



## Reasoned Opinion

## The role of strategic marketing in the market space of medicine

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### Abstract

The development of organizational processes in a medical organization is primarily determined by market efficiency and ensuring a competitive and safe environment. The mentioned circumstance indicates the correspondence between the business capabilities of the clinic and the current changes in the market, which consequently leads to a positive transformation in the treatment and business processes of the medical organization. The economic model of the organization can be perceived as the basis of strategic planning. A strategic approach in modern conditions ensures effective use of organizational advantages and neutralization of the factors that determine the vulnerability of the industry in the near term. The economic model of a medical organization is a representation of economic processes. The creation of the model should be consistent with the objectives of the study. The purpose of developing an economic model is to create a strategic plan through which strategic initiatives will be evaluated. The economic model corresponds to the development possibilities of the company. The model may undergo adjustments to take into account organizational and market changes.

**Keywords:** strategic initiative, market security, Economic model of medicine, sectoral behavior, marketing value, relevant market.

### Introduction

The scheme of the economic model of the medical organization can be completed and expanded in the following directions: scenario analysis, financial analysis, detailing of the

medical service, optimization of the structure.<sup>1</sup>

The economic model of the medical system can be used in the following situations:

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<sup>1</sup> Greasley A. – operations management. 2013 (114)



1. Analysis of activity results in perspective - in this direction, the economic model allows to evaluate the influence of factors on the results of future activities, to determine weak areas and to plan future measures taking into account past results. Based on the mentioned, the contribution of individual structural services of the clinic to the overall result will be evaluated;
2. Elaboration of the development strategy of the medical organization - this process allows for the development of new initiatives that will contribute to the expansion of the creative skills of medical employees.

Marketing is a market-oriented corporate management concept in which marketing objectives, strategies and measures are defined and implemented in such a way that comparative competitive advantages arise in the eyes of the consumer [1-6]. The basics of strategic marketing are: goal, strategy and event. The following question is related to the goal - what does the company want? Strategy

asks the question - how will we achieve the goal? The event is related to the question - what exactly should the company do for this?

Strategic elements of the market segment: 1. Strategic focus - sales volume. 2. Positioning - value delivery and sales objective. 3. Implementation program - creating a functional program.<sup>2</sup> The following preconditions ensure the increase in the sales price: increase in customer retention, increase in product consumption by the customer, attraction of competitor's buyers, provision of new deals. An increase in profit and return on investment is provided by the following prerequisites: price increase, improvement of sales structure, reduction of operating costs, improvement of asset utilization.

Based on the situation analysis, an economic model was developed in the medical field. The determinants of this model are presented in Table 1.

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<sup>2</sup> Hoffmann S. – angewandtes gesundheitsmarketing 2010 (143)

**Table 1.** *Economic model block in the medical field.*

<b>block name</b>	<b>Purpose of the block</b>	<b>the result obtained</b>
<i>sale</i> <sup>3</sup>	Medical service offer	Number of provided medical services
<i>Production - the field of supply</i>	Provision of medical personnel and medical technology to carry out the production program	Total cost of raw materials purchased
<i>stock</i> <sup>4</sup>	The change in inventory is proportional to the changes made in the production and supply plan.	Medical supplies at the end of the year.
<i>financing</i>	Demand for raised funds. Cash flow plan.	Profit plan and its actual amount.

## Research method

An effective marketing strategy shows how the medical facility provides a differentiating advantage. In order to achieve a comparative advantage, the clinic may apply the following behavior:

1. The clinic performs actions that competitors cannot repeat, because they do not possess sufficient knowledge and resources;
2. The clinic's competitors can benefit from its strategy, but they will not implement it;

