An evaluation of the development of a marketing strategy in mental healthcare delivery

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Abstract

Background: Budget restrictions and increasing market forces within the Dutch mental healthcare sector have been forcing mental healthcare providers to manifest the added value of their quality of care. This calls for the development of the marketing skills of a mental healthcare provider, which can still be considered a relatively new activity within this sector.

Methods: In a case study at a mental healthcare provider in the Netherlands we evaluated the professional growth from 2009 onwards of strategic marketing in mental healthcare. A document analysis, log analysis, and interview were used as evaluation methods to identify the use of instruments in the area of strategic marketing and to identify the underlying processes and effects.

Results: The results show that several initiatives have been undertaken in the field of marketing. Portfolio analyses proved to be dominant. In addition, organizational strategies had been described, though these were not a direct result of the analyses. The next step for mental healthcare providers is the development of a sound marketing strategy in line with the organizational objectives.

Conclusions: The extent to which mental healthcare providers utilize instruments in strategic marketing is growing. The first steps are visible. Further maturity in this field is required however to anticipate changes that are expected in the mental healthcare market.

Keywords: Marketing strategy, Mental healthcare, Portfolio analysis

Background

Context

Continual rising costs of mental healthcare in the Netherlands, due to an enormous increase in the number of patients in the last 10 years,1 have led to drastic measures by the Dutch government. The coalition government in the Netherlands has recently revealed plans to curb expenditure on mental healthcare and to promote services away from specialized mental healthcare towards primary healthcare services (e.g. general practitioners).2 Specialized mental healthcare providers will be forced to focus on the diagnosis and treatment of more severe and complex psychiatric problems which is beyond the scope of primary healthcare.

The macro budget for specialized mental healthcare is funded through different financial sources, in large part by independent healthcare insurers. Increasing pressure on the availability of financial means for mental healthcare also puts pressure on health insurance companies to be selective in their procurement of mental health services. Healthcare insurers increasingly tend to focus on ‘quality of care’ as a criterion for healthcare procurement. One large healthcare insurance company in the Netherlands has proclaimed it will publish a list of mental healthcare providers that do and do not satisfy its criteria for quality of mental healthcare. In a newspaper article it states that ‘mental healthcare providers need to reflect on their excellent and unique services and the services that are better left to other providers’.3 This is reaffirmed in their healthcare purchasing strategy, in which they proclaim that selective procurement of top
referent healthcare will be the aim for the coming years.\(^4\)

In line with these developments, it is important for mental healthcare providers to be proactive in attracting the attention of health insurance companies by manifesting their high quality and added value. The challenge is to focus on their particular expertise and show their added value in the healthcare sector in order to ‘sell’ their products and gain or maintain market share. This requires a market-oriented approach, consisting of an identification of the market, the market position of the organization, and the determination of a marketing strategy to approach this market.\(^5\) It also means that management will need to reflect on their present business policy and the potential to maintain or increase market share. This calls for a rigorous mind shift for people working in mental healthcare institutions: from working in a non-profit organization with social objectives, aimed at helping people that are less fortunate, to needing to compete with other institutions. For mental healthcare providers marketing and sales will become increasingly important in the coming years. They will need to consider how they envision this function within their organization, with a view to showing its added value based on the principle of high-quality mental healthcare.

Theoretical background

The choice for a particular palette of supply is closely connected to the marketing strategy an organization has chosen and the distinctiveness the organization can herewith disseminate.\(^6,7\) In determining its marketing strategy, an organization generally goes through the steps of market research, determining the market position, developing a market strategy and value proposition, and finally choosing a marketing strategy.\(^8\) These steps are akin to those of the STP-process for strategic marketing (Fig. 1): segmentation, targeting, and positioning.\(^5\)

Segmentation entails identifying market segments that are ‘target markets’ for the products or services the organization offers.\(^5\) To effectively identify one or more market segments, an organization has to have a clear perception of their market position within these segments. Information should be (made) available about the organization’s product portfolio and its relative market position compared to other suppliers.\(^5\) Portfolio analysis is a technique that is commonly used in the for-profit business sector to determine product-market combinations. In the last decennia several authors have also reported on the application of portfolio analysis in the healthcare sector.\(^9-11\) Prominent tools for portfolio analysis are the matrix designed by the Boston Consulting Group (BCG), the Product Life Cycle-analysis, and the McKinsey/G.E. MABA (Market attractiveness and Business attractiveness) analysis.\(^12,13\) Gelderman and Van der Hart,\(^12\) and Mandour et al.\(^13\) describe the process of portfolio analysis in six steps: determining product-market combinations, determining the market attractiveness, determining the business attractiveness (competitive power), scoring the different products, drawing a matrix with the different products, and using the matrix for discussion and strategy development.

