An Introduction to Marketing and Branding

By Andres Terech

A community-based organization, like any other company, must learn how to compete in a marketplace and manage its brand.

Community-based organizations (CBO), as well as other institutions and companies, can succeed only if they have customers (i.e., patients, users, clients, payers—including the healthcare sector—or consumers) interested in purchasing or contracting for CBOs' products and services. Acquiring and retaining customers, and growing customer engagement, rests on marketing.

CBOs seeking to take advantage of the opportunities created by healthcare reform need an effective marketing strategy**.** A marketing strategy consists of three steps: *understand the market, choose a strategy,* and *execute it*. The first two steps are, to a large degree, abstract and intellectual: they require analysis and discussion. Only when an organization knows first *why* it wants to compete in the marketplace, and second, *how* it wants to compete in the marketplace is it prudent to invest money in the execution.

Many organizations jump straight to investment and execution: they create services, build brands, develop advertising campaigns, decide on prices and promotions, and set partnerships without a deep analysis of the market's dynamics. Sometimes this works, but generally by sub-optimizing and misusing the organization's two critical and scarce resources: money and time. Additionally, because regulations, competitors, partners, and consumers' needs change constantly, the "how" and the "why" need to be constantly reviewed and the marketing strategies adjusted accordingly.

Understanding the Market

The first step in the process intends to answer questions such as: What business does our organization want to be in? With whom would we be competing? Can we add value? Is there an opportunity?

This step involves the "5 Cs model," which consists of assessing consumers (including medical sector partners), company (CBO), competitors, context, and collaborators. The analysis always starts by identifying which consumers' needs and desires the company will attempt to satisfy. A CBO might want to focus on medical partners' desire to provide nutrition, caregiver support, or transportation for high-need, high-risk individu-

➜ABSTRACT Without customers, there is no business. This article outlines a three-step marketing strategy framework to help community-based organizations (CBO) understand the market in which they compete, identify how to create value, build a unique brand positioning, and develop a service that people want to use and to pay for. | **key words**: *marketing strategy, segmentation, targeting, positioning, marketing mix, branding*

als. Not having a clear purpose or trying to satisfy all possible needs limits the CBO's ability to understand and serve its customers.

It is then crucial to consider what skills, knowledge, or capabilities the company must possess in order to satisfy those consumers' desires. For instance, a CBO created with the right social intentions and motivations but lacking a competitive advantage relative to other local institutions will find it very challenging to thrive and sustain the business in the long term. Thus, it is important to identify what other parties are competing with the company in trying to satisfy the same consumer needs and desires, and to learn about competitors' strengths and weaknesses (e.g., competitors' brand awareness, financial resources, prices, partners, staffing, etc.). For example, using paratransit to and from medical facilities might compete not only with other CBOs, but also with a good public transportation network and even a medical provider of virtual visits.

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The context (i.e., economic, technological, sociocultural, regulatory, and physical environments) in which the company operates can limit what is possible. Because most organizations do not work in isolation, but instead partner with different collaborators (e.g., local governments), it is also crucial to study whether or not collaborators can help support the marketing to consumers.

Choosing a Strategy

Not all persons, partners, or consumers want the exact same product or service, so a sound marketing strategy must segment all potential buyers based on the differences in what they want, decide which segments to target, and show how to position the organization relative to the other competitors or substitutes available in the market. This process is typically referred to by the acronym STP (or, segmentation, targeting, positioning).

Segmentation

Segmentation consists of grouping consumers based on the similarities and differences in their preferences. In the CBO transportation service example given above, some individuals may prefer paratransit, others might like ride-sharing. Some may need flexibility to allow a caregiver to accompany them and others will use public transit. These preferences may also be in conflict with the approach to providing transportation that the payer (i.e., the healthcare entity) is able or willing to pay for. If only one type of transportation service were to exist, some needs and preferences would go unfulfilled. Not understanding the different parties' wants and treat-ing them all equally will lead to an unproductive use of marketing resources and, often, to failure.

Effective segmentation maximizes the intragroup similarities and, at the same time, maximizes the differences between groups. It is for this reason that demographic characteristics are typically used as a segmentation criterion (e.g., you are either young or old, or an enrollee in a Medicare Advantage [MA] or Special Needs Plan [SNP]). Yet demographic characteristics are seldom the best criterion by which to assess business potential; a person might have different preferences for transportation services, but not merely because he or she is tall or short, rich or poor, or a purchaser of services (MA or SNP). Though more difficult to do, segmenting based on hard-to-measure criteria, such as benefits sought, lifestyle, or loyalty, generally leads to groups of individuals who share similar preferences and responsiveness toward a marketing strategy. This, in turn, leads to a more effective and efficient use of marketing resources.

An important consequence of segmenting the market is the realization that not all segments are a good fit for the organization. Some will be too difficult to attract, others might not have enough loyalty, while others may want things the organization cannot offer.

Targeting

Choosing which segments to target requires that organizations have a deep understanding of their capabilities and cost structures. Basic economic analyses such as cost-to-serve, margins, break-even, and customer lifetime value are critical. It also is important to understand the degree to which the segments fit with the organization's goals and mission. It is possible, for example, that a particular segment is not economically attractive, but it is necessary for building a brand image or to learn a skill needed to serve other more lucrative segments. A case in point would be CBOs that serve pro bono patients for specific reasons other than economic attractiveness.

When deciding which segments to target, organizations also should consider a segment's competitive intensity. Some segments are underserved, making it easier to acquire customers. In others, competitors might be willing to defend their market shares, even at a loss.