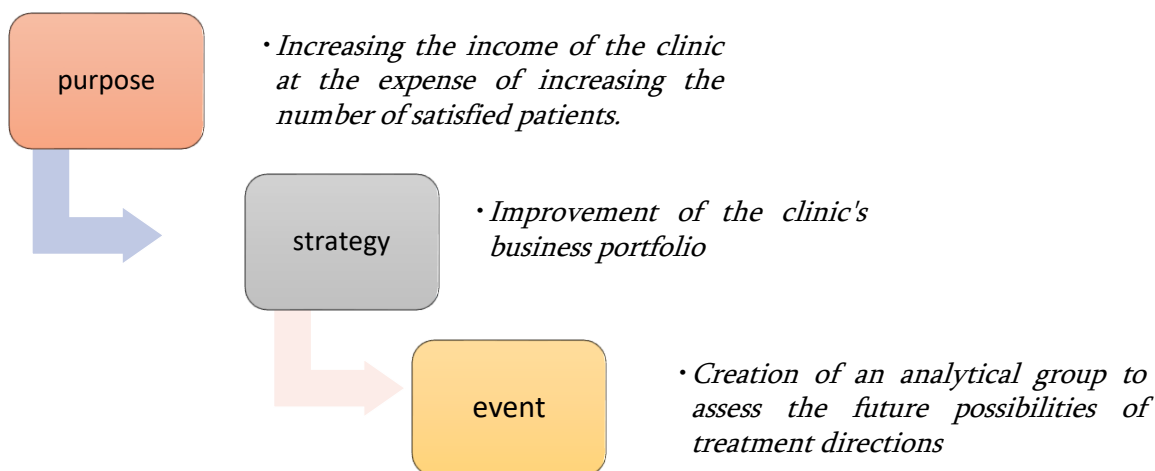
3. The medical entity assumes that a competitor may resort to copying its strategic efforts, but is convinced that its competitor will receive less benefit as a result;
4. The clinic believes that its actions will benefit both it and its competitor.

Strategic marketing includes the following directions: goal, strategy, event. Their content is given in scheme 1.

<sup>3</sup> Cellucci L. - Healthcare Marketing: A Case Study Approach (Gateway to Healthcare Management) 2013 (104)

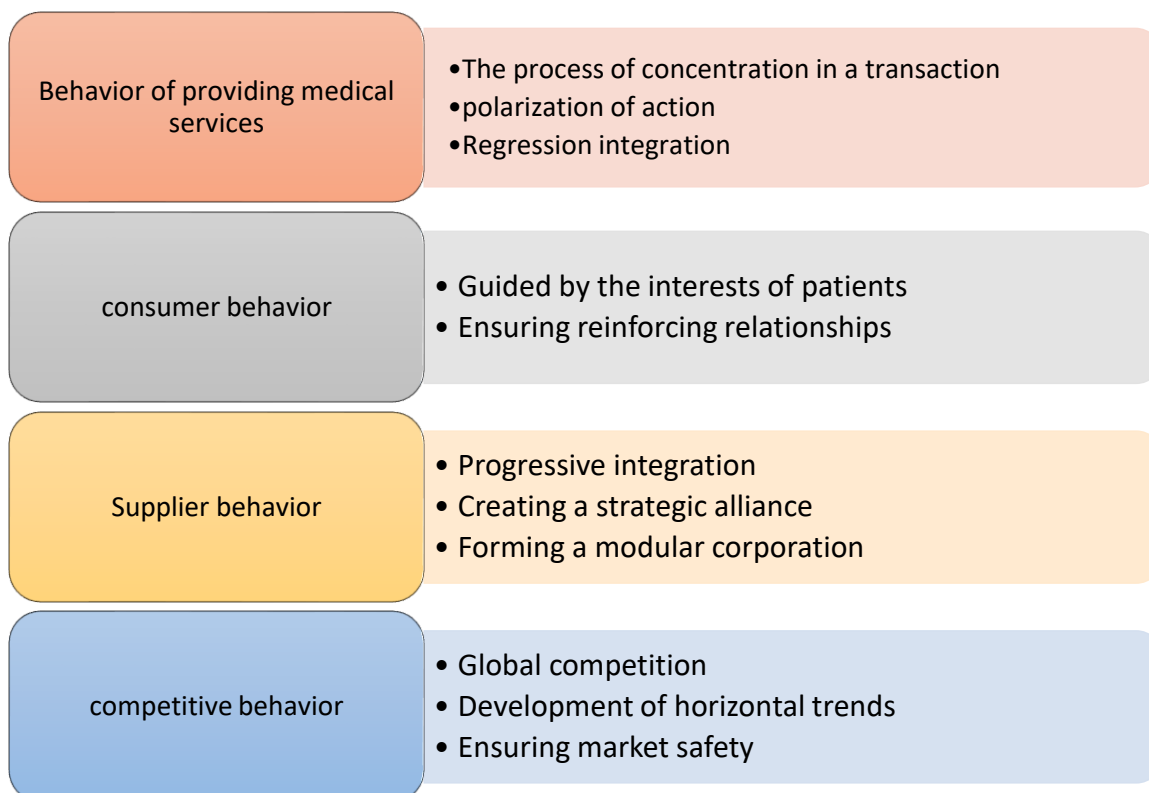
<sup>4</sup> Harms F. - Gesundheitsmarketing als Managementkonzept. Health Care Competence Center Zürich 2010 (44)

