Health Care Marketing: Tools and Techniques
Third Edition

John L. Fortenberry, Jr., MBA, PhD
(Public Administration and Public Policy),
PhD (Business Administration)
Health Administration Department Chair
MHA Program Director
James K. Elrod Professor of Health Administration
and Professor of Marketing
College of Business
Louisiana State University in Shreveport
Shreveport, Louisiana

JONES AND BARTLETT PUBLISHERS
Sudbury, Massachusetts
BOSTON TORONTO LONDON SINGAPORE
In Memory of my Grandmother
Dr. Margaret James Mosal
1911–1987
Acknowledgments

Health Care Marketing: Tools and Techniques represents a milestone in that it is my first book published by Jones and Bartlett. This particular work grew out of a previously published work, entitled Marketing Tools for Healthcare Executives, a book that was published by Oxford Crest, a publishing house that I founded in 2002. As Health Care Marketing: Tools and Techniques and Jones and Bartlett bring the Oxford Crest era to a close, I must thank several people who helped me make Oxford Crest a success.

Vickie M. Cook, a partner at BKD in Oxford, Mississippi, deserves special thanks for her early recognition of Oxford Crest’s value. She and her colleagues have provided much-needed operational assistance to Oxford Crest over the years. The Fortenberry family also played a significant role in the establishment and success of Oxford Crest. My mother, Mary Margaret, deserves special thanks, as she assisted me greatly with a number of operational matters pertaining to the publishing house. My sister, Lisa; my brother, Parrish; and my father, the late John Lamar, Sr.; also deserve recognition.

With the new era beginning at Jones and Bartlett, thanks is extended to several people who have been instrumental in making this new relationship a reality and success. Robert Murray, Vice President of Business Development, must receive special thanks as he placed the initial telephone call to me to discuss business opportunities that ultimately led to my publishing relationship with Jones and Bartlett. I would also like to thank my publisher, Michael Brown, for his ongoing assistance and support. Appreciation is also extended to Katey Birtcher, Catie Heverling, Sophie Fleck, Tracey Chapman, Jeanne Hansen, and Jana Hayward for their guidance throughout the preparation, assembly, and promotion of this text.

Additionally, several of my academic mentors deserve special recognition as they provided me with the foundation, tools, and guidance needed
to become a successful academician and author. Drs. Anne Permaloff and Carl Grafton, Emeriti Professors of Political Science and Public Administration at Auburn University at Montgomery, have been supportive of me throughout my career, dating back to my days as a PhD student at Auburn University. Both have greatly influenced me and have been especially supportive of my scholarly writing efforts. Dr. Peter J. McGoldrick, Tesco Professor of Retailing at the University of Manchester’s Manchester Business School, also must be recognized as he has had the single greatest influence on me as a marketing academician and author. From his helpful comments and suggestions regarding my books to his role as supervisor of my second PhD, earned from the University of Manchester, to our ongoing academic research endeavors, Professor McGoldrick deserves special thanks.

I also must draw attention to two administrators at Louisiana State University in Shreveport who have been of special assistance to me. Dr. Vincent J. Marsala, Chancellor, and Dr. Patricia F. Doerr, Dean of Graduate Studies, must be recognized for their enduring support. Through their efforts, I was afforded with a productive and enjoyable work environment which permitted me to author this text. Drs. Marsala and Doerr have been among the strongest of advocates for me, my scholarly research, and associated publications.

Finally, a member of the extended family of Louisiana State University in Shreveport, James K. Elrod, deserves to be recognized. Mr. Elrod, President and Chief Executive Officer of Willis-Knighton Health System, has worked extensively with me over the years, providing important feedback regarding my scholarly writing endeavors, offering me interesting and enlightening research opportunities, and serving as an advocate for me both on campus at LSUS and in the healthcare community of Shreveport, Louisiana. I am very proud to be the holder of the James K. Elrod Professorship in Health Administration.

I am deeply appreciative of the guidance and support offered by the individuals noted above. They each have played a unique and beneficial role in helping me author Health Care Marketing: Tools and Techniques.
About the Author

John L. Fortenberry, Jr. serves as Health Administration Department Chair, MHA Program Director, James K. Elrod Professor of Health Administration, and Professor of Marketing in the College of Business at Louisiana State University in Shreveport where he teaches a variety of courses in both health administration and marketing. He received a BBA in Marketing from the University of Mississippi; an MBA from Mississippi College; a PhD in Public Administration and Public Policy, with concentrations in Health Administration, Human Resource Management, and Organization Theory, from Auburn University; and a PhD in Business Administration, with a major in Marketing, from the University of Manchester in the United Kingdom.

