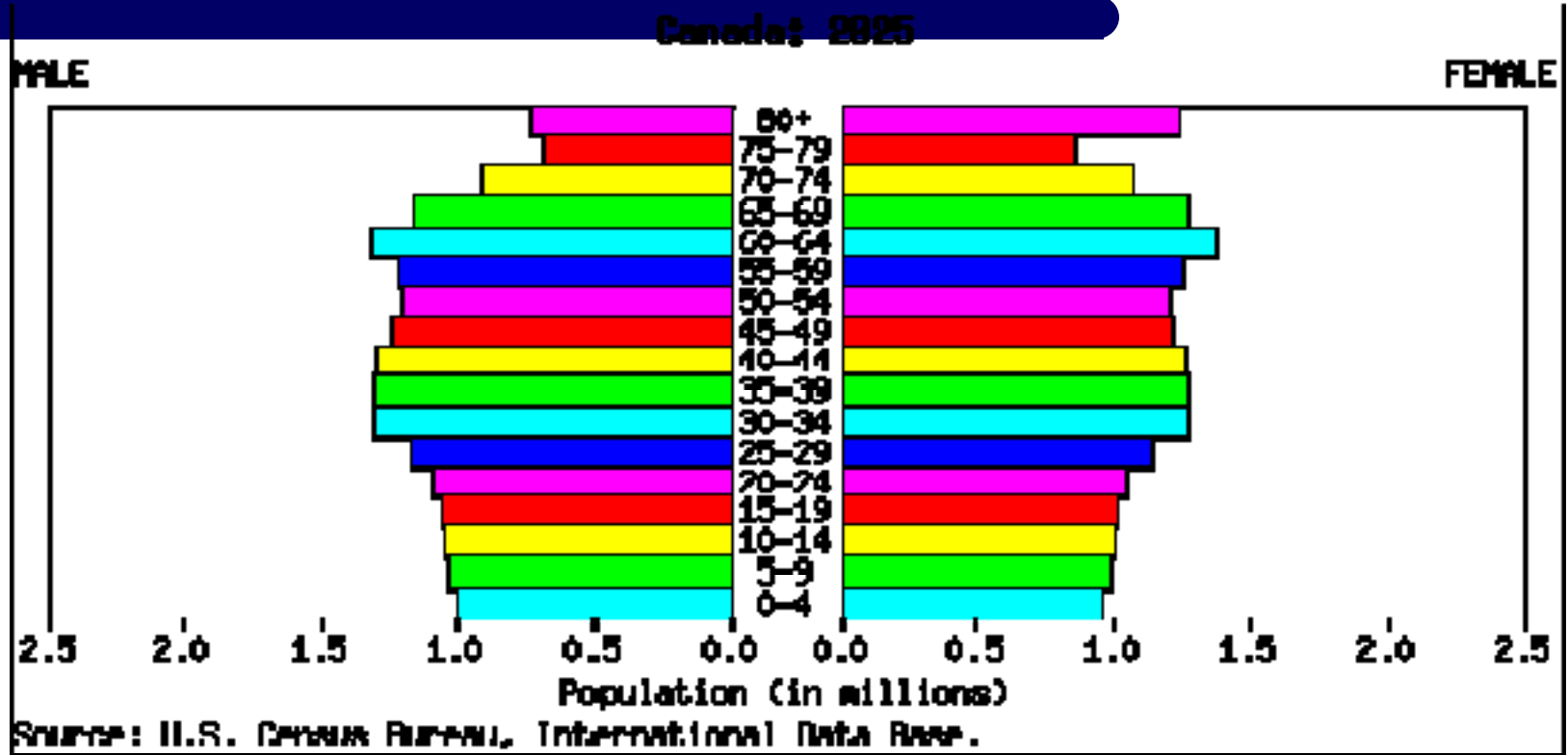
Marketplaces & Markets

- Marketplaces
 - Legacy marketplaces – Japan, China
 - USA & Canada
 - Others
- Markets
 - Demographics
 - Psychographics