**Scheme 1.** *A practical model of strategic marketing.*



Individual directions of sectoral behavior in the medicine market are presented in scheme 2.

**Scheme 2.** Model of sectoral trends.



Market analysis allowed us to see the problems that may occur in the medical field. The problematic directions are presented in Table 2.



**Table 2.** Market problems in the medical field.

<i>problematic directions</i>	<i>potential problem</i>	<i>possible solution</i>
medical service	cost increase. Inadequate degree of satisfaction with the segment's service	Modular design. A guarantee of perceived value
Advertisement	Responding to various challenges related to consumer value	Consistency of messages
Medical staff	Inefficiency of activity	Additional training and narrow specialized training
price	Difficulty in price flexibility when switching from segment to segment	The possibility of differentiation

## Result

Strategy differentiation:

1. Predominance of quality of medical service;
2. Differentiation of the range of medical services and internationalization of markets (in order to increase costs and arrange new treatment facilities);
3. Increasing demand for capital;
4. Risk increase;
5. Strategic response.

Sectoral challenges in the medical field include the following determinants:

- a) trends in consumer behavior;
- b) trends in the behavior of providing medical services;
- c) tendencies of competitive behavior;
- d) supplier behavior trends.

The following directions are integrated into the sectoral challenges:

1. Political-public challenges: social-demographic changes; free society;



- multifunctional society; Change of values and quality of working life.
2. Economic challenges: economic integration with European medical institutions; growth momentum; Moderation of economic spheres.
  3. Technological challenges.

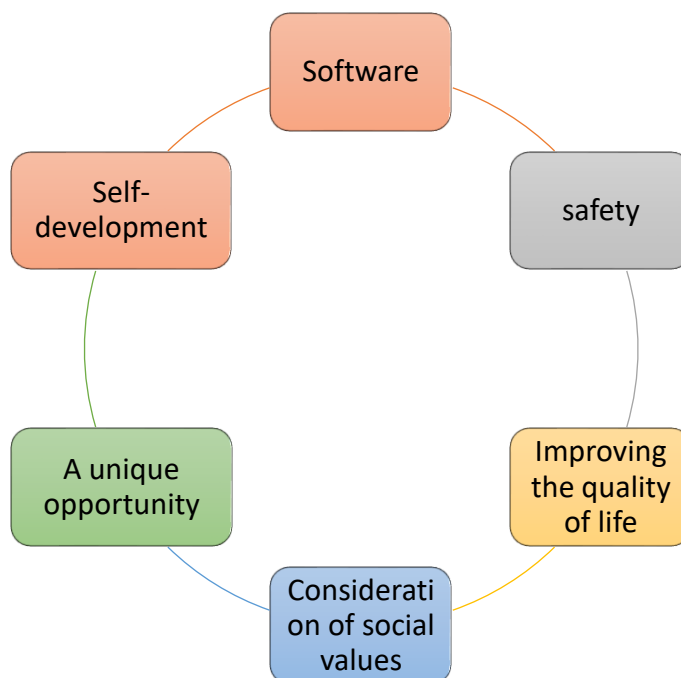
All companies consider themselves to be leaders, but market realities suggest otherwise. The company should focus on positive thinking and persuasive information provision. The marketing manager must anticipate the current situation. It is important for the leader to strengthen the market position and positioning in the consciousness of the patient. It addresses the revitalization of the healing line. "Forced reduction" is also effective. The market leader feels the "force of friction" and is obliged to carefully assess the competitor's potential. When competing with advertising slogans, "psychological pressure" is on the leader's side. The market leader is focused on financial conservatism. Based on the "pulse of the market", the leader must always have enough financial resources to repel the attack.

