



The Positioning of the Private Healthcare Providers in Romania – an Important Strategic Approach

KEYWORDS

positioning, customer expectations, customer satisfaction, healthcare services

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ABSTRACT

According to data provided by MEDNET Marketing Research Center, the number of people who used private healthcare services has increased, in Romania, from 40.1% in 2008 to 80% in 2012. Given the fact that the Romanian healthcare market was 5.3 billion Euros worth, in 2011, of which 500 million Euros accrue to the private healthcare sector, it may safely be said that the private healthcare services in Romania are a successful business.

To improve their efficiency on this market, the private healthcare providers in Romania are becoming increasingly concerned about knowing their customer's expectations, measuring customer's satisfaction and differentiating against competitors. The elaboration of appropriate strategies involves the need for market positioning of these providers, positioning being a powerful tool that creates and maintains real differences between brands on the market.

This paper aims to argue the importance of positioning to the private healthcare providers, to display the positioning of a leading private healthcare provider on the healthcare market in Sibiu (Romania) and to highlight the impact of positioning on the marketing mix variables.

INTRODUCTION

According to the managing director of Europe Eye Hospital, Florin Bălănică, "the private healthcare sector in Romania remains an attractive one, even in times of crisis, steering up the interest of private investors given the fact that these services substitute the public healthcare services" [1].

According to a 2012 report by the National Institute of Statistics [2], the private healthcare network provided care in hospitals (for 112714 patients), health centres (for 381 patients) and hydropathic sanatoriums (for 4802 patients). Currently, in Romania, healthcare providers fall into the following categories: primary care providers, secondary care providers and dentists, tertiary care providers, emergency care providers and medical transport.

The increased demand for healthcare services and the alteration of the public healthcare network (61 hospitals, 24 health centres with hospital beds, 2 tuberculosis sanatoriums and 2 preventoriums were dissolved, reorganized or have been converted to other hospital departments) have stimulated the development of the private healthcare sector (in Romania are 97 private hospitals, and the private network has increased by 590 family practices, 831 dental practices and by 578 secondary care practices).

The intensifying competition in the private healthcare sector in Romania has forced competitors to become patient-oriented. Undoubtedly, getting a good position on this market depends on how well these private healthcare providers will be able to position themselves. For the private healthcare provider, the main purpose of positioning is not the creation of a new and different service, but the exploitation of what already exists in the patient's mind, the renewal of existing connections.

ROLE AND CONTENT OF POSITIONING

Positioning is a concept that has changed the nature of communication, and from this perspective, if the United States of America rank first worldwide in the matter of "excessive communication" syndrome [3], Romania is the opposite. Positioning proposes an effective method for the companies which are trying to gain a competitive advantage throughout the

life cycle of an offer. Thus, an accurate positioning enables the target market to recognize the offering and distinctive image of a company.

Defining positioning as "the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market", Philip Kotler states that the result of positioning is "the successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product" [4].

Regarding the private healthcare providers in Romania, the low appetite for a correct market positioning is highlighted by a study conducted by Rentrop & Straton Market Research, which shows that 30.6% of respondents would change the private clinic they're attending if the doctor(s) in which they are interested would practice elsewhere, while 21% would change the private clinic they're attending according to their acquaintances suggestions. The lack of market positioning of these providers seriously affects the quality of communication with the targeted market segments [5].

There are several conceptual models for positioning. In 1993, Michael Treacy and Fred Wiersema proposed a model called value disciplines (product leadership; operational excellence and customer intimacy). The conceptual framework of this model is based on the idea that on every market there is a combination of three types of customers who prefer one of the three value disciplines. No company can be the best at all three disciplines, or even two of them (it would be too difficult or expensive). The two consultants propose that a company that wants to position itself favourably on the market, must meet four rules of success: to become the acknowledged leader in one of these value disciplines, to be at least adequate in the other two, to continue to improve its position of the chosen discipline, and to raise the level of adequacy in the other two disciplines [6]. In 2001, Fred Crawford and Ryan Mathews suggested five possible types of positioning: through product, price, ease of access, value-added service, and customer experience. A great company will dominate on one of these, perform above the average (differentiate) on a second, and be at industry par with respect to the remaining three [7]. Finally, Philip Kotler and Kevin Lane Keller

recommend determining a frame of reference by identifying the target market and relevant competition, and then determining the ideal set of associations representing points-of-difference ("attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand") and points-of-parity ("attribute or benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands"; these can be category points-of-parity or competitive points-of-parity). For an offering to achieve a point-of-parity on a particular attribute or benefit, a sufficient number of consumers must believe that the brand is "good enough" on that dimension. Regarding the points-of-difference, the brand must demonstrate clear superiority on an attribute or benefit [8].

THE POSITIONING OF "POLISANO" PRIVATE HEALTHCARE PROVIDER ON THE SIBIU MARKET

For positioning the private healthcare provider "Polisano" on the Sibiu market we used the competitive frame of reference, proposed by Kotler and Keller; the results were elaborated using a graphical method (perceptual mapping) [9].

The positioning of the private healthcare providers in Sibiu was one of the objectives of a direct, selective marketing research, whose primary objective was to provide insights into and an understanding of consumers' perception on the medical services provided by the private healthcare providers from Sibiu. The research is descriptive, the data being collected through a field research. Thus, the information was collected directly from respondents, using a questionnaire with 21 questions. As a sampling technique, we used the simple, random sampling [10]. The questionnaire was distributed to 403 consumers of medical services from January 15 to April 15, 2013.