United States Demographics



Canada Demographics



≥ 65 Demographics 2006

2006

| | |
|----|---------------|
| US | 42,550,000.00 |
| CN | 5,705,205.99 |
| | 48,255,205.99 |

≥ 65 Demographics 2025

| 2025 | |
|------|----------------------|
| US | 66,750,000.00 |
| CN | 8,950,000.00 |
| | <u>75,700,000.00</u> |
| | 56.87% |

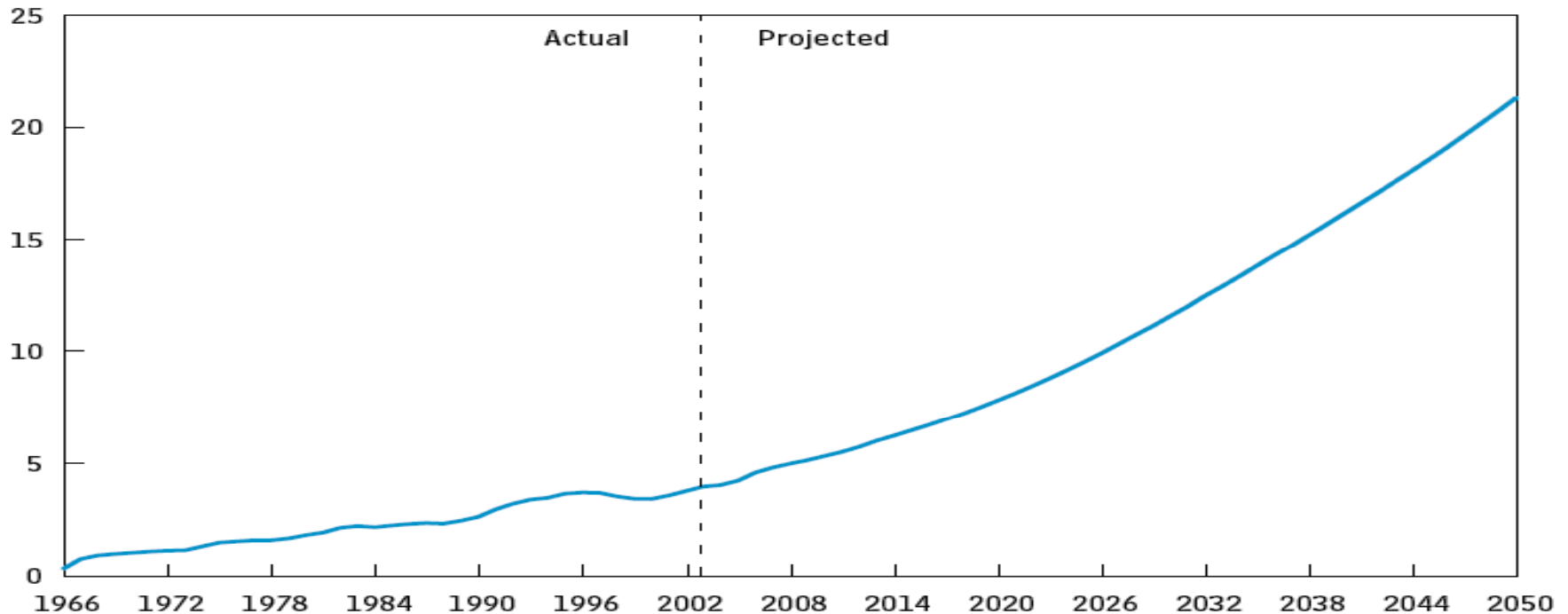
Demographic Conclusions

- The age cohorts are more adventurous, more demanding and spend more on what they “want” vs. “need”
- Americans are eager to save money
- Canadians, EU tired of wait times & few choices
- By 2025, ~75 Million \geq 65 years old

US Growth in Costs as Share of GDP

Total Federal Spending for Medicare and Medicaid

(Percentage of GDP)



Source: Congressional Budget Office. See *The Long-Term Budget Outlook* (December 2003).

The facts and the future

- ↑ Size of aging populations = ↑ demands
- The healthcare “systems” will be looking for organized, reliable ways to address these challenges
- “Outsourcing” has already started
- Certain destination countries will capitalize and others will try and fail (competition)

Understanding The Markets: The Tools

Segmentation

- Segmentation starts, but does not end with market demographics:



Same
demographic,
i.e., age,
gender income
and zip code...

