A Study on Foreign-funded Clinics Bottlenecks Accessing Emerging Community Health Services Market

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Abstract

Combined with the modern marketing perspective of marketing and value creation discussed in the health management service and marketing course at the University of Montpellier, France. This paper selects two customer cases in the investment promotion activities of Sunland Waigaoqiao, Shanghai, China, analyzes the bottlenecks of foreign-funded diagnosis and treatment institutions entering the community healthcare market and proposes a practical path for reference and further research in the same industry. As a regional developer and operator, Sunland Waigaoqiao has strategically implemented medical and health projects in alignment with its positioning through international marketing methods to attract investments. The company has also facilitated breakthroughs for partner enterprises and assisted customers in promptly settling their projects. However, due to the involvement of customer industry barriers, competitors (which may affect the competitive positioning of the diagnosis and treatment level of regional Class A public hospitals), financial policy support, etc., the next phase of research should focus on enhancing financial performance and continuously improving the business conditions of the case company after overcoming bottlenecks and achieving success. Additionally, utilizing qualitative and quantitative research methods, conducting in-depth interviews, and field research will help transform similar investment cases into classic teaching materials.

Keywords

Marketing, Sunland Waigaoqiao, bottlenecks, foreign-funded clinics

1. Introduction

As the average life expectancy of the Chinese population approaches that of Europe and the United States, the process of medical reform has gone through four stages: serious shortage of goods and services, heavy burden, rationalization direction, and sustainability (Liu Yuanli, 2019).

During the China "14th Five-Year Plan" period, promoting a more mature and finalized medical security system with Chinese characteristics is the main line of reform and development of universal medical security, and the multi-level medical security system needs to be further improved.

The total planned area of the Sunland community is 6.01 square kilometers. Utilizing a strong industrial base for international trade, we will gather innovative businesses that integrate the lifestyles of various countries. Waigaoqiao Group Co., Ltd. plans to have a commercial business district of about 750,000 square meters. From the aspects of ecological health and sports, the total area of greening and water area is about 3.34 square kilometers. The area will
also create a Sunland green space with supporting facilities. At the same time, the introduction of high-quality education facilities at home and abroad has also made the educational resources of the sector become another axis of aggregation of high-quality talents (Liu Ming, 2023).

Combined with the modern marketing perspective of marketing and value creation discussed in the health management service and marketing course of the University of Montpellier, France (Gilles N’GOALA, 2023). Marketing is an organizational function and a set of processes used to create, communicate, and deliver value to customers, and to manage customer relationships in a way that benefits the organization and its stakeholders (American Marketing Association, AMA).

The introduction of high-quality community medical diagnosis and treatment centers in the Sunland International Community is an important marketing goal of the author’s company. Here are two customer examples:

2. Main Text

2.1 Case Study 1: Blood purification and comprehensive outpatient programs ("Company B")

In 2022, 25% of Shanghai's population will be over 60 years old (Healthy Shanghai 2030, 2023). The medical industry cluster needs high-end brand positioning, according to the "Healthy Shanghai 2030" action plan, the main purpose is to empower the local community and assume social responsibility, which has attracted a number of high-end foreign-funded diagnosis and treatment centers to settle in Sunland Waigaoqiao to provide community medical supplement and improvement service (Zoe Cao, 2023).

Shanghai has a population of 25 million and an estimated number of 149,000 patients, and the current data shows that the number of patients in Shanghai is 97,000, and the treatment gap will reach 52,000, so more medical resources, products, and services are needed. Based on the good population structure and policy environment, Shanghai was identified by Company B as the city to build the first medical service exhibition center in China, and the Sunland Waigaoqiao area has a relatively obvious medical gap and great development potential.

Company B’s Sunland Waigaoqiao International Community Diagnosis and Treatment Center has a planned area of about 2,000 square meters, 80 hemodialysis treatment beds, and CNY400/case of hemodialysis and CNY940/case of hemodiafiltration after being included in the medical insurance.

For Company B, the marketing concept is a concept and a functional empowerment. "Marketing management refers to the science and art of selecting a target market and acquiring, retaining, and elevating customers by creating, delivering, and disseminating value" (Kotler, 2003).