After the segmentation phase, from which the market position of the organization is ascertained, the next step in the process is targeting, with a view to developing a market strategy.\(^5\) This entails choosing which market segments will be targeted and which products will be offered at a certain quality and price.\(^5\) A suitable tool for developing a market strategy is the model of Treacy and Wiersema\(^7\) who discern three value disciplines: operational excellence (best total cost), product leadership (best product), and customer intimacy (best total solution). Operational excellence is a strategy that is aimed at the combination of the best price, quality, and buyer’s convenience compared
to other suppliers. Controlling business processes and improving efficiency is the leading principle within the organization. When an organization focuses on the superior quality of products compared to their competitors, whereby the price is secondary, one chooses a product leadership strategy. Finally, when a customer intimacy strategy is chosen, the organization chooses its customer demands and preferences as a guiding principle. Products and services are continuously adapted to customers’ wishes.

When this phase is completed successfully, the organization has worked out the conditions it is operating in and is at the start of positioning, meaning a marketing strategy and implementation of activities is at hand. For this purpose, the 7 p’s model is often used, which enables an organization to communicate effectively about its products and services by distinguishing product, price, place, promotion, people, processes, and physical evidence.

Strategic marketing in mental healthcare
The field of marketing is relatively new to the (mental) healthcare sector. Whereas the profit sector is more focused on improving performance and increasing profit margins, the healthcare sector has directed its efforts more towards fulfilling the needs of patients and improving the quality of healthcare supply in order to contribute to a better public health status. Relatively little is known about the use of the strategic marketing principles in a mental healthcare organization.

In this study, an evaluation was done of the application of instruments, related to the STP-process, to gain knowledge about the development of a marketing strategy in mental healthcare. For this purpose, the following research question was formulated: To what extent is the STP-process used within a mental healthcare organization and which underlying processes and effects can be recognized?

Methods
The method that was used to answer the research question is a qualitative explorative case study at a mental healthcare provider in the southern part of the Netherlands: Stichting Geestelijke Gezondheidszorg Eindhoven en de Kempen (GGzE) [Mental Healthcare Organization Eindhoven]. GGzE has a catchment area of 527 000 inhabitants, and offers mental healthcare to children, adults, and elderly patients with complex psychiatric disorders. Parts of the organization fulfill a super-regional function; these are the Clinic for Intensive Treatment (KIB), Intensive Psychiatric Family Treatment (IPG), Youth Forensic Treatment (Catamaran), and the Clinic for Forensic Psychiatric Treatment (De Woenselse Poort). In 2012 approximately 16 000 patients underwent intramural or ambulatory treatment. In 2009 GGzE incorporated a Marketing and Sales department into the central staff of the organization.

In this case study three different methods of evaluation were applied:

1. Document study
2. Log analysis
3. Interview

The evaluation took place from January to May 2013 and reflected on the period from 2009 to May 2013.

Document study
To evaluate the activities of the Marketing and Sales department, documents were researched that contained information on the development of the marketing strategy within the organization. During the period the Marketing and Sales department has been operational (2009–present) 14 relevant documents were produced (Table 1). The documents were made available by the Marketing and Sales manager. The content of these documents was analyzed using open and axial coding.

Log analysis
Over a 5-month period (January–May 2013) a log was kept by the first author to register the supporting and impeding factors the Marketing and Sales