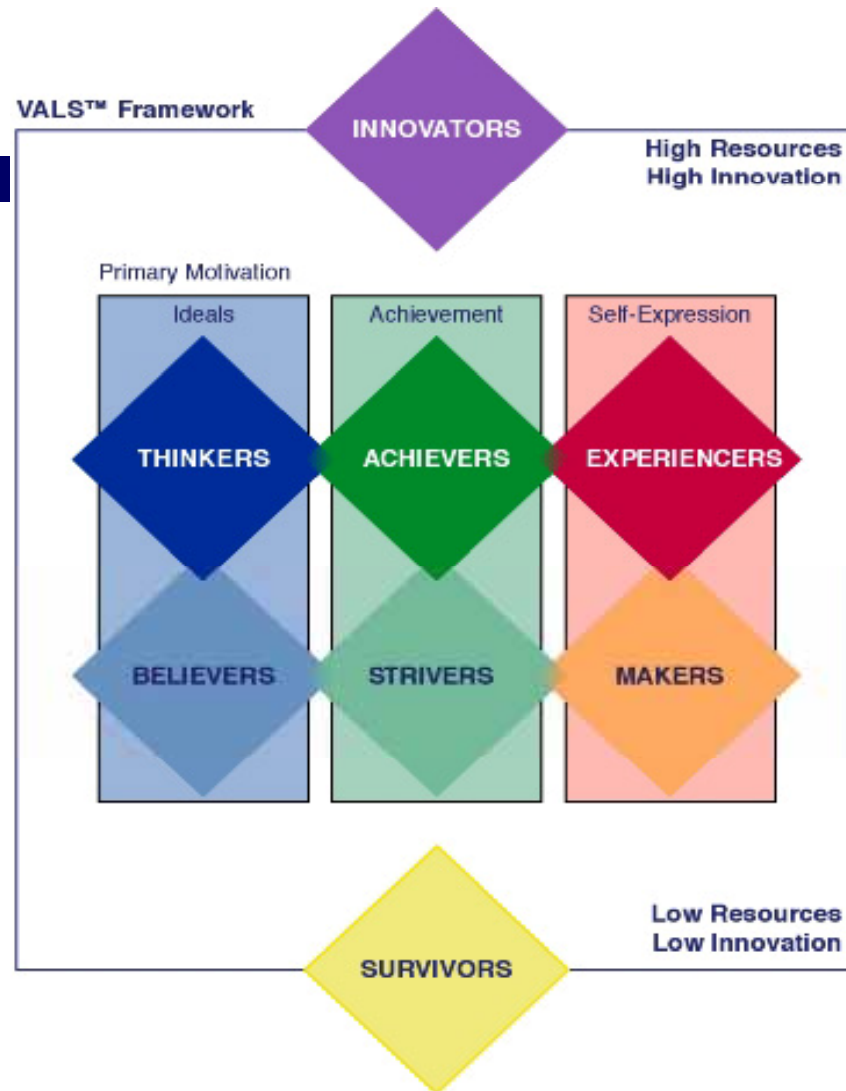
Very different
choices!



Segmentation

- **Segmentation is a market research tool which improves market targeting, message penetration and overall results by allowing businesses to more precisely identify their markets.**
- **Segmentation usually starts with a key desired outcome “variable” like profitability or market share and identifies the market drivers that are most strongly linked to that key variable.**
- **Detailed insights are obtained to manipulate these drivers for strengthened results.**
- **Segmentation improves metrics such as cost / lead, sales conversion ratios and profitability where the results are applied.**

