

Bachelor's Thesis

Business Administration

2021

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Overcoming marketing
challenges of healthcare startups
with an efficient marketing
strategy



Bachelor's Thesis | Abstract

Turku University of Applied Sciences

Business Administration

2021 | 30

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Overcoming marketing challenges of healthcare startups with an efficient marketing strategy

Healthcare industry is ruthless, and majority of startups fail already at their early stage. It is challenging to succeed in the highly competitive and regulatory field where you need to have the ability to adjust to the fast-changing market. Most startups struggle coming up with an efficient marketing strategy since they try to tackle too many things at the same time and end up with an incoherent and complex marketing strategy. The aim of this thesis was to define the most common struggles faced by healthcare startups, followed by the introduction to planning an efficient marketing strategy and how it can be incorporated to succeed in healthcare business. The study was performed through a literature research based on books, articles and websites while combining the findings with the knowledge of the student.

The outcome of this thesis was that the main challenges faced by healthcare startups follow the same pattern than any other startups. However, the long process of getting to the market, high regulatory requirements and the demanding customer base bring up next level of challenges to the startups. With an efficient and well-thought marketing strategy, it is possible to tackle these challenges and increase the likelihood of succeeding in healthcare.

Keywords:

Marketing strategy, startup, marketing mix, healthcare, technology

Opinnäytetyö (AMK) | tiivistelmä

Turun ammattikorkeakoulu

Liiketalouden koulutusohjelma

2021 | 30 sivua

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Terveydenhuollon startup-yritysten markkinointihaasteiden voittaminen tehokkaan markkinointistrategian avulla

Terveydenhuollon ala on on karu ja valta osa startup-yrityksistä epäonnistuu. Erityisesti haasteita teettävät korkea kilpailun taso, regulatiiviset vaatimukset sekä kyky mukautua nopeasti muuttuvaan markkinatilanteeseen. Startup yritykset kokevat haasteelliseksi luoda tehokkaan markkinointistrategian, koska he pyrkivät käsittelemään samanaikaisesti montaa osa-aluetta, jonka seurauksena strategia on epäjohdonmukainen ja monimutkainen.

Opinnäytetyön tavoitteena on määritellä terveydenhuollon startup-yritysten yleisimmät ongelmakohdat, jonka jälkeen esitellä markkinointistrategian suunnittelu ja kuinka sitä voidaan hyödyntää menestymiseen terveydenhuollon alalla. Opinnäytetyö toteutettiin kirjallisuuskatsauksella, joka perustui aihealueen kirjoihin, artikkeleihin ja nettisivuihin.

Opinnäytetyön tulos oli, että terveydenhuollon startup-yritysten kohtaamat suurimmat haasteet ovat samankaltaisia muidenkin alojen startup-yritysten. Erityispiirteisiin kuuluvat pitkä aika ennen markkinoille pääsyä, regulatiiviset haasteet sekä vaativa asiakaskunta. Tehokas markkinointistrategia voi auttaa startu-up yrityksiä menestymään terveydehuollon alalla.

Asiasanat:

Markkinointistrategia, startup, markkinointimix, terveydenhuolto, teknologia

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1 Introduction

Succeeding in the highly competitive, constantly changing, and regulated field in healthcare can be extremely challenging for startups. It requires the ability to stay focused and being alert to the changing market situations. Common mistakes done by the startups is that they're trying too hard to tackle all challenges at the same time, resulting in an incoherent and complex ideas. Having an efficient marketing strategy can help the startup to overcome challenges related to marketing and increase the likelihood of succeeding in the healthcare market. Marketing strategy is a central part of the startup's strategy in order to achieve their goals. It is commonly built around market segmentation, market targeting, market differentiation and market positioning, let alone utilizing the marketing mix composed of the 7Ps of product, price, place, promotion, people, process, and physical evidence.

The aim of this thesis is was to investigate the current challenges faced by healthcare startups generally and more in detail associated with marketing. Additionally, to introduce efficient marketing strategies for startups to succeed in competitive and ruthless field of healthcare. The topic of identifying marketing challenges and how to overcome them with an efficient marketing strategy came from the interest of understanding why so many healthcare startups fail to enter the market and later succeed on the market. The reason for picking up this study came also from the author's own interest to research and understand the combination of the fields of life science and marketing. The source material for this thesis is based on a literature research that provides general information about the topic and related aspects. The ideal situation would have been to have real-life startups to interview them and create an analysis based on the answers. However, due to the limited time schedule, the alternative option was to dive into the literature research and focus on the theoretical part of the topic.

