Course Description
Strategic management and marketing in health care has changed drastically in the last ten years. In the past, most health care professionals “scorned the idea” of marketing and strategic analysis of customer bases and company positioning. This has changed as the health care environment continues to evolve at a fast pace and it is necessary for all health care professionals to understand the principles and applications of strategy and marketing in a new “business” environment. Strategic marketing relies heavily on designing an organization’s offerings to targeted markets’ needs and desires; and on using effective pricing, communications and distribution to inform, motivate, and serve clients.

This is an introductory course designed to give you a feeling for healthcare strategic and marketing principles to make better, informed decisions.

During this course, you will have the opportunity to:
⇒ Use strategic management principles to analyze the mission, vision, core values, goals, and governance of health care organizations.
⇒ Better understand healthcare & pharmaceutical markets and consumer behavior;
⇒ Consider the role of strategic planning and marketing in health care delivery financial and operational systems;
⇒ Define the strategic marketing process, applying it to healthcare products & services; and,
⇒ Review marketing approaches of different organizations.
⇒ Learn and become comfortable using software for online asynchronous learning.

These activities will be considered from the perspective of the healthcare manager, the funding organization, and the consumer. You will also be exposed to “social marketing”, a label given to marketing techniques used to change behavior. This is different than social media marketing. We will use excerpts from various texts and the internet to examine current social marketing practices.

Course Objectives
Upon completion of this course, the student will:
• Examine and analyze broad environmental trends and their strategic implications before any marketing activity or service is put in place.
• Firmly comprehend strategy and marketing principles, concepts and origins.
• Understand the role of strategy and marketing in the health care industry and similarities and differences within the pharmaceutical and biotechnology industries.
• Discover and personally use sources of information to stay current with rapid technological and delivery system changes in the industry.
• Read and analyze strategic and marketing case studies, demonstrating a better understanding of a particular product and its path to consumers; the financial impact of its development; competition; and its social relevance & market appeal.

**Computer Conferencing**
As you are aware, this class will be offered half in-class and half online. We will be staying up-to-date throughout the course with information, assignments, and group discussion of study questions via the UCLA Extension’s Canvas software package. If you are unfamiliar with Canvas, struggle with technical issues, it is your responsibility to read the Help section on Canvas or contact UNEX for help ASAP.

**Grading / Learning Assessment**

<table>
<thead>
<tr>
<th>Points</th>
<th>Due, Mondays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Case – Memorial Hospital</td>
<td>15</td>
</tr>
<tr>
<td>Marketing Case – Mednet.com</td>
<td>15</td>
</tr>
<tr>
<td>Social Marketing assessment</td>
<td>10</td>
</tr>
<tr>
<td>Online Questions &amp; Contribution (10 points x 6 weeks)</td>
<td>60</td>
</tr>
</tbody>
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**Expectations of you, the student...**
UCLA’s Extension and the Fielding School of Public Health’s Department of Health Policy & Management classes and programs are based on interactive teaching and communication. To fulfill the objectives of the course and their benefit in understanding the topic, the expectation is that you will login online every week at least 2-3x to keep a presence on Canvas for interactive discussion through postings. With a hybrid course, it is important to build an online “community”. Some basic learning strategies to keep in mind that will help with you active participation include:

• Reading and becoming familiar with the syllabus and assignments;
• Keeping up with the readings and discussion questions; each week’s initial/original posts are expected by THURSDAY p.m. and response to other students’ posts will be completed by Monday morning.
• Asking for clarification about material or weekly lectures;
• Engaging other students through thoughtful and respectful discussion; and,
• Following proper citation and referencing so that no plagiarism occurs.

**Texts:**

Supplemental readings and cases will be distributed via UNEX Canvas.
Course Schedule

Week 1 – March 30: Healthcare Strategy and the Evolution of Marketing
Read:

Objectives:
1. Explain why strategy and marketing management has become crucial in today’s dynamic health care environment.
2. Define and differentiate between strategic management, strategic thinking, strategic planning, and marketing.
3. Understand the importance of systems’ approaches.

Week 2 – April 6 (ONLINE): Definitions of Marketing and Strategy
Read:

Questions on Canvas (Original posts due April 9th, midnight):
1. Identify three major environment trends (external to the industry -- e.g., aging of the population, technological change, changes in the economy, etc.) that you think most affected hospital strategy in the 2000s. Do the same for the current decade, 2010s. You might find Chapter two helpful, as well as this link ...
http://www.afscme.org/publications/1192.cfm
Why do you think each of the trends you have identified was/is important then and now?

2. You are in charge of marketing your laboratory services to managed care plans in your region. Contrast approaches to promoting these products to a PPO and to a staff model HMO (Chapter 3). Explain it strategically, as well as tactically.