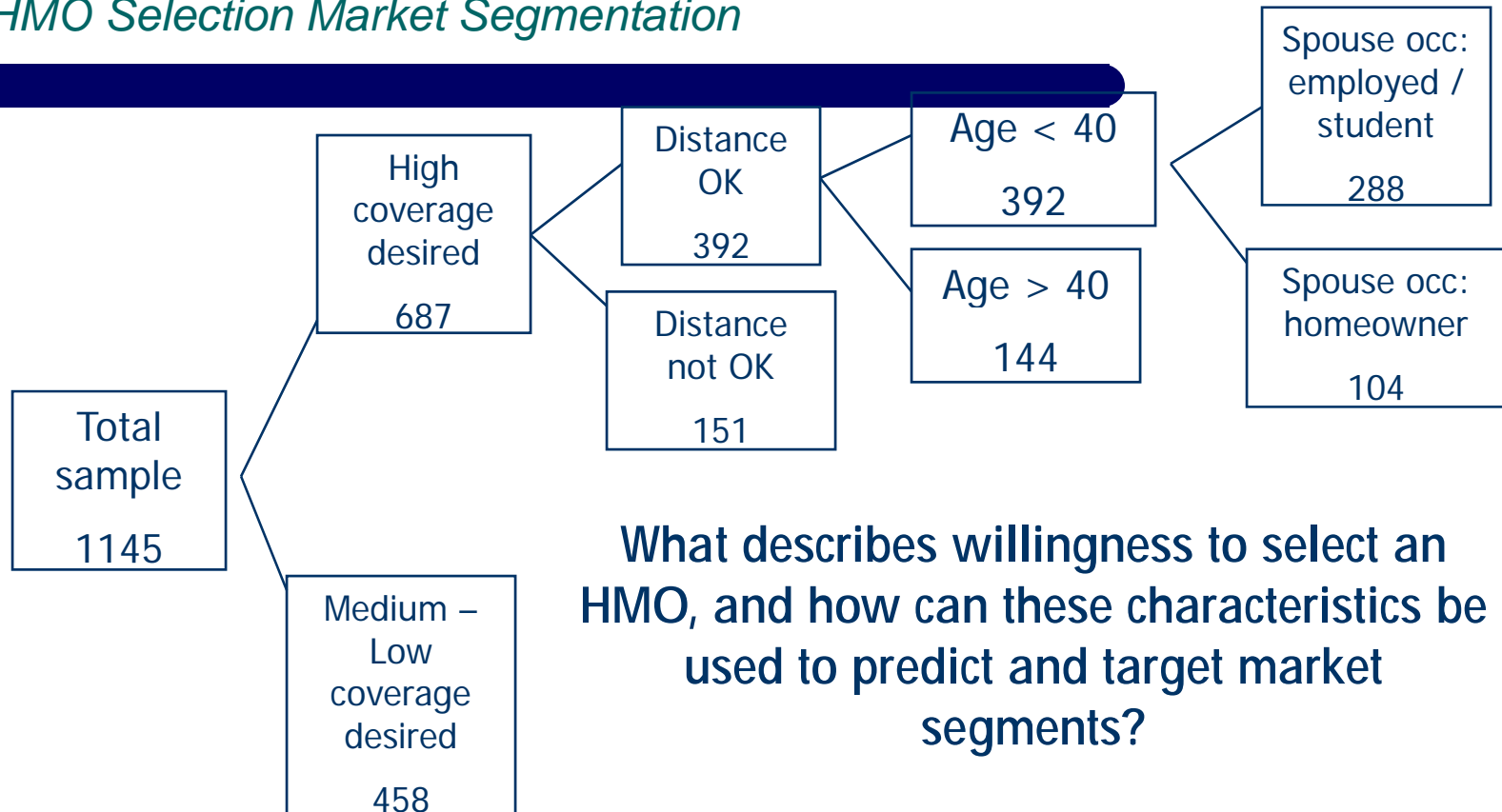
Who is
buying and
why?



Two steps - Description & Prediction

- What are the “interactions” among market segment characteristics?
- Find the strongest (statistical test χ^2 allows any attribute to be used) then the next strongest, etc.
- Predict market proportions based on these interactions

