The key to understanding and developing strategy is positioning. A positioning strategy is essential for dentists to compete effectively and perform well in the long run.

Positioning strategies include niche, customer-focused, service-focused, hegemony and mixed strategies. These strategies depend on the services provided and the customer (patient) segments served. Figure 1 illustrates how the scope of the practices services and customer segments results in a particular positioning strategy. A mixed strategy includes elements from two or more cells.

<table>
<thead>
<tr>
<th>Scope of Customer (Patient) Segments Served</th>
<th>Few</th>
<th>Many</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of Services Provided</td>
<td>Few</td>
<td>Many</td>
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<tr>
<td>Niche strategy</td>
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<td>Service-focused strategy</td>
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<tr>
<td>Customer-focused strategy</td>
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<tr>
<td>Hegemony strategy</td>
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Figure 1: Alternative Positioning Strategies

Your positioning strategy can be identified from your positioning or “coverage” of a competitor service-customer matrix (SCM). In this article we explain how your dental practice can use a competitor SCM to determine its current positioning strategy and to formulate a future strategy. In the next issue of Communiqué, we will explain how to construct a competitor SCM.

Using a Competitor SCM to Identify Your Current Positioning Strategy

The best way to determine and understand the strategic positioning of your practice is to analyze a competitor SCM. A competitor SCM is a two-dimensional matrix that gives you a clear appreciation of the types of services offered and the customers served by you and your competitors.

The competitor SCM in Figure 2 has been segmented into six categories based on dental procedures and time of delivery. Patients have also been segmented into six categories based on income, insurance, age and gender. It doesn’t matter whether high-income patients have insurance because they are not price-sensitive. Furthermore, it is not necessary to subdivide this group on the basis of age and gender because, generally, they are few and practice specialization on a small demographic subgroup is infeasible. For price-sensitive patients, it is important to know whether or not they have indemnity insurance because those with insurance may demand more dentistry. These patients can be further segmented into four groups: children, adult females, adult males and seniors. Different demographic groups generally have different needs and require different services. When the market is large, a dentist might focus on a demographic subset. For patients without indemnity insurance, it is important to know whether or not they belong to a managed care plan.

The cell entries in Figure 2 contain letters corresponding to different competing dental practices. Each practice pursues a different positioning strategy.

Practices A and F each follow niche strategies. Practice A focuses on providing cosmetic services to high-income patients during regular and extended hours. Practice F focuses on providing services during regular hours to price-sensitive seniors with indemnity insurance.

Practices B and D pursue customer-focused strategies (sometimes called needs-based positioning), offering a full range of services to a few groups of customers. Practice B focuses on meeting the needs of high-income patients, while Practice D focuses on meeting the needs of price-sensitive female patients with insurance.

Practice C pursues a service-focused strategy (sometimes called variety-based positioning) by offering cosmetic dentistry to all customer segments (although managed care patients are not encouraged).

Practice E pursues a hegemony strategy, i.e., it offers a complete line of services to all patient segments, during regular and extended hours.

To determine your current strategy, look at which service-customer segments you cater to. The cells can simply indicate whether or not you operate in each segment. If possible, enter the percentage of patients in each segment; the column and row totals will indicate what type of strategy your practice pursues.

Every practice has a positioning strategy that is the result of either random decisions or deliberate actions.

Developing Strategy: Matching Positioning to Practice Attributes

Successful practices plan their positioning strategy. The decision about which segments to focus on depends on many factors, including profitability, demographics and potential growth, patient needs and wants, and skills in the dental practice. Each positioning strategy requires a different set of practice attributes. For example, a niche strategy focusing on cosmetic dentistry to high-income patients (e.g., practice A) generally requires a location in a high-end neighbourhood, a quality external appearance, charming chair-side manner, posh waiting area and operatories, high-tech equipment and, perhaps most important, an excellent reputation. This type of practice may have few dental assistants but many other staff who pamper patients.

A customer-focused strategy requires different attributes. Practice D, which focuses on adult female patients, needs to have the following attributes: safe location, convenient parking, female dentists, caring dentists, concerned staff, clean and friendly ambience, technical and professional competence, convenient appointment times and easy payments.

The service-focused strategy adopted by Practice C requires some or all of the following attributes: good scheduling management,
Efficient production techniques (fast hands), office that is easily accessible but not too expensive, convenient hours and staff with knowledge about indemnity insurance to minimize patients’ costs.

Hegemony strategy (e.g., Practice E) is a difficult strategy to execute well because different practice attributes are usually necessary for different segments. A practice with a set of attributes tailored to one segment usually does not do well when it enters different segments. For example, it is difficult for the same facility to offer services to managed care patients and to provide “elite” services such as cosmetic dentistry.

Often a more focused competitor can outcompete a practice that tries to be all things to all people. In practice, the only way for hegemony to be successful is to have a group arrangement with different dentists specializing in different areas. In fact, many practices pursue mixed strategies. They focus on just one or a limited group of customers or services, but also compete slightly in all other service-customer segments.

### Strategic Choice and Profitability

There is no one best strategy. Choice of strategy depends on many factors including rivals, sector trends and practice competencies. In general, successful strategies are unique and hard to imitate. Formulating a successful positioning strategy requires making hard choices about which segments to compete in.

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**Reference**


Dr. Armstrong is CEO of Aarm Dental Group, and an adjunct professor in the faculty of business administration at Simon Fraser University.

Dr. Boardman is professor of strategy and policy analysis in the strategy and business economics division of the faculty of commerce at the University of British Columbia.

Dr. Vining is the CNABS professor of business and government relations in the faculty of business administration at Simon Fraser University.

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