

Effectiveness of the Marketing Strategies Used By the Medical Scheme Service Providers in Zambia. A Case of Medlink Services Limited

Banji Mayiya¹, Lubinda Haabazoka²

Graduate School of Business, University of Zambia,

Abstract: *The essence of every business is to produce goods and services to not only serve the needs of the clients but also generate a profitable income. The main aim of this study was to review Medlinks marketing strategy so as to remodel Medlink's marketing strategy to improve client retention. The study design employed a mixed method approach, and an expert-based sampling from which the desired sample of 4 was produced, later subjected to questionnaire and an-deep interview. The study found the conceptual framework of the study to remodel Medlinks marketing strategy relevant, with a clear understanding of how the concepts related. Overall, the scorecards indicated that good customer service had a direct impact on customer retention.*

Keywords: Client Retention, Formulating Components, Marketing Strategies, Profitability, Sustainability

I. INTRODUCTION

Marketing strategy is among the significant factors associated with the desirable business results in a competitive market place. The same applies to Medical Scheme Administration and/or Insurance companies, that face many challenges every day and the impact of these challenges on profitability is far greater when the economy is under pressure. In addition to that, companies are in the business of acquiring and retaining customers.

Retaining clients can be seen as the mirror image of customer defection. Therefore, client retention proves to be a company's ability to provide value with its service or products for clients to keep them coming. However, with respect to the Health Scheme Administration sub-sector, the minimal differentiation between product offerings, it is challenging for health insurers to retain customers, and this result in low level loyalty and increased costs (AKI report June 2015). This study will provide a more reliable scientific measure and perspectives for describing and evaluating the marketing strategy that affects income, brand loyalty and customer service experience.

II. RESEARCH DESIGN AND DATA COLLECTION

This study adopted a mixed method case conducted at Medlink Services Ltd. The Case Study research was of both a qualitative and quantitative inquiry for a comprehensive, holistic, and in-depth investigation of a complex issue. The study will rely on questionnaire for quantitative data, and interview guides to interview key stakeholders in order to obtain qualitative data. The quantitative data collected was analyzed using the Microsoft Excel application to get the Mean and Standard Deviation, of which the researcher has extensive knowledge and skill in. Thematic analysis (TA) and Content Analysis (CA) was selected as method that would enable the researcher to capture the meanings within the qualitative data.

III. LITERATURE REVIEW

Marketing strategy can be viewed as a way which focuses on bringing forth strategic performance of a firm by use of sub-strategies which include growth of latest segments and/or customers, the development of new products, expert delivery preparations market forecasting, services after sales advances and market-share examination (West, Ford and Ibrahim, 2010). According to Baker and Hart (2012), the main aim of the coming up with an organization's marketing strategy is to maintain its competitive advantage, establish, build, defend and adapt marketing mix elements to forces in the environment.

A significant amount of literature (Booms and Bitner 1981; Magrath 1986; Marr 1987; Judd 1987; Bruner 1989; Gummesson 1991; Smith and Saker 1992; Gronroos 1994; Low and Tan 1995; Rafiq and Ahmed 1995; Gronroos 1996; Harvey et al 1996; Balmer 1998; Webster 1998; O'Malley and Patterson 1998; Kotler 1999; Day and Montgomery 1999; Schultz 1999; Zeithaml and Bitner 2000; Schultz 2001) has indicated that the traditional 4Ps of the marketing mix model are inadequate for either the marketing of goods or for services marketing. The literature review on services marketing has indicated that the marketing strategies in service businesses are different from those that are being used in goods marketing. The literature indicates that the unique characteristic of services creates special marketing problems and challenges, which need special marketing strategies to deal with them.

A. The impact of COVID-19 on marketing strategies

The Covid-19 or "coronavirus disease of 2019", first appeared in Wuhan, China in November 2019 and Zambia first recorded its case in March 2020 (<https://bit.ly/3M752pW>). The virus spread incredibly fast between people worldwide and within few months, millions of people worldwide had contracted it. The Covid-19 outbreak changed the marketing strategies for all businesses as businesses needed to formulate strategies to stay resilient in the market.