Positioning

Once a target segment has been selected, the fundamental question is how to position the organization's offering in a way that, relative to other competitors, buyers perceive it as unique and valuable. Individuals and families make choices based on their perceptions of the intrinsic value of a product or service, while healthcare entities might be concerned with the organization's ability to reduce medical costs. As the saying goes, "In marketing, perception is reality." Therefore, it is essential that an organization understands and measures how purchasers perceive the value it brings to the market.

Again referring back to the transportation service example, if the selected target segment comprises mainly individuals in need of paratransit, they may have cognitive or functional limitations that require additional support and a door-to-door service. Thus, an illustrative positioning statement may be "For those people who need extra assistance and prompts in their door-to-door transportation service, our organization is the only paratransit company that trains drivers to help all kind of patients in need. Over the past 20 years, we have worked with doctors, nurses and psychologists to developing a proprietary training program." This positioning specifically identifies the target segment, the competitor set, what makes this particular CBO unique, and why the target segment will believe in their claim.

'A sound marketing strategy must segment all potential buyers.'

Clear and unique positioning reduces customer acquisition costs and aligns the organization actions and investments. Good positioning can also refine the market potential by pushing away those customers who do not value the benefits offered, and who might become too expensive to serve.

The intended positioning is developed in the organization's boardroom; but the actual positioning resides in consumers' minds. Executing the marketing strategy links the two. Many times, after a correct analysis of the 5 Cs and SPT, organizations fail to execute. A famous example of this is the 1985 launch of the New Coke (Keller, 1998).

Executing the Strategy

The last step focuses on transforming ideas into reality, and considers the following practical questions:

√ What characteristics should the service have?

√ How should the organization deliver the service?

√ What should the organization's partners do?

√ How much should the organization charge and who should pay for it?

√ How should the organization raise awareness about its service?

A central part of execution is deciding what specific attributes (tangible and intangible) the product or service will have in order to deliver the expected benefits. For instance, will the driver have an app to connect with riders, will the van be wheelchair-friendly, will it pick up at set times or on demand, will it wait at the doctor's office or will a return pickup time need to be scheduled?

Next, the organization must decide what type of promotion or communication campaigns it will conduct to create awareness of its existence and highlight unique and valued benefits and, of course, also to generate referrals. In many cases, an organization needs to co-locate staff to new areas or places to reach the target group. Other important decisions are what price to charge for the service, who will pay for it, and if any financing will be offered.

These four decisions (product, promotion, place, and price) are known as the marketing mix, or the 4 Ps (McCarthy, 1960). When it comes to services, a fifth "P" generally is added

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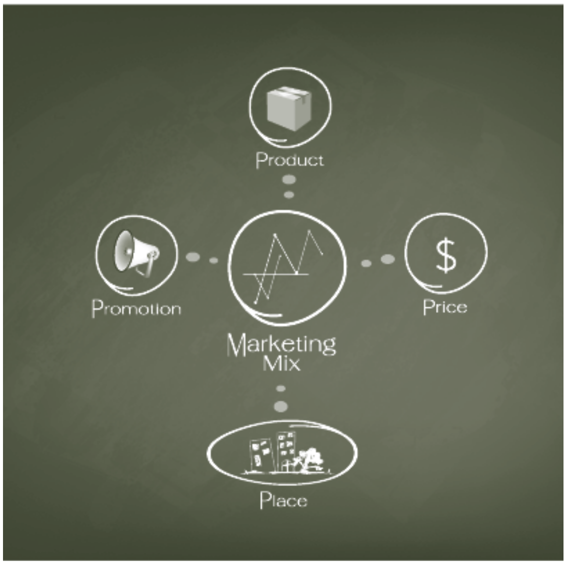
to the marketing mix elements: people. Services, as opposed to products, are produced, delivered, and consumed in the same moment and, in that event, the performance, attitude, and knowledge of the service delivery team significantly influence the satisfaction of those who are receiving the service.

One of the most important intangible attributes of every product and service is the brand. A brand could be defined as a "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (American Marketing Association, 2014). In practical terms, a brand is the carrier of the promise an organization makes to its users, partners, and buyers to consistently deliver a specific set of features and



benefits. Because of its abstract nature, a brand is built through developing associations, by connecting or linking the organization's name or logo with images and meanings residing in a consumers' mind. These associations are reinforced or weakened by the rest of the marketing mix and change over time.

One of the biggest challenges in building and managing a brand is that brand associations and image are built not only by the organization, but also are created by purchasers of the services (as well as by people who do not use the services) through word of mouth and social media posts. The brand image and meaning also are affected by competitors' communication actions; pop culture reflected in movies, TV shows, or books; influential people, such as experts; specialized online and printed publications; and by members of the service delivery team. Brand perceptions need to be monitored continuously and managed actively.

Conclusion

CBOs are no different from any company or organization, whether they are for-profit or not-for-profit: CBOs also need to acquire and retain customers. They must take a systematic approach to developing a marketing strategy and to shaping their brand identity. The crucial consideration in crafting a marketing strategy is to identify buyers' preferences and needs and what features drive value for buyers.

In most instances, a CBO will have dual customers—the person receiving the service and the entity that funds the purchase of those services. Each customer segment will adopt its own perspective about how it values the service being offered. The STP framework will help CBOs to develop appropriate value propositions for each customer segment.

Marketing and branding are not one-time activities. CBOs will need to regularly assess their brand perceptions and to update their marketing strategy as the marketplace environment evolves.

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