The thesis is composed of two main topics covered in the upcoming chapters. The first part focuses on the definition of startups, what are the special features of healthcare startups and what kind of common challenges and challenges

related to marketing are faced by them. The second part introduces the term marketing strategy, explains the components of it and connect it with the term marketing mix. It also gives suggestions to healthcare startups on how to overcome challenges and increase the likelihood of entering and succeeding in the market.

2 Healthcare startups

2.1 What is a startup?

This chapter defines what startup means and the unique components of it. The popularity of startups is constantly increasing, and social media is bracing new startups to become the next generation way of working. Startups are defined as young companies, usually less than five years old, that have come up with a unique product or service that no one else has ever implemented or having an attitude or way of working that makes it stand out from the others. Startups want to disrupt the way of thinking and do business through innovation by addressing the deficiencies of existing products and creating new goods and services. It has been shown that startups are aiming to create and come up with new ideas quickly and to expand their customer base a lot faster compared to already existing companies. These actions are taken to achieve the greatest goal of startups: going public and creating opportunities for investors to get paid out (Baldrige & Cury, 2021).

Startups have usually two main characteristics which are innovation and growth. Startups want to test assumptions that have not been tested before and it has the potential to grow exponentially rather than linearly (Cerdeira & Kotashev, 2021). Startups are increasingly popular, which brings them opportunities to get funded through multiple different sources. These sources include preliminary funding by founders, the startup itself and the family and friends of the startup, the seed funding from angel investors that are high net-worth individuals interested in startups at their starting point. Additionally, there is a series of A, B, C and D funding rounds coming from venture capital firms, and the possibility to go public and open the startup for outside money (Baldrige *et al.*, 2021).

Startups have a group of employees that create a product or service that customers will buy with the special touch of being innovative and scalable. However, at the end of the day, the aim of startups is to succeed, make profit and gain a solid customer base (Kuusela, 2013). The key for success can be

challenging but it all starts with the ability to see problems as opportunities and allowing yourself to think outside the box. (Gruber, 2014) The challenging part for startups is to create a product that fits to the market, thus being one of the most common causes of startup failure.

2.2 Healthcare startups

This chapter focuses on healthcare startups and the positive impacts that they can offer to consumers. Healthcare startups are important for the new innovation to make the world a better and healthier place. Healthcare companies provide goods and services to treat patients, including companies such as Johnson & Johnson and CVS Health Corporation. In the modern days, healthcare startups are aiming to make healthcare more accessible for everyone through new innovations including wearable devices, mobile apps, and remote health services. This allows for customers to monitor and control their own health, thus making it easier to access to their health information and avoid the potential risk for life-style related diseases. Healthcare innovations provide new alternatives to increase the health of people and give up-to-date information about their health. (Sinhasane, 2020)

Additionally, the healthcare startups are aiming to make healthcare more accessible and affordable for everyone. In the rapidly changing world, healthcare startups can take advantages of the growing telemedicine, which enables medical care to be provided remotely to patients through distance. Automation increases the productivity of the services and the healthcare field is thriving from increasing automation in for example appointment scheduling apps, prescription managements systems and remote doctor appointments. Already, it is possible to have a doctor's appointment through phone to get help in case it is not possible or suggested to go to the appointment physically. Healthcare startups give hope in helping people with growing mental health issues by creating health apps, chat, and video consultations. (Sinhasane, 2020).

The increasing research, interest and knowledge in healthcare field gives a great opportunity for healthcare startups to find the spot in the market. For example, the global wearable medical device market is expected to expand profitably (26.8% Compound Annual Growth Rate, CAGR) over the next years. This is result from the growing patient awareness and people's interest in healthy lifestyle and the increasing incorporation of internet in the medical devices (Grand View Research, 2021).

Even with the positive and promising impacts of healthcare startups, it is extremely difficult to succeed in the competitive and demanding field. The next chapter will cover the most common challenges faced by healthcare startups to give understanding why so many startups fail even before they enter the market.

2.3 General challenges faced by healthcare startups

This chapter focuses on challenges faced by healthcare startups in a general level to give a bigger picture on the issues that they're facing with. Generally speaking, 2 out of 10 new businesses fail in the first year of operations, and the number for healthcare startups is even lower. (Cerqueira *et al.*, 2021) This is due to multiple different reasons, that together create challenges for healthcare startups to succeed or even enter the market. Typically, a startup can launch a product or a service within months, while healthcare companies require many years of research before making it to the market. The process begins with the customer need and innovation of how to provide a product or service to meet the need of the customer. This includes intensive research on the topic and what has already been invented in the field. The time to start the production can take months or even years, after which it is still required to verify and validate the product according to the regulative requirements. In other words, the process of getting the product or service to the market is long and the risk of failing before even entering the market is high due to the large amount of research, people and financing required for the product (Rodrigues, 2020).

