

STRATEGIC MARKETING PLAN FOR TELADOC
HEALTH INC.

What marketing strategy should Teladoc Health Inc. implement to sustain its revenue growth rates, lower its net losses, and create a sustainable competitive advantage once the COVID-19 pandemic is over?

A thesis submitted to Anglo-American University for the degree of
Bachelor in Business Administration with an emphasis on Marketing and
Communication

Spring 2021

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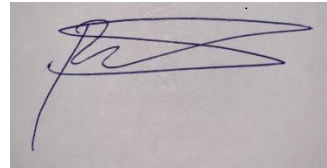
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Declaration

I hereby declare that no portion of the work referred to in this thesis has been submitted in support of an application for another degree, or qualification thereof, or for any other university or institute of learning.

I declare that this thesis is my independent work. All sources and literature are cited and included.

I also hereby acknowledge that my thesis will be made publicly available pursuant to Section 47b of Act No. 552/20005 Coll. and AAU's internal regulations.

A rectangular box containing a handwritten signature in blue ink. The signature is stylized and appears to be 'Sylvie Pilipová'.

Sylvie Pilipová

Acknowledgements

I want to thank my parents, who have always supported me in every decision I have made and have been there for me in good times and bad. I cannot thank them enough for what they have done for my siblings and me, and I will strive to be as kind, patient, and generous to my children as they have been to us.

I also want to thank my advisor, Mr. Shallow, who has always been very supportive and motivating to me and all of his students. His positive attitude and kind words have made the online meetings fun, interactive, educational, and most importantly, motivating. Thank you, Mr. Shallow, for always creating a safe space for your students.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Sylvie Pilipová.

Sylvie Pilipová

ABSTRACT

Strategic Marketing Plan for Teladoc Health Inc., a leading telemedicine platform provider.

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Motivation: Teladoc Health Inc. was the first mover in the telemedicine industry, which has significantly changed the health system in the United States. The researcher aimed to explore the telehealth industry and its practices and get a better overview of the potential growth of virtual healthcare, particularly after the influence of the COVID-19 pandemic.

Problem Statement: Although Teladoc is one of the largest telemedicine providers globally, it has failed to earn any profits in the past six years. Its losses range from a hundred million dollars to almost half a billion dollars, which was incurred in 2020, despite the increased revenues caused by the pandemic. Additionally, Teladoc's attempts to expand internationally have been unsuccessful.

Approach: The researcher analyzed the company's financial statements, marketing techniques, competitors, and more, to suggest strategic steps that Teladoc should implement to sustain its revenue growth, lower its losses, and create a sustainable competitor advantage.

Results: The conducted research and analysis enabled the researcher to provide strategic recommendations that the company should follow to lower its net losses and become profitable.

Conclusion: Based on the analysis, Teladoc needs to implement several strategic steps recommended by the researcher to sustain its revenue growth, lower its losses, and, ultimately, create a sustainable competitive advantage.

CMG Shallow

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List of Abbreviations

AAU: Anglo-American University

A.I.: Artificial Intelligence

B2B: Business to Business

B2C: Business to Customer

BMC: Business Model Canvas

CARES: Coronavirus Aid, Relief, and Economic Security

D2C: Direct to Customer

e.g.: for example

et al.: and others

GDPR: General Data Protection Regulations

HIPAA: Health Insurance Portability and Accountability

HITECH: Health Information Technology for Economic and Clinical Health

i.e.: in other words

ibid.: same source, different page

IoT: Internet of Things

PLC: Product Life Cycle

PEPM: per-enrollee-per-month

PMPM: per-Member-per-month

ROA: Return on Assets

SMAP: Strategic Marketing Analysis and Plan

SMP: Strategic Marketing Plan

U.S. or USA: United States of America

YoY: Year-over-Year

Glossary of Terms

Artificial Intelligence: “The extension of human intelligence through the use of computers” (Joost et al., n.d., p.2)

Customer Lifetime Value (CLV): “The value a customer brings to the firm over his/her lifetime from the current period” (Kumar, 2008, p.7)

First mover: “A service or product that gains a competitive advantage by being the first to market with a product or service” ([Tarver](#), 2020, n.p.)

General Data Protection Regulation (GDPR): “A legal framework that sets guidelines for the collection and processing of personal information from individuals who live in the E.U.” ([Frankenfield](#), 2020, n.p.)

Inflection Point: “When the balance of forces shifts from the old structure, from the old ways of doing business and the old ways of competing, to the new” (Grove, 1998, p.33)

Internet of Things (IoT): “The next chapter in the evolution of the Internet where computing devices embedded in everyday objects are able to send and receive data themselves” ([Berte](#), 2018, p.1)

Smart Home: “A house or other dwelling with automated or remotely controlled components” (TechTerms, n.d., n.p.)

1. Chapter 1: Introduction

This thesis provides an analysis of the company Teladoc Health Inc. (henceforth Teladoc), the company's two major rivals: Amwell (formerly known as American Well), and One Medical, and the telemedicine industry in general. The thesis will mainly focus on the industry during the current pandemic and analyze the impacts on telemedicine since the COVID-19 outbreak. Teladoc's revenues substantially increased due to the outbreak of the pandemic; however, as did its net losses incurred through acquisitions and mergers. Following a thorough analysis of the company and its environment, the researcher suggests strategic marketing steps for Teladoc to retain its customer base in the years following the pandemic. The marketing strategy recommendations should solve some of Teladoc's issues and create a sustainable competitive advantage if implemented correctly.

HYPOTHESIS

To lower its net losses, retain its revenue growth, and, ultimately, gain a sustainable competitive advantage, Teladoc should sell its foreign acquisitions to place its whole focus on the American market and create strategic partnerships with technology companies.

The research is up to date to May 1st, 2021, inclusive.

1.1 Industry Overview

(Please, see the Industry Overview in [Appendix A](#))

1.2 Historical Background

“Teladoc Health Inc. is an American telemedicine company founded in 2002 in Dallas, Texas. The company provides a multi-sided platform to connect patients with doctors and nurses throughout the world using a mobile app or the company's website” (Pilipová, AAU, 2020, p.3).

(Please, see the full Historical Background in [Appendix B](#))

1.3 Key Background Information

Table 1: Company Details

Name	Teladoc Health Inc.
Type	Public
Headquarters	Purchase, Harrison, New York, United States
Company Leaders	Jason Gorevic (Chief Executive Officer)
	Mala Murthy (Chief Financial Officer)
	Arnon Geshuri (Chief Human Resources Officer)
	David Sides (Chief Operating Officer)
	Adam Vandervoort (Chief Legal Officer)
Industry	Telemedicine
Total Employees	4 400
Total Physicians	7 000 (augmented due to COVID-19)
Total Revenue	\$1,094 million US Dollars (F.Y. 2020)
Total Members: USA	51.5 million
Main Competitors	Amwell
	One Medical

([Teladoc Health website](#))

1.4 Personal Interest

Telemedicine is a disruptive technology at the beginning of its era and is likely to change, develop, and perhaps even largely take over the regular healthcare system. The researcher is interested in investigating telemedicine to discover the industry's potential goals and pitfalls.

1.5 Purpose of the Thesis

The purpose of this thesis is to analyze Teladoc's current strategy and gain a better understanding of its strengths and weaknesses. The ultimate aim of this thesis is to provide suggestions that should be implemented to retain Teladoc's customer base and lower its significant net losses following the world pandemic.

This thesis attempts to answer the following strategic question:

What marketing strategy should Teladoc Health Inc. implement to sustain its revenue growth rates, lower its net losses, and create a sustainable competitive advantage once the COVID-19 pandemic is over?

1.6 Conceptual Framework

The research on Teladoc Health was made based on secondary sources, including Teladoc's official financial reports and its website, academic articles and journals, books, marketing strategy, and strategic planning textbooks, and business reports. The researcher obtained enough detailed information to analyze the company thoroughly and support the recommendations provided.

1.7 Methodology

The research methodologies used to analyze Teladoc, its leading competitors, and the telemedicine industry, in general, are the following:

- **Secondary research:** “consists of sources of data and other information collected by others” (Stewart, 1984, p.11).
- **Exploratory research:** “is designed to explore the research topic, and/or question rather than to answer it or offer a solution to the targeted issue” ([Business Research methodology](#), n.d., n.p.).
- **Descriptive research:** uses “logical methods of inductive-deductive reasoning to arrive at generalizations” (Kumar, 2007, p.249).

1.8 Statement of Sources Consulted and Cited

The researcher has used a variety of print and online resources to support the arguments. The online sources include academic articles, news articles, analyst reports, expert interviews, Teladoc's annual reports, and quarterly reports, the Teladoc Form 10-K, Teladoc's website, and statistical websites, for example, STAT News.

1.9 Structure of the Thesis

The thesis structure is as follows:

- Chapter One: Introduction
- Chapter Two: Company's Financial Review
- Chapter Three: Literature Review
- Chapter Four: Marketing Audit
- Chapter Five: Assumptions
- Chapter Six: Strategic Marketing Plan
- Chapter Seven: Evaluation of current SMP
- Chapter Eight: Discussion: Recommendations, Implications, Critique, and Justifications.
- Chapter Nine: Conclusions

Note on word count:

The researcher has exceeded the overall word count by 1.81 percent. The word count was exceeded in Chapter 1: (14 words), Chapter 2: (137 words), Chapter 3: (62 words), Chapter 4: (8 words), Chapter 5: (52 words), Chapter 6: (366 words), Chapter 8 (123 words). The word count was reduced in Chapter 7 and 9 to compensate.

2. Chapter 2: Financial Review

This chapter reviews Teladoc's financial aspects and compares Teladoc and its closest competitors, Amwell (formerly known as American Well) and One Medical.

2.1 Revenue and Income Analysis

Table 2: Revenue and Income Analysis

(All numbers in thousands of U.S. dollars; margins shown as percentages)

	2017	2018	2019	2020
Total Revenue	233,279	417,907	553,307	1,093,962
Cost of Revenue	61,623	128,735	184,465	390,829
Net Income	(106,782)	(97,084)	(98,864)	(485,136)
Gross Profit	171,656	289,172	368,842	703,133
Operating income	(62,198)	(65,963)	(73,822)	(418,185)
Operating Profit Margin	(26.66)	(15.78)	(13.34)	(38.22)
Net Margin	(45.77)	(23.23)	(17.86)	(44.34)
Gross Margin	73.58	69.19	66.66	64.27

([Yahoo Finance](#), 2021, n.p.)

Teladoc’s revenues have been significantly affected by the COVID-19 pandemic, as new, remote solutions were sought to maintain social distancing. The telemedicine industry has witnessed a significant increase in visits and membership from the beginning of the pandemic (ibid., p.15), and so did Teladoc, which revenues increased by 98% compared to 2019 (ibid.).

(For more details, please, refer to [Appendix C](#))

2.2 Profitability Ratios

Table 3: Profitability ratios

(All numbers in thousands of U.S. dollars, unless shown as percentages)

	Teladoc Health		Amwell		One Medical	
Year	2019	2020	2019	2020	2019	2020
Net Income	(98,864)	(485,136)	(87,190)	(224,432)	(53,695)	(89,421)
Total Revenue	553,307	1,093,962	148,857	245,265	276,258	380,223
Net Profit Margin	(17.86%)	(44.34%)	(58.57%)	(91.50%)	(19.43%)	(23.51%)
Total Assets	1,602,827	17,755,281	499,881	1,376,646	430,294	1,070,990
ROA	(6.16%)	(2.73%)	(17.44%)	(16.30%)	(12.47%)	(8.34%)
Shareholder’s equity	1,014,025	15,883,804	(280,864)	1,246,197	(187,066)	(548,475)
ROE	(9.74 %)	(3.05%)	(3.10 %)	(18 %)	(28.70 %)	(16.30 %)

([Teladoc Form 10-K, 2020, p.74](#)), ([Amwell Form 10-K, 2020, p.74](#)), ([One Medical Form 10-K, 2020, p.84](#))

Compared to its main competitors, Amwell and One Medical, Teladoc’s revenues were the highest in 2019 and 2020, respectively. Teladoc’s revenues doubled during the COVID-19 pandemic due to social distancing measures and the increased need for remote solutions. According to Teladoc’s [financial report](#), the pandemic has caused

“favorable macro trends,” such as, for example, more customer trials and the use of telehealth (2020, p.2). The pandemic has also increased the adoption of telemedicine in insurance companies, hospitals, and businesses (ibid.).

(For more details, please, refer to [Appendix D](#))

2.3 Liquidity Ratios

Table 4: Liquidity ratios

(All numbers in thousands of U.S. dollars, unless shown as ratios)

	Teladoc Health		Amwell		One Medical	
Year	2019	2020	2019	2020	2019	2020
Current Assets	588,002	1,059,607	223,527	1,113,287	200,037	774,699
Current Liabilities	90,181	332,649	106,577	120,982	83,481	117,426
Current Ratio	6.52	3.18	2.10	9.20	2.40	6.59
Inventory	0	56,498	3,104	9,128	3192	7,113
Quick Ratio	6.52	3.01	2.07	9.12	2.35	6.53
Cash Ratio	5.70	2.20	1.29	7.78	0.32	0.96

([Teladoc Form 10-K, 2020, p.74](#)), ([Amwell Form 10-K, 2020, p.74](#)), ([One Medical Form 10-K, 2020, p.84](#))

The above table shows three different ratios that all represent a company’s ability to pay off its obligations. The current ratio is “a liquidity ratio that measures a company's ability to pay short-term obligations” ([Fernando](#), 2021, n.p.). The current ratio should not be lower than 1, as that would show that the company is unable to pay off its short-term debts. The quick ratio “measures the ability to pay current liabilities from cash”; however, the inventory is deducted from the assets (Delaney and

Whittington, 2010, p. 326). Lastly, the cash ratio indicates a firm’s “capacity to pay off short-term debt obligations with its cash and cash equivalents” ([Corporate Finance Institute](#), 2020, n.p.)