Week 3 – April 13: External/Environmental Analyses
External (Environmental) Objectives:
1. Appreciate the significance of the external environment’s impact on healthcare organizations.
2. Understand and discuss the specific goals of environmental analysis and its limitations.
3. Identify and learn techniques to analyze major general and industry environmental trends affecting healthcare organizations.

Read:
IN-CLASS Discussion:
1. Why is the process of environmental analysis as important as the product?
2. Why must service categories be defined first in service area competitor analysis for healthcare organizations?
3. Why should a healthcare organization attempt to determine competitor’s strategies and likely strategic responses?

Week 4 – April 20 (ONLINE): Internal Analysis and Directional Strategies
Internal Analysis Objectives:
1. Understand the role of internal analysis in identifying the basis for sustained competitive advantage.
2. Understand the ways in which value can be created at various places in the organization with the aid of the value chain.
3. Determine the competitive relevance of each strength and weakness with the aid of a series of carefully formulated questions and used to suggest appropriate strategic actions.

Read:

Questions on Canvas (Original posts due April 23rd, midnight):
1. It has been said that the rules for success are written outside the organization but competitive advantage must be found within the organization. Explain this statement.
2. Using the internet, look up and select one multi-hospital chain from each of the three ownership types (private non-profit, public non-profit, for-profit). Look up the mission statements for each.
   ✓ Do these statements differ across the ownership types in any important ways?
   ✓ What relationships, if any, do you see between these mission statements and the strategies these firms appear to be pursuing?
   ✓ How might the stakeholders differ across the three? What implications might such differences have for the kinds of strategies they appear to be pursuing? Why?

Week 5 – April 27: Determinants of Utilization & Consumer Behavior
Utilization Objectives:
1. Understand that everyone in society is a potential consumer of health services and virtually everyone in society uses them at some time or another.
2. Learn the differences between needs and wants and how marketers manipulate them.

Read:

IN-CLASS Discussion:
1. Explain the contention that healthcare organizations typically have a much broader range of customers than do organizations in most other industries.

2. What major shifts in attitudes have characterized healthcare consumers over the past few years?

3. How can we explain the fact that the patterns of health services utilization vary widely from community to community, although the characteristics of the population differ little?

4. Why can it be said that it may not be in the interest of healthcare providers to attract all potential consumers for a particular service?

**Week 6 – May 4 (ONLINE): Market Research, Segmentation & Loyalty**

**Segmentation and Research Objectives:**

1. Learn and perform alternative market segmentation strategies, recognizing relevant criteria for selecting market segments.
2. Understand the relative merits of quantitative and qualitative research, and why both are important to marketing researchers in healthcare.
3. Discuss, evaluate, and select appropriate market entry strategies, strategic posturing and positioning, and overall strategic alternatives for a healthcare organization.

**Read:**


**Questions on Canvas (Original posts due May 7th, midnight):**

1. Local urban hospital markets differ structurally in many ways, including by the following:
   - Concentration
   - Seller concentration
   - Market size
   - Geographic density
   - The pattern by which shares are distributed
   - Consumer profiles (e.g., presence of large buyers, average income, presence of minorities, average age of population)
   - Physician specialty distribution
   - Presence of large group practices
   - Presence of specialty hospitals/provider organizations
   - Overall levels of capacity (e.g., beds per capita, physicians per capita)
   - Presence of for-profits
   - Presence of major academic centers and/or other large referral centers
   - Presence of nearby non-urban communities
   - Presence of other nearby urban communities.

   ✓ Among these, clearly market size is a very important characteristic that can be used to differentiate markets. Thinking of large hospital markets only, what additional two market characteristics (other than market size) do you think would be most useful for sorting markets into strategic market groups for purposes of strategy analysis? Briefly support your choice of grouping criteria.

   ✓ How might your choices differ, if at all, for grouping very large versus very small urban markets? Why?
What two structural characteristics, again, in addition to market size, would you choose for grouping local managed care markets?

2. What determines the level of geography (e.g., county, ZIP code, census tract) at which a market or service area should be delineated? Why is it sometimes difficult to delineate market or service areas using standard “political” boundaries?

Week 7 – May 11: 1st of the “4 Ps”: Product & Product Strategies

Product Objectives:
1. Understand the different characteristics between tangible products and services.
2. Identifying and using the major tools for healthcare organizations to build, manage, and compete with product/service offerings.
3. Know the steps to build a strong brand and effectively developing and launching a new product or service offering.
4. Learn the product life cycle and understand the role it plays in healthcare delivery.

Read:

IN-CLASS Discussion:
✓ What are the important distinctions between goods and services, and what are the implications of these distinctions for marketing?

✓ When drug maker GlaxoSmithKline launched Requip for restless-legs syndrome, few consumers had heard of the problem, and some physicians were skeptical that it even existed. Despite these problems, the drug is now very successful. Should the marketing of a healthcare product that is not immediately recognized as responding to a healthcare need (a) have more government oversight and control or (b) be left to allow market forces to decide its value?