The amount of high-growth healthcare startups is low also because of the strict regulatory requirements and high level of infrastructure in the field. The regulatory requirements are different in each country, all working with the same purpose of creating safe, high-quality, and efficient medical devices and healthcare services to the market. Misconceptions about the regulations can make it harder to understand what the rules are, thus requiring a deep understanding of the rules to succeed and provide safe products to consumers. For this, it is required to have people from the regulative field to help during the product development process. Furthermore, there are numerous agencies that regulate or certify medical clinics, groups and hospitals which can confuse people to understand why a specific rule has been put in place. The variety of regulatory requirements in each country creates obstacles for the startups to expand internationally, when each country requires the product to follow their regulations (Djavaherian, 2019).

As an example, in the United States, the Food and Drug Administration (FDA) is responsible for evaluating and supervising the medical devices, thus requiring new products to be classified due to the Code of Federal Regulations. The aim is to protect the public health by assuring the safety, effectiveness, quality and security of human and veterinary drugs, vaccines and other biological products, and medical devices (FDA, 2021). In the meantime, European Medicines Agency (EMA) is responsible in Europe, where new medical products are classified according to The European Parliament (EMA, 2021).

When talking about the regulatory requirements in the healthcare field, the process of getting appropriate certifications and regulatory approvals from FDA and EMA can be time-consuming and slow down the process of getting the product in the market, thus increasing the risk of the startup failing. However, it is crucial to obtain the consumer's trust because they are cautious and more sensitive when it comes to products concerning their health and well-being, thus wanting to only use products that have been proven to be safe (Labrien, 2016).

As mentioned, it is hard to get funding for the ideas as a startup. As a small business, it can be difficult to attract investors because the scale of business is

not known. To find funding from angel investors or a bank loan, the startup needs to know how much finance is needed for the business to exist. In case the startup is provided with funding, the startup needs to be aware of the changing phases of development in the business cycle. For example, in case the startup would experience an exponential growth, there is an increased need for finance to stay up to date with the demand. On the other hand, in the early seeding phase, a lot of funding is spent on the market research and product development. Often, it can be challenging to choose the right source for the funding and the startup relies on personal savings and network loans (Patel, 2021).

Additional struggle faced by healthcare startups deals with data accuracy and data privacy issues. These challenges can block the startups from stepping into the competitive market. The risk is high because data exploitation can potentially lead to loss of business and financial damages. However, this can be overcome by hiring individual tech security firms to setup safe electronic data storage for startups (Cole, 2020).

The fragmented market of healthcare startups create challenges. The general challenges that startups are facing are tightly connected to the marketing because the product or service will only be known if the startup knows how to market it and sell it to the right audience. Even if marketing is not needed during the product development process, it is a crucial part to make the product known for the audience, and when planned strategically, it can help startups to gain a solid customer base and improve their chances of succeeding in the market. Moreover, healthcare industry is constantly evolving with advanced technologies, compliance, and patient references. This provides the possibility for the new startups to tackle the issues and improve current solutions for a healthier world (Sinhasane, 2020).

3 Marketing challenges faced by healthcare startups

This chapter unravels the most common marketing challenges faced by healthcare startups to preface the reason for creating an efficient marketing strategy. The second most common reason for a startup to fail is due to marketing problems. Marketing challenges for healthcare startups follow the same pattern with challenges faced by any other startups. It is required for the startup to handle different tasks and deal with marketing challenges simultaneously. A general issue faced in marketing is that the startups aim to do too much. This can mean that the startup has not established a solid marketing strategy or thought through their tactics. Starting a company is challenging, let alone if it is the first time for the person to start one. Often people in the healthcare startup do not have experience in marketing, thus needing research and focus on learning how it should be done. For example, the startup is aiming to target all consumers with all possible channels out there instead of defining their target market and making sure that the used channels are effective and reaching out the right people. The result of doing too much can lead to startups not being able to execute anything well, but instead having overwhelmed, stressed, and dissatisfied employees (Whitler, 2019).

The next challenge faced by healthcare startups is the competition and the ability to compete with other companies in the market that are targeting the same customers as your startup. In the healthcare industry, there are large companies that have a large market share which creates difficulties to even enter the market, let alone reach large audiences when dealing with competitors. The aim would be to create a unique selling proposition (USP) and to find target audience to offer something unique compared to your competitors. Another challenge has risen through the increasing popularity of social media. For example, the consumers are exposed to so much information online, that it can be difficult to stand out in the ocean of companies marketing through social media (Nicole, 2016).

Moreover, it requires a lot of work and research to rank high on Google search when users are searching for keywords. The aim would be to find the target market and focus the marketing resources on them. Also, it could be beneficial to use search engine optimization (SEO) to improve the appearance and positioning in the organic search results. Organic search results are distinct from ads on the search engine results page; thus, you cannot pay to rank higher on the organic search results. SEO helps for relevant users to find the right website and to gain the number of users visiting the website (MOZ, 2021).

