

## **An Investigation into the Relevance of Emerging Marketing Strategy in Regional Queensland Hospitals**

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### **Abstract**

The purpose of this paper is to propose a conceptual framework investigating the relevance of emerging marketing strategy. The research is presented in the context of the health care industry, specifically regional Queensland hospitals. Through focusing on emerging marketing strategy and its relevance, this paper provides a conceptual model that examines the strategy components of environment, implementation and evaluation and control. The investigation of the use of emerging marketing strategy in regional Queensland hospitals is of importance as the view of marketing in health care tends to be misinterpreted.

### **Introduction and Purpose**

A conceptual framework is proposed that explores the relevance of emerging marketing strategy in regional Queensland hospitals. The scope of this paper is limited to the individual components of the marketing strategy and not the marketing strategy process. For the purpose of this paper, marketing strategy is understood to consist of the components of environment, implementation and evaluation and control. An understanding of the marketing strategy used by health care providers is important as the use of marketing strategy in health care is underestimated and misunderstood by a wide contingency of health care providers.

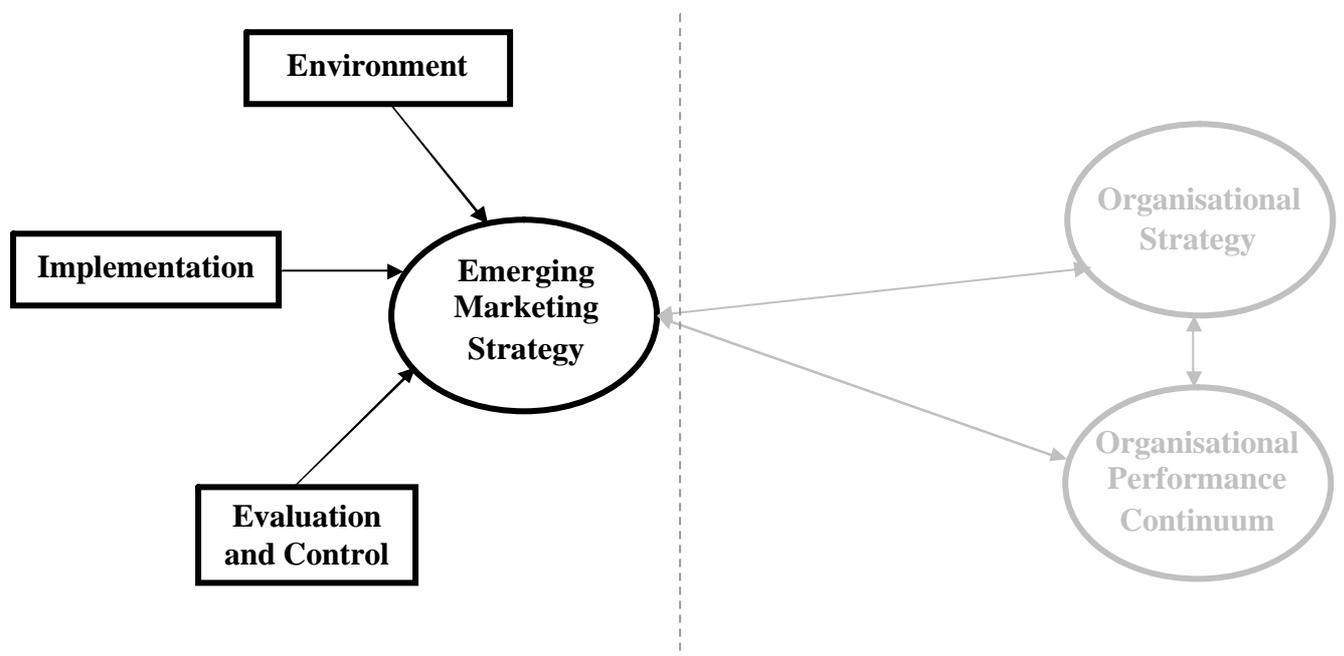
An organisation's **emergent** strategy has been defined as 'the long-term direction of the organisation, which developed over time' (Johnson & Scholes 2002). Comparatively, an organisation's **intended** or deliberate strategy is defined by Johnson and Scholes (2002) as being 'an expression of desired strategic direction deliberately formulated or planned by managers'.