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<th>No.</th>
<th>Title</th>
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</thead>
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<td>1</td>
<td>Research into the development of a marketing strategy in mental healthcare</td>
</tr>
<tr>
<td>2</td>
<td>Portfolio analysis 2012 – proposal</td>
</tr>
<tr>
<td>3</td>
<td>Presentation results portfolio analysis 2012</td>
</tr>
<tr>
<td>4</td>
<td>Portfolio analysis 2013 – proposal</td>
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<tr>
<td>5</td>
<td>Presentation results portfolio analysis 2013</td>
</tr>
<tr>
<td>6</td>
<td>Marketing and communication plan – first draft</td>
</tr>
<tr>
<td>7</td>
<td>Corporate stakeholder policy plan</td>
</tr>
<tr>
<td>8</td>
<td>Marketing and communication plan – second draft</td>
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<td>9</td>
<td>Marketing and communication plan – definitive version</td>
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<td>10</td>
<td>Policy plan 2013 marketing and sales</td>
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<td>11</td>
<td>Marketing plan division x</td>
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<td>12</td>
<td>Presentation integration marketing, sales, and communication</td>
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<td>13</td>
<td>Re-orientation on marketing</td>
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<tr>
<td>14</td>
<td>Multiyear policy plan 2013–2016</td>
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department faced in the development of a marketing strategy for the organization. To this end a meeting was held with the Marketing and Sales manager and a staff member every 3 weeks. The timeframe for keeping the log was set parallel to the second portfolio analysis (2013).

Keeping a log is a qualitative research method that can be used to monitor and evaluate performance in different healthcare domains. The aim of the log was to detect the organizational processes that underlie the use of the STP-process for the development of a marketing function within a mental healthcare organization.

**Interview**

After the evaluation period (January–May 2103), a semi-structured interview was held with the Marketing and Sales manager of GGzE to evaluate the importance of strategic marketing and the professional advancements made within the mental healthcare sector. The topics discussed in the interview were market forces in mental healthcare, the definition and operationalization of marketing, the development of a marketing function in mental healthcare organizations, and the use of marketing instruments. The interview was recorded, transcribed, and coded by means of open and axial coding.

**Results**

The results of the evaluation are discussed along the lines of the STP-process. First, we describe to what extent the STP-process is utilized within the organization and which instruments are proposed. Secondly, we describe the processes underlying the practical use of these instruments and the effects that are yielded from this.

**STP-process in the practice of a mental healthcare provider**

From both the documents and the log it became clear that a lot of effort had been put into the first step of the STP-process (segmentation), and that portfolio analysis as an instrument had been made operational in two (yearly returning) policy cycles. Both in 2012 and 2013 the Marketing and Sales department undertook a portfolio analysis as a starting point for the strategic dialogue about plans for the next year. The McKinsey/G.E. portfolio analysis tool was used to identify the Market Attractiveness (MA) and Business Attractiveness (BA) of the organization’s products. Data were used from the Electronic Patient Files, the Electronic Financing System, and from interviews with a director of each of GGzE’s (3) divisions. The results were presented to the board, indicating the market position of the different products that are offered. Both portfolio analyses took 4 months (January–April) to complete. The documents proposing to perform a portfolio analysis (Table 1, no. 2 and 4) mention a corporate marketing strategy as an ultimate goal. It is stated that portfolio analyses can contribute to the development of a strategic marketing strategy and to sound policy choices (e.g. regarding supply provision). According to these documents, the first step is to gain insight into the market position in the mental healthcare market (segmentation), which can be acquired through a portfolio analysis. The next step would be to be able to decide on possible choices of products GGzE is offering (targeting) and on a strategy to show the added value of these products to potential ‘buyers’, in this case healthcare financiers. According to these documents, portfolio analysis is an essential part of the marketing and sales process of a mental healthcare provider. However, the presentations of the results of the two portfolio projects (Table 1, no. 3 and 5) do not mention the next step of developing a corporate marketing strategy; they only contain the actual results of both the portfolio analyses.

At the time the marketing function of the organization was starting to develop, the Marketing and Sales manager was completing an MBA thesis. The thesis was aimed at providing guidelines on how a marketing strategy could be developed for a specific part of the organization. Different instruments are described within the thesis (Table 1, no. 1) related to different stages in the STP-process. These were (1) five competitive forces, in which the relative power of competitors, suppliers, substitutes, buyers, and new entrants is analyzed; (2) SWOT analysis, identifying the strengths and weaknesses of the organization; (3) growth strategies, that analyze whether an organization should choose market penetration, market development, product development, or diversification as a market strategy; and (4) the 7 p’s to determine the marketing strategy of an organization by price, product, place, promotion, process, people, and physical evidence. These instruments were applied in a research setting within a specific part of the organization, which resulted in guidelines to develop a marketing strategy and in an overview of the actions needed within each of the steps of the STP-process with the aim of formulating a marketing strategy.