For a startup, it can be overwhelming to stay focused with the marketing strategy when you're still learning to find the best way to market your product. Startups are small and can even be started with owners that are still working in other job whilst trying to run and market a new startup. It can be tricky to find the time and resources to put enough effort into starting the startup while the time is often spent in other things in life as well. The aim would be to find the time to put focus on the startup and automate marketing. Lastly, the common challenge is to have a limited marketing budget (Nicole, 2016).

It can be difficult to find funding and investors to have enough money to market sufficiently. This can lead to unqualified or low-quality content on social media, not finding the right target market because the marketing is directed to wrong people or even not having the budget to market at all. The aim would be to focus on, for example, lean marketing and to free resources (Nicole, 2016). Lean marketing is a process that builds in time for frequent evaluations so that marketing strategy can be adapted as feedback is received or as the market changes. It focuses on the results from small, trial campaigns to analyze the results and evolve the elements of campaigns. It can be beneficial to keep the organization customer-focused, to make teams more productive or even deliver better and more relevant products (CMG, 2021).

4 Marketing Strategy

This chapter introduces marketing strategy and to its components with the combination of marketing mix.

4.1 Definition of Marketing Strategy

Marketing strategy is a central part of a company's strategy which is a combination of objectives, goals and essential policies and plans to achieve these goals. It plays an important role in helping to achieve overall strategic objectives of the company. Marketing strategy is a plan of managerial initiatives and actions that affect the organization and its customers and markets. It focuses on strategic decision-making that is necessary to allocate resources and can have long-term effects. The decisions are made by marketing executives that is integrated pattern of decisions that are in the end implemented by many others throughout the organization (Shankar & Carpenter, 2012).

Marketing strategy has to be clearly identified and understood by the organizations' stakeholders to reach the prospective consumers and turn them into customers of their products and services. A situation analysis or gathering data of the current state of the startup and its environment, is required to develop a successful and customer value-driven marketing strategy (Randazzo, 2014). This includes market segmentation, targeting, differentiation, positioning, and SWOT analysis that will be analyzed throughout in chapter 4.2. Additionally, it is needed to analyze the industry, the market, and the competition through the four Ps of marketing, which are Product, Price, Place and Promotion (Ruskin-Brown, 2006). Three additions have been made to the marketing mix during the past years which include People, Process and Physical Evidence. However, 4 Ps are building the base of the marketing mix and is a combination known better. All of them are central part of building an efficient marketing strategy and to achieve a sustainable competitive advantage

over other companies (SkillsYouNeed, 2021). The marketing mix will be analyzed throughout in chapter 4.3.

4.2 The starting point for Marketing Strategy

Startups are suggested to research on a suitable marketing strategy depending on the type of business and product they want to sell. The understanding of customer needs, wants and behavior is important in the planning process of marketing strategy. Successful startups are more likely to involve consumers in the product and service development to manufacture and market desired products and services with reasonable prices. A good starting point for success is to provide products and services with easy accessibility and availability in the niche market with right customers (Rajagopal, 2020). The starting point to build an efficient marketing strategy can begin with the building blocks shown in Figure 1.



Figure 1. Toolbox to start building an efficient marketing strategy (Rajagopal, 2020).