(For more details, please, refer to [Appendix E](#))

2.4 Leverage Ratios

Table 5: Leverage Ratios

(All numbers in thousands of U.S. dollars, unless shown as ratios)

	Teladoc Health		Amwell		One Medical	
Year	2019	2020	2019	2020	2019	2020
Total Liabilities	588,802	1,871,477	124,946	130,449	211,837	522,515
Total Assets	1,602,827	17,755,281	499,881	1,376,646	430,294	1,070,990
Net Tangible Assets	42 493	(768,315)	(538,276)	996,792	(208,390)	527 174
Debt Ratio	0.37	0.1	0.25	0.09	0.49	0.48
Total Equity	1,014,025	15,883,804	(280,864)	1,246,197	(184,031)	548,475
Debt to Equity Ratio	0.58	0.11	(0.44)	0.09	(1.15)	0.95

([Teladoc Form 10-K, 2020, p.74](#)), ([Amwell Form 10-K, 2020, p.74](#)), ([One Medical Form 10-K, 2020, p.84](#))

Teladoc’s total assets drastically increased in 2020 due to the merger with Livongo and acquisition of InTouch Health, which both brought an incremental \$128.3 million in revenue, according to Teladoc ([Form 10-K, 2020, p.57](#)).

(For more details, please, refer to [Appendix F](#))

2.5 Efficiency Ratios

Table 6: Efficiency Ratios

(All numbers in thousands of U.S. dollars, unless shown as ratios)

	Teladoc Health		Amwell		One Medical	
Year	2019	2020	2019	2020	2019	2020
Total Sales	553,307	1,093,962	148,857	245,265	276,258	380,223
Total Assets	1,602,827	17,755,281	499,881	1,376,646	430,294	1,070,990
Total Asset Turnover	0.34	0.06	0.29	0.17	0.64	0.35

([Teladoc Form 10-K, 2020, p.74](#)), ([Amwell Form 10-K, 2020, p.74](#)), ([One Medical Form 10-K, 2020, pp.84-98](#))

The total asset turnover represents the ability of a company to effectively use its assets to generate sales ([Hayes, 2021, n.p.](#)) – the higher the turnover, the higher the effectiveness. Compared to its competitors, Teladoc’s total asset turnover is very low and was even lower in 2020. This demonstrates that, in 2020, Teladoc generated only \$0.06 per every dollar in assets compared to \$0.34 in 2019.

2.6 Stock Performance

Figure 1: Stock Performance

(as of 1st May 2021)



(Teladoc, [Yahoo Finance](#), 2021, n.p.)

The graph above indicates Teladoc's stock performance from May 2020 to May 2021. The curve has been fluctuating over the year and has come to its peak at the beginning of 2021, which might have been caused by the company's positive annual reports that have been published in February ([Quast](#), 2021, n.p.).

(For more details, please, refer to [Appendix G](#))

2.7 COVID-19 Impact on Teladoc

Teladoc greatly benefited from the COVID-19 outbreak, which was apparent in the profits gained in FY2020 and Teladoc's stock value. Telemedicine was one of the industries that gained popularity during the pandemic as remote solutions were sought after (*ibid.*, p.15). According to Teladoc, the pandemic created favorable macro trends in the telemedicine industry, increasing the number of visits, memberships, and, ultimately, profits ([Form 10-K](#), 2020, p.2).

(For additional details, please, refer to [Appendix H](#))

2.8 Financial Analysis Conclusion

Although Teladoc is a large telemedicine company with billion-dollar profits, it has enormous net losses and, historically, has struggled to be profitable, as indicated in the tables above. Some of the ratios calculated may imply Teladoc's financial health, yet the company is simply adding millions of dollars in goodwill to balance its balance sheet and issuing notes to increase its cash and cash equivalents in the financial statements. Teladoc should improve its financial standing, for example, by selling some of its unprofitable subsidiaries (such as the ones abroad), start lowering its costs for acquisitions, create strategic partnerships and, ultimately, reduce its net losses.

3. Chapter 3: Literature Review

The researcher used a diverse range of literature, ranging from online articles through books to marketing textbooks. The most important resources used to support the researcher's statements and suggestions were the following:

Online Resources:

- Academic articles (found on Google Scholar or via the Library of the Academy of Sciences of the Czech Republic)
- News articles, analyst reports, expert interviews
- Teladoc Health Inc. Form 10-K
- Teladoc Health Inc. website
- Teladoc Health Inc. annual reports
- Statistical website (Yahoo Finance)

Print Resources:

- *Only the Paranoid Survive* (Grove, 1998)
- *Understanding Michael Porter* (Magretta, 2011)
- *Business model generation* (Osterwalder and Pigneur, 2013)
- *Essentials of Management* (Koontz and O'Donnell, 2008)
- *International Marketing: Text and Cases* (Paul, 2008)
- *Direct Marketing: A Step-by-step Guide to Effective Planning and Targeting* (Mullin, 2002)

3.1 Marketing Strategy and Planning

To provide good suggestions for Teladoc to implement in its strategy and understand the company, its competitors, and the industry, the researcher read and studied various books. Two of the most important ones are below.

Only the Paranoid Survive (1998), by Andrew S. Grove, was a helpful tool to analyze the industry and its changes properly. In his book, Groove adds a sixth component to Porter's Five Forces – the Complementors, which are: "other businesses from whom customers buy complementary products" (Grove, 1997, p.29). Moreover,

Grove introduces the 10X change, which is a change on such a big scale that a company can either profit from it or lose against it and end the whole business. Lastly, Grove writes about Strategic Inflection Points (SIPs), which are moments of change in a business's lifetime. "These changes are so large that if a company doesn't quickly adapt to them, they can mean the end of the business" (Pilipová, AAU, 2020, p.4). This book has been very beneficial for the researcher, as telemedicine underwent a 10X change with the start of the pandemic, and Teladoc might encounter a Strategic Inflection Point following the pandemic boom.

Understanding Michael Porter (2012), by Joan Magretta, has been another helpful book for the research. The author summarizes the critical information about strategy, competitors, and industry, initially introduced by Michael Porter. Magretta explains in detail Porter's Five Forces, which is an essential framework for this research. Thus, this book has been a valuable tool to analyze the telemedicine industry and Teladoc's competitor forces thoroughly.

3.2 Telemedicine Industry Trends

Telemedicine is a new yet fast-moving and quickly changing industry. The industry operates under several regulations, usually created by the Health Insurance Portability and Accountability Act (HIPAA). These regulations have been temporarily loosened due to COVID-19 ([Medical Economics](#), 2020, n.p.) but are likely to return once the pandemic is over.

(For additional details, please, refer to [Appendix I](#))

4. Chapter 4: Marketing Audit

4.1 PLEESTIC Analysis

The PLEESTIC Analysis is an enhanced version of the PESTEL Analysis. It enables the user “to identify the key macroeconomic factors that may influence the future development of the business” (Feys, 2015, p.2).

Table 7: PLEESTIC Analysis

Political	<ul style="list-style-type: none"> ○ State Government Regulations ○ General political stability ○ Healthcare regulations ○ Telemedicine regulations
Legal	<ul style="list-style-type: none"> ○ U.S. Health policies ○ Consumer Protection Act ○ “State-by-state physician licensing” (Vyborny, 1996, p.6) <p>Changes in the following Acts:</p> <ul style="list-style-type: none"> ○ Patient Protection and Affordable Care Act (Form 10-K, 2020, p.26) ○ Coronavirus Aid, Relief, and Economic Security (CARES) Act (U.S. Department of the Treasury, n.d., n.p.) ○ Health Insurance Portability and Accountability (HIPAA) Act (U.S. Department of Health, 2020, n.p.) ○ Health Information Technology for Economic and Clinical Health (HITECH) Act (<i>ibid.</i>) ○ The Affordable Care Act (National Library of Medicine, 2016, n.p.)
Environmental	Natural disasters leading to internet shortage

Economic	<ul style="list-style-type: none"> ○ Taxation (Leunes et al., 2020, p.1) ○ Unemployment rates ○ Inflation rates ○ COVID-19 related economic causes
Social	<ul style="list-style-type: none"> ○ Health consciousness ○ Lifestyle attitudes ○ Population age distribution ○ Population growth rate ○ Income ○ Emphasis on safety ○ Demographics ○ Technology skill levels ○ Willingness of doctors to work in an online environment
Technological	<ul style="list-style-type: none"> ○ Cybersecurity and data breach (Healthcare I.T. News, 2020, n.p.) ○ New technology trends implemented by competitors
International	<ul style="list-style-type: none"> ○ Complying with laws and regulations in Europe, Asia, and Australia
Competition	<ul style="list-style-type: none"> ○ Increased attractiveness to the telemedicine market caused by the COVID-19 outbreak (Fortune Business Insights, n.d., n.p.) ○ Technology giants moving to the industry ○ Current competitors' growth

(For additional details, please, refer to [Appendix J](#))

4.2 Marketing Mix

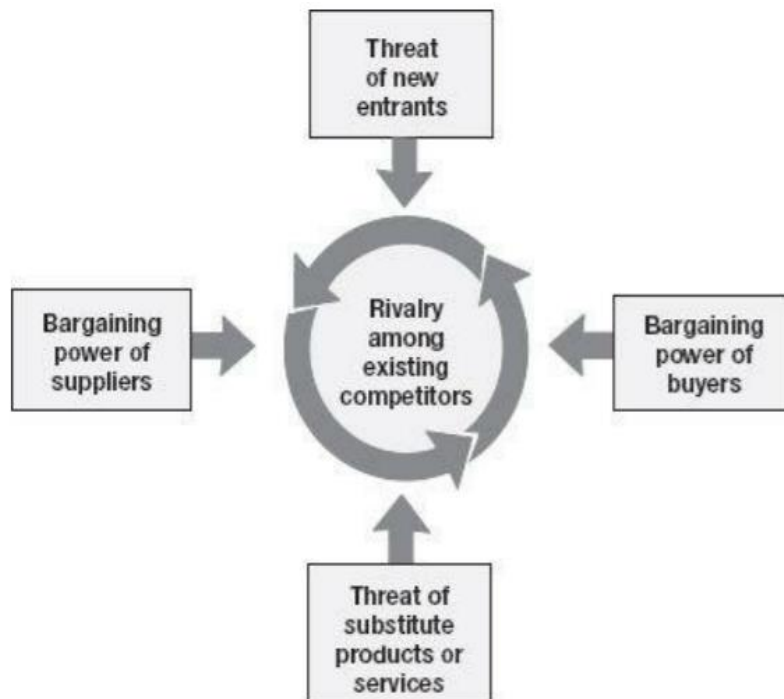
The essential Marketing Mix was introduced around 1960, and it refers to McCarthy's concept of the “Four Ps” – the product, price, place, and promotion (Grönroos, 1994, p.4). Later, (Booms, B. and Bitner, M. 1981), three more ‘Ps’ were added to create the Extended or Services Marketing Mix – the people, physical evidence, and the process (Nargundkar, 2010, p.45). The marketing mix is regarded as the basic marketing model and is used until today (ibid.).

(For more details, please, refer to [Appendix K](#))

4.3 Porter's Five Forces Framework

Michael Porter's Five Forces Framework is a tool to analyze the industry of a company. It focuses on the Threat of new entrants, the degree of Competition from rival sellers, the Threat of Substitutes, and Suppliers and Buyers' bargaining power. The Five Forces framework "helps you visualize the competition for profits at work in every industry" (Magretta, 2011, p.8).