Covid -19 accelerated the employment of technology in all aspects of conducting business including the medical scheme sector. Thus, businesses had to increase their online presence to attach and interact with their clients. Due to changes to the marketing environment and landscape caused by the pandemic, this forced organizations to develop a strategic agility pre-, during-, and post- pandemic. The terrible speed of the spread of Covid-19 required organizations to develop such entrepreneurial agility on constitute flexibility to the purpose of responsiveness. Organizational goals and objectives adopted had to be reevaluated to cope with the changes of their customers and competitors. The market oriented organizations reacted more effectively and efficiently than production oriented firms.

B. Client Retention

Customer retention is one of the most critical issues in the field of organizational theory (Steers,2010). Health insurance firms are in the service industry, services compared to physical products present a new set of challenges to markets due to the unique characteristics of services. These characteristics include perishability-that is services cannot be stored. Intangibility-that is, services cannot be seen, smelt or tasted. Inseparability-that is, of the service provider and customer; and heterogeneity or variability-that is, different customer experiences from different service providers (Kottler,2011).

The context and philosophy of a firm can lead to the manner in which firms retain their customers and the firms employ the use of some specific tactics once it knows who their customers are (Zeithalm and Bitner, 1996). The levels of commitment between the organization and the clients will impact the decision of who will be retained. An organization does not need to spend much in retention when the client is so much committed as they will not be influenced by the competitors.

Most firms choose to first focus on the newly acquired customers. As in the majority cases this new customer's posse's greater future potential than the customers who have been at the organization for the long-run. In the event that defections can be avoided in the early phases of a relationship, there will be an increase in future income streams as the longer it takes the higher the costs (Reichheld,1996). Research in service failure is another reason that calls for concentrating on as of newly gained clients. At the point when clients encounter disappointment, they might be permissive on the off chance that they have a background marked by great administration with the administration supplier; clients who have been as of late obtained and disillusioned will probably abscond or lessen their spending than customers who have a palatable history with the providers (Bolton,1998). This study will use the relationship marketing approach to client retention.

C. Remodeling marketing strategies to improve client retention: review of similar studies

Restructuring or remodeling of a company's marketing strategy is a necessary step taken to ensure a business remains profitable. Good marketing supports expansions and sales, and contributes significantly to the growth of market share in competitive markets (Marjanova and Stojanovski, 2012).

Previous Studies have established that marketing strategies play a significant role in enhancing the performance, for instance, Taiwo (2010) found that strategic marketing has significant impact on customer retention. Manijeh et al (2013) investigated innovative marketing methods based on price; product promotion and place-based strategies and

established that the impact of marketing strategies on innovation is through entrepreneurial orientation, which affects the performance. The following are a number of studies that form premise for this study.

Akroush (2003) did a study that aimed at developing an integrated approach to marketing strategy formulation and implementation. The study gives critical insight on the formulation of marketing strategy, and its focus was on the service sector, specifically, insurance industry in Jordan. The study agreed that in favor of the relevant of 7Ps marketing strategy mix model as ideal for the service sector, therefore, examining the individual components of the 7Ps mix model and how firms aligned the 7Ps components and sub-components with how they formulate and implement their marketing strategy. This study gave a clear path on how to determine and evaluate formulating components of marketing strategy with respect to client retention, and the research design.

A study done by Matis and Nagy (2008), studied the Banca Comerciala Romana (BCR), a bank in Romania which was impacted by the structural change of the industry. The aim of the study was to enhance the marketing strategy of the Bank to ensure client retention. The study applied the use of relationship marketing as the underpinning marketing concept upon which the marketing strategy could be enhanced. The study alluded to the fact that, a marketing strategy of a bank under transformation process has to focus on the value criteria of clients and their requests.

A similar strategy adds more value to its products and services; it increases the bank's efficiency, and it creates an image of quality for both internal and external clients, according to Kotler (Kotler, 1999). The quality of services and the attention paid towards the client remain key-elements in the complete banking products and services offer, nevertheless conditioned by cost controlling and maintaining competitive regarding prices. The key in maintaining the customers' loyalty is keeping them constantly satisfied – long-term partnerships provide profit and sustainability. Customers' loyalty improves the image of a company, and can be an excellent source of promotion and advertising.

