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Strategic Marketing and the Growth of Private Health Centers

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Abstract:

The study investigated Strategic Marketing and the growth of private health centers. The purpose was to determine the relationship between strategic marketing and the growth of private health centers. The survey research design was employed for the study. The population of the study consisted of management staff and employee of 18 private medical centers in Southern Senatorial district of Cross River State, Nigeria. The convenience sampling technique was used to distribute questionnaire to 120 respondents in these centers, this was based on the fact that some of these health centers were not willing to give out any useful information. Two hypotheses were formulated and tested at 0.05 level of significance. The results showed that there is a significant positive relationship between intensive and diversification market strategy on the growth of private health centers in Cross River State. It was therefore recommended among others, that private health centers should take into consideration the most prioritized safety needs of the people or environment before adopting any form of market strategy.

Keywords: Strategic marketing, intensive and diversification strategy, growth

1. Background of the Study

Strategic marketing is vital in realizing organizational growth and also a means of survival in every modern society. Over time, it is observed that organizations do not consider adequate planning before implementing the strategic marketing process. Some of them lack the professional knowledge of how these process truly works. Strategic marketing is deploying a firm's internal strengths and weaknesses to take advantage of its external opportunities and minimize its external threats and problems (Adeleke, Ogundele & Oyenuga, 2008). It is a means through which an organization is able to determine the best marketing strategy to revitalized or pattern the organization. Again, it is a tool for finding the best future for organization and the best path to reach a desired destination. Consumers and clients have over time, been showing complex behaviour as a result of obsolete medical products. Base on this, health organizations have sort to get themselves acquainted with the changing business environment by knowing the right stages of its products life cycle and the right marketing strategy to adopt. Strategic marketing represents the process organization employ to monitor and analyze environmental variables with a view to identifying markets that would sustain the organization (Agbonifoh, Ogwo, Nnolim & Nkamnebe, 2007).

The rapid pace of automation and technological change with significant rise in competition has made strategic marketing tools inevitable. It is even more crucial when organization find it difficult to retain or maintain existing markets (Aluko, Odugbesan, Gbadamosi & Osuagwu, 2011). Implementing efficient and effective strategic marketing means that private health organization must know how to manage their resources in order to achieve set goals and objectives.

Health organizations are country – based that provides a detailed description of various health related problem and also proffer solutions. The National Nutrition and Health Survey in 2003-2004 reveals the prevalence rates of risk factors for cardiovascular diseases, such as coronary artery disease, stroke and peripheral arterial disease (Romualdez, DelaRosa, Flavier, Hartigan, & Lagrada, 2011). For example, before 1926 Saudi was formally known for their traditional way of medicines, there were no standardized health services, but King Abdulazeez Al Saudi in 1926 insists on a decree of modern health department Mufti (2000) as cited in Albejaidi, (2010). These improvements motivated and lead to strategically openings of more private health organization which led to consequential modernization of the Saudi healthcare system, coupled with the considerable economic growth rate and upgrade of its healthcare facilities, but later gave rise to competition (Albejaidi, 2010). In Nigeria, the world health organization (WHO) observe that common non-communicable diseases as at 2014, include cardiovascular diseases (7%), diabetes (2%), cancer (3%) and other non-communicable diseases (11%), communicable, prenatal, and nutritional conditions (66%) (Cowan, 2014). These are also not uncommon in Cross River State, which has caused increase in

the opening of more health centers. Hence, the study seeks to determine the relationship between intensive and diversification market strategy and the growth of health centers in Cross River State.

1.1. Statement of the Problem

Everyone wants to be healthy, not just by eating good food, but by also knowing the state of one's wellbeing. Medical professionals are aware of this fact and the high incidence of various health conditions in Nigeria (Cowan, 2014) such as cardiovascular diseases, cancer, diabetes, and so on which has made private health centers more enterprising and invariably causing supply to be higher than demand. A lot of modernize health centers now have the technical know-how and manpower in treating almost all the aforementioned diseases leaving consumers with more available and not knowing which health centers to consult. This has posed a serious challenge of stiff competition and low market share making it difficult for health centers to achieve financial stability and growth. These health centers have come to the realization and faced with the questions of how to strategize in order to achieve set goals and objectives, considering the fact that consumers are more likely to patronize centers with sophisticated equipment's at affordable prices. This makes it sacrosanct for health centers to employ strategic marketing tools such as, intensive growth strategy and diversification growth strategy to help them show ameliorate the aforementioned problems. However, the statement of problem is, how can strategic marketing be used to increase the growth of private health centers in Cross River state?