Figure 2: Porter's Five Forces Framework



(Magretta, 2011, p.30)

(For additional details, please, refer to [Appendix L: Porter's Five Forces](#))

4.4 SWOT Analysis

The SWOT analysis is a tool used to analyze a company’s *internal* strengths and weaknesses and *external* opportunities and threats. It is used as an “analysis and development tool” and can be considered as the “most widely used strategy tool in modern times” as it applies not only to business but also in strategic decisions in general (Sarsby, 2016, pp.3-4)

Table 8: Teladoc Health SWOT Analysis

<p>Strengths</p> <p>Industry’s first mover – time gained to acquire:</p> <ol style="list-style-type: none"> 1. Leading position in the market 2. Strong B2B community 3. Low prices – more customers 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Poor coverage of international markets 2. Large expenditure 3. Low customer-employee ratio
<p>Opportunities</p> <ol style="list-style-type: none"> 1. Create new partnerships 2. Profit from COVID-19: expand the customer base 3. Technological innovations 	<p>Threats</p> <ol style="list-style-type: none"> 1. New entrants – large companies entering the telemedicine industry 2. Easy to imitate 3. Patients leaving after the pandemic

Updated Teladoc’s Strategic Profile (Pilipová, AAU, 2020, p.40)

(For more details, see [Appendix M: SWOT Analysis](#))

4.5 TOWS Matrix

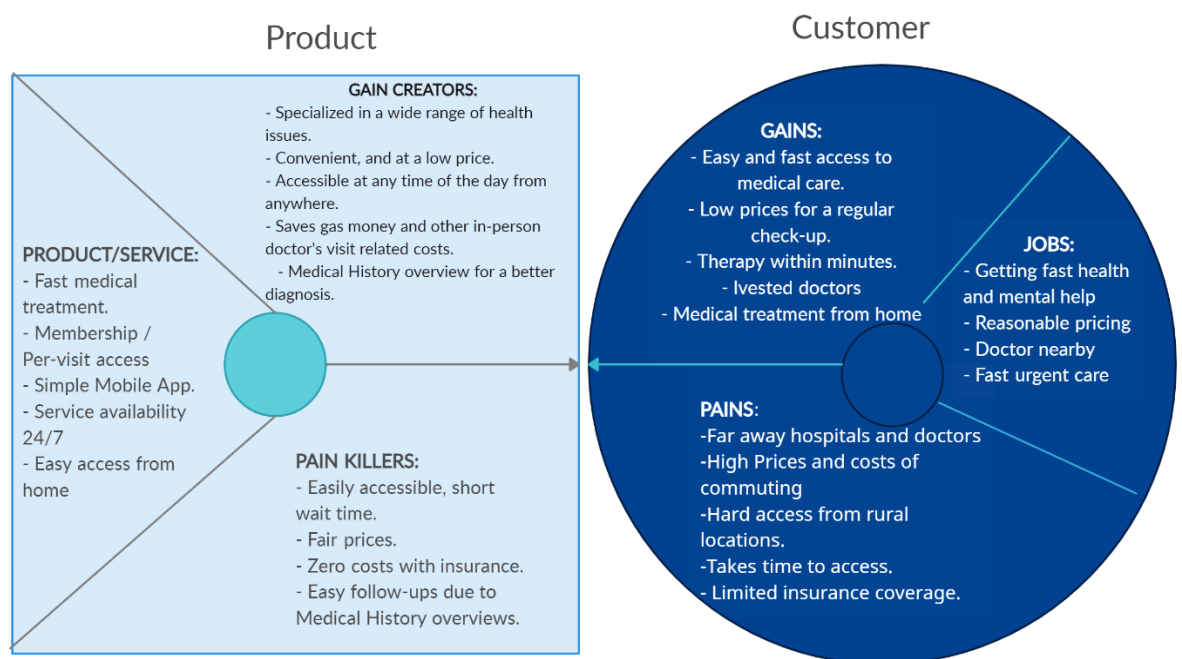
The TOWS Matrix is defined as the “conceptual framework for a systematic analysis that facilitates matching the external threats and opportunities with the internal weaknesses and strengths of the organization” (Weihrich and Koontz, 2008, p.107). It was introduced to analyze the alternative strategies presented in the SWOT analysis (ibid.).

(Please, see the TOWS Matrix in [Appendix N](#))

4.6 Value Proposition Canvas

The Value Proposition Canvas was developed by Alexander Osterwalder, the author of the book “Business Model Generation.” According to his book, the Value Proposition Canvas has two sides – ‘the Customer Profile’ that is used to “clarify your customer understanding” and ‘the Value Map’ that is used to describe how the company intends to create value for its customers (Osterwalder et al., 2015, n.p.).

Figure 3: Value Proposition Canvas, B2C Segment



(Created with [Creately.com](https://creately.com))

(Updated from Pilipová, AAU, 2020, p.37)

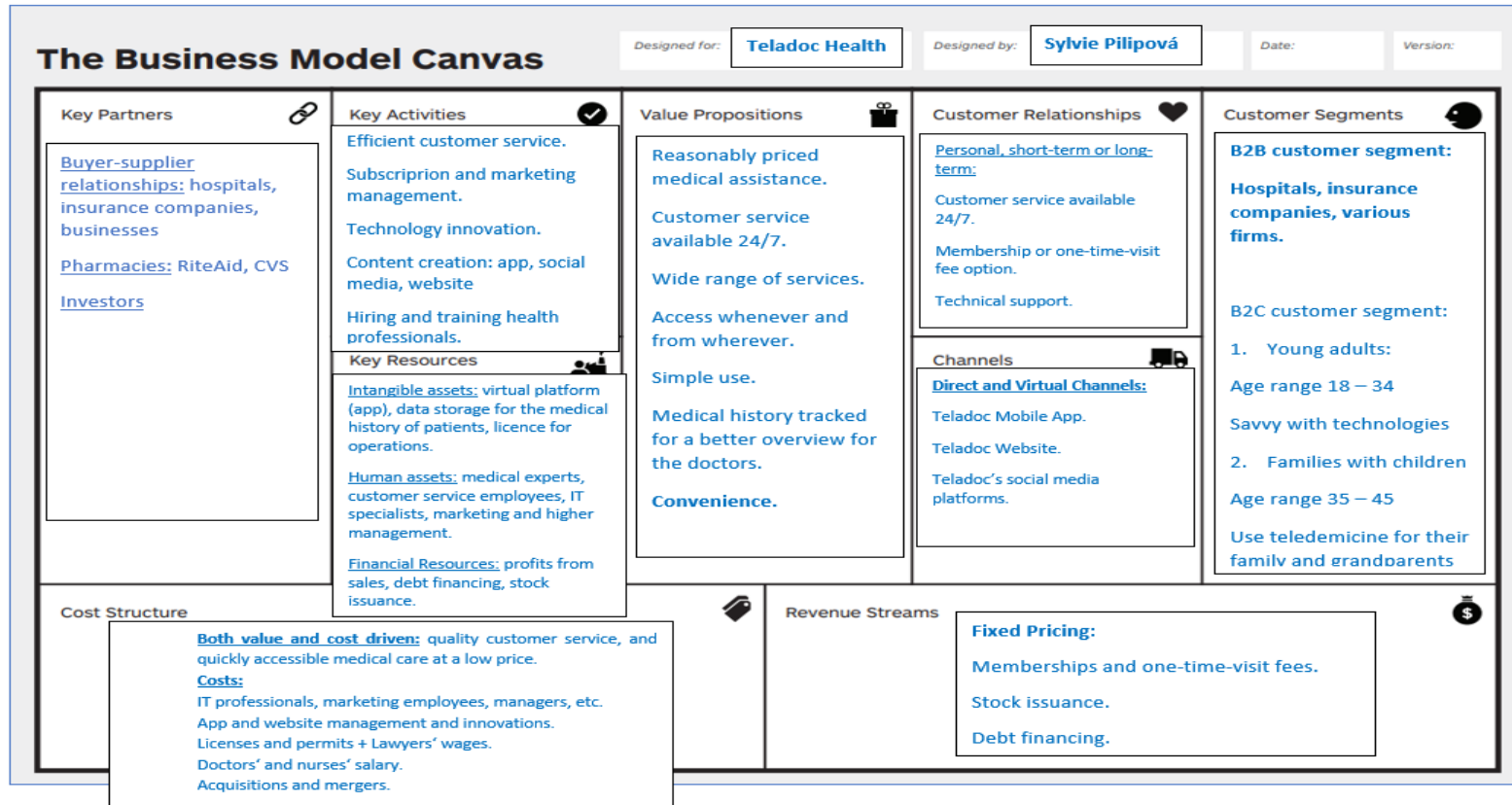
(Please, refer to [Appendix O: Value Proposition Canvas.](#))

4.7 Business Model Canvas (BMC)

According to the book “Business Model Generation,” a business model “describes the rationale of how an organization creates, delivers, and captures value” (Osterwalder, 2013, p.14). The Business Model Canvas comprises nine building blocks that help understand the process of delivering value to the customers.

(Please, refer to the following page).

Figure 4: Business Model Canvas



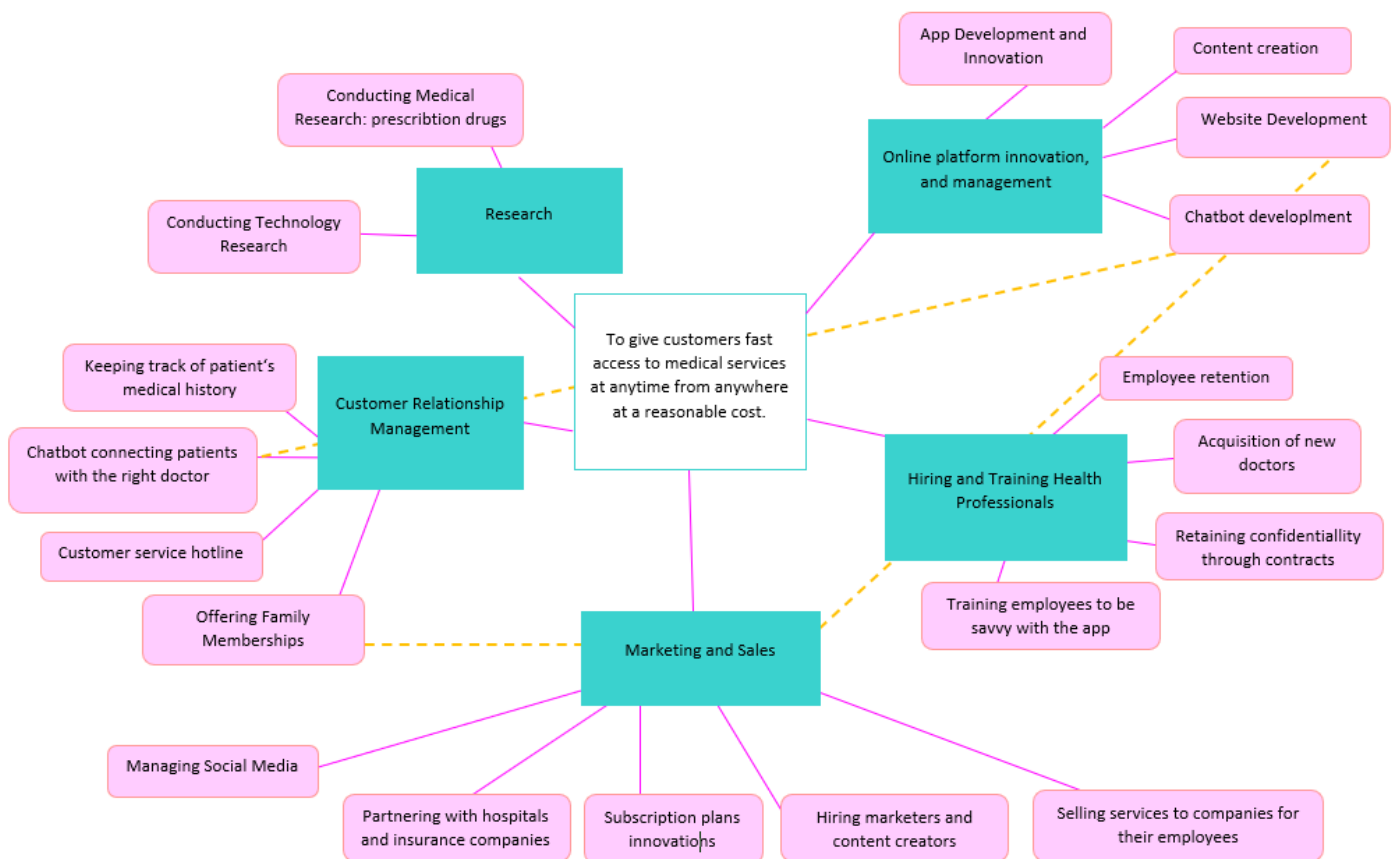
(Updated from Pilipová, AAU, 2020, p.36)

(Please, refer to [Appendix P: Business Model Canvas](#))

4.8 Activity System Map

The Activity System Map is a tool created by the founder of modern strategy, Professor Michael Porter. According to the book “Understanding Michael Porter,” the Activity System Map serves “to chart a company’s significant activities, their relationship to the value proposition, and to each other” (Magretta, 2011, p.134).

Figure 5: Activity System Map



(Note: The dashed lines represent the Strategic Fit)

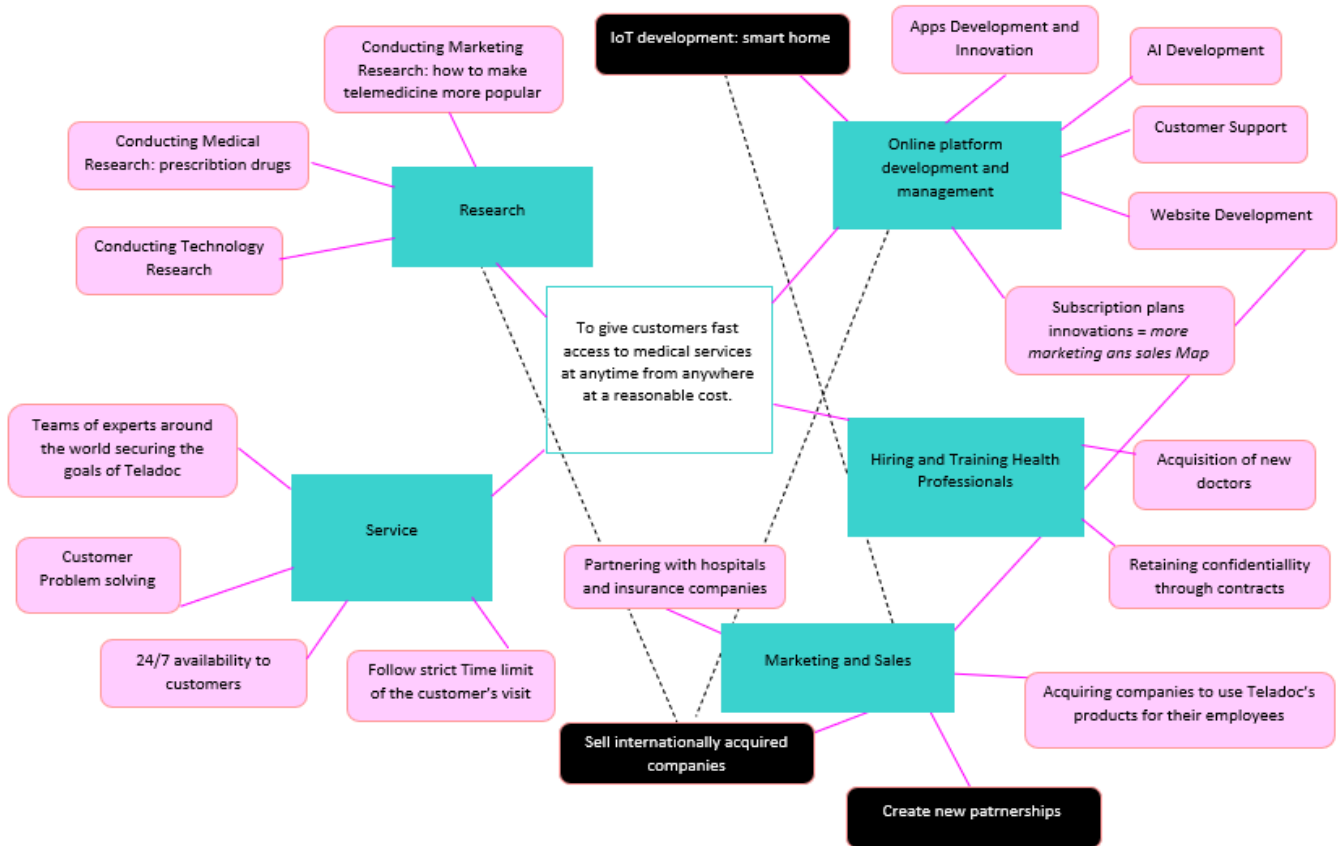
(Adapted from Pilipová, AAU, 2020, p.38)

(For more details, see [Appendix Q: Activity System Maps](#))

4.9 Revised Activity System Map

This revised version of the Activity System Map consists of the recommendations provided by the researcher.