Authors such as Covin, Green and Slevin (2006), Carr, Durant and Downs (2004), Downs, Durant and Carr (2003), Fuller-Love and Cooper (2000) and Mason, Heaton and Morgan (2004) have all examined the use of emergent and deliberate strategies in a variety of industry contexts. These studies have, as a result of different industry contexts, found conflicting results on the effectiveness of strategy. This paper proposes a conceptual framework that will investigate the relevance of emerging marketing strategy in regional Queensland hospitals.

### **Industry Profile**

When investigating regional Queensland hospitals there are a number of industry factors that require consideration. First, Queensland is the fastest growing state in Australia with more than two-thirds of Queenslanders living within the South-East corner of the state (Nuttall & Buckland 2004). Second, Queensland's population is ageing as a result of increased life-expectancy and declining birth rates. Third, the Aboriginal and Torres Strait Islander people account for approximately three per cent of Queensland's population. Aboriginal and Torres

Strait Islander people have high fertility rates, higher mortality rates, and experience poorer health than the general population (Nuttall & Buckland 2004). Fourth, people living in rural and remote areas require consideration. The population of these people is declining and ageing, and as a result the health care system in Queensland must strive to provide adequate resources to rural and remote areas. Other factors that are significantly impacting on health care in Queensland include changing employment, workforce growth, workforce patterns, workforce mix, rural workforce, increasing costs of health care, private health insurance, and the demand for hospital services (Nuttall & Buckland 2004). The Queensland Government has also increased funding for health care, following the 2006-2007 budget, by \$9.7 billion over 5 years (Bligh 2006). Through close examination of this industry's profile it can be seen that health care research is relevant to the industry with benefits being obtained for the academic arena via theoretical contributions being made in health care marketing. This paper aims to make a contribution through investigating the components of marketing strategy through the proposed conceptual model (see Figure 1).



**Figure 1: Conceptual Research Framework**

Source: Developed for this research.

The following concepts in Figure 1 namely marketing strategy, environment, implementation and evaluation and control will be discussed.

## **Marketing Strategy**

One of the key propositions of this paper is that within the marketing plan of regional Queensland hospitals different elements of marketing strategy emerge (see Figure 1). It can be questioned whether marketing strategy elements emerge differently in private sector hospitals in contrast to public sector hospitals. The concept of marketing strategy according to Kotler (2001) is made up of five areas, (1) target market, (2) product, (3) price, (4) placement and (5) promotion. There have been a number of studies performed within health care that address the elements of product, price, placement/position and promotion, all of which have been conducted in the context of the United States health care system (Goldblatt 2001; Goldsmith 1980; Reddy & Campbell 1993; Thomaselli 2006).

Goldblatt (2001) for example looked at the three elements of product, placement and promotion in the context of United States health care, whilst Thomaselli (2006) only discussed the promotional activities undertaken by United States hospitals. Goldsmith (1980) researched the element of promotion and its use in protecting a health care enterprise's position in a maturing market. Reddy and Campbell (1993) on the other hand examined a medical centre's use of positioning strategies within their target market. The relevance of the findings in these United States health care system studies for the Australian health care at the present time, especially in regional areas, can be questioned. This questionability results as the environment in which the Australian health care system operates is vastly different to that of the United States health care system.

## **Environment**

A second question that emerges from Figure 1 is how does the health care environment impact on the marketing plan of regional Queensland hospitals? The health care environment can be described as rapidly changing, uncertain, complex, dynamic and demanding (Adler et al. 2003; Begun & Kaissi 2004; Fottler 1987; Mulligan, Appleby & Harrison 2000; Walters & Bhuian 2004). There is limited research available assessing the Australian health care environment. Hopper (2004) did determine however that technological factors and suppliers significantly influenced differences in performance levels within Australian private hospitals. The business environment according to Aaker and Mills (2005) consists of both the external environment and the internal environment. In assessing the external environment aspects such as technology, governmental, economic, cultural, demographic, scenarios, information need areas, customer analysis, competitor analysis and market characteristics analysis all need to be considered (Aaker & Mills 2005). The internal environment assessment involves a performance analysis and determinants of strategic options (Aaker & Mills 2005). Although the global health care environment has been examined extensively in the literature, the emergence of this environment in the marketing plan is yet to be assessed. This emergence has however been conceptualised in Figure 1 in the context of regional Queensland hospitals. The environment in which regional Queensland hospitals operate inadvertently affects the success of the strategy implementation.