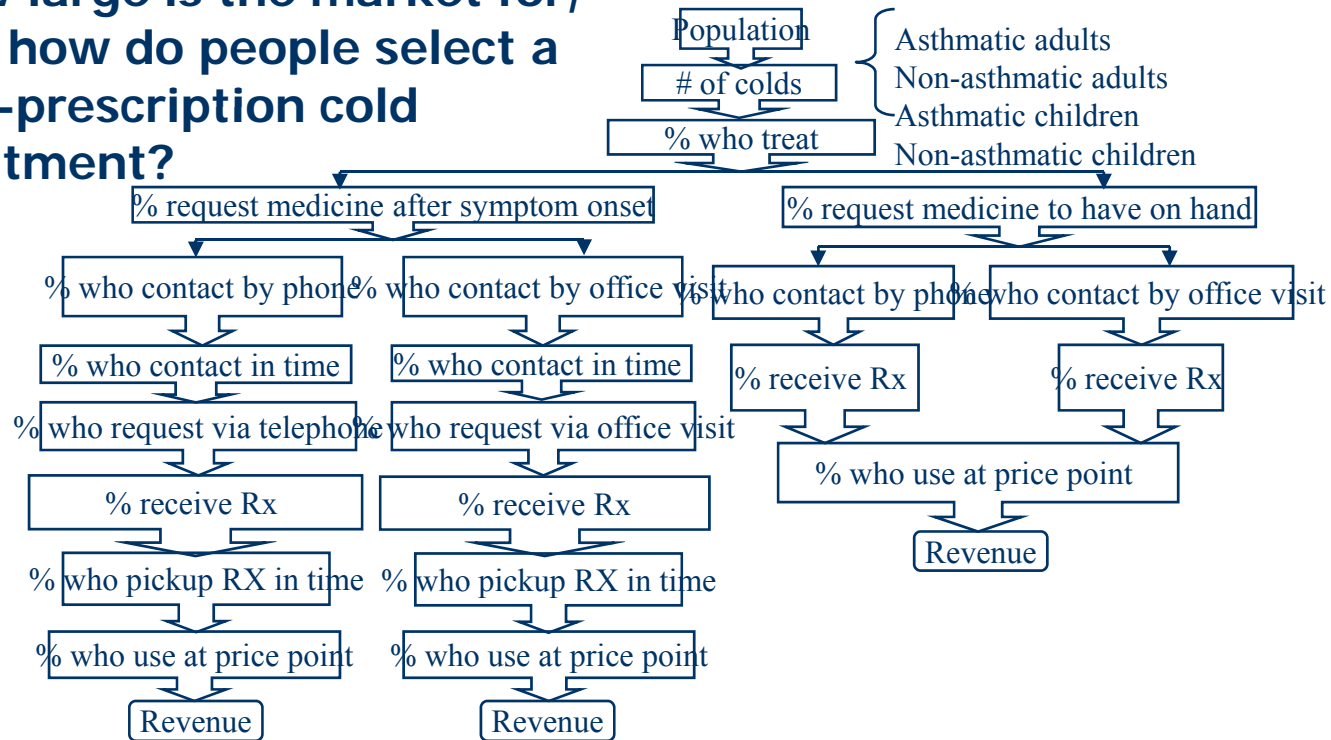
HMO Selection Market Segmentation



What describes willingness to select an HMO, and how can these characteristics be used to predict and target market segments?

Cold Treatment Market Segmentation

How large is the market for, and how do people select a non-prescription cold treatment?



Segmentation

- Requires a robust initial sample
- Ideally begins with a clear answer to “what’s most important to us?” This becomes the “dependent” variable use to segment the market(s).

Conjoint Analysis

- **Conjoint analysis is a research technique that allows organizations to determine the optimum combination of features their offering must have to appeal to a specific market audience.**
- **The technique can be used to design and price new services, improve existing services, identify specific promotional elements to appeal to unique customers / consumers needs and determine the likely impact of competitive moves and responses.**
- **This tool determines the trade-offs buyers are willing to make among features and permits estimates of choice behavior among segments.**
- **Conjoint analysis can accurately identify choice-behavior changes over time, allowing organizations to efficiently shift marketing and sales efforts for better returns on investments.**

Conjoint Analysis

Conjoint analysis begins by deconstructing a service into a set of attributes. As an example, for cosmetic surgery the set of attributes might be:

- DISTANCE / LOCATION
- DESTINATION APPEAL
- QUALIFICATIONS OF PROVIDER
- PRICE

Depending on design, conjoint analysis studies can include many attributes, so you can investigate any service feature in detail.