Dr. Fortenberry’s academic research interests are centered on marketing, notably including the components of advertising, consumer behavior, and strategy. His specific sector interests include health, retail, and transportation industries. *Health Care Marketing: Tools and Techniques* represents his fourth book and his first published by Jones and Bartlett.
Contents

Dedication ........................................ iii
Acknowledgments ............................. v
About the Author ............................. vii
Preface .......................................... xxi
New to This Edition ......................... xxiii

PART ONE  Product Development & Portfolio Analysis
          Tools .................................... 1

Chapter 1  The Product Life Cycle .......... 3
          Introduction ........................... 3
          Stage 1: Introduction ................. 4
          Stage 2: Growth ....................... 4
          Stage 3: Maturity ..................... 5
          Stage 4: Decline ..................... 5
          Product Life Cycle Variants ......... 7
          Operational Matters ................. 8
          Summary ................................ 8

Chapter 2  Booz, Allen & Hamilton’s New Product
          Process .................................. 10
          Introduction ........................... 10
          Minimizing Risk ....................... 11
          Stage 1: New Product Strategy Development .... 11
          Stage 2: Idea Generation ............. 12
          Stage 3: Screening & Evaluation ...... 12
          Stage 4: Business Analysis .......... 14
          Stage 5: Development ............... 14
          Stage 6: Testing ..................... 14
          Stage 7: Commercialization ........... 15
# Contents

Risk & Failure ............................................ 16
Summary .................................................. 17

**Chapter 3**  
**George Day’s R-W-W Screen** .......................... 19
Introduction ............................................. 19
Is It Real? ............................................... 20
Can We Win? ........................................... 22
Is It Worth Doing? ...................................... 22
Operational Matters ................................. 23
Summary ................................................ 24

**Chapter 4**  
**Theodore Levitt’s Total Product Concept** .............. 25
Introduction ............................................. 25
The Generic Product ................................ 27
The Expected Product ................................ 27
The Augmented Product ............................. 27
The Potential Product ................................ 27
Operational Matters ................................. 28
Summary ................................................ 30

**Chapter 5**  
**The Boston Consulting Group’s Growth/Share Matrix** ... 32
Introduction ............................................. 32
Cash Cows (Low Growth, High Market Share) ........ 34
Stars (High Growth, High Market Share) .............. 34
Question Marks (High Growth, Low Market Share) ... 34
Dogs (Low Growth, Low Market Share) ................ 35
Market Dynamics ...................................... 35
Operational Matters ................................. 35
Summary ................................................ 38

**Chapter 6**  
**General Electric’s Strategic Business-Planning Grid** 39
Introduction ............................................. 39
Operational Matters ................................. 41
Summary ................................................ 43

**Chapter 7**  
**Igor Ansoff’s Product-Market Expansion Grid** ......... 45
Introduction ............................................. 45
## CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market Penetration (Current Products, Current Markets)</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Market Development (Current Products, New Markets)</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Product Development (New Products, Current Markets)</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Diversification (New Products, New Markets)</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Operational Matters</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>An Updated Version</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Summary</td>
<td>50</td>
</tr>
</tbody>
</table>

### PART TWO  
Branding & Identity Management Tools  

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Schmitt &amp; Simonson’s Drivers of Identity Management</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Introduction</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Change in Corporate Structure</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Low Loyalty or Losing Share</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Outdated Image</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>Inconsistent Image</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>New Products &amp; Product Extensions</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>New Competitors</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Changing Customers</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Entry into New Markets</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Greater Resources</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Summary</td>
<td>60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Calder &amp; Reagan’s Brand Design Model</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Introduction</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Meaningful Relevant Value</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Brand Expressions</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>Operational Matters</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>Summary</td>
<td>67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Martin Lindstrom’s 5-D Brand Sensogram</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Introduction</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Sight</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Sound</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Taste</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Touch</td>
<td>72</td>
</tr>
</tbody>
</table>
Contents