The results of the research are: a) the ranking of the positioning attributes (dimensions), according to the importance given by respondents, is presented in Table 1.

TABLE 1 – THE IMPORTANCE GIVEN, BY RESPONDENTS, TO THE POSITIONING ATTRIBUTES

| Attributes (dimensions) | Weight (%) | Angle corresponding to the weight (°) |
|--|------------|---------------------------------------|
| a) Reliability | 24.8 | 89° |
| b) Rates | 16.0 | 58° |
| c) Providers' notoriety | 10.2 | 37° |
| d) Suggestions received from third parties | 11.8 | 42° |
| e) Healthcare services' quality | 37.2 | 134° |
| TOTAL | 100% | 360° |

The attributes (dimensions) used to rank the healthcare services were: reliability, rates, provider's notoriety, suggestions received from third parties, healthcare services' quality; b) respondents' assessment of the main private healthcare providers in Sibiu, depending on the selected attributes, is shown in Table 2; c) the positioning of "Polisano" private healthcare provider, compared to its main competitors, is highlighted through a graphical method (perceptual mapping) – Figure 1.

TABLE 2 – THE MEAN OF THE RESPONDENTS' ASSESSMENT OF THE MAIN PRIVATE HEALTHCARE PROVIDERS IN SIBIU

| Attributes (dimensions) | Private healthcare providers in Sibiu | | | | | | |
|-------------------------|---------------------------------------|--------|--------|-----------|----------|----------|----------|
| | Astra | Diamed | Medica | Misan Med | Paltinul | Polisano | Sanostar |
| a) Reliability | 6.6 | 5.8 | 6.5 | 5.9 | 6.3 | 8.3 | 5.6 |
| b) Rates | 6.2 | 5.7 | 6.0 | 5.7 | 5.9 | 7.2 | 5.5 |
| c) Providers' notoriety | 6.5 | 5.6 | 6.2 | 5.9 | 6.2 | 8.3 | 5.4 |

| | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|
| d) Suggestions received from third parties | 6.2 | 5.4 | 5.8 | 5.6 | 6.0 | 7.8 | 5.3 |
| e) Healthcare services' quality | 6.6 | 5.8 | 6.1 | 5.9 | 6.2 | 8.2 | 5.5 |

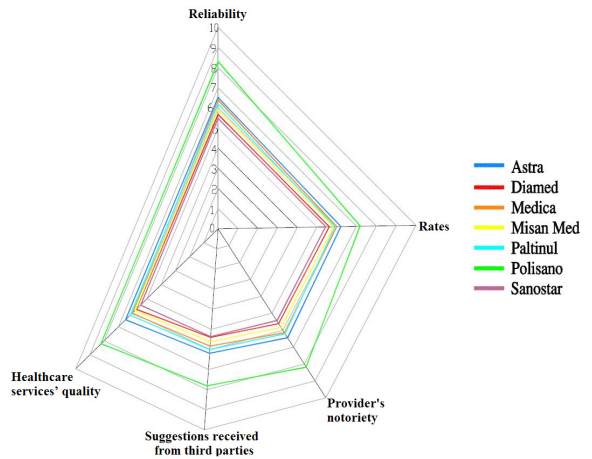


Figure 1: The positioning of the main private healthcare providers in Sibiu, using a star perceptual map

As shown in the above perceptual map, "Polisano" is best positioned on the market, defeating its competitors on all five positioning attributes. Among the advantages of this provider, its notoriety could become a point-of-difference; its reliability and the quality of the provided healthcare services could become competitive points-of-parity.

CONCLUSIONS

To achieve an unmistakable market position "Polisano" will have to capitalize, in this manner, on the research results at marketing mix variables level: a) through its integrated marketing communication policy, "Polisano" will have to pay greater attention to its brand equity. In order to do so, systematically, using one of the analytic models (BrandAsset Valuator, Aaker's Model, BrandZ Model and Brand Resonance Model) brand equity will have to be analyzed to improve its presence, relevance, performance, advantage and bonding. Of particular importance is the brand internalisation within the company, hereby employees being encouraged to support the brand and generate attachment to the brand. b) Regarding the product policy, the company will use systematically CYQ or SERVQUAL model to measure service quality from the customer's perspective. This will allow both the identification of the gaps in the quality of the provided services and the specification of marketing tactics designed to generate satisfaction and exceed customer's expectations. c) Furthermore, the company will have to diversify its pricing policy according to its market segments (pupils, students, employees, retirees, etc.). d) Regarding its distribution policy, to improve its position on the market, "Polisano" will have to improve its multichannel distribution.

This study and its conclusions can be a reference for any private healthcare provider in Romania who wants to adopt the philosophy of customer orientation and to occupy a distinctive place (a leading position) in the minds of the current and potential customers.

Limitations: this research is subject to some limitations, which arise from the choice of the sample and its measurement. Thus, to increase the relevance, this research should be done on a sample which ensures a higher confidence level and a smaller standard error, using a more appropriate sampling technique. Given the fact that, in healthcare, the customer's preferences do not change easily, a longitudinal research of the same issues could be much more useful and relevant.

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