Other documents which explicitly mention marketing as part of a corporate strategy are ‘Policy plan 2013 Marketing and Sales’ (Table 1, no. 10), ‘Presentation integration marketing, sales and
Processes and effects with regard to the STP-process

The portfolio analysis projects offer the organization an instrument that can, in theory, be used to research (the position of) their supply within different market segments (segmentation). Both presentations on the results of the portfolio analyses incorporate information on a relatively small number of variables on market attractiveness and business attractiveness. The knowledge that this generates includes number of patients from outside the region, turnover rates (and share for each product), costs, and personnel in relation to the products. The explanation for the choice of using the above-mentioned variables for the log has to do with the aspects that GGzE considered most relevant in relation to the objectives in the multiyear policy plan 2013–2016 (Table 1, no. 14). Data were extracted from internal databases. In these analyses, no external resources were used due to time constraints; however, the addition of such information about the supply market in mental healthcare, competitors, and how the organization’s services are valued is considered worthwhile.

Certain policy documents take a clear stance on the subject of a strategic function of marketing in a mental healthcare organization (Table 1, no. 10–13). These related policy proposals, however, were at the time of writing, not fully incorporated into the organization’s continuous business processes. The goal of the Marketing and Sales manager’s MBA thesis (Table 1, no. 1) was to develop a marketing strategy for one of the organization’s business units. Although this did not lead directly to strategic choices being made regarding the positioning of the business unit, the document provides a basis for future development. In the multiyear policy plan (Table 1, no. 14) the organization’s strategic choices are described and objectives are formulated. Although a direct link between strategic analyses and a marketing strategy to effectively pursue these strategic choices could not be found, the ‘targeting’ phase of the STP-process is still clearly discernible in this document.

The awareness of and importance of a strategic marketing policy for mental healthcare providers in the near future is emphatically acknowledged in our case study. However, the results of the log and interview also show that time and resources are limited to be able to fully implement this as a corporate function. An environment that is constantly asking for a prompt reaction to changes has led the organization to look for quick wins. This resulted in a more pragmatic approach of the portfolio analyses, which was based on available (quantitative) information rather than on information that was, at least in theory, thought to be ‘needed’. In the second portfolio project (2013), the improvement of the information systems within the organization...
to generate management information and the engagement of a project manager to lead the project proved advantageous. The documents and the log however show us that, in practice, it still proved difficult to execute all steps of the portfolio analysis in the proper order and to attain all the necessary and relevant information. The results also show that more recently, the Communications manager and two staff members are now involved in a number of the marketing activities. However, the development of a marketing policy for the organization is still mainly a responsibility of the Marketing and Sales manager.

The interview results point to there being a need for the development and structural use of applicable instruments (e.g. portfolio analysis) in policy preparation. The interviewee claims that mental healthcare providers are at the start of their learning curve in this area, and that they need to take an increasingly critical view of their own performance. At this time, the marketing function is only laboriously accepted in the mental healthcare sector. The interviewee expects there will be fundamental changes in the coming years. Mental healthcare organizations are focusing on becoming centers of expertise, and health insurance companies will find it easier to develop a corporate marketing strategy. Besides limited time and resources the mental healthcare sector also has a history of budget guarantees. Up till this time market forces have not led to a revolution in mental healthcare, but rather to a gradually changing environment.

This could explain why mental healthcare providers do not as yet pursue a strategic marketing policy. The Marketing and Sales manager stated in the interview that current budget restrictions in mental healthcare mean that there is limited time and resources for marketing activities. Furthermore, the diversity of products of an integrated mental healthcare provider, like GGzE, may result in multiple strategies being needed. In the documents we find this is a reason to adopt marketing communication strategies for different ‘brands’. The diversity could however also be the reason why a corporate strategy is not easily found, because multiple (marketing) strategies for all the different products need to be developed. It seems plausible that smaller organizations, which tend to have a more focused, less diverse service supply, will find it easier to develop a corporate marketing strategy. Besides limited time and resources the mental healthcare sector also has a history of budget guarantees. Up till this time market forces have not led to a revolution in mental healthcare, but rather to a gradually changing environment.