## **Implementation**

A third question that emerges from Figure 1 is how do implementation elements emerge in the marketing plan of regional hospitals? Successful implementation of organisational or marketing strategy has not been discussed widely in the general marketing literature (Wilson & Gilligan 2005) or in health care literature. Strategic implementation research conducted in Australian health care is apparent in Hopper (2004) where the extent that specific implementation activities were carried out by Australian private hospitals was examined. Some of the key strategic implementation activities, as deemed relevant in Australian private hospitals, included: (a) stating the activities to be implemented, (b) defining the deadlines for implementing the strategies, (c) establishing annual objectives, (d) developing policies to guide the implementation process and (e) allocating resources needed to implement strategies (Hopper 2004). It was however found that within Australian private hospitals that two implementation activities, providing incentives to employees and managing potential conflict, were not undertaken to a great extent by the majority of private hospitals (Hopper 2004). The maintenance of the above discussed implementation elements within regional Queensland hospitals is dependent on evaluating and controlling specific organisational elements.

## **Evaluation and Control**

The fourth proposition resulting from the conceptual framework depicted in Figure 1 involves the investigation of the emergence of strategic evaluation and control elements in the marketing plan of regional Queensland hospitals. Authors such as Pride and Ferrell (2003) have outlined marketing control as a process which has four key steps, these being (1) development or adjustment of marketing objectives, (2) establishment of performance standards, (3) evaluation of actual performance relative to established standards, and (4) corrective action, if necessary. Evaluation in Australian health care was examined by Hopper (2004) who determined that there were three relevant key areas that required evaluation in Australian private hospitals. These areas included (1) internal strategic position (i.e. has the firm achieved what it wanted to strategically achieve inside the organisation), (2) external strategic position (i.e. has the firm achieved what it wanted to strategically achieve external to the organisation) and (3) progression towards achievement of objectives (i.e. has the organisation made progress towards the achievement of the objectives it originally set). An extended view has been offered by Aaker and Mills (2005) who suggest that strategic evaluation and control should deal with strategic effectiveness ('how well the strategic is meeting the objectives set for it') and strategic efficiency ('how well the strategy is returning value and profitability to shareholders'). The methods of strategy evaluation and control in regional hospitals are still uncertain hence a basis for the proposed conceptual framework to examine these elements further is provided.

## **Conceptual Framework**

In the preceding discussion the gaps in marketing strategy, environment, implementation, and evaluation and control were identified and discussed. The conceptual framework (see Figure 1) is based on the assumption that there are linkages between the theoretical elements of organisational strategy, marketing strategy and organisational performance. The scope of this paper however, as previously discussed, is limited to the individual components of the marketing strategy and not the marketing strategy process. This scope is illustrated in Figure

1 through the highlighted components and dotted lines. Research issues relating to these highlighted components in the conceptual framework and their emergence in the marketing plan of regional Queensland hospitals are outlined below:

1. What elements of marketing strategy emerge in the marketing plan of regional Queensland hospitals?
2. How does the health care environment impact on the marketing plan of regional Queensland hospitals?
3. How do strategic marketing implementation elements emerge in the marketing plan of regional Queensland hospitals?
4. How do strategic marketing evaluation and control elements emerge in the marketing plan of regional Queensland hospitals?

### **Conclusion**

In conclusion, this paper has investigated the relevance of emerging marketing strategy in regional Queensland hospitals. A conceptual framework has been identified that highlights the components of the marketing strategy process. The relevance of this investigation is enhanced through the theoretical contributions that eventuate from the proposed conceptual framework. These contributions include:

- Identifying elements in marketing strategy, environment, implementation and evaluation and control that should be undertaken within the health care industry.
- Clarifying marketing performance measures relating to each element of marketing strategy being established for use in health care.
- Determining the extent to which organisational strategy has been developed within regional Queensland hospitals.
- Establishing the role that marketing strategy and organisational strategy play in the health care industry.
- Examining emerging strategy development and the use of this particular developmental method within health care.

Overall it can be seen that through investigating the relevance of marketing strategy in regional Queensland hospitals there are gaps to be found in the health care literature. These gaps involve marketing strategy, environment, implementation and evaluation and control. Key theoretical contributions are also evident and will prove noteworthy and relevant to health care in the future.

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