Conjoint Analysis

Each attribute is further broken down into two or more “levels.”
Applying this to IL, the attribute levels might be:

- Distance
 - Short (___ hours)
 - Medium (___ hours)
 - Long (___ hours)
- Destination
 - Korea
 - Malaysia
 - Philippines
- Qualifications
 - JCI & others
 - Country / State but no JCI
- PRICE
 - \$1850
 - \$ 2250
 - \$2650
 - \$3250

Conjoint Analysis

- A conjoint study generally follows four steps:
- **INSTRUMENT DESIGN: Considerable care must be taken to choose and define the attributes and levels.**
- **DATA COLLECTON: Respondents are asked to express the trade-offs they are willing to make among features by rating, sorting or choosing between hypothetical models constructed from the attribute levels.**
- **UTILITY CALCULATION: A set of preference values or “utilities” is derived from the survey data; they reflect the trade-offs each respondent made.**
- **MARKET SIMULATION: The utility values are used to predict how buyers will choose among competing offerings and how their choices are expected to change as features and/or price are varied.**

Conjoint Analysis - Instrument

| Which do you prefer? | | | | | | | | | |
|---------------------------------------------------------------------|---|---|---|--------------|---|--------------------------------------------------------------------------------|---|---|----|
| Medium distance provider, in Korea with JCI credential, for \$2,250 | | | | Or | | Short distance provider, in Malaysia, without JCI credential, for \$2,850 / mo | | | |
| Strongly Prefer Left | | | | Equal | | Strongly Prefer Right | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Conjoint Analysis

- Conjoint analysis also produces a “simulator”, which:
 - Demonstrates preference share shifts based on “what if” questions
 - Allows most effective response to competitive moves

Conjoint Analysis - Simulator

| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|------------|-------------|--------------------------|--------------------------|--------------------------|
| | | | Total | Consumer |
| Attributes | Levels | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Price | \$1,700 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | \$2,400 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | \$3,200 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | \$3,600 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Location | Korea | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Malaysia | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Philippines | | | |