Chapter 11 Lederer & Hill’s Brand Portfolio
  Molecule ........................................76
  Introduction ....................................76
  Components of the Brand Portfolio Molecule ....77
  Operational Matters ............................77
  Summary .......................................79

Chapter 12 Kevin Lane Keller's Brand Report
  Card ............................................80
  Introduction ....................................80
  Characteristic 1 .................................81
  Characteristic 2 ................................84
  Characteristic 3 ................................84
  Characteristic 4 ................................85
  Characteristic 5 ................................85
  Characteristic 6 ................................86
  Characteristic 7 ................................86
  Characteristic 8 ................................87
  Characteristic 9 ................................87
  Characteristic 10 ...............................88
  Operational Matters ............................88
  Summary .......................................89

Chapter 13 David Taylor’s Brand Stretch Spectrum ...........91
  Introduction ....................................91
  The Core Range Extension .......................94
  The Direct Stretch Extension ....................95
  The Indirect Stretch Extension ...................95
  Operational Matters ............................96
  Summary .......................................97

Part Three Target Marketing Tools .........................99

Chapter 14 The Market-Product Grid .........................101
  Introduction ....................................101
  Operational Matters ............................105
  Summary .......................................107
Chapter 15  Kotler & Trias de Bes’ Lateral Marketing Strategy ........................................... 108
Introduction ............................................................................................................. 109
The Lateral Marketing Strategy Approach .............................................................. 111
Summary .................................................................................................................. 112

Chapter 16  Kim & Mauborgne’s Blue Ocean Strategy ............................................. 113
Introduction ............................................................................................................. 113
Market Space .......................................................................................................... 114
Competition ............................................................................................................. 115
Demand .................................................................................................................... 115
The Value-Cost Tradeoff ............................................................................................ 115
Differentiation/Low Cost Parameters ....................................................................... 116
Operational Matters .................................................................................................... 116
Summary .................................................................................................................. 116

Chapter 17  Philip Kotler’s Segment-by-Segment Invasion Plan .......................... 118
Introduction ............................................................................................................. 118
Operational Matters .................................................................................................... 120
Summary .................................................................................................................. 121

Chapter 18  The Perceptual Map ........................................................................... 123
Introduction ............................................................................................................. 123
Operational Matters .................................................................................................... 125
Exploratory Perceptual Maps ..................................................................................... 126
Other Points .............................................................................................................. 127
Summary .................................................................................................................. 128

Chapter 19  Ries & Trout’s Product Ladder ......................................................... 129
Introduction ............................................................................................................. 129
Operational Matters .................................................................................................... 131
Moving Up the Product Ladder .................................................................................. 132
New Products & the Product Ladder ......................................................................... 133
Summary .................................................................................................................. 133

PART FOUR  Consumer Behavior & Product Promotions Tools ......................... 135

Chapter 20  Abraham Maslow’s Hierarchy of Needs ......................................... 137
Introduction ............................................................................................................. 137
Chapter 21 Everett Rogers’ Diffusion of Innovations

Introduction ........................................ 142
Innovators .......................................... 143
Early Adopters ...................................... 143
Early Majority ...................................... 145
Late Majority ....................................... 145
Laggards ............................................ 145
Operational Matters ................................. 145
Summary ............................................ 146

Chapter 22 The DAGMAR Marketing Communications Spectrum ................................. 148
Introduction .......................................... 148
The Mechanics of Communication ................. 149
The DAGMAR Marketing Communications
Spectrum ............................................. 150
Stage I: Unawareness ................................ 151
Stage II: Awareness .................................. 151
Stage III: Comprehension ........................... 151
Stage IV: Conviction ................................ 152
Stage V: Action ..................................... 152
Encouraging Action .................................. 152
Continued Product Use ............................... 154
Summary ............................................ 155

Chapter 23 Raphael & Raphael’s Loyalty Ladder .................. 157
Introduction .......................................... 157
Prospects ........................................... 159
Shoppers ............................................ 159
Customers .......................................... 159
Clients .............................................. 160
Advocates ............................................. 160
Operational Matters .............................. 160
Summary ............................................ 161

Chapter 24 Bernd Schmitt’s CEM Framework .............. 163
Introduction ....................................... 163
Step 1: Analyzing the Experiential World of the Customer ............................................. 165
Step 2: Building the Experiential Platform .................. 166
Step 3: Designing the Brand Experience ................... 166
Step 4: Structuring the Customer Interface ................. 167
Step 5: Engaging in Continuous Innovation ................. 167
Operational Matters .............................. 168
Summary ............................................ 168