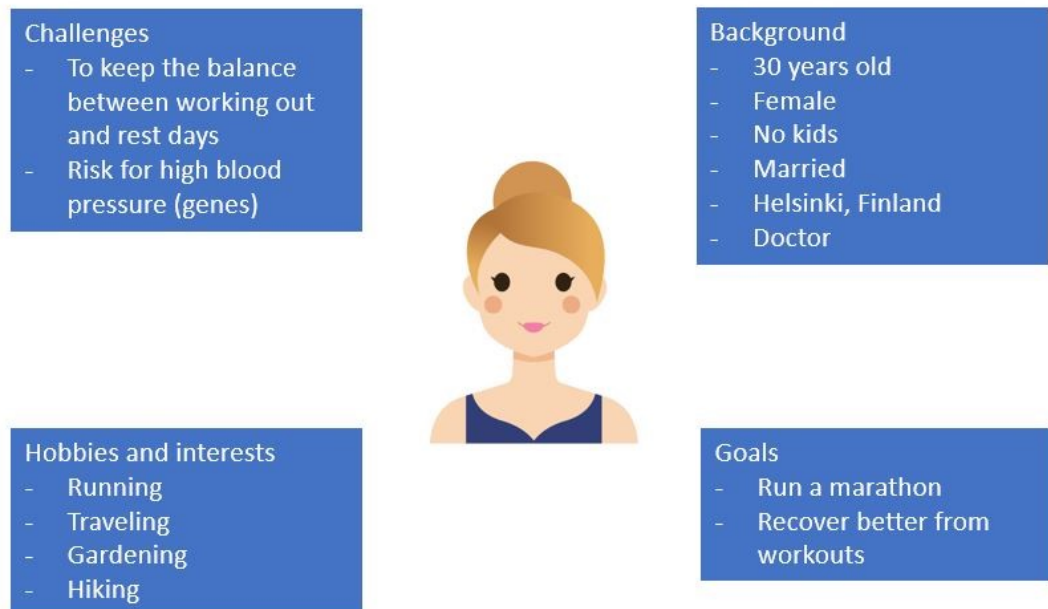
4.2.1 Market segmentation

As mentioned in chapter 4.2, designing a successful and customer value-driven marketing strategy includes market segmentation, targeting, differentiation and positioning. First, market segmentation aims to divide the market into smaller segments with distinct groups of buyers having different needs, behaviors, and characteristics. Startups have different possibilities of segmenting the market based on geographic, psychographic, demographic, and behavioral variables. Geographic segmentation divides the market into different geographical units, such as nations and cities. An efficient way is to use social media, such as Instagram and Facebook, to advertise based on the geographic location. Additionally, a new phenomenon is to use hyperlocal social marketing, that targets consumers in local communities based on the location of the consumers. Third, the psychographic segmentation divides the consumers into groups based on lifestyle and personality characteristics. This could be used in marketing new healthcare products to consumers that are interested in taking care of their health (Kotler, Armstrong & Opresnik, 2021).

Demographic segmentation is the most famous base for segmenting customers into groups by dividing the market based on variables such as age, gender, income, or education of the customer. Lastly, behavioral segmentation divides the consumers into segments based on their knowledge, responses and attitude to a product or service. For example, this can be used to divide market according to the different benefits that consumers seek for the product or service. In real life, companies and startups use multiple segmentation bases to find the right target customers (Kotler *et al.*, 2021).

For healthcare startup, market segmentation is used to find the target market to help creating compelling positioning and messaging for the product. This requires the identification of patients and their beliefs to tailor the communication to resonate them and to uncover what are the behaviors of these patients (Kotler *et al.*, 2021). An example of a buyer persona is shown in picture 1 below. It is connected to customer journey which describes the

interactions that people have with the company or startup over time via available channels. Therefore, it is important to understand the customer's behavior, experiences, and emotions.



Picture 1. An example of a buyer persona of a healthcare customer.

4.2.2 Market targeting

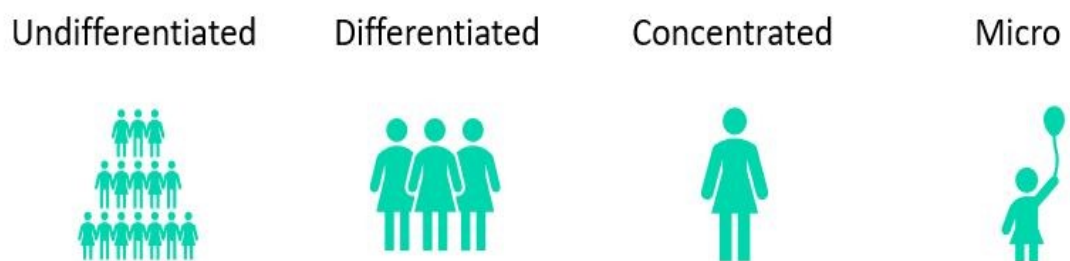
After researching the market segment opportunities, startups should continue to market targeting. It evaluates the attractiveness of each market segment and chooses which segment or segments to enter based on segment size and growth, the structural attractiveness and company objectives and resources. Target market is composed of buyers that share common needs or characteristics that a company decides to serve (Baker, 2014).

Market targeting can be carried out in three different levels: undifferentiated, differentiated, and concentrated. Additionally, micromarketing is often used as one of the target marketing levels (Picture 2). An undifferentiated strategy or mass marketing strategy happens when the company is offering the same or

undifferentiated products to the whole market rather than segmenting individual differences. Here, the startup designs a product and creates a marketing plan to appeal to the majority of the buyers (Baker, 2014).

A differentiated strategy, or segmented marketing, is a mix between undifferentiated and concentrated marketing strategy. It aims to supply a modified version of a generic product to each major subgroups in the basic market. This allows the company to develop a different marketing mix with product characteristics, price, distribution, and promotion (Baker, 2014).