After discovering the Sunland Waigaoqiao International Community Health Market, Company B will divide it into three phases and rely on the precise positioning of target patients to ensure the success of the project. The first stage: Establish a "medical alliance" with the Seventh People's Hospital, and establish a referral mechanism for vascular access surgery and inpatients: 235 patients in the Seventh People's Hospital, 200 patients in the two shifts, and 35 patients in the third shift can be transferred to the center of Company B for treatment. The second stage: radiate the community residents within 5 kilometers, cooperate with the community hospital, screen the target population, establish a potential patient database, and predict that 230 patients will be needed according to the data. The third stage: Radiate community residents within 10 kilometers, manage CKD patients online and offline through mobile apps, implement community health education and publicity, and expand the coverage of diagnosis and treatment.

Sunland Waigaoqiao Company will provide a certain rent-free period and preferential leasing unit price, provide 20 special parking spaces, provide preferential marketing methods with local policies, and provide necessary assistance for market access such as the coordination of fire protection and environmental impact assessment for the commercial property certificate of Company B.

According to the research, the main bottleneck of the project came from the "no-entry" clause of the health management department for pure foreign investment, so the difficulty of the project was that Company B found a Chinese partner and set up a Sino-foreign joint venture (Company B holds 70% of the shares) to circumvent the "negative list" of pure foreign investment in the industry and implement the marketing plan mentioned in this article. This case has proven to be a success story.

2.2 Case Study 2: The Sunland Waigaoqiao Out-of-Hospital Diagnosis and Treatment Center of the Reproduction Hospital ("Company Y")

The big health industry is a sunrise industry that will never decline, and its development is disturbed by short-term
factors such as the new crown epidemic, but in the long run, the big health industry is under a dynamic development system, and is affected by the comprehensive impact of policies, science and technology, consumption, and models, and the health industry structure, development direction and industrial layout continue to develop and improve. "Healthy China 2030" Planning Outline (Dongtan Think Tank, 2023)5. From the perspective of industrial opportunities, i.e. Sunland Waigaoqiao Operations for example, affected by policy liberalization, technological progress, and the pursuit of efficiency, the traditional medical service industry chain has been decomposed, reorganized and innovated, and diversified medical services formats such as general hospitals, specialized hospitals, and third-party medical services have been derived, forming diversified medical services scenarios such as medical alliances, medical malls, and Internet medical services. These are all what its target clients and tenants. With the gradual advancement of the hierarchical diagnosis and treatment model, public hospitals, community hospitals, private hospitals, and private clinics will be differentiated, and there will be greater development opportunities for general hospitals, intensive care hospitals, and rehabilitation hospitals. At the same time, the consumer medical market continues to expand, and independent consumer medical care such as microplastic surgery, anti-aging, dental, ophthalmology, skin, weight loss, nutrition, and mental health has developed rapidly.

The reproductive gynecology hospital is an excellent health market development opportunity to meet the needs of special populations. The following case has not yet been approved by the relevant government departments as of the time of publication (Table 1). The main bottleneck of Company Y in this case is the mutual roll-up between the two administrative governments. Originally, the company received special financial fund support in the free trade zone, and now it wants to go to the more ecologically beautiful lake-view commercial to carry out out-of-hospital diagnosis and treatment, but it was obstructed by the former administrative regional administration. Although it is within the purview of local health commissions to approve consent, it is also very difficult for administrative approval departments to listen to the requests of the chief executives of the districts under their jurisdiction. The administrative jurisdiction of the new business park is another tax center, so the competition for corporate tax restricts the market-oriented deduction of investment marketing in the park in a certain sense, so that the modern marketing theory is subject to irresistible administrative pressure after the favorable action measures taken by the precise market segmentation, and the specific list can be seen.

<table>
<thead>
<tr>
<th>Items</th>
<th>Events</th>
<th>Bottlenecks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The medical environment for assisted reproduction in Shanghai is scarce Populations Business Environment Directly managed by the National Health Commission (the only one in the country) Complex process for adding business locations (approval is highly unlikely)</td>
<td>Gynecology Hospital Outside the Free Trade Zone (the first assisted reproduction hospital and community medical service project in China)</td>
<td>Business Scope Patients nationwide High-quality clinical medical services Patient-centered, long-term continuum of care</td>
</tr>
<tr>
<td>The market foundation of Pudong New Area The only foreign investment license (free trade zone benchmark) The probability of patient transfer in the medical alliance is high The property in the free trade zone is retained, and the rental cost of holding has increased several times</td>
<td></td>
<td>Concept of Service Advanced medical management service concept International medical services Management of the pre-course of assisted reproduction Special subsidies for free trade zones accepted not suitable for moving-out Medical waste treatment devices occupy public resources</td>
</tr>
</tbody>
</table>