Chapter 25 Osgood, Suci, & Tannenbaum’s Semantic Differential .................. 170
Introduction ....................................... 170
Operational Matters .............................. 171
Summary ............................................ 174

PART FIVE Environmental Analysis & Competitive Assessment Tools .................. 177

Chapter 26 The PEST Analysis ................................ 179
Introduction ....................................... 179
Political Forces .................................... 180
Economic Forces ................................... 181
Social Forces ...................................... 181
Technological Forces ............................... 182
Operational Matters .............................. 182
Summary ............................................ 183

Chapter 27 The SWOT Analysis ............................... 185
Introduction ....................................... 185
Strengths .......................................... 186
Weaknesses ....................................... 187
Opportunities .................................... 187
Threats ............................................. 187
Operational Matters .............................. 187
Summary ............................................ 189
Chapter 28  Michael Porter's Five Forces Model  .......... 191
  Introduction ........................................ 191
  Existing Competitors ............................... 193
  Potential Entrants .................................. 193
  Substitutes ......................................... 193
  Suppliers .......................................... 194
  Buyers ........................................... 194
  Operational Matters ............................... 195
  Summary ......................................... 196

Chapter 29  Lehmann & Winer's Levels of Competition
  Model ............................................... 198
  Introduction ....................................... 198
  Product Form Competition ......................... 200
  Product Category Competition ..................... 200
  Generic Competition ................................ 200
  Budget Competition ................................ 201
  Operational Matters ............................... 201
  Summary ......................................... 204

Chapter 30  Mintzberg & Van der Heyden's Organigraph .... 206
  Introduction ....................................... 206
  Constructing an Organigraph ...................... 207
  Operational Matters ............................... 208
  Summary ......................................... 210

Part Six  Marketing Management Tools ..................... 213

Chapter 31  Leonard Berry's Success Sustainability
  Model ............................................... 215
  Introduction ....................................... 215
  Values-Driven Leadership ......................... 217
  Strategic Focus .................................... 217
  Executional Excellence ............................ 218
  Control of Destiny ................................ 218
  Trust-Based Relationships ....................... 218
  Investment in Employee Success .................. 219
  Acting Small ...................................... 219
  Brand Cultivation ................................ 220
  Generosity ....................................... 220
## Chapter 32 George Day’s Market Orientation Model  222
- **Introduction** 222
- **Culture** 224
- **Capabilities** 225
- **Configuration** 225
- **Operational Matters** 226
- **Summary** 226

## Chapter 33 Blake & Mouton’s Sales Grid  228
- **Introduction** 228
- **Location 9,1 (Push-the-Product Orientation)** 229
- **Location 1,9 (People Orientation)** 229
- **Location 1,1 (Take-It-or-Leave-It Orientation)** 230
- **Location 5,5 (Sales Routine Orientation)** 231
- **Location 9,9 (Problem-Solving Orientation)** 231
- **Operational Matters** 232
- **Summary** 233

## Part Seven Marketing Strategy & Planning Tools  235

### Chapter 34 Michael Porter’s Value Chain  237
- **Introduction** 237
- **Primary Activities** 238
- **Support Activities** 240
- **Operational Matters** 241
- **Summary** 242

### Chapter 35 Michael Porter’s Generic Strategies  243
- **Introduction** 243
- **Overall Cost Leadership** 244
- **Differentiation** 245
- **Focus** 245
- **Operational Matters** 245
- **Summary** 246

### Chapter 36 Kaplan & Norton’s Balanced Scorecard  248
- **Introduction** 248
- **Vision & Strategy** 249
## Contents

The Financial Perspective ................................. 249  
The Customer Perspective ............................... 251  
The Internal Business Process Perspective .......... 251  
The Learning & Growth Perspective .................. 251  
Operational Matters .................................. 251  
Summary .............................................. 252

### Chapter 37 Kaplan & Norton’s Strategy Map ............ 255
  Introduction ........................................... 255  
  Operational Matters ................................ 256  
  Summary .............................................. 257

### Chapter 38 Ries & Trout’s Marketing Warfare Strategies .... 260
  Introduction ........................................... 260  
  Defensive Warfare .................................... 262  
  Offensive Warfare .................................... 263  
  Flanking Warfare ..................................... 263  
  Guerrilla Warfare .................................... 264  
  Summary .............................................. 264