1.2. Objectives of the Study

The broad objective of the study is to determine the relationship between strategic marketing and growth of private health centers in Cross River State. Specific objectives include to:

- Determine the relationship between intensive market strategies and the financial growth of private health centres' in cross river state
- Examine the relationship between diversification strategies and the growth of private health centres' in cross river state.

1.3. Research Questions

- Does intensive market strategy have any relationship with the growth of private health centres' in Cross River State?
- What is the relationship between diversification strategies and the growth of private health centres' in Cross River State?

1.4. Research Hypotheses

- Intensive market strategy does not have any relationship with the financial growth of private health centers in Cross River State.
- There is no significant relationship between diversification market strategies and the financial growth of private health centres in Cross River State.

1.5. Significance of the Study

The study will serve as an eye opener to health practitioners. It will give health management staff and employees the insight on how strategic marketing works, and how it can be used to increase their capital base. It will also serve as a handy material for every organization that is experiencing competition and low market share.

1.6. Scope of the Study

The study accentuates on strategic marketing tools such as intensive and diversification strategies on private health centers in Cross River State, Nigeria. Respondents included the management staff and employees of private health centers in the Southern Senatorial district of Cross River State.

2. Literature Review and Theoretical Framework

2.1. The Theory of Product Life Cycle

Product life cycle theory was propounded by Raymond Vernon in 1950. It posits that the expected life cycle of a typical product ranges from design to obsolescence, a period divided into the phases of product introduction, product growth, maturity, and decline. The criticism of this theory is that some product forms do not follow the traditional Product Life Cycle curve. For example, clothing, children toys etc. This theory is significant to the study because it will help health organizational managers to identify where their product is, what may happen and which strategies are appropriate.

2.1.1. The Ansoff Theory

The Ansoff theory was propose by Igor Ansoff in 1965. The theory assumes that the matrix will satisfy organizational managers in four situations of the product life cycle. It comprises market penetration, market development, product

development and diversification. The major criticism of this theory was based on the belief that Ansoff's reliance on planning and supported by analytical techniques. The theory is significant to the study because it can be applied to both new and existing products or services.

2.2. Intensive Market Strategy

Organizations deploy intensive growth strategy for improving existing businesses. It considers the strategic growth opportunities for an organization in terms of current, new products and markets (Kotler et al., 2013). The intensive market strategy is classified into market penetration, market development and product development. An organization first make an effort to see if it can gain more market share with its current products in their current market using a market penetration strategy, developing new market for its current products using the market development strategy or develop new products of potential interest to its current market using a product-development strategy (Kotler et al., 2013). The market penetration strategy has to do with incremental sales for a company's current products in the market through aggressive marketing effort such as attracting customers and non-users of products (Adeleke et al. 2008). It is most commonly associated with a marketing objective of increasing market share or sales volume (Sije and Oloko, 2013). This strategy can also be used when introducing a completely novel product in the market or when tapping a new market segment for an existing product Vikas, (2011) as cited in (Sije and Oloko, 2013). For market development, they explain that current products should be taken to new market by either opening additional geographical market in the current market. Product development is way of developing new improved products by introducing new product or improving on an existing product. Similarly, Aluko, Odugbesan, Gbadamosi and Osuagwu (2011) observes that intensive growth strategy is so called because they require intensive efforts to improve a firm's competitive position with existing products. They explain that market penetration includes increasing the number of sales persons and advertising expenditures, offering extensive sales promotion etc. Market development is the introduction of new products or services into new geographical areas. Thus, it is used when organization is very sure and good at what it does. Product development explain that an organization that has successful product in the maturity stage, can attract satisfied customer to try new (improved) products as a result of their positive experience with the organization present products or services (Aluko et al., 2011).

Hollensen (2010) explained that in increasing organizational frequency market share penetration strategies can be very successful when company has technology or production advantage, which allows it to take market share away from competitors while still operating profitably. They explain that with product development strategy an organization can remain within their established industries, by introducing new products or services in current markets. The peril of product development strategy is when competitors easily imitate the new product being introduced by using lower manufacturing costs. Market development is a situation when organization retains the same product but seeks new markets by creating new segments or customer group (Hollensen, 2010).