Figure 6: Revised Activity System Map



(Note: The dashed lines represent the Strategic Fit, and the black squares represent recommended strategic steps.)

(For more details, see [Appendix Q: Activity System Maps](#))

4.10 Ansoff Matrix

The Russian strategist, Igor Ansoff, developed the Ansoff Matrix. Simply put, the Ansoff Matrix is a tool used to "define two key factors for marketing: what is sold and who is it sold to" (Stone, 2001, p.50).

(Please, find the Ansoff Matrix in [Appendix R](#))

4.11 Website, App, and Social Media Performance Analysis

The researcher analyzed Teladoc's digital performance as the business relies mainly on the company's website, app, and online platforms. The analysis provided detailed information regarding customer traffic, the audience demographics, the display traffic, and more. The data were compared with Teladoc's main rivals: One Medical and Amwell.

The analytical tools used for this analysis were Similarweb.com and SEMrush.com.

(Please, refer to [Appendix S](#) for the complete analysis)

5. Chapter 5: Assumptions

This chapter represents the researcher's assumptions based on the analysis in [Chapter 4 – Marketing audit](#).

1. Post-pandemic customer retention:

The researcher believes that Teladoc will have an issue with customer retention once the pandemic is over. Although Teladoc prospered during the pandemic, as its revenues grew by 98% year-over-year (ibid., p.13), it has also suffered enormous losses of almost half a billion U.S. dollars in 2020 (ibid., p.30). The researcher believes that these losses could limit Teladoc's marketing strategy in the following years. In the process of eliminating the losses, Teladoc might have to cut down expenditure for marketing, research, or technology innovations, which might ultimately cause low customer retention after the pandemic.

2. High customer demands:

In a recent interview, the CEO of Teladoc, Jason Gorevic, addressed Teladoc's plan to shift to longitudinal patient relationships (ibid., p.13). With this in mind, the researcher believes that Teladoc might have issues keeping up with the customer's demands in the future. According to *Forbes*, customers are more demanding than ever before. In fact, they are "more in control and more up-to-date on the latest and greatest ways to conduct business" (Hyken, 2016, n.d.). The researcher believes that maintaining a longitudinal relationship requires better technologies, the best customer service, and, most importantly, high customer satisfaction. Teladoc might have an issue with that; for example, because of the low employee-customer retention (ibid., p.30), which might extend the customer waiting time and, ultimately, lead to dissatisfaction with the services. Moreover, Teladoc's current and future rivals might also raise customer demands. As the telemedicine industry is growing (ibid., p.30), the threat of new entrants is rising, giving customers more options to choose from, and Teladoc might ultimately have issues keeping up with new customer demands.

3. International Expansion

The analyses in [Chapter 4](#) make it clear that Teladoc has the potential to grow in international markets. Yet, the outcomes of this strategy in the past few years have been extremely poor, according to its annual reports (ibid., p. 30). The researcher believes that the international expansion could harm Teladoc's future success and potentially increase its significant net losses even more. Additionally, some global markets require more investments, as more lawyers and translators are needed ([Teladoc Form 10-K, 2020, p.37](#)). According to Teladoc, its international operations are subject to several risks, such as gaining regulatory approvals from countries and their governments, various data privacy laws and regulations in different countries and regions, for example, the GDPR in the E.U., or unfavorable taxes (ibid.). The researcher believes that these might be serious threats to Teladoc's future in the international market, and the company should carefully re-evaluate its global expansion strategy and consider selling its international subsidiaries.

6. Chapter 6: Strategic Marketing Plan

6.1 Corporate Strategy

A corporate strategy can be defined as the strategic plans, values, and ambitions of a company, and it is ultimately about “defining the corporate mission and vision” of a business (Pidun, 2019, p.2).

Teladoc’s corporate strategy can be derived from the company’s mission and vision statement as follows.

6.1.1 Mission Statement

A mission statement characterizes a firm’s current business and purpose (ibid.), and it serves as an “explicit statement of the values of an organization” (Tablot, 2003, p.9).

Teladoc’s mission statement is: “To empower all people everywhere to live their healthiest lives by transforming the healthcare experience“ ([Form 10-K](#), p.2). The researcher believes that the mission statement is clear and outlines the company’s services well.

6.1.2 Vision Statement

The Vision Statement is a statement of what a company plans to do or be in the future. It should state: “what [an] organization would like to see in the future, either in terms of society or in terms of the organization itself” (unknown, 2004, p.9).

Teladoc’s Vision Statement is “to position virtual care as the first-place consumers go to get the care they need and manage their health” (ibid.).

6.2 Markets and Segments

6.2.1 Macro Analysis

The Macro Environment is considered as: “the condition that exists in the economy as a whole, rather than in a particular sector or region” ([Khartit](#), 2020, n.p.). This

includes the macro trends in the GDP, employment, fiscal policies, and general spending (ibid.).

PLEESTIC analysis was used to analyze Teladoc’s external factors. Please, refer to [Chapter 4, section 1](#).

6.2.2 Microanalysis

The microanalysis is concerned with the issues relating specifically to a company and its inside structure, such as its suppliers, the marketing channels, or its competitors (Beamish and Ashford, 2008, p.32).

For detailed information regarding Teladoc’s main and sub-activities, please refer to [Chapter 4](#) – Activity System Map.

6.2.3 Current State of the Market

Telemedicine was among the industries that underwent a positive change during COVID-19, as remote solutions became preferable during the pandemic. Patients seeking medical treatment started to look for remote options, which made telemedicine more popular than ever before. According to a Harris Poll survey, nearly half (42%) of the American respondents have used telemedicine since the pandemic started ([Medical Economics](#), 2020, n.p.).

Another change that has helped the telemedicine market grow during the pandemic were the temporary adjustments in legislation that loosened some of the previous restrictions on telehealth. The United States [Centers for Medicare & Medicaid Services](#) (2020, n.p.) has created several waivers for telehealth services during the pandemic to make telehealth accessible to more people, who can now “receive a wider range of services from their doctors without having to travel to a healthcare facility.”

6.2.4 Market Trends

Because of the pandemic, the telemedicine market has the potential to grow more than ever before, especially if some of the legislation waivers will become permanent. In fact, “more than 70 health care organizations and associations representing medical

professionals” are urging Congress to make some of these changes permanent to make telehealth options available for Medicare patients even after the pandemic ([American Medical Association](#), 2020, n.p.). This trend could lead to the growth of the telemedicine industry and attract new entrants to the market.

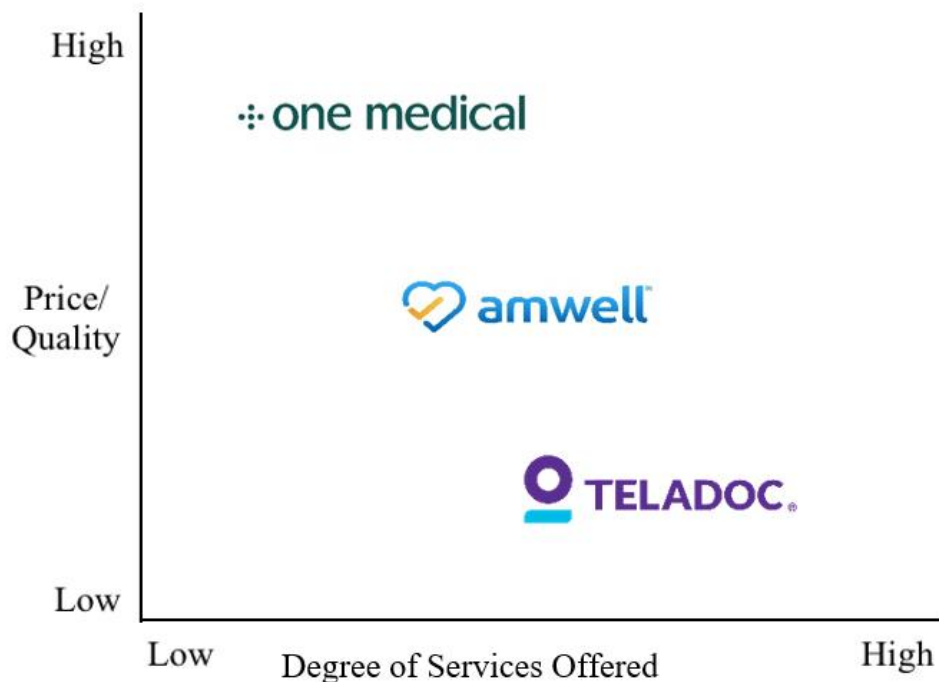
Please, refer to [Chapter 4 – Porter’s Five Forces](#) for more details regarding telemedicine market trends.

For the specific trends of Teladoc, please, refer to the [SWOT Analysis](#).

6.2.5 Competitor Analysis

Teladoc has two main competitors, Amwell, and One Medical, which provide its customers with a similar range of telemedicine services.

Figure 7: Perceptual Map



(Adapted from Pilipová, AAU, 2020, p.39)

(For more details, please, refer to [Appendix T](#))

6.2.6 SWOT Analysis

(For more details of the SWOT Analysis, please, refer to [Chapter 4](#).)

6.3 Products / Services

Teladoc offers solutions for a wide range of health issues to its customers – such as mental health treatment, allergy, or rash treatment, as well as ‘flu and non-urgent diseases’ treatment, and more. Teladoc’s primary resource comes from one-time-visit fees and subscription fees from either customers directly (B2C) or companies (B2B) providing telemedicine services to their employees.

For more information regarding Teladoc’s services, please, refer to [Chapter 4 – Marketing Mix](#). (Alternatively, please refer to the [Competitor’s analysis](#) above.)

6.4 Marketing Objectives

Teladoc’s strategic marketing objective is to grow in the United States and internationally and provide customers with a more comprehensive range of health solutions through its multi-sided platform. Teladoc’s primary goal is to become a “Whole Person” care provider (i.e., solving as many health issues as possible online) and give its customers the cost benefits and convenience of telehealth. Moreover, to grow in the future effectively, Teladoc’s objective is to “maintain and enhance [its] I.T. infrastructure, financial and accounting systems and controls” ([Teladoc Form 10-K](#), p. 30). Additionally, Teladoc plans to continue to invest in technologies with a range of features and functionality ([Teladoc Form 10-K](#), p. 9) to retain its dominant position on the market.

6.5 Marketing Strategies

6.5.1 Porter's Competitive Advantage Grid

Michael Porter has developed the three generic strategies as a competitive tool for businesses. It consists of the low cost, differentiation, and focus strategy, which all together “bring structure to the task of strategic positioning” (Porter, 2011, n.p.).

The researcher believes that Teladoc competes as a best-cost provider, as it offers the most affordable telemedicine services compared to its competitors (ibid., p.30), and it aims to solve a wide range of health issues through a convenient platform. The research has classified Teladoc as a best-cost provider due to the higher number of visits compared to its main rivals. During 2020, when telemedicine gained more popularity than ever before (due to the pandemic), Teladoc had the highest number of new visits and subscriptions compared to Amwell and One Medical (ibid., p.30).

6.5.2 Ansoff Matrix

(For the Ansoff Matrix, please, refer to [Chapter 4](#).)

6.5.3 Segmentation

Segmentation is used to “find customers with similar needs and behaviors” (Weinstein, 2004, p.4.). According to Weinstein, segmentation is about “knowing your customers, giving them exactly what they want [and] building strong relationships” with partners and co-marketing partners (ibid.).

Based on the previous analysis, the researcher has identified Teladoc’s segmentation as the following:

- **Psychographic** – businesses of any size and in any industry looking for affordable healthcare for their employees.
- **Geographic** – USA: mainly rural areas (before COVID) – now also urban areas, and Asia, Europe, and Australia.
- **Demographic** – all genders and ages.
 - Company size: small to large businesses
 - Lower to middle class (before COVID) – now all classes seeking remote solutions

6.5.4 Targeting

Targeting is essential in business as it helps firms to “identify and analyze their customers, develop tailored market mixes to meet customer needs, identify market demand [and] identify competition” (Czinkota, 1999, p.239)

Teladoc targets its main segments (B2B and B2C community) mainly through online marketing. An example is e-mail marketing that Teladoc uses for companies and directly for customers. According to Teladoc’s data: “mom targeted emails performed 3x better than Teladoc average click-through rate” ([Teladoc Investor presentation](#), 2016, p.29).