A concentrated marketing, or niche marketing, is useful for a smaller producer to focus on one major market segment. This can be advantageous for a startup to achieve a strong market position thanks to the great knowledge of consumers needs in the niches to serve the special needs and wants of the consumers. At the same time, concentrated marketing can be risky because the startup relies on one or a few segments (Baker, 2014).



Picture 2. Market targeting levels (Baker, 2014).

Additionally, micromarketing can be used to tailor products or services based on the needs of specific individuals and local customer segments. This can be roughly divided into local and individual marketing. Local marketing tailors the products and services to the needs and wants of local customers. This is highly popular in social media marketing, where geolocation technology can be used to offer localized deals and engage local consumers with deals and information. Individual marketing, on the other hand, tailors their products and marketing to

the needs and preferences of individual customers (Kotler, Armstrong & Opresnik, 2021).

For a healthcare startup, the factors that influence which market it will target include the nature and the price of the product, the level of competition and the specialization of the sales. The size and growth rate of the healthcare market can be a good indication of the potential for profit in combination to the product switching frequency that determines if customers are interested to try your products. Also, if there is no comparable product in the market to estimate the market size, the startup should consider comparable markets and analogous products. A common mistake done by healthcare startups is to overestimate the market penetration, thus making it valuable to research how other products have penetrated into the same or comparable market. Additionally, small healthcare startups commonly deal with large companies that sell their products directly to healthcare consumers, it is important to define markets according to what the actual customers, such as partners, want (Kolchinsky, 2004).

4.2.3 Market differentiation and positioning

Differentiation is a promotional strategy to differentiate the company's market offering to create superior customer value. In the meantime, positioning arranges the market offering for a clear, desirable, and distinctive place in the minds of target customers. Consumers are likely to position the products with or without the help of marketers. Marketers can use perceptual positioning maps to analyze the consumer perceptions of the products of the startup compared to the ones of the competitors. The maps are based on the perception of the buyer and shows where the existing products are positioned in the market so that the company or startup can decide where they want to position their product. At the end of the day, the startup needs to serve the needs and preferences of defined target markets by identifying a set of differentiating competitive advantage, choosing the right competitive advantages, and selecting an overall positioning strategy (Kotler *et al.*, 2021).

For a healthcare startup, the differences in market need and product differentiation have a huge impact on product sales. When the product has a high market need and product differentiation, it has a higher likelihood to be launched alone and have higher first-year sales (McClellan & Gupta, 2018).

4.2.4 SWOT analysis

A SWOT analysis is a framework used in marketing strategy to evaluate the competitive position of a company or startup in the marketplace. It is composed of four parts including strengths, weaknesses, opportunities, and threats. Strengths and weaknesses focus on internal evaluation of the business while opportunities and threats focus on external evaluation, including competition. Strengths are internal positives about the company or startup which they worked for themselves. Strengths are different for every organization and include things like a loyal customer base, a wide product range or lots of capital for a country. Weaknesses are internal attributes that negatively take away from your strengths. Examples include things like low-quality product or lack of money or other tangible assets. Opportunities are external factors that are likely to contribute to the success of a company or startup. Threats are also external factors that the company or startup has no power over and negatively affects the success (White & Bottorff, 2021).

The importance of a SWOT analysis for a startup cannot be argued. First, it can help to reduce risks by addressing the weaknesses and points of improvement of the startup. By acknowledging weaknesses, the startup can counter each threat by improving the flaws in production and gain leverage to the strengths. Second, a SWOT analysis can help to improve the business performance of a startup by incorporating strengths with external opportunities. Third, a startup can use a SWOT analysis to analyze their key competitors and evaluate whether they have the advantage in the market or not (Full Scale, 2020).

4.3 The Marketing Mix

A central part of the marketing strategy is the marketing mix that is defined as the group of marketing decisions aimed on implementation of marketing strategies, creation of brand awareness and customer satisfaction. (Dibb, Bradley & Simkin, 2008) When the customer needs, wants and behavior is understood in marketing strategy, it is easier to establish a marketing mix based on this knowledge. Traditionally, the marketing mix has been composed of four parts which include the product, price, place, and promotion. Nowadays, marketing is becoming more complex in the sense of changes in customer service and social media, thus three additional Ps – people, process and physical evidence, have been added to complete the marketing mix up to date (Figure 2) (Kareh, 2018). The upcoming chapter will introduce all of the seven Ps.



Figure 2. Seven P's of the Marketing Mix (Kareh, 2018).