2.3. Market Diversification Strategy

Market diversification varies, including concentric, horizontal and conglomerate strategy. One or a combination will yield the organization positive return. The term is frequently associated with expansion into areas unrelated to the organization's current operations in order to offset cyclical downturns in one area with cyclical growth in other areas (Hollensen, 2010). Kotler et al. (2003) opined that concentric strategy seeks new products that have technological or marketing strategies with existing product line. Using horizontal strategy means that organization is searching for unrelated new products that appeal to customers. Conglomerate strategy means that an organization might seek new business that have no relationship to its current technology, products or market (Hollensen, 2010). In the same vein, Adeleke et al. (2008) explains that diversification strategy will work effectively if there are limited opportunity for the growth of the present product or market. They referred to concentric diversification as a situation where new products with different technological marketing strategies appeal to new customers along with existing products. Conglomerate strategy explains how a new product is introduced to a new set of customers with the new product bearing no resemblance to the existing product (Adeleke et al., 2005). Agbonifoh et al. (2007) highlight some steps that will aid organizations in applying the various marketing strategies;

- Situation analysis: situation does not emphasize on whether an organization is big or small, old or new, these should always be the need for constant evaluation of products and services.
- Setting objectives: the objective should be specific measurable and time bound that should be gotten from the original objectives. It helps in determining the firms swot analysis.
- Developing marketing strategy: it helps the organization to be able to harness opportunities in its chosen markets.
- Designing marketing programmes: a good strategic marketing plan is not good enough, if the marketing programmes are not well set out as a way of knowing the right communication tools to its target audience.

2.4. The Concept of Growth

Organizational growth can be achieved through different means, ranging from joint venture, licensing, and so on. For the purpose of this study, emphasis was made on diversification and market penetration strategy. Since the ultimate goal of

most companies is profitability, most companies will measure their growth in terms of net profit financial data (Business encyclopedia, 2016). Assessing new opportunities includes planning new business, downsizing older business, terminating or diversifying into new business (Kotler & Keller, 2013). Achieving growth means company must adopt one or a combination of growth strategies, such as, the intensive growth, integrative growth or diversification growth. Basically, organization considers whether it could gain more market share with its current products in their current market using market penetration, market development product development (Kotler et al., 2013). Diversification growth strategy on the other hand, is important when a better business opportunity exists outside the potent business – in this case, the organization may decide to consider its technology, manpower and resources to succeed and then decides to diversify into other related types of business from concentric, horizontal and conglomerate. Growth in private health organization enable an organization to be able to determine the stage of its product life cycle. According to Esu (2012) Product life cycle is a concept that focuses insight into how a particular product fares in the market from the day it enters the market. Profit rise and fall at different stages of the product life cycle. Thus, profit rise steadily in the growth stage and starts to decline at the maturity stage because of consumers' satisfaction and competition (Ozo, 2005).