The researcher has analyzed Teladoc’s online marketing campaigns that show different target audiences. Some examples are as follows:

- **Social Media Ads: Instagram.** The research found several advertisements for Teladoc’s “Better Help” branch used for mental health treatment on social media. The researcher believes that, here, Teladoc was targeting people aged 34 years or younger, as that is the average age of an active Instagram user, as of January 2021, according to [Statista](#) (Tankovska, 2021, n.p.)
- **Print Ads: *Cosmopolitan* magazine.** Teladoc has advertised “Better Help” in the March 2021 issue of the U.S. *Cosmopolitan* magazine. Thus, the researcher deducts that, here, Teladoc was targeting women aged 18-49, as they are the average *Cosmopolitan* reader ([Cosmopolitan Media Kit](#), 2021, n.p.).
- **Display Marketing: “The Dallas Morning News.”** Teladoc used “The Dallas Morning News” for a banner advertisement at the beginning of March 2021. From this ad placement, the researcher assumes that Teladoc aimed to target a broader range of customers, as “The Dallas Morning News” has around 1.5 million readers weekly in both its print and online issues ([BeloandCo.](#), n.d., n.p.).

6.5.5 Differentiation

Differentiation is the process of “making a product [or a service] different from those of competing firms” (Demydas et al., 2008, p.2) which might give the firm a competitive advantage over its competitors.

Teladoc differentiates itself from its competitors mainly through its international scale of business. This differentiation factor might be important, for example, for Teladoc’s American members traveling abroad and getting ill or needing medical assistance, despite the time difference. While traveling, Teladoc’s customers can access either American physicians or foreign ones. Moreover, Teladoc believes that, compared to its competitors, it can offer a solution for the widest range of medical issues ([Form 10-K](#), p.4)

6.5.6 Positioning

Positioning is defined as the ability to create a “position in a prospective customer’s mind – one that reflects a company’s strengths and weaknesses as well as those of competitors” (Ries et al., 2001, n.p.)

To gain a better understanding of Teladoc’s market position among its main rivals, Amwell and One Medical, please, refer to Chapter 6 – [Competitor Analysis](#).

6.6 Gap Analysis

Gap Analysis is a tool used to identify the gap between where the company is now and where it wants to be. It represents “the divide that the marketing strategy has to address to allow the organization to meet its objectives by crossing the gap” (Beamish & Ashford, 2005, p. 61).

Table 9: Teladoc Gap Analysis

Current State	Strategic Action	Future State
<ul style="list-style-type: none">Excessive net losses.Small number of partnerships.	<ul style="list-style-type: none">Sell the companies acquired abroad and use the gains to reduce losses.	<ul style="list-style-type: none">Become profitable, increase the attraction of investors, and lower the net losses.

<ul style="list-style-type: none"> • Poor international performance. 	<ul style="list-style-type: none"> • Create strategic partnerships with technology companies, and split costs with them. • To gain a competitive advantage, Teladoc cannot operate internationally, as the gains from global operations are low. To become a leading global telehealth provider, Teladoc must, first, focus entirely on the American market. 	<ul style="list-style-type: none"> • High ability to “establish and maintain strategic relationships with third parties” (Form 10-K, 2020, p.18) • To be a “leading global virtual healthcare provider with strong competitive advantages” (ibid.)
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Teladoc has a significant expenditure that needs to be lowered to attract more investors, create a good brand reputation, and, ultimately, lower net losses. This can be done, for example, by selling the acquired international subsidiaries. Teladoc also claims to have a good ability to create strategic partnerships, yet, it has almost none. To fill this gap, Teladoc should focus on creating real strategic partnerships and splitting some of the costs with the newly acquired partners. This tactic could also lower the net losses, attract new customers, and make Teladoc more profitable. Lastly, Teladoc wants to be the leading global telemedicine provider that can “address the most pressing challenges and trends in the delivery of healthcare around the world” ([Form 10-K](#), p.4). Unfortunately, Teladoc’s international performance has been poor for several years, and, therefore, the firm cannot become a “leading global telemedicine provider.” Instead, Teladoc should, first, put its whole focus on the American market, sell its subsidiaries abroad to lower its net losses, and gain a competitive advantage.

6.7 Product Strategies

Teladoc focuses on delivering the most affordable telemedicine service while solving the broadest range of medical issues amongst its competitors. As a first mover, Teladoc has gained a time advantage and, during that time, it has gained a strong position in the market and a distinguishable brand recognition.

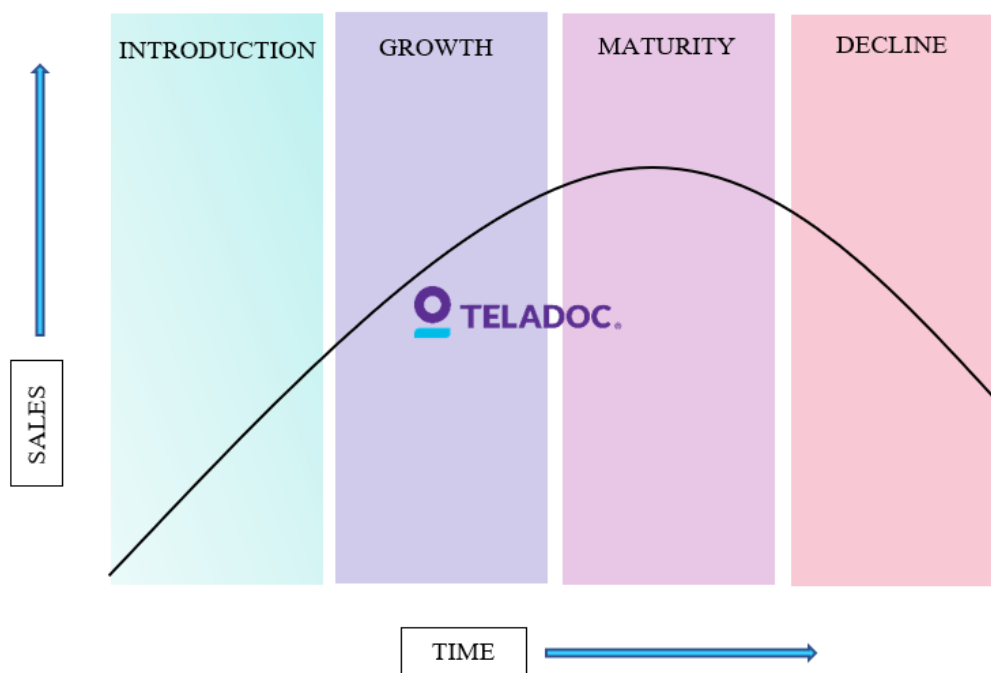
6.7.1 Product Management

To gain a better understanding of Teladoc’s product management, please, refer to the [Activity System map, Chapter 4](#), which shows the main and sub-activities through which Teladoc delivers value to its customers.

6.7.2 Product Life Cycle (PLC)

In his study, Professor David Gardner mentions that the stage of a product in the Product Life Cycle tool is the “most fundamental variable in determining an appropriate business strategy” (Gardner, 1984, p.5 citing Hofner, 1975, p.798). The product life cycle is a tool that shows the different phases a product can pass through – from introduction to the market to growth, maturity, and decline.

Figure 8: Product Life Cycle



Teladoc offers treatment of a range of diseases; however, it technically sells only one service – telemedicine. The researcher has placed Teladoc in the Growth part of the graph as, according to the results of the research described in the previous chapters, it is clear that the telemedicine industry is still growing (ibid., p.29), and so is the potential of Teladoc. The researcher believes that Teladoc has not reached maturity; however, it is past the introduction phase.

6.7.3 Product Portfolio – Boston Consulting Group (BCG)

The Boston Consulting Group (BCG) Matrix “organizes businesses along two dimensions – business growth rate and market share” (Samson & Daft, 2015, p.327). It divides a company’s product portfolio into four categories: the star, the cash cow, the question mark, and the dog.

The researcher believes that the BCG Matrix does not apply to Teladoc, as it technically has only one product – the platform service through which customers can reach a medical professional. Teladoc does offer a wide range of services and medical treatment to its customers, but they cannot be applied to the BCG Matrix, as each patient has different medical issues.

To see what services Teladoc is offering, please, refer to [Chapter 6, section 6.3. – Products and Services.](#)

6.7.4 New Product Development (NPD)

Teladoc is continually working on new technologies that could be implemented into telemedicine. Teladoc is also investing in comprehensive research to understand the customer needs and the latest medical trends. Moreover, the company is focusing on developing new products and making its platform as convenient and reliable as possible. Additionally, Teladoc commits to “continue to respond quickly to evolving market needs with innovative solutions, including mobile applications, A.I. and Machine Learning, nutrition and wellness, biometric devices and at-home testing” ([Form 10-K](#), p.7).

6.7.5 Product Adoption Process

The product adoption process shows different groups of customers who “adopt products at different stages of the PLC” (Beamish & Ashford, 2008, p.146).

Teladoc’s main clients are healthcare providers, insurance companies, and various businesses within the B2B section of Teladoc’s client base. These decision-makers are targeted and attracted to Teladoc’s services, usually through word of mouth or various events. When it comes to the B2C community, Teladoc targets patients of all ages and

genders who seek medical assistance. Before the pandemic, telemedicine was mainly targeted at people in rural areas, where health professionals are often located far away. However, as the pandemic arose, Teladoc's client base shifted also to urban-located patients seeking medical care while socially distancing.

6.7.6 Targeting Decision Makers

Teladoc offers family memberships, a convenient platform, 24/7 available customer service, and an affordable telemedicine solution to target decision-makers. The target audience is reached through online advertising and P.R. for the B2C sector and events and sales personnel for the B2B sector.

(For more details, please, refer to [Chapter 4 – Marketing Mix.](#))

6.8 Price Strategies

The pricing strategy “directly addresses the major pricing decisions” in a company, “providing a comprehensive approach to managing the pressing price decisions” (Smith, 2016, p.18).

Teladoc uses fixed pricing for the B2C community, which means that the prices do not change. On the other hand, Teladoc adjusts prices in the B2B sector; however, the client company must provide a guaranteed minimum number of clients who will use Teladoc's services. If the guaranteed performance is not met, Teladoc charges the given company an estimated amount for the clients lost ([Form 10-K](#), 2020, p.59).

6.8.1 Value Proposition

Please refer to Teladoc's [Value Proposition Canvas, Chapter 4](#), for more details.

6.9 Place Strategy

6.9.1 Distribution

Teladoc operates in 175 countries and has several development centers in the major world cities, which take care of sales and marketing research. Please, refer to [Chapter 4 – Marketing Mix](#), for more information regarding Teladoc's distribution strategy.

6.9.2 Relationship Marketing

Relationship Marketing aims to “identify and establish, maintain and enhance [...] relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met” (Grönroos, 1994, p.4). These objectives are typically met, provided that all parties involved fulfill their promises.

Teladoc has been helpful to many patients during the pandemic and has increased value to its customers by providing remote healthcare options during the COVID-19 restrictions. Teladoc provides its clients with 24/7 customer service and health associate availability. Additionally, to support customers during the pandemic, Teladoc has enhanced its platform by adding a “Coronavirus Response Team” trained on the latest regulations and pandemic protocols ([Teladoc website](#), 2020, n.p.).

6.10 Marketing Communications

Marketing communication is a “systematic relationship between a business and its market in which the marketer assembles a wide variety of ideas, designs messages, [and] media [...] to stimulate a particular perception of a product” (Smith et al. 2002, p.42).

Teladoc communicates with its current and potential customers through several channels. The main channel is the company’s website and the platform that is free for download on App Store and Google Play. Additionally, Teladoc uses social media as a communication channel – such as Facebook, Twitter, and Instagram. Teladoc’s social media presence is poor and should be worked on as that may drive more traffic to the website and generate new visits.

(For more details, refer to [Chapter 4: Website, App and Social Media Performance Analysis](#))

6.11 Direct and Interactive Marketing Strategies

Direct marketing is defined as “a communication between seller and buyer directly. No intermediary media is used” (Mullin, 2002, p.1). As mentioned previously in this chapter (namely section [6.5.4. Targeting](#), and [6.10 Marketing Communication](#)),

Teladoc communicates with its potential and existing clients (in the B2C sector) through its website, app, social media, and blogs. Teladoc also uses e-mail marketing which is a good marketing technique for targeted groups – for example, mothers (ibid. p.50).

Teladoc attracts its B2B community through events, seminars, and its official website, which it claims is an integral part of the marketing program ([Form 10-K](#), 2020, p.9). Teladoc has also established a large team of sales professionals and agencies that take care of direct marketing strategies worldwide, which is a helpful tool.

6.12 Sales Strategies

Teladoc is primarily focused on selling its services through third parties – businesses, insurance companies, health plans, hospitals, and others, which then provide Teladoc’s services to their employees. This is a mutually beneficial strategy, as the third parties save money on cheaper health plans for their employees, and Teladoc has access to more clients (ibid., p.33).

Teladoc had also started to focus more on direct sales, which became handy, especially during the pandemic when a need for remote solutions arose. This has allowed Teladoc to get patients directly without needing a third party. Teladoc mainly focuses on mental healthcare solution services in direct sales, which has become more sought after during COVID-19 than ever before. According to Teladoc’s data, “all age groups have been seeking mental health care” ([Teladoc blog](#), 2020, n.p.) during the pandemic – for instance, there has been a growth of 79% of men seeking mental health care year-over-year.

6.13 International Marketing

International marketing is defined as “the process of focusing a firm’s resources on international marketing opportunities” (Paul, 2008, p.3). Teladoc operates in parts of Europe, Asia, Australia, New Zealand, and South America, apart from the USA. The company has several international clients, such as finance or insurance companies; however, the revenues from international sales are low (ibid., p.30). The main reason for poor results in the global telemedicine market might be the international telehealth

regulations which are stricter in some countries ([Form 10-K](#), p.36). Additionally, according to its annual report, Teladoc faces logistical challenges based on differing languages and cultural aspects (ibid.).

6.14 Implementation

Teladoc's growth strategy is to make virtual healthcare the first choice when patients seek to manage their health. This strategy is implemented mainly by providing customers with medical experts, a convenient app, and different technologies – such as remote patient monitoring devices. To support the implementation of this strategy, Teladoc is focusing on delivering “Whole Person” care to its clients by merging with other companies, such as Livongo, which brings even more clinical expertise and “a rich technology and driven experience” (ibid.).

6.15 Internal Marketing

Internal Marketing is defined as “attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs” (Pervaiz et al., 2016, p.15). Teladoc is taking care of its employees through reward programs and benefits. It also implements inclusion, diversity, and equality programs that should attract a new workforce and retain the current one ([Form 10-K](#), 2020, p.15).

Teladoc offers employees a range of products for free to create a strong relationship with its staff, such as free mental health care treatment, digital health devices, and more. Additionally, Teladoc provides training and education to its employees, as well as certification programs. Teladoc also supports equal pay disregarding gender or race, and supports the LGBTQ employee community (ibid.).

6.16 Marketing Organization Structure

Teladoc does not publicly disclose any information about its marketing organization structure other than stating its head of marketing, Stephany Verstraete, the Chief Marketing and Engagement Officer, on its website. Verstraete is also responsible for the growth of Teladoc's product portfolio and the market positioning of the brand ([Teladoc website](#), n.d., n.p.).

6.17 Branding Strategy

Branding is what gives a company a precise identity. It is an “essential part of the strategy development process” as it provides the company and its products with “something that people can associate with” (Ashford and Beamish, 2008, p.99).

As the first mover in the telemedicine market, Teladoc has had more time than its competitors to build its brand and position itself in customers’ minds. Teladoc has strengthened its brand also by merging with and acquiring new companies, such as Livongo, Best Doctors, Better Help, and more. Teladoc’s strategy to build brand awareness is mainly through marketing programs, according to its [Annual report](#) (2020, p.9). These marketing programs are targeted to finance executives, health professionals, human resource managers, and more.

6.18 Monitoring and Control

As telemedicine is still considered a new industry, Teladoc has to carefully monitor and control if every local, federal, and state law has been well understood and, most importantly, implemented. For this, Teladoc has invested mainly in “monitoring developments in healthcare and medical practice regulation” ([Form 10-K](#), 2020, p.10). Additionally, Teladoc requires its employees to go through conduct training and compliance programs to maintain customer security. Moreover, Teladoc also has financial and accounting controls made mainly by the management.

According to the state laws, Teladoc cannot control the health professional’s medical decisions (ibid.), which might have caused issues in the past (or may cause them in the future).

6.19 Corporate Social Responsibility (CSR)

Corporate Social Responsibility is defined as “what should be the relationship between global corporations, governments of countries, and individual citizens” (Crowther and Zain, 2007, p.123); however, it can (and should) also focus on the relationships between a company and its stakeholders.

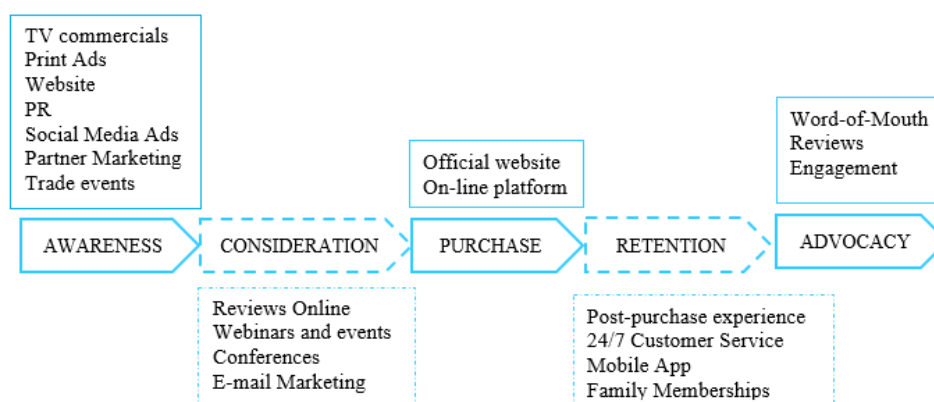
Teladoc is maintaining a high level of CSR in many aspects. As telemedicine does not require patients to drive to a doctor’s office, Teladoc has estimated that it has “helped avoid 5,000 metric tons of CO₂ emissions with every one million virtual visits,” as stated in its [CSR report](#) (2021, n.p.). Additionally, according to several studies and research, it has been proven that telemedicine is substantially reducing emissions and the costs of travel worldwide ([WHO review of sustainable health systems](#), 2016, p.18).

Teladoc also promotes diversity in the workplace and supports various communities. An example is the LGBTQ+ community. Teladoc provides special education and resources to healthcare providers to meet the needs of the community. It also has a “Transgender and Intersex Medical Advocacy” program, with a team of health professionals who have years of transgender/intersex experience, to help people who would like to transition (or have already done so), according to its [CSR report](#) (2020, p.9). Additionally, Teladoc promotes diversity in the workforce – according to the data, 57% of employees are female, and 43% are Asian, Hispanic, or people of color (ibid.).

6.20 Customer Journey

The purpose of the Customer Journey Map is “to create a visual story about how people interact with [a] brand” – it is a “tool that helps marketers identify, organize, verify, and socialize the customer experience” (Clinehens, 2019, pp.4-7).

Figure 9: Teladoc's Customer Journey Map



Teladoc raises initial customer awareness mainly through T.V. commercials, Print Advertisements, Website Advertisements, PR, Social Media campaigns, Partner Marketing, and Trade Events for potential new clients.

In the consideration stage, Teladoc's potential new customers are convinced to use its services through reviews online, webinars, conferences, and e-mail marketing. In this stage, potential customers can also consider Teladoc's services at various events.

The purchase of Teladoc's services can be made either through the official website or the online platform that can be downloaded for free on the App Store and Google Play. To retain the customer base, Teladoc provides its customers with a 24/7 customer service hotline and overall care. Customers can also enjoy the convenient mobile app or a family membership that Teladoc provides.

In the last stage, the customers spread and promote Teladoc's services through online reviews or word of mouth.

6.21 Recommendations and Conclusion

Please, refer to [Chapter 8](#) for the recommendations and [Chapter 9](#) for the conclusions.

7. Chapter 7: Evaluation of Current SMP

7.1 Advantages and Disadvantages

Based on the data collected in Chapters Four and Six, the researcher created a table summarizing the advantages and disadvantages of Teladoc's current marketing strategy.

Table 10: Advantages and Disadvantages of Teladoc's Current Marketing Strategy

Advantages	Disadvantages
Product Range	
Teladoc provides solutions to a wide range of health issues that satisfy all kinds of patients. The diversity of solutions is likely to attract new customers.	Teladoc's health professionals sometimes have to send patients to a doctor's office despite its wide range of services, as not all of the patient's cases can be solved online. This may dissatisfy patients looking for an affordable medical treatment.
Marketing Communications	
Teladoc clearly communicates its mission and vision through various channels, such as its website, social media, or various events.	Teladoc's social media following is low compared to its competitors, and so are the engagement rates (ibid., p.39).
Quality and Level of Privacy	
Teladoc is taking care of customers' privacy and is safely storing patients' health data	The pandemic has resulted in a loosening of restrictions on telemedicine, including privacy laws, which might put off some potential customers and prevent them from using Teladoc's services.

Financial Performance	
Teladoc's revenues from subscriptions and one-time visit fees are high, especially during the pandemic.	Teladoc struggles to remain profitable and has had hundreds of millions of net losses in the past years.
Competition	
As a first mover, Teladoc has had time to gain a strong position in the market and build good brand awareness and recognition.	The pandemic has caused rivalry to become more intense. Not only are new, small businesses entering the market, but so are already existing giant corporations (ibid., p.30).

Teladoc's main advantage is its extensive product range that aims to solve any patient's health issues. This allows Teladoc to fulfill the needs of various customer segments. Despite its wide range of solutions, some patients need to be sent to an in-person doctor's office, which drives up the customer's overall costs and time and may devalue Teladoc's Value Proposition.

Teladoc communicates its services differently to each customer segment (ibid., p.30) and has been so far very successful in acquiring customers from the B2B and the B2C segment. Teladoc's social media is, however, poor compared to its competitors, which is a disadvantage when marketing its solution on various online platforms.

The company has had a substantial increase in profits during the COVID-19 pandemic, which is advantageous; however, Teladoc's net losses have increased dramatically due to its various acquisitions and mergers. Additionally, Teladoc's strategy to expand internationally has been implemented poorly, which drives up the costs and the net losses.

Although the pandemic has brought multiple advantages to Teladoc, it has also increased the industry's attractiveness. This has brought numerous new competitors and large already-existing technology companies to join the telemedicine market, which is a disadvantage to Teladoc.

7.2 Thesis Corroboration

This thesis is mainly corroborated by secondary research. The primary resources used to provide credible information and analysis were the following:

Teladoc's official website, Amwell and One Medical websites, annual and quarterly reports of Teladoc and its rivals, as well as the Forms 10-K of all the companies. Additionally, the thesis was corroborated using academic journals, articles, and news portals such as the CNBC News website, *Forbes*, *Business Insider*, and others.

The researcher used books, textbooks, and academic publications for expert evidence, such as the *Harvard Business Review*. Moreover, scholarly articles from online databases were used, such as publications of Michael Porter and textbooks, such as for example, the book 'Marketing Planning' by Beamish & Ashford. Additionally, throughout the thesis, the researcher referred to Igor Ansoff Matrix, Alexander Osterwalder's Value Proposition and Business Model Canvas, and Michael Porter's Five Forces Framework, the Activity System map, and the Competitive advantage grid.

8. Chapter 8: Discussion: Recommendations, Implications, Critique, and Justifications.

8.1 Discussion

The research and analysis of Teladoc's current market standing in the previous chapters revealed that the company has a strong brand name and awareness in the American telemedicine industry; however, it has enormous losses compared to its main competitors, Amwell and One Medical. The losses have been the largest in Teladoc's history, despite the substantial profits resulting from the COVID-19 pandemic outbreak and were mainly caused by the acquisitions and mergers made in 2020.

Teladoc is also facing several challenges by trying to expand globally, as emphasized in [Chapter 5 – International Expansion](#). Although Teladoc has acquired some companies abroad, such as the French MédecinDirect, the company struggles to gain new customers or profits from international sales. The researcher believes that by selling the acquired telemedicine companies abroad, Teladoc could focus entirely on the U.S. telemedicine market and, potentially, reduce its net losses.

The following recommendations should enable Teladoc to lower its net losses, attract new customers, retain current ones, and, ultimately, create a sustainable competitive advantage.

8.2 Recommendations

Table 11: Recommendations for Teladoc

Recommendation	Justification	Objective	Tactic	Tool	Schedule	Metric
1. End the international expansion	Teladoc has been trying to expand internationally in the past years, yet unsuccessfully, which creates more damage than profits.	To lower net losses, become more profitable, and attract new shareholders.	To sell telemedicine companies acquired abroad and use the profits made to lower net losses.	SWOT Analysis TOWS Matrix Activity System Map Ansoff Matrix Marketing Mix PLEESTIC GAP Analysis	Teladoc should launch the sale of its international acquisitions as soon as possible to lower its significant net losses.	Lowered costs for running the business internationally and, ultimately, reduced net losses.
2. Create new partnerships	Teladoc has a small number of partnerships which could be beneficial for expanding, raising awareness, and generating profits.	To bring current and future customers even more benefits from Teladoc's services; to raise brand awareness and recognition; and,	Create strategic partnerships with technology industry giants, such as Google or Amazon, enrich the services provided and, ultimately, provide more value to	Business Model Canvas SWOT Analysis TOWS Matrix Ansoff Matrix Activity System Map	Begin as soon as possible to create an even stronger customer base and attract new customers.	Higher customer retention, more new customers, social media engagements and conversions, increased revenues.

		ultimately, generate profits.	current and future customers.	Marketing Mix PLEESTIC		
3. Increase its social media following and engagement.	Compared to its main competitors, Teladoc has a small number of followers on social media, which is a disadvantage, as Amwell or One Medical could gain a potential client's attention first due to their followers.	To gain more followers and engagement on social media, drive up brand awareness and, ultimately, gain more customers.	Start posting consistently on social media, unify the Instagram feed with more gentle colors, promote the brand online, and create special offers.	Business Model Canvas Activity System Map Marketing Mix Website, App, and Social Media Performance Analysis	Begin immediately.	More followers and conversions on social media, increased brand awareness online, new customers.
4. Create new membership options.	Teladoc has almost no membership options and is more focused on one-time fees.	To attract more customers interested in a profitable membership option and, therefore, generate more profit on sales.	To create new memberships profitable both for Teladoc and for its customers – for example, student memberships or senior ones.	Business Model Canvas Value Proposition Activity System Map SWOT Analysis TOWS Matrix	As Teladoc still manages to have high profits from sales, this recommendation does not have to be implemented immediately. The ideal time frame would be 1-2 years.	To increase the number of customers and generate more profits.

<p>5. Invest in technologies.</p>	<p>Teladoc has roughly the same service offering as its main competitors but lacks a differentiation factor.</p>	<p>To gain a differentiation factor over its competitors, bring more attention to the brand and, ultimately, achieve more profits.</p>	<p>Invest in technologies that enhance the services provided or create a strategic partnership with a technology company to split the costs.</p>	<p>Business Model Canvas Value Proposition Marketing Mix SWOT analysis TOWS Matrix Ansoff Matrix Activity System Map</p>	<p>Teladoc could create partnerships with technology companies as soon as possible and later (in 1-3 years) move on to innovations and new technologies, as these take more time.</p>	<p>Higher brand recognition, enhanced position in the telemedicine industry, greater profits, higher customer satisfaction and overall ratings.</p>
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8.2.1 End the International Expansion

- *Justification:* Teladoc's attempts to expand internationally have been poor in the past few years, creating more costs and increasing net losses.
- *Implications:* The companies acquired abroad should be sold, and the profits gained from the sales should be used to lower the net losses. Ultimately, Teladoc should become more profitable for its current and new shareholders.
- *Limitations:* The sales of large companies might take a lot of time and effort. The sale of telemedicine firms acquired abroad might take some of Teladoc's attention away from the American market.
- *Positive effects:* By selling international subsidiaries, Teladoc could substantially decrease its net losses and gain a stronger position among shareholders.
- *Negative effects:* By selling international subsidiaries, Teladoc could partly lose its prestige in the industry as it would no longer be a global telemedicine company.

8.2.2 Create New Partnerships

- *Justification:* Teladoc labels its B2B clients as channel partners; however, the company has only a small number of "real" partnerships.
- *Implications:* Teladoc should create strategic partnerships mainly with technology companies, such as Amazon or Google, split the costs with them, and enhance the services to attract more customers and, ultimately, drive up its profits.
- *Limitations:* Some of the companies might become Teladoc's rivals in the future; for example, Amazon, which is already expanding its telehealth services throughout the United States (ibid., p.30).
- *Positive effects:* Creating new partnerships might create higher brand awareness and increased popularity and, ultimately, bring new customers.
- *Negative effects:* This can be easily imitated by Teladoc's competitors or can even be outperformed.

8.2.3 Create New Membership Options

- *Justification:* Teladoc is mainly focused on one-time visits and has only a few membership options. By increasing the subscription scope, Teladoc could gain more customers and, ultimately, more profits.
- *Implications:* By creating new memberships, e.g., for seniors or students, the company might gain more attention and increase its brand recognition through word-of-mouth, generating more profits.
- *Limitations:* The memberships offered have to be profitable for customers, which means that Teladoc should either provide more services within those memberships, create occasional special promotions or slightly lower the prices for those members, which might create more costs.
- *Positive effects:* By having a broader range of membership offers, Teladoc could gain more customers.
- *Negative effects:* Expanding the membership range might be expensive for Teladoc if not implemented carefully.

9. Chapter 9: Conclusions

9.1 Summary of main points

This thesis set out to answer the following strategic question and related hypothesis:

What marketing strategy should Teladoc Health Inc. implement to sustain its revenue growth rates, lower its net losses, and create a sustainable competitive advantage once the COVID-19 pandemic is over?

To lower its net losses, retain its revenue growth, and, ultimately, gain a sustainable competitive advantage, Teladoc should sell its foreign acquisitions to put its whole focus on the American market and create strategic partnerships with technology companies.

After conducting a thorough analysis of, and research into, Teladoc's current standing on the market, the following main points were formulated:

- Despite Teladoc's high profits gained during the COVID-19 pandemic, the company has significant net losses, which, inevitably, need to be lowered.
- Teladoc's strategy to expand internationally has had poor results and has generated low profits compared to profits generated from American customers' visits. Therefore, the researcher recommends selling the subsidiaries acquired abroad to lower the costs of the international expansion strategy and overall net losses.
- Teladoc has a small number of beneficial partnerships. By gaining more partners, Teladoc could drive up its brand awareness and enhance its value proposition. This might not only attract new customers but also help to retain current ones.
- Compared to its competitors, Teladoc's social media standing is insufficient. By investing in online marketing campaigns, Teladoc could attract more customers.

- Teladoc has only a few membership options, which might be limiting for some customers. By adding new subscription options, Teladoc could retain its customer base and create a new one.
- Once the net losses are lowered, Teladoc should invest in research and technologies that might strengthen its market standing and create a competitive advantage.

9.2 Research Limitations

The significant limitations encountered while conducting this research were:

- *Most of Teladoc's rivals are still privately held; therefore, the research could only provide a comparison with two other telemedicine companies.*
- *Some of the information on official websites was blocked from access from the Czech Republic.*
- *The company does not publicly disclose its corporate strategy.*
- *The pandemic has temporarily changed the industry's environment, which might have distorted some of the analyses.*
- *Secondary data were used while analyzing Teladoc's platform as the researcher could not become a member from the Czech Republic.*

9.3 Future Research

Future research on Teladoc should focus even more on its financial position and on how to lower its net losses continuously. The researcher provides the following questions for consideration in future research:

- *What more is behind Teladoc's significant financial losses, and when will the company become profitable?*
- *Why is Teladoc focusing less on social media?*
- *Why is Teladoc blocking its website and platform for some countries when its strategy is to expand internationally?*
- *What is the true reason behind Teladoc's unsuccessful international expansion?*

9.4 Concluding Statements

Teladoc has built a strong brand name and brand awareness over the years, which has assisted its growth in the telemedicine industry. However, the company has significant net losses, and it might take many years to become profitable. Additionally, the acquisitions made abroad have negatively affected Teladoc's financial performance and have brought more costs than profits.

Throughout the pandemic outbreak, Teladoc has successfully managed to acquire new clients and has the potential to retain them by creating strategic partnerships, by adding new membership options, or by investing in new technology. This may bring benefits to customers and increase patient retention. The most important recommendations for Teladoc to implement in its next strategic steps can be found in [Chapter 8, section 8.2](#).

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Appendices

Appendix A: Industry Overview

The telemedicine industry has been growing substantially since the beginning of the pandemic and is predicted to expand even more. The research and technology company, [Report Linker](#), has predicted that the global telehealth market will exceed \$150 Billion by 2027 (2021, n.p.). The main reason for the industry's growth and the higher number of visits during the pandemic is the loosening of several telehealth restrictions that were in effect before the virus outbreak. For instance, the U.S. federal government has loosened restrictions regarding patient privacy, making virtual healthcare more accessible not only for patients in need but mainly for medical professionals who can now perform examinations online ([U.S. Department of Health](#), 2020, n.p.).

(Go back to [Chapter 1: Introduction](#))

Appendix B: Historical Background

“Teladoc has taken over the American market and is spreading into the rest of the world, covering parts of Asia, Europe, and Australia. Teladoc operates exclusively online and provides its customers with a simple, fast, and useful tool to connect with a health professional when a medical problem arises. The medical issues that Teladoc aims to solve through its platform are minor, such as back pains, migraines, allergies, fevers, and others. Teladoc also focuses on providing patients with therapeutical counseling to help patients with stress, anxiety or depression” (updated from Pilipová, AAU, 2020, p.3).

The company was initially based on (but not limited to) a B2B strategy, providing companies with telemedicine services for their employees or clients. As the pandemic arose, the general public needs have shifted – remote and online solutions were demanded, especially in health services. Telemedicine companies took advantage of that, targeting the general public ([Globaldata](#), 2020, n.p.), and so did Teladoc. Thanks to the COVID-19 outbreak, Teladoc’s total yearly revenues have increased by 98% year-over-year (YoY) compared to 2019 to over a billion U.S. dollars, according to the [quarterly reports](#). The number of visits has increased by 156% YoY.

According to its [blog](#), the primary focus of Teladoc before the pandemic was to provide a complimentary service to the healthcare system rather than replace it. However, this focus has changed at the beginning of 2021, as the CEO of Teladoc, Jason Gorevic, decided to shift to "longitudinal patient relationships that support consumers across their health journey" ([Fierce Healthcare](#), 2021, n.p.)

Although Teladoc has been among the few companies that have profited from the COVID-19 outbreak, the company should consider that people might lower the usage or cease the use of telemedicine services completely once the pandemic is over. According to the statistical platform, Statista.com, the predicted number of telemedicine users will be lower by 42% compared to 2020 once the pandemic is over ([Stewart](#), 2020, n.p.).

(Go back to [Chapter 1: Introduction](#))

Appendix C: Revenue and Income Analysis

Teladoc's financial performance was influenced not only by the COVID-19 pandemic but also by the acquisitions and mergers that the company has made over the years. Although the total revenues were substantially higher in 2020, compared to the previous years, so were the total net losses. Those were caused by Teladoc's merger with Livongo Health that had been valued at \$18.5 billion, which made it the "third-largest acquisition of a U.S. company" in 2020, according to [CNBC News](#) (2020, n.p.). In 2020, Teladoc also acquired InTouch Health, which has been valued at over one billion dollars. (For more details regarding Teladoc's acquisitions and mergers, please, refer to [2.4 Leverage Ratios](#).)

(Go back to [Chapter 2: Revenue and Income Analysis](#))

Appendix D: Profitability Ratios

As per its financial statements, in 2020, Teladoc had a 53.57% increase in General and Administrative costs, yet only 17.7% were costs related to acquisitions. The rest were spent on marketing and investment in technology ([Form 10-K](#), 2020, p.74).

Teladoc's Return on Assets is the highest compared to its rivals; however, it is still a negative number, which shows that the company struggles to manage its assets to generate profits effectively. Teladoc's total assets mainly comprise acquired assets, as well as computers, equipment, and intangible assets ([Teladoc Form 10-K](#), 2020, p.74). The ROA was brought down mainly due to the tremendous increase of goodwill, which came from acquisitions and mergers. (For more details regarding Teladoc's acquisitions and mergers, please, refer to [2.4 Leverage Ratios](#).)

The profitability ratios also indicate that Teladoc is struggling to generate profits from its sales, as its Net Profit Margin was negative in 2019 and 2020. The large net losses were mainly caused by acquisitions and mergers through the years. The Net Profit Margin, however, dropped significantly in 2020, from -17.86% to -44.34 %, which was mainly caused by the merger with Livongo and the acquisition of InTouch Health made during 2020 ([Teladoc Form 10-K](#), 2020, p.19). The mergers and acquisitions have also caused Teladoc's net loss to increase to almost half a billion dollars in 2020 from over \$98 million in 2019.

Teladoc has also recorded a significant increase in its shareholder's equity, which is a result of its merger with Livongo, that will be further discussed.

(For more details regarding Teladoc's acquisitions and mergers, please, refer to [2.4 Leverage Ratios](#)).

(Go back to [Chapter 2: Profitability Ratios](#))

Appendix E: Liquidity Ratios

Teladoc's current liabilities tripled in 2020, compared to 2019, which is the result of the mergers and acquisitions (ibid., p.20), as the liabilities of firms are put together once merged or acquired. However, all the liquidity metrics above show that Teladoc would be able to pay off its short-term obligations. Despite the significant net losses Teladoc has incurred through the years, it does not struggle with liquidity. This is mainly caused by Teladoc's strategy to issue notes. For example, Teladoc has issued notes for the year 2027 in a total value of \$1 billion, according to its financial statements (ibid., p.22). This is then portrayed in Teladoc's Cash and Cash Equivalents section of its balance sheet, which was over \$733 million in 2020 (ibid.).

(Go back to [Chapter 2: Liquidity Ratios](#))

Appendix F: Leverage Ratios

To make its balance sheet even, Teladoc made a special deal with both InTouch Health and Livongo. The acquisition of InTouch Health was valued at \$1,069.8 million, yet only \$166.5 million was paid in net cash. The rest was compensated through shares – Teladoc gave 4.6 million shares of its common stock valued at \$903.3 million to complete this acquisition (ibid.).

A similar agreement was made with the merger of Livongo. According to *Forbes*, Teladoc has “agreed to swap 0.592 Teladoc shares plus \$11.33 in cash for each Livongo share” (Cohan, 2020, n.p.). This is recorded in the balance sheet as “goodwill,” which is defined as “an intangible asset that accounts for the excess purchase price of another company” (Hargrave, 2021, n.p.). Teladoc recorded a goodwill of \$14,581,255 in 2020, compared to \$746,079 in 2019 (Teladoc Form 10-K, 2020, p.74).

Due to this technique of mergers and acquisitions in 2020, Teladoc’s debt ratio is very low. A low debt ratio would typically show that the company has more assets than debt, which is a good sign; however, Teladoc has “hidden” its debts in goodwill.

(Go back to [Chapter 2: Leverage Ratios](#))

Appendix G: Stock Performance

Teladoc's shares went down by 17% in March, which was affected by Amazon's announcement of the expansion of 'Amazon Care' telemedicine services throughout the United States, according to [Nasdaq](#).

Figure 10: Market Stock Performance

(as of 1st May 2021)



(Generated through [Barchart.com](#))

Figure 10 above compares the stock behavior of Teladoc (green line), the S and P 500 (black line), and the medical services sector (blue line) from November 2020 to early May 2021. The S and P are the 500 largest stocks on the stock market, and the medical services sector represents companies that, for example, sell medical goods or provide equipment to the medical industry.

The graph shows that Teladoc's stocks are below the average market behavior, and way down compared to the medical sector. Teladoc's stock went up in February, and its value was above the market average until March 2021. Teladoc's stock is, however, way below the medical sector, which went radically up in March.

(Go back to [Chapter 2: Stock Performance](#))

Appendix H: COVID-19 Impact on Teladoc

There are several risks that are connected to the COVID-19 outbreak that could impact Teladoc financially, as listed below:

- Some of Teladoc's marketing methods are limited due to pandemic restrictions.
- Supplier delays in delivering devices or other supplies.
- Certain B2B customers may go bankrupt.
- Current customers may step back from telemedicine after the pandemic.
- The temporary loosening of telehealth laws and regulations may revert to normal after the pandemic.

([Form 10-K](#), 2020, pp.17-20)

(For more details, please, refer to the [PLEESTIC Analysis, Chapter 4](#))

(Go back to [Chapter 2: COVID-19 Impact on Teladoc](#))

Appendix I: Telemedicine Industry Trends

To have up-to-date information regarding the regulations and the industry in general, the researcher used several online resources, such as academic articles, expert reviews, and analytical websites. The most helpful academic article database used was the National Library of Medicine ([PubMed.com](https://pubmed.ncbi.nlm.nih.gov/), n.d., n.p.), which helped the researcher understand different issues in the medical industry. According to the website, it is a “free resource supporting the search and retrieval of biomedical and life sciences literature” (ibid.). Moreover, the researcher found [Jstor.org](https://www.jstor.org/) (n.d., n.p.) to be a good academic journal resource on various topics – from telemedicine to technology and innovations. JSTOR “provides access to more than 12 million academic journal articles, books, and primary resources”, according to its website (ibid.).

The researcher has also used multiple media websites to gather information for the secondary research. One of them was [Forbes](https://www.forbes.com/), a “global media company focusing on business, investing, technology, entrepreneurship” and more (n.d., n.p.). Teladoc and the telemedicine industry, in general, have been a broadly discussed topic in *Forbes* and, therefore, the articles offered were one of the many important research resources. Additionally, the official website of [CNBC News](https://www.cnbc.com/) was used, which is a “preeminent financial news source” that offers “real-time market analysis [...] and analytical financial tools”, according to the website (n.d., n.p.).

(Go back to [Chapter 3: Telemedicine Industry Trends](#))

Appendix J: PLEESTIC Analysis

As telemedicine is a new industry, there are many laws and regulations that Teladoc has to comply with, affecting both the political and legal landscape. Teladoc faces several limitations caused by different state and government regulations and various Acts, such as the Consumer Protection Act, Health Insurance Portability and Accountability Act, The Affordable Care Act, and more. Due to the COVID-19 pandemic outbreak, some of these regulations have been temporarily loosened to comply with social distancing measures (ibid., p.15), which has been advantageous to Teladoc. Overall, Teladoc has been successfully running its business despite these regulations, yet they are still very limiting and might, to some extent, reduce Teladoc's growth potential.

The pandemic has raised the attractiveness of the telemedicine industry (ibid., p.15), which is a threat to Teladoc. The competition in the industry is getting bigger, and new companies are entering the market. One of those is the technology giant Amazon, which has been in the telemedicine industry since 2019; however, it only provided services to its employees in Washington state. In early 2021, Amazon announced that it would not only expand telemedicine services to its employees all over the United States, but it will also offer telehealth services to other employers, according to [CNBC News](#) (Coombs, 2021, n.p.).

(Go back to [Chapter 4: PLEESTIC Analysis](#))

Appendix K: Marketing Mix

Table 12: Marketing Mix Teladoc Health

Product	<p>Telemedicine services for:</p> <ul style="list-style-type: none"> - Hospitals, insurance companies, businesses (B2B) - Independent individuals (B2C)
Price	<ul style="list-style-type: none"> ○ Subscription fee basis: <ul style="list-style-type: none"> - per-Member-per-month (PMPM) - per-enrollee-per-month basis (PEPM) - per one-time-visit ○ Average telemedicine prices: <ul style="list-style-type: none"> - \$49 to \$75 per single visit (depending on the health issue)
Place	<ul style="list-style-type: none"> ○ Online ○ Teladoc Mobile App [Accessed via App Store or Google Play)
Promotion	<p>For B2B:</p> <ul style="list-style-type: none"> ○ Direct sales team ○ Official website ○ Field marketing events ○ E-mail advertising ○ Industry events, trade shows, and conferences

	<p>For B2C:</p> <ul style="list-style-type: none"> ○ Social media (mainly Facebook) ○ Through search providers (mainly Google) ○ T.V. and advertising agencies
People	<ul style="list-style-type: none"> ○ 4 400 employees ○ 7 000 physicians
Physical Evidence	<ul style="list-style-type: none"> ○ Awarded as “Outstanding Firm” by Forbes Healthcare Awards 2020 (<i>Forbes</i>, 2020, n.p.) ○ Awarded “Company of the year 2020” by <i>Healthcare Dive</i> (2020, n.p.) ○ Listed among Top 500 America’s Best Midsize Employers (<i>Forbes</i>, 2020, n.p.)
Process	Teladoc website or Mobile app connecting patients to medical professionals from anywhere at any time.

(Teladoc Health Inc. [Form 10-K](#), 2020, pp.2-47)

Teladoc targets two main customer segments – insurance companies, businesses of various sizes, hospitals, and health plans (the B2B segment), and patients directly (the B2C segment). Teladoc’s prices are fixed, yet they depend on several factors, such as if the patient is insured and, if so, where. Customers can then choose between a subscription plan or a one-time-visit option. Teladoc operates exclusively online, either through its Mobile App or website, which brings customers the comfort of contacting their doctor directly from home.

Teladoc uses various channels to promote its services depending on the customer segment. To attract the B2B segment, Teladoc uses mainly its website, field marketing events and trade shows, e-mail advertising, and a trained direct sales team. To target

the B2C segment, Teladoc uses search providers (such as Google), T.V. and print advertising, and social media.

(Go back to [Chapter 4: Marketing Mix](#))

Appendix L: Porter's Five Forces

The threat of new entrants

“As telemedicine is a new industry, the threat of new entrants is high – there is room for innovation, for new marketing techniques, or simply for technology companies to enter this market as part of their new business strategy – an example would be Amazon, which is starting to expand in the telemedicine field, according to [CNBC](#) (Coombs, 2021, n.p.). As mentioned in the Technical Report of Berkeley University: “We live in a connected world, and with the Internet of Things verging on explosion, telehealth is one of the many industries that will receive a significant boost in market size ([Azar et al.](#), 2015). The telemedicine industry is expected to grow, and so is the threat of new entrants” (updated, Pilipová, AAU, 2020, p.20).

Bargaining power of suppliers

“The Bargaining power of Suppliers is moderate in the telemedicine industry, according to [Businesswire](#) (2020, n.p.). Compared to other industries, telemedicine does not require too many suppliers; however, the ones that partner up with telehealth companies may have some bargaining power over the price. Telemedicine heavily relies on technology companies and on their IT developments, which are their main suppliers. As the technology industry is getting bigger, so are potential suppliers for telemedicine companies, and the switching costs between those suppliers are getting low ([Demirhan et al.](#), 2007, p.208)” (updated from Pilipová, AAU, 2020, p.21).

Bargaining power of buyers

“As telemedicine is a new industry that has not been so penetrated yet, the buyers have a very low bargaining power (ibid.). If a customer chooses to use telemedicine over a doctor’s office, they only have several options to choose from. The low alternatives available lower the bargaining power of customers” (updated from Pilipová, AAU, 2020, p.21).

Threat of substitutes

“There is a small number of substitutes available in the telemedicine industry; therefore, this force is a weak one. The substitutes available – in-person health services – tend to be of a higher quality*, but at a higher cost, which most telemedicine customer segments try to avoid. Other telemedicine substitutes may be services that provide customers with a platform where patients can access doctors only through a chat (not a call or videoconference), which lowers the attractiveness of such service” (updated, Pilipová, AAU, 2020, p.22).

Rivalry among existing competitors

“There are only a few companies in the telemedicine industry, yet the rivalry among them is intense ([Market study report](#), 2020, n.p.). Many companies had a promising future in telemedicine throughout the industry's history, yet they failed and are now out of business, especially because of the rivalry ([Statnews](#), 2020, n.p.). Telemedicine companies, therefore, can face price wars, which could lower their profits so much that it could destroy the companies involved” (updated, Pilipová, AAU, 2020, p.22).

*According to a study made in 2020 by JAMA, the patient’s blood pressure was recorded in 70% of patients visiting a doctor’s office, compared to only 10% of telemedicine visits ([Wolfson](#), 2020, n.p.). Moreover, physicians in an office can discover unrelated diseases during in-person visits, according to Dr. Paul Hymann ([2020](#), n.p.), which may lower the safety of telemedicine.

(Go back to [Chapter 4: Porter’s Five Forces](#))

Appendix M: SWOT Analysis

Strengths

“As a first mover, Teladoc has several advantages compared to its competitors, which all come down to the time advantage Teladoc has gained. As mentioned in the book “Only the Paranoid Survive,” the first mover has an opportunity to gain time over its competitors, and “time advantage in business is the surest way to gain market share” (Pilipová, AAU, 2020, pp.23-25 citing Grove, 1997, p.51).

1. Leading position in the market

The first strength related to Teladoc’s time advantage is the firm position that the company has created in the market. As a first mover, Teladoc had the opportunity to sell earlier than its current competitors, creating a solid customer base and successfully positioning itself in the customers’ minds. According to *Forbes*, Teladoc is “the multi-billion dollar market leader in telemedicine,” as it is present all over the United States and in more than 175 countries around the world with services provided in 40 languages (Feiger, 2020, n.p.).

Teladoc’s position in the market has also been strengthened by the mergers and acquisitions made in the previous years. The most significant merger was completed at the end of 2020 with the leading remote patient monitoring provider, Livongo. Additionally, in 2020, Teladoc acquired the virtual healthcare provider, InTouch Health, which has, according to intouchhealth.com, made Teladoc the only company with a “global end-to-end partner spanning the full spectrum” of diseases – from chronic conditions to urgent and complex care (2020, n.p.).

(Please, refer to [Chapter 2 – Financial Ratios](#) for more details on mergers and acquisitions.)

2. Strong B2B Community

The second strength of Teladoc is the reliable community it has created so far. According to [Teladoc's blog](#) (n.d., n.p.), the company serves more than 40% of Fortune 500 employers and businesses of various sizes, public sector employers, and more. Teladoc was the first to sell telemedicine services on a B2B basis and, therefore, had the opportunity to develop a strong base of companies that promote and even invest in the company – an example being Intel ([Nasdaq](#), 2020, n.p.). Intel's investment was made at the end of 2020 and should serve mainly to “expand access to medical care in vulnerable communities around the world,” according to [GlobeNewswire](#) (2020, n.p.).

3. Low prices – more customers

Teladoc is the most affordable compared to its direct competitors and offers high-quality services ([Digital Initiative](#), 2020, n.p.). Compared to its rivals, Teladoc offers the cheapest services, starting at \$45 per visit ([Teladoc Prices Flyer](#), 2020, n.p.). The same services are more expensive in both Amwell and One Medical. Amwell costs \$79 per visit ([Amwell website](#), n.d., n.p.), and One Medical, another direct competitor of Teladoc, offers a yearly membership for \$199 per year; however, the membership does not cover visits and services ([Medium](#), 2018, n.p.).

Teladoc's strategy to provide lower prices brings more customers to the company compared to its rivals* and, therefore, raises the brand's popularity, which is another strength. Teladoc has been rated the first among the 14 best telemedicine providers by the research firm [Insider Intelligence](#) (2021, n.p.).

*In the Third Quarter of 2020, Amwell accounted for a total of 4.3 million completed visits ([Amwell Quarterly Revenues](#), 2020, p.26), and One Medical accounted 511 000 Memberships ([One Medical website](#), 2020, n.p.). Teladoc's number of visits in the same quarter was as high as 7.6 million.

Weaknesses

1. Poor Coverage of International Markets

“Teladoc’s main weakness is its poor international markets coverage and its low brand awareness outside the U.S.A. Teladoc has made several business moves towards expanding abroad while spending a large amount of money to do so, such as acquiring the French telemedicine company, MédecinDirect” (Pilipová, AAU, 2020, p.24). However, with no great success, as the results show – there was only a 15% rise in Access Fees Revenues from the international visitors comparing Q4 2019 and Q4 2020 ([Teladoc’s Q4 financial report](#), 2020, p.1). Moreover, the Visit Fee Revenues from international visitors have declined by 39% by the end of 2020 (ibid.).

2. Large expenditure

Teladoc’s second weakness is its significant expenditure on mergers, acquisitions, technologies, and research, which are above the industry average. Teladoc’s net loss was \$485.1 million at the end of 2020 ([Teladoc Form 10-K](#), 2020, p.19). The company has been struggling with substantial net losses even in the previous years – in 2019, the total net losses were \$98.9 million and, in 2018, \$97.1 million. According to Teladoc’s Form 10-K, the reasons for the enormous losses in 2020 were: “the substantial investments we made to expand our business and scope of services, acquire new clients, build our proprietary network of healthcare providers and develop our technology platform“ ([Teladoc Form 10-K](#), 2020, p.19).

3. Low customer-employee ratio

The last weakness of Teladoc is the low ratio of employees to customers. Currently, there are only about 7 000 physicians for 51.5 million users, according to [Teladoc’s website](#). The researcher believes that this could lead to work overload, stress, and, ultimately, low employee retention. Furthermore, the remote work environment and the need to be always prepared for a patient might be demotivating and stressful for Teladoc