4.3.1 Product

The first part of the marketing mix is the product or service. This part requires crucial thinking on what exactly will be sold, what does the product actually do and how does it affect the customer's life (Tracy, 2014). In marketing mix, the product part includes all the products offered to the consumers, thus making it important to research on what the customers actually want and need. (Dibb *et al.*, 2008) Once the first prototype of the product has been designed, it will go through market testing to ensure the product will be received by the target market. For this, it can be useful to utilize the phases of the product life cycle, where the introduction, or market testing has been successfully completed, the product will enter the growth phase where the product awareness is increasing. During the growth stage, the rate of increase of sales turnover can be rapid. After a while, the product reaches maturity phase where the product can become a regular purchase for the customers and the rising sales begin to decrease. In the worst case, the product can go through decline phase, where it loses the popularity and customers begin to look for alternative options (BBC Bitesize, 2021).

There are ways to extend the product life cycle by creating a product differing from the competitors and by coming up with a unique selling proposition (USP), explaining the unique of the product or service associated with an advantage over the competition. This is tightly connected to creating a brand to increase customer loyalty, thus sales promotion for the startup (BBC Bitesize, 2021).

Whilst developing and improving the product, a crucial part of success for the startup is to create a brand, a sign or a symbol of quality that serves as the contract between the customer and the creator giving direction and defining the unique identity of the product. This is a chance to build a spotless image of the product and to enable advertisement, control over the market and differentiation of the product from its rival companies (Hundekar, Appannaiah & Reddy, 2009).

4.3.2 Price

Pricing plays a strategic part in any business determining the revenues or income of the product. Price is officially defined as the exchange value of a product or service always expressed in money. In marketing mix, price has flexibility since it can be changed to adapt the changing market situations. The consumers have expectations on the product and the price must be equal to the benefits that the product is giving. Price has a vital importance on the seller and the buyer in the marketplace. In a highly competitive market, the price is determined by free play of demand and supply. Marketing is influenced by pricing in multiple ways including sales volume, rate of return or investment, profit margins, trade margins and advertising. It determines the total sales revenue, controls the market share, regulates the return of investment, and create an impact on unit cost in mass production (Hundekar *et al.*, 2009).

For a startup, it is crucial to consider the pricing. Healthcare is a highly competitive market; thus, the price is highly influenced by the demand and supply of the product. First, a low-priced product can achieve the objective of increase in sale volume, but a competitive price can potentially secure an increase in sales. The cost of the product has a big part on the pricing policy to make sure that the product is profitable. Sometimes, to increase and kick start the sales, the product can be priced slightly under the usual market price of similar applications. This technique is called the penetration pricing, and it is useful for example in cases where there is a very high competition in the market after the product has entered the market, and when the income of the population is not adequate. Second, the pricing can be affected by the startup's objective, whether it's stability in prices, maintaining the Return On Investment or maximizing the profits. Third, the total demand of the product and the potential and present competitors have a major impact on the pricing decision. Fourth, the government can interference on the prices and taxes, but also the economic conditions of the country can influence the price fixation (Hundekar *et al.*, 2009).

4.3.3 Place

Finding the right place to sell the product can define the success of the product. The place is where the customer can buy the product, such as online or retail store. An important factor regarding the place is that the interaction with customers is easy, whether it happens online or in person. A major thing with the increasing popularity of social media is changing the traditional limits of the placing of the product which creates both opportunities but also challenges for the new startups in the market. However, with the right kind of social media marketing, the difficulties of being physically close to your customer can be overcome. (Randazzo, 2014).

4.3.4 Promotion

Promotion is defined as the part of marketing where a startup advertises and markets their product and informs the potential customers of it through sales promotions, advertising, personal selling, public relations (PR) and sponsorship or direct marketing. The promotional strategy can be done in various ways including social media, radio, TV, electronic, word of mouth and print. Sales promotions are short-term strategic activities that affect the customer purchase experience, such as discounts, loyalty cards and gifts. Advertising in the promotion part of the marketing mix that aims to attract attention to the product or service through different paid activities, such as magazines, billboards, and TV to reach wide range of customers and achieve recognition (Kareh, 2018).

Personal selling is considered as direct selling that connects the company with the consumers. This can be done through emails, phone calls or interactions in person. PR or publicity gives positive impact of the product or company in influential media spots such as social network and blogs. Here, it can be useful to collaborate with influencers to test the product and give positive feedback and review on it. This also includes sponsorship where free samples can be sent to influencers to let them speak about the product on their social media accounts (Luenendonk, 2019).

For healthcare startups, promotion strategies can implement in various ways. First, Instagram is one of the fastest growing social media platforms, thus contributing importantly to the online SEO for the healthcare startup. Instagram can be used as a tool to find new patients by utilizing Instagram to involve consumers in the process of developing new products. It can help to find the ideal consumer demographics through the utilization of search and geo-targeting. Additionally, it could be useful to create videos since they are becoming the new source for the future SEO. This can help marketing towards the potential customers by providing information about the products and services. Another way of utilizing SEO would be to start generating reviews for SEO, so that the patient and customer reviews serve as a pivotal tool to attract new customers online (Knott, 2019).