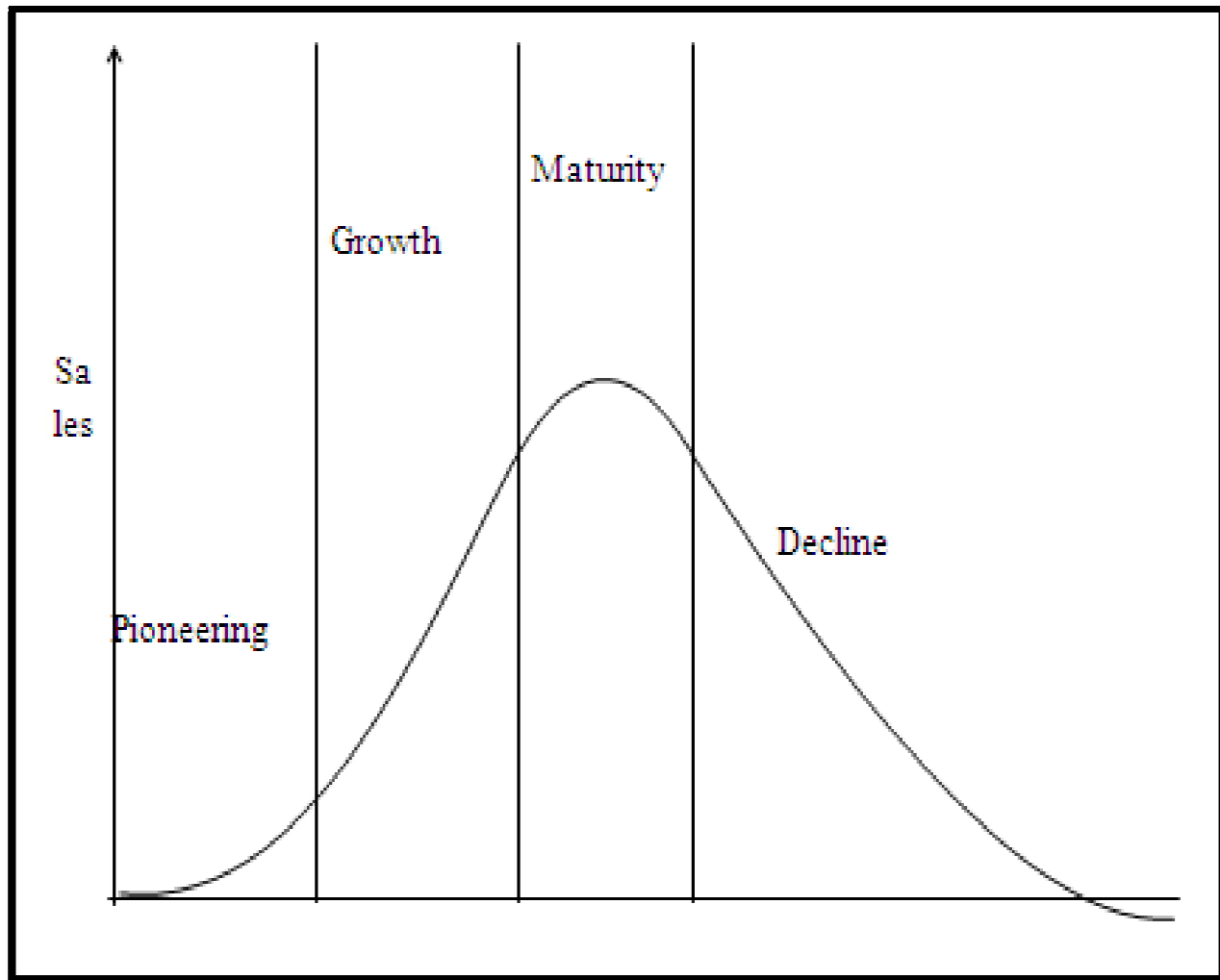


Figure 1: The Product Life Cycle

Source: Agbonifoh, Ogwo, Nnolim and Nkamnebe, *Marketing in Nigeria*. (2006)

There has been a downturn in product life cycle in Cross River State and applying intensive and diversification strategy means that an organization must either be in the decline, maturity or no growth stage of the production life cycle. Hence, organization that found itself in any of these stages should employ the use of either intensive or diversification strategy. Hollangan (2010) posit that, since organization is faced with a unique combination of internal and external factors, strategies deployed must be able to respond to the environment and provide specific guideline for decision making.

3. Methodology

The study employed the use of survey research method, in which the primary and secondary sources of data collection were adopted. The study area was Calabar Municipality and Calabar South, with a population of 433,730 (2006)

population censuses. The population of the study consisted of both the management staff and employee 18 private medical centers in Southern Senatorial district of Cross River State, Nigeria. The convenience sampling technique was used to distribute questionnaire to 120 respondents in these centers, this was based on the fact that some of them were not willing to give out any useful information about their firm. Therefore, questionnaire was distributed to available management staff and employee of each of these centers. This exercise was carried out by the researchers personally to avoid any form of bias. The five point Likert scale was used to test the hypotheses at 0.05 percent level of significant level, after which analysis was made using the Pearson Moment Correlation analytical tool on Spss version 21.

4. Data Presentation, Analysis and Discussion

Item	Strongly Agreed	Agreed	Undecided	Disagreed	Strongly Disagreed
Intensive Market Strategies					
1. Market penetration	56 (47%)	34 (28%)	10 (8%)	14 (12%)	06 (5%)
2. Market development	40 (33.3%)	46 (38.3%)	06 (5%)	17 (14.2%)	11 (9.2%)
3. Product development	35 (29%)	43 (36%)	10 (8.3%)	17 (14.2%)	15 (12.5%)
Diversification Market Strategies					
4. Concentric strategy	36 (30%)	31 (26%)	06 (5%)	28 (23%)	19 (16%)
5. Horizontal strategy	35 (29%)	37 (30%)	08 (7%)	25 (21%)	15 (13%)
6. Conglomerate strategy	31 (26%)	44 (37%)	18 (15%)	16 (13%)	11 (9%)