3. Discussion and Conclusion

The above two cases combine the course content as referred to in this Abstract to give us more management enlightenment and future research, as well as guidance on the field to be understood in the future.
3.1 Segmenting

After market segmentation, the company can find its own competitive positioning. Company B analyzed the surrounding chronic disease market, positioned the new site area as their diagnosis and treatment center, and implemented the surrounding new market step by step after the holiday. However, because the market is relatively stable, the patients are fixed, and the regional monopoly is relatively large, Company Y is bound to implement specific services in a specific region, and the development bottleneck is relatively obvious. As a developer and operator, the introduction of the above two customers is in line with the positioning and sustainable development of the park, so the market segmentation brings ideal competitive positioning and sustainable development. After market segmentation, it is helpful for the two case companies to break through the bottleneck and obtain more community health market resources. Market fit: Product market matching is really a good enough market, there is a product and service that can meet the market. In both of these examples, the parties identified services and products that could continue to provide the customer's current gap and forecasted demand.

3.2 Brand equity

Brand awareness refers to the ability of potential buyers to recognize or remember a brand as a certain type of product (Aaker, 1991). If the customers of both cases can be introduced into the park as they wish, this will undoubtedly have a brand-driven effect and a first-mover effect and will have a good demonstration and leading role for the future leasing of the park operator. Brand awareness can also help Company Y to further convince the relevant government departments to approve their next phase of promotion of opening out-of-hospital outpatient clinics. However, the relaxation of the negative list at the national level has hardly done anything to pry into changing the national negative list.

3.3 Offline and online marketing plans (The “7P”)

These two foreign-funded case companies fully take into account online and offline market promotion, and have WeChat mini-programs and official accounts respectively, which are updated weekly. For the "7P" (i.e. place, price, promotion, personnel, process, physical environment, products.) to develop the target market, a complete annual plan has been formulated to promote the trend.

3.4 Customer integration into the brand community

“Customer engagement is the behavior of customers who are driven by stimulating motivations to pay attention to the company and its brand beyond purchasing... Customers incorporate such behaviors, including word-of-mouth, recommendations, helping other customers, blogging, writing reviews, etc.” (Van Doorn et al., 2010). In the case of Company B, it interacted with registered members through a mini-program, held offline training activities on a regular basis, and arranged for potential patients to participate in group tourism activities and visit equipment and facilities to promote customer integration and word of mouth.

As a customer, the logic of choosing a park is different from that of a park developer. Customers are more focused on usage; Park developers are more focused on sales; this leads to a difference in the focus of the two: the customer focuses on quality and price; Park developers are more concerned about cost and schedule. Of course, the ultimate standard of a good park is basically the same, simply put, good products and good services (Industrial Park Operations, 2023).

Therefore, for the brand company of Sunland Waigaoqiao, Company B and Company Y during the case will have a strong dependence on brand equity. In China, like everywhere in the world, Influencers (or KOL key opinion Leaders) can be a great help to get the credibility of influential people and experts. In this case, it is a common strategy to have an engagement strategy among the group of influencers (Health China, 2017). There are not many existing products in the park, but the big brands are guaranteed. There will be no financial problems or admission problems. The most important thing is that the quality and service are good. Of course, the brand will have a certain premium, so the price is also higher than other parks. You need to choose according to your own situation. After all, it is a large amount of money, and brand protection is more important than others.

The competition for industrial development between cities is becoming more and fiercer, and the pressure to attract investment is also increasing. All localities are stepping up efforts in terms of business environment and investment promotion policies, and it is becoming more and more difficult to attract investment. The traditional investment
promotion has long been unattractive, i.e. the involution of rent reduction and exemption, tax return, and loan interest discount is serious, and the available local investment policy space is getting smaller and smaller (Xi Jiaxing, 2023). Therefore, at present, some new investment promotion methods, such as industrial chain investment, joint investment, capital investment and other ways have emerged. The platform company, like Sunland Waigaoqiao, must do investment promotion and must strengthen and specialize in investment business. Because this is related to whether the platform company can transform from a traditional financing platform company to a modern state-owned capital platform company. The development of regional industries depends on projects in the short term, enterprises in the medium term, and ecology in the long term.

References

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