An example of a framework to achieve goals in promotion is called S.M.A.R.T goal framework. It is composed of five goals that are Specific, Measurable, Attainable, Relevant and Time-Bound. S.M.A.R.T can be used for example to increase Instagram and Facebook followers by 100 new followers per month (the goal is specific and attainable). By increasing the followers on social media, it will help to introduce the product to new potential customers on social media (the goal is relevant). Additionally, setting a deadline for 100 new followers per month and adjusting it in case of new variables show up (the goal is time-bound) (Product Plan, 2021).

When talking about healthcare startups, it is important to remember that most of the selling will be done business-to-business (B2B). The scale of costs, communication, sales, and logistics is different compared to business-to-consumer (B2C). In B2B, the startup has to research the industry for decision-making to find the product's niche market, including company size, the title of people making the buying decisions, biggest challenges, and revenue of the businesses. Here, it could be useful to utilize LinkedIn and Twitter for marketing channels instead of Instagram or Facebook because they are used more commonly in the business world. To attract the right customers, creating simple content for businesses can be useful for them to help solve their problems.

Overcomplicating things can create obstacles in finding new customers (Manosso, 2020).

4.3.5 People

New developments in the marketplace have added three new layers for marketing mix: people, process, and physical evidence. People are probably the most important part of any experience of purchasing of the product because without it, the marketing formula would not be complete. The first part of people in the marketing mix includes the people who make the products including manufacturing, design, and development of the product. The second part includes people who bring the products to the customers, in other words, marketing, and people who talk to the customers, such as service and support. Additionally, managers play an important role in managing teams to get the best out of everyone and ensure that everyone's talent is being used in the best possible way. They are also responsible for making sure that the employees have the right training and skills for the position. All of these people play a big role in the success of the product because the product would not be complete without the effort on each part of the customer experience (The Marketing Mix, 2021).

4.3.6 Process

Process is the part of delivering the product or service to the customer. It should include processes for customer-end delivery, business-end delivery, customer service, incentives, returns and refunds, for feedback and terms and conditions. This can be strategically designed for every separate customer interaction to make it unique for each case. Customers are demanding and want to be sure that they're getting high-quality customer service and that the product will be delivered safely. For the startup, it is important to consider how the product can be delivered consistently, in other words, how the standardization is ensured,

how can it be measured and how are complaints taken into consideration (Brooks, 2021).

4.3.7 Physical Evidence

Physical evidence refers to the appearance of the location and atmosphere that reflects on the customers' perception of the product or service. This has multiple factors, including location, promotion material, design, colors, and building. The physical evidence needs to be appealing to the customer to make the customer experience simple and straightforward (Cowell, 1993). When talking about B2B, physical evidence is a proof that the product or service is the best choice for the customer needs. For example, the customer can request data in the form of documents to back up their purchase, thus requiring providing them with well-thought and organized data to keep the customer satisfied (Mayfield, 2021).

5 Conclusions

Creating a new startup that succeeds in the competitive, highly regulated, and fast evolving healthcare market can be challenging. Once the obstacles of entering the market have been overcome, the success of a healthcare startup is still not guaranteed. A successful healthcare startup should be able to efficiently develop viable products and target a large and rapidly growing market. Additionally, a well-thought and efficient marketing strategy can help the startups to avoid the common mistakes and increase the likelihood of succeeding in the healthcare market even after a decade. Marketing strategy plays an important part in the overall strategy of the company. It provides tools to achieve the goals of the company and to give value to the potential customers. Therefore, it is necessary for the new startups to research about the different parts of marketing strategy and to understand what works the best for them. Usually, the startup is trying too hard to cover all parts of marketing strategy without focusing on the product and customer, thus ending up with incoherent and complex marketing strategy.

In a successful marketing strategy, market segmentation, targeting, differentiation and positioning have been considered. Additionally, the marketing mix is a useful tool to evaluate the importance of the product, price, placement, promotion, people, process, and physical placement. Combining the marketing strategy with marketing mix can help to strengthen the position on the market and understand the customer demands better. As marketing strategy and marketing mix aim towards customer satisfaction, the improvement of both can potentially lead to increased customer base, loyalty, and thus, increase in profit. This gives a good starting point for a startup to succeed in the market. In order to come up with the marketing strategy, it is important to evaluate different options and understand what the product is trying to give to the customer. To investigate the topic further, it would be beneficial to interview startup companies in the healthcare field about their thoughts on what do they consider to be an efficient marketing strategy. Then, with the results of the interview, to

analyze the link between well-thought and efficient marketing strategy to the success in the market.

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