Table 1: Response Rate on the Relationship between Intensive and Diversification Growth Strategy

Variables	X	S.D	r.	Sig.
Intensive Strategy	14.04	.824	.326**	.000
Growth	14.75	.664		

Table 2: Pearson Moment Correlation Coefficient Analysis of the Relationship between Intensive Market Strategy and the Growth of Private Health Centers (N= 120)
Significant at 0.05; DF= 118; Critical r. = 0.178

Variables	X	S.D	r.	Sig.
Diversification Strategy	14.03	.825	.318**	.000
Growth	14.75	.664		

Table 3: Pearson Moment Correlation Coefficient Analysis of the Relationship between Diversification Market Strategy and the Growth of Private Health Centers
Significant at 0.05; DF= 118; Critical R. = 0.178

4.1. Discussion of Findings

Table one shows the percentages of each of the items in the questionnaire. Item 1,2 and 3 in the table shows the various percentages and the number of responses for each questions on intensive market strategy. Item 3,4, and 5 also explain the total responses and the percentages on diversification market strategy.

The self-administer one hundred twenty (120) questionnaire was duly filled and returned giving a response rate of 100 percent. The relationship between intensive market strategy and diversification market strategy on Private Health Centers in Cross River State indicated a positive significant relationship. This is shown in table two where the r value of .326 is greater than the critical r of .178; and table three where r value of .318 is greater than the critical r of .178. This means that there is a strong positive relationship between strategic marketing and private health centers in Cross River State. This is supported by the findings of Akinyele (2011) which shows that strategic marketing practices is effective in achieving organizational objectives in terms of profit, market share, survival and growth.

Hypothesis one reveals that market penetration, market development and product development is significant in improving organizational growth. The management staff sees market penetration and development as a fastest means for organizational growth. This is supported by Njeri, Kambona, and Odhuno (2015) in Kenya, whose findings reflected a partially significant relationship between product strategy and market penetration on customer satisfaction. The finding showed that in the long run it will lead to increase sales. Sije and Oloko (2013) in their study assert that there is a significant relationship between market penetration and organizational performance therefore; firms should introduce new products at reasonable prices, to retain existing customers and attract new customers. Mbithi, Muturi, and Rambo (2015) in Iran affirms that market development has significant predictive influence on firms' performance in terms of sales volumes and assessing new geographical regions. Also, Amue and Adiele (2012) in Rivers State, Nigeria adds that product development strategy increases the consumer innovative behaviour and personality which in turn leads to organizational performance.

Hypothesis two shows that Concentric, Horizontal and Conglomerate diversification strategy is significant in enhancing organizational growth. A finding by (Pandya and Rao, 1998) has it that the Average Return on Equity (AROE) of the moderately diversified firm is higher. They encourage firm to moderately diversify. That is, the higher the degree of diversification, the greater the average performance. Raei, Tehrani, Farhangzadeh (2015) found out that there is no significant relationship between diversification strategy, firm performance and risk. In their study, they observe that in the 1980 and 1990 factors such as increased volatility and turmoil in the industry could be a leading cause, even though some studies have found a positive relationship. Maksimovic and Phillips (2007), Villalonga (2004) as cited in (Raei, Tehrani and Farhangzadeh, 2015). Oyedijo, (2012) in Lagos, Nigeria indicated that firms that pursue related or unrelated diversification strategies outperform and grow faster than those that attempt to pursue both. They advise that one strategy should be trail at a time.

5. Conclusion

The aim of every private health centers is the actualization of mass growth. This means that organization should get themselves acquainted on how to effectively combine the various tools such as the intensive market strategy (market penetration, market development and product development) and diversification strategy (concentric, horizontal and conglomerate strategies) to the organizational advantage. Achieving this may not be an easy task, but every set goals and objectives that must be attained requires extra effort.

6. Recommendations

It was recommended that private health organization should take into consideration of the most prioritized safety needs of the people and environment before diversifying or adopting intensive market strategies. Since many private health centers exist offers similar services, medical transactions should be carry out by a reduction in price and product modification in order to have a large market share. This will enable the organization to be competitive and also remain relevant in the market place.

Finally, the study also recommended that health organization should apply one type of strategy at a time.

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