The next study focused on the effects of marketing strategies on customer retention, specifically on health insurance in Kenya. According to Onsongo (2016), study aimed to address the question, "Do marketing strategies influence customer retention in the health insurance industry in Kenya?". The study concluded with a link existing between marketing strategies and client retention. Further stating that, a marketing strategy of services involves the managing and manipulation of the marketing mix elements namely: product, price, place, promotion, physical evidence, people, process. The effective manipulation of these elements generally reinverts the company's marketing strategy to a marketing strategy that improves client retention.

Lastly, is a study sought to examine the effect of customer service strategies on customer retention in a local commercial bank using Investrust Bank PLC as a case study being the only indigenous bank in Zambia. The study established that Investrust Bank Plc do have customer retention strategies and these included "digital channels of service delivery to reduce physical banking, ATM network, innovation of new products, prompt service delivery, efficiency in handling customer complaints (Joshi, 2018). The findings further revealed that customers were generally satisfied with the bank's customer service strategies. This way the bank will match its service delivery to customer expectations which will enhance customer satisfaction, loyalty and retention.

IV. FIGURES AND TABLES

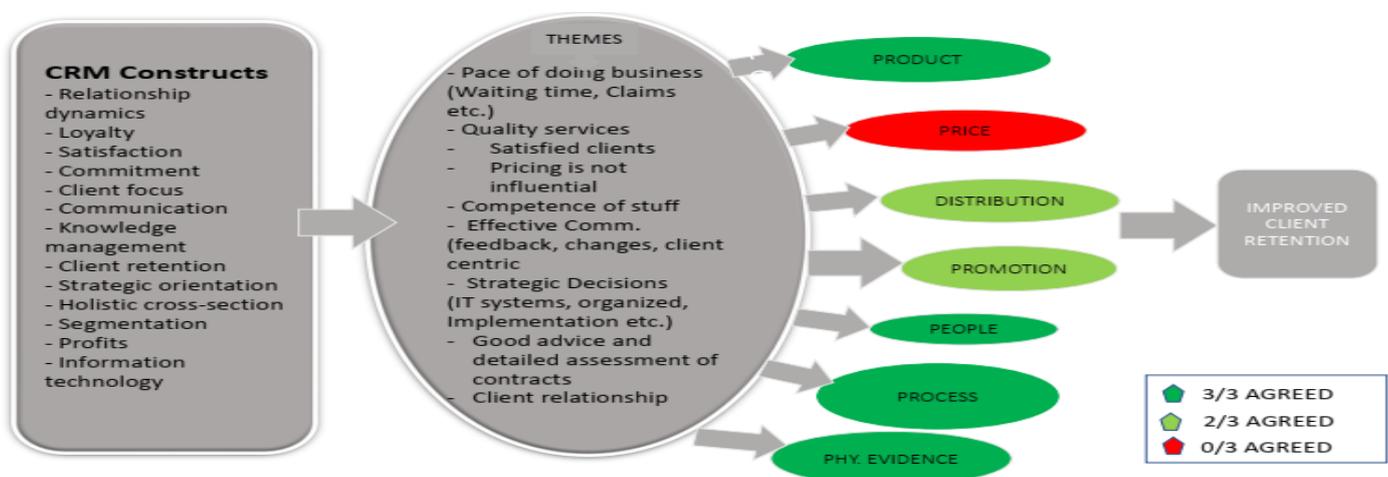


Figure 5.1 Components to improve client retention

Source: Author

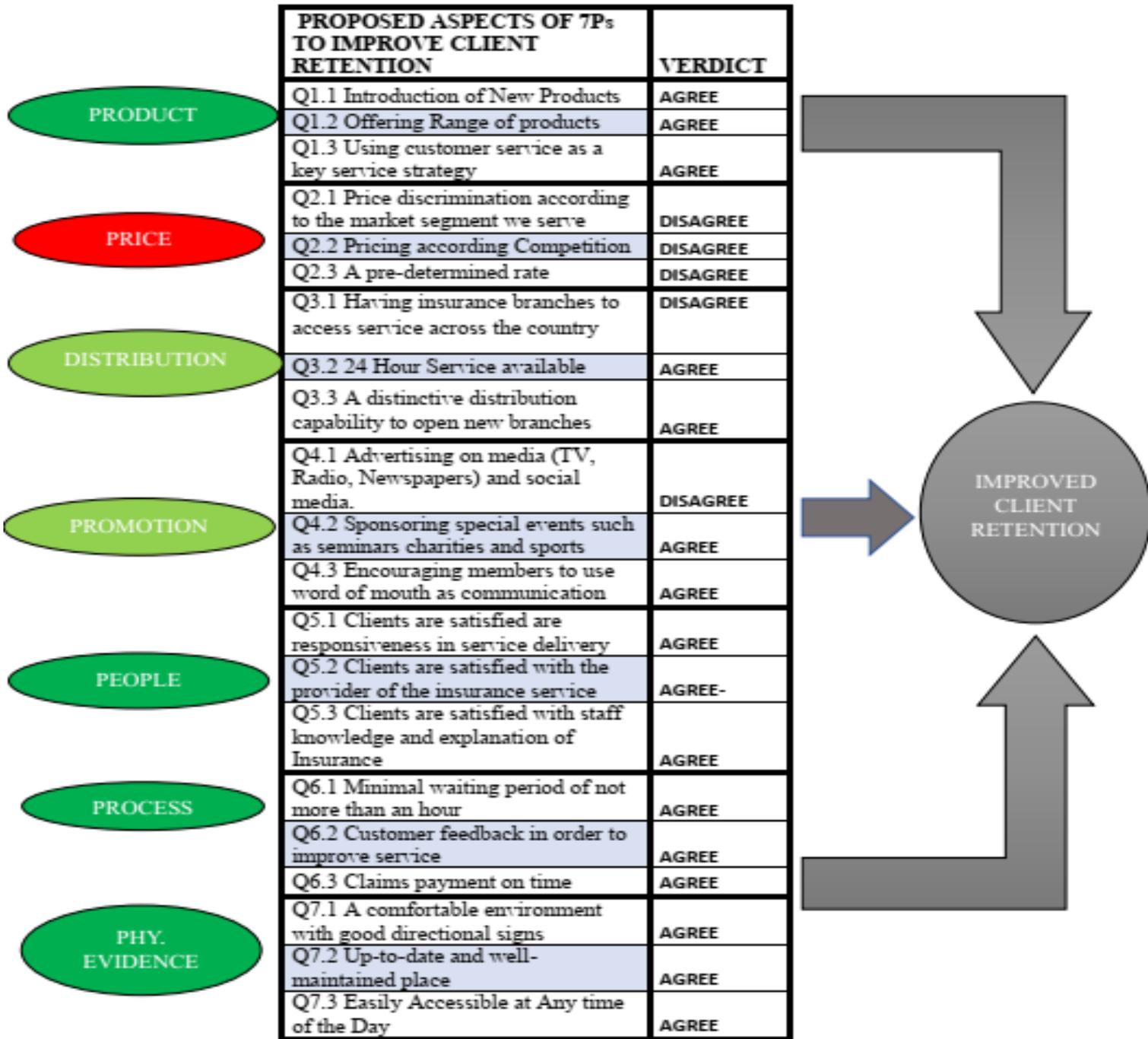


Figure 5.2 Proposed aspects of 7P’s for improved client retention
Source: Author

V. CONCLUSION AND RECOMMENDATION

Although this research has fulfilled its aim and objectives and answered its questions, it is thought that there are a number of areas of research that have emerged from this research which can be recommended for further research. Considering the scope of research mentioned in chapter (chapter one), which could prove to be the only limitation, further research could be done in the following areas:

- o The sub-components of the formulating components of marketing strategy were limited to three. Therefore, further research could be done that broadens the scope of the formulating components of marketing strategy.
- o Process and people formulating components of marketing strategy prove to be a rewarding area of research. Company staff is a vital element when conducting insurance business, because they are a potential source of

achieving a competitive advantage and of distinguishing one insurance company from another. The research has found that this function in the insurance company, generally speaking, weak and there is a narrow understanding for the crucial role of the human element in insurance business. Consequently, investigating internal functions in other insurance companies in Zambia, is a rewarding fruitful area of further research.

- o The research has found that the marketing strategy components have a positive and significant effect client retention. An area of research is to investigate which components are the most influential marketing strategy components in improving client retention and other performance components of marketing strategy. In other words, it is worth investigating the "explanatory power" of each variable of marketing strategy on company performance.

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