The relevant market (market response) includes all competing medical services that the supplier considers when planning sales. At which markets - that is, which patients and competitors - should the marketing strategy and activities be directed? (The issue refers to market structuring). The relevant or actionable market line runs through the relevance of purchasing behavior. In the process of market segmentation, the interests of consumer groups should be strengthened, and the company is obliged to treat patients based on their value contribution (integrating the customer value-oriented approach into the classic segmentation system).

Characteristics of strategic business areas: similar products, competitors and customers; Market Task ("Unique Business Mission"); existence of an independent strategic action plan; The company's potential for success.

The medical organization should be associated with the following indicators. The positioning map of the medical facility is given in scheme 3.

**Scheme 3.** Association network of market organization (clinic) (positioning).



The future of the company is predominantly determined by the following types of processes:

1. Strategic investment;
2. Creating a service;
3. Order execution.

The mentioned market process is related to the category of business values. From the business value, the emphasis is taken to the marketing value, in which the following indicators are integrated:

- Image - legitimacy of the organization in the consumer market - public recognition
- Number of new medical services
- Number of patents
- Providing a medical technological advantage
- Number of patients retained and loyalty
- The organization's ranking position in the market
- Compliance of the medical service with market requirements



## სტრატეგიული მარკეტინგის როლი მედიცინის საბაზრო სივრცეში

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### აბსტრაქტი

სამედიცინო ორგანიზაციაში ორგანიზაციული პროცესების განვითარება უპირველეს ყოვლისა განისაზღვრება ბაზრის ეფექტიანობითა და კონკურენტული და უსაფრთხო გარემოს უზრუნველყოფით. აღნიშნული გარემოება მიუთითებს შესაბამისობაზე კლინიკის ბიზნეს-შესაძლებლობებსა და ბაზარზე მიმდინარე ცვლილებებს შორის, რაც შესაბამისად განაპირობებს პოზიტიურ ტრანსფორმაციას სამედიცინო ორგანიზაციის სამკურნალო და ბიზნეს-პროცესებში. ორგანიზაციის ეკონომიკური მოდელი შეიძლება აღქმული იქნეს, როგორც სტრატეგიული დაგეგმვის საფუძველი. სტრატეგიული მიდგომა თანამედროვე პირობებში უზრუნველყოფს ორგანიზაციული უპირატესობების ეფექტურ გამოყენებას და იმ ფაქტორების ნეიტრალიზაციას, რომლებიც განსაზღვრავენ დარგის დაუცველობას ახლო პერსპექტივაში. სამედიცინო ორგანიზაციის ეკონომიკური მოდელი - არის ეკონომიკური პროცესების წარმოდგენა. მოდელის შექმნა შესაბამისობაში უნდა მოდიოდეს კვლევის მიზნებთან. ეკონომიკური მოდელის დამუშავების მიზანია სტრატეგიული გეგმის შექმნა, რომლის საშუალებითაც მოხდება სტრატეგიული ინიციატივების შეფასება. ეკონომიკური მოდელი შესაბამისობაში მოდის კომპანიის განვითარების შესაძლებლობებთან. მოდელმა შეიძლება განიცადოს კორექტირება ორგანიზაციული და საბაზრო ცვლილებების გათვალისწინებით.

**საკვანძო სიტყვები:** სტრატეგიული ინიციატივა, საბაზრო უსაფრთხოება, მედიცინის ეკონომიკური მოდელი, სექტორალური ქცევა, მარკეტინგული ღირებულება, რელევანტური ბაზარი.





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