✓ Brands can clearly indicate to their target markets that they are in a particular category. Explain three ways in which they accomplish this goal and provide examples for a business-to-consumer (B2C) healthcare product or service and a business-to-business (B2B) healthcare product or service.

Week 8 – May 18 (ONLINE): 2nd of the “4 Ps”: Pricing

Pricing Objectives:
1. Appreciate the many factors that affect pricing decisions.
2. Recognize the array of alternative pricing strategies available to health care marketers.
3. Learn the positioning value of price.

Read:

Questions on Canvas (Original posts due May 21st, midnight):
1. Academic medical centers (AMCs) often compete with neighboring community hospitals for routine patient care services. What price-quality assumptions about health services to consumers make in deciding between two such hospitals? Are they rational? Assuming that the monetary costs to use either facility are often equivalent, what are the non-monetary costs facing consumers who use either hospital?

2. A health club recently decided to offer a yearly membership. Separate fees were to be
charged for nutrition counseling, tennis court usage, and aerobic instruction. How might this organization implement: a) a value-pricing strategy? b) a promotional pricing strategy? and c) a going-rate pricing strategy?

**Week 9 – May 25 (Memorial Day ONLINE): 3rd of the “4 Ps”: Place or Distribution Channels**

*Place Objectives:*
1. Learn what are marketing channels, its function and flows, and the understanding of a value network.
2. Be able to articulate the decisions facing companies when managing their channels.
3. Appreciate the conflicts that arise within channels and how they can be better managed and integrated.

*READ:*

*Questions on Canvas (Original posts due May 28th, midnight):*
1. The number of retail store-based primary care clinics is increasing. This healthcare distribution innovation is quite simple, and there are low barriers of entry into this market. Why do you believe this distribution strategy was not implemented sooner? What other types of new healthcare distribution strategies could be successful?

2. In a recent contract negotiation session between a group of physicians and a managed care health plan, the parties disagreed about the level of reimbursement that the physicians would receive for treating subscribers. The physician group is the largest such organization in the community and represents 75% of primary care providers in the area. What sources of power does this group wield in negotiating a managed care contract?

**Week 10 – June 1: 4th of the “4 Ps”: Promotion/Marketing Communications**

*Promotion Objectives:*
1. Understand why the nature of the organization, the product, and the target population will influence the promotional approach taken.
2. Learn why public relations and communications are traditional promotional approaches utilized by healthcare organizations, but why advertising has been used heavily by healthcare organizations in recent years although many health professionals continue to be uncomfortable with this type of promotion.
3. Apply integrated marketing approaches to healthcare organization strategy so that you can develop an increased sophistication in marketing.

*Read:*
Kotler et al. (2008) Strategic Marketing. Part Three: Ch 13, pp. 375-427; Ch 14, pp. 429-468

*IN-CLASS Discussion:*
- Would you agree with the statement: A major function of promotional activities in healthcare is educating the healthcare consumer? Why or why not?
- At a local hospital, a decision was made recently to downsize the nursing staff. The local television station sent a reporter and camera crew to interview the administrator regarding the impact of this action on patient care. After 20 minutes filming the interview, the reporter left. That evening a 15-second segment of the interview was shown that left an unfavorable impression regarding the impact on quality. The administrator wondered
what went wrong. Explain how more control could have been used to send out the message about the downsizing.

✓ In recognition of the “post-purchase” role of promotion, what strategies would you suggest for: (a) a busy hospital emergency room, (b) an executive fitness program that provides health screening and fitness evaluation, and (c) an occupational medicine program that contracts its services to companies?

✓ Facebook, video-sharing such as YouTube, podcasts, and RSS feeds that allow both downloading and uploading of content. What are the different ways a 1) pharmacy chain, 2) chiropractor, and a 3) health and fitness club could use Web 2.0 to reach their personal marketing communications goals?

**Week 11 – June 8 (ONLINE): Monitoring Marketing Performance**

**Monitoring and Controlling:**
1. Explain and recognize the value of monitoring market share and gap analyses compared to using absolute measures of performance.
2. Understand the array of specific marketing mix control procedures.
3. Describe the scope of an organization’s marketing audit and elements of the audit.

Read:

**Question on Canvas (Original posts due June 11th, midnight):**
1. Chapter 15 – Problem 2

**Week 12 – June 15: Marketing Behavioral Change (Social Marketing)**

**Social Marketing Objectives:**
1. Understand the different target outcome of social marketing is a voluntary one-time or sustained behavioral change rather than a product or service.
2. Apply the 4 Ps in a similar, but unique way to social marketing campaigns.
3. Identify PSAs and sponsored campaigns that are good examples of social marketing, and determine what is effective and accessible to appropriate markets.

Read:


**Assignment:** Social Marketing exercise, due June 22nd, midnight. See last page of PPT slide show for instructions.