Our study outlines the first steps of the Segmentation–Targeting–Positioning (STP)-process for developing a marketing strategy at GGzE. The next step would be the growth of marketing into a mature corporate business function. The results of this study point to a lot of effort being put into the segmentation phase, by means of applying portfolio analysis. In theory, this should yield a clear picture of the organization’s market position (Fig. 1). To further refine this, the inclusion of external information in the portfolio analyses is recommended for future projects in this area. The organization can use the six steps that are mentioned by Gelderman and Van der Hart,12 and Mandour et al.13 for future portfolio analyses, of which the scoring of different products, drawing a matrix, and using this for strategy development were not found in the results of our case study. From the multiyear policy plan it can be deduced which market position the organization occupies. Portfolio analysis could be used in future policy plans to underpin the assumptions made about the market position. At this time the implicit effects of targeting and positioning were certainly found in our study, mainly in the multiyear policy plan, but these did not ensue from the use of instruments mentioned in the literature7,14 nor from earlier steps in the process. Utilization of this process could prove valuable to identify considerations which validate specific strategic choices.

Several documents contain suggestions on the application of instruments within the STP-process. The Marketing and Sales manager of GGzE has written policy documents in the last 1.5 years, in which the positioning of the Marketing and Sales department is deliberated and in which strategic marketing is presented as an essential part of the corporate strategy. These documents need further elaboration and choices will need to be made on how to incorporate these ideas into a corporate marketing policy. The Marketing and Sales manager stated in the interview that current budget restrictions in mental healthcare mean that there is limited time and resources for marketing activities. Furthermore, the diversity of products of an integrated mental healthcare provider, like GGzE, may result in multiple strategies being needed. In the documents we find this is a reason to adopt marketing communication strategies for different ‘brands’. The diversity could however also be the reason why a corporate strategy is not easily found, because multiple (marketing) strategies for all the different products need to be developed. It seems plausible that smaller organizations, which tend to have a more focused, less diverse service supply, will find it easier to develop a corporate marketing strategy. Besides limited time and resources the mental healthcare sector also has a history of budget guarantees. Up till this time market forces have not led to a revolution in mental healthcare, but rather to a gradually changing environment.

This could explain why mental healthcare providers do not as yet pursue a strategic marketing policy. From looking at the different initiatives that are visible within GGzE, it would appear the sense of urgency is mounting.

A limitation of this study is that it focused on a single case study performed within one single organization. However, the interview results would seem to suggest that the results of our study are not unique to this specific mental healthcare provider. The particular organization in our case study is a large, integrated mental healthcare provider, of which the organizational structure, patient population, and diversity of services are comparable to other large mental healthcare providers in the Netherlands. In the interview in our case study the Marketing and Sales manager stated that in large mental healthcare organizations a marketing function is evident in organization
charts, but that this is generally the responsibility of one individual rather than of a mature business department. In addition, the mental healthcare sector as a whole is facing significant budget restrictions. This scarcity means there are limited investment possibilities in functions such as marketing. To verify this assumption, an interview or questionnaire could be sent to these other large mental healthcare organizations, asking them to indicate the maturity of their marketing and sales function. In a similar study, research was done by the European Institute for Brand management into the extent to which large mental healthcare providers in the Netherlands engage in marketing and communication activities. Their research shows that only 25% of Dutch mental healthcare providers have a specific marketing and brand policy and a specialized department within the organization for these activities. Furthermore, most organizations do not have a corporate ‘story’ or perform stakeholder analyses. A third of the participating organizations in EURIB’s research state that strategic positioning of the organization is not clearly defined. Limited funds for these activities are mentioned as the main reason for these results. Based on this research from EURIB, it may be deduced that GGzE leads the field of large mental healthcare providers regarding the development of marketing related activities. If this is indeed the case this needs to be verified before any firm conclusions can be drawn.

Conclusion

In conclusion we determined that several instrumental steps, related to the STP-process, to develop a marketing strategy in mental healthcare have been taken. The sense of urgency is rising, and for the coming years it will be vital to consider how to follow through with the development of a corporate marketing strategy. However, mental healthcare providers are faced with limited time and resources, and are still in the process of developing information systems to generate all the information that is needed. It is therefore difficult at this time to draw conclusions about the added value of the application of instruments on the development of a marketing strategy in a mental healthcare organization. Further exploration is needed in this field, including a reflection on the approach other mental healthcare providers have chosen in this area. As has been proven in the for-profit sector, the use of instruments is, in theory, vital for the development of marketing strategy with which an organization can manifest its added value. With regard to the STP-process this would mean that research into the market segments the organization is operating in is the first step. Developing a marketing strategy is only feasible when enough knowledge is available about the organization’s products or services in relation to what is being offered by other suppliers. Portfolio analysis would be a suitable instrument to perform this step in the process. Other instruments the STP-process utilizes still need to be explored in the practice of mental healthcare providers.

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References