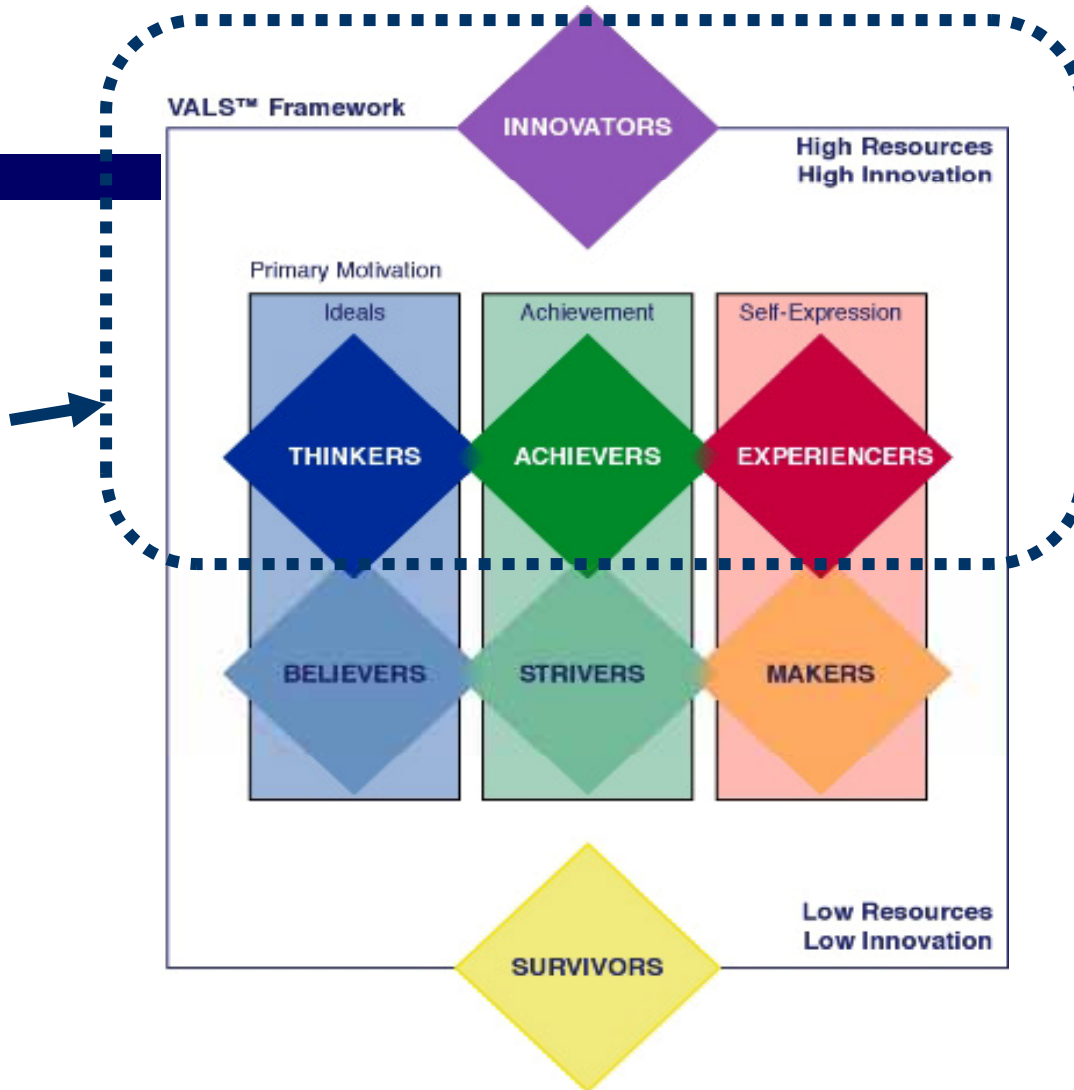
Conjoint Analysis

- The example used is sample so as not to obscure the basic concepts of conjoint analysis.
- It can easily be expanded to more attributes, levels, respondents and product/service scenarios.
- In summary, conjoint analysis recognizes that people make choice trade-offs, and that different people make different trade-offs. If you know what the nature of those trade-offs are, you have a powerful tool for predicting choice behavior.

Defining our marketplaces & markets

- Where is the target marketplace?
 - The United States
 - Canada
- Who is our market?
 - Koreans residing in the United States & Canada
 - Non-Koreans (as above) who are, uninsured / under-insured, *and* INNOVATORS
 - Women, age 45 - 64

These are
our targets



Messages

- We've identified the market, segmented it and now we have to develop messages – How?
- What follows focuses on the USA
- Messages → Simple & Clear
 - Avoid Sloganeering

1. Men and women are different.
2. Very different
3. VERY, VERY DIFFERENT
4. Women & Men have a-b-s-o-l-u-t-e-l-y nothing in common
5. Women buy lotsa stuff
6. WOMEN BUY A-L-L THE STUFF
7. Women's Market = Opportunity No. 1
8. Men are (still) in charge
9. Men are ... totally, hopelessly, clueless about women.
10. Women's Market = Opportunity No. 1

“Some grocery stores have better technology than our hospitals and clinics.” —
Tommy Thompson, HHS Secretary.

Source: Special report on technology in healthcare, *US News and World Report* (07.04)

Without being disrespectful, I consider the US healthcare delivery system the largest cottage industry in the world. *There are virtually no performance measurements and no standards.* Trying to measure performance ... is the next revolution in healthcare.

Richard Huber, CEO, Aetna

“As unsettling as the prevalence of inappropriate care is the enormous amount of what can only be called ignorant care. A surprising 85% of everyday medical treatments have never been scientifically validated. ... For instance, when family practitioners in Washington were queried about treating a simple urinary tract infection, 82 physicians came up with an extraordinary 137 strategies.”

Demanding Medical Excellence: Doctors and Accountability in the Information Age, Michael Millenson.

1,000,000 “Serious medication errors per year” ... “illegible handwriting, misplaced decimal points, and missed drug interactions and allergies.”

Source: *Wall Street Journal* / Institute of Medicine

Ninety percent of what we call
“management” consists of
making it difficult for other
people to get things done.

“If one didn’t know better, one might think that hospitals set out to design systems that provide the most sophisticated technical care, but deliver the worst possible experience to sick people.

Putting Patients First, Susan Frampton Laura Gilpin, Patrick Charmel.

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