### Chapter 39 Philip Kotler’s Marketing Plan ............... 266
  Introduction ........................................... 266  
  Section I: Executive Summary & Table of Contents .... 268  
  Section II: Current Marketing Situation ............ 268  
  Section III: Opportunity & Issue Analysis .......... 268  
  Section IV: Objectives ................................ 269  
  Section V: Marketing Strategy ...................... 269  
  Section VI: Action Programs ......................... 269  
  Section VII: Financial Projections ................... 270  
  Section VIII: Implementation Controls .............. 270  
  Summary .............................................. 270

### Appendix An Introduction to Marketing ................. 273
  Introduction ........................................... 273  
  Wants & Needs ....................................... 273  
  Products: Goods & Services ......................... 274  
  Target Marketing .................................... 275  
  The Marketing Mix .................................. 275
Preface

Healthcare entities compete in what might be considered the most competitive of industries in an environment of immense complexity. On an ongoing basis, hospitals, medical clinics, pharmaceutical manufacturers, and other healthcare establishments vie against one another in their respective markets for the opportunity to serve customers. Each of these healthcare organizations ultimately is in search of growth and prosperity, and the best managed of these entities will indeed realize this goal.

Marketing is possibly the most critical management responsibility associated with the pursuit and realization of growth and prosperity. Marketing can broadly be defined as a management process that involves the assessment of customer wants and needs, and the performance of all activities associated with the development, pricing, provision, and promotion of product solutions that satisfy those wants and needs.

Although most often associated with advertising and sales, marketing is much more encompassing, as its definition implies. Aside from promotions activities, marketing includes such critical functions as environmental scanning, wants and needs assessment, new product development, target marketing, product pricing, product distribution, and market research.

For anyone engaged in the healthcare industry, the importance of understanding marketing cannot be understated. As the healthcare industry is characterized by intense and ever increasing rivalry, marketing becomes all the more essential as a mechanism for achieving success. To assist healthcare administrators, clinicians, students, and other interested parties in gaining an understanding of this important discipline, I authored Health Care Marketing: Tools and Techniques.

Written from the perspective of the healthcare marketing professional, Health Care Marketing: Tools and Techniques presents a series of 39 essential marketing tools and demonstrates their application in the healthcare
environment. The tools presented in this work cover a fairly broad spectrum of marketing, including product development and portfolio analysis, branding and identity management, target marketing, consumer behavior and product promotions, environmental analysis and competitive assessment, marketing management, and marketing strategy and planning. The specific tools selected from these broad categories range from time-tested marketing classics to new models that will undoubtedly become classics in time.

Each chapter of this work focuses on a specific marketing tool and, if desired, can be read as a stand-alone document—a convenience that greatly increases the utility of Health Care Marketing: Tools and Techniques. For those who are new to marketing, a brief introduction to the discipline is offered in the appendix of this book. A glossary of marketing terminology is also included at the conclusion of this work.

It is my hope that you will find the tools and techniques presented in this book useful in your study of healthcare marketing.

John L. Fortenberry, Jr.
New to This Edition

*Health Care Marketing: Tools and Techniques* includes significant upgrades that distinguish it from its predecessor, *Marketing Tools for Healthcare Executives*. The chapter count has increased by one from 38 to 39, adding George Day’s R-W-W Screen to the book’s collection of marketing tools. Readers familiar with *Marketing Tools for Healthcare Executives* will appreciate this new tool as it perfectly complements existing instruments.

Additionally, the beginnings and endings of chapters in this updated work are much improved, with learning objectives situated initially within each chapter, providing a useful outline of chapter content, and exercises situated at chapter conclusions. Importantly, exercises for each chapter include a theoretical inquiry, challenging readers to provide comprehensive overviews of profiled tools and share associated insights, and a practical one, calling on readers to engage in field assessments within their respective local markets, demonstrating their ability to make practical sense of given instruments.

For instructors, the upgrades continue. For the first time, a comprehensive set of instructor resources is available through Jones and Bartlett to those who adopt this text for use in the classroom. Such resources include PowerPoint slides, a test bank, and teaching insights for each chapter. These resources will greatly assist instructors who use *Health Care Marketing: Tools and Techniques* in their efforts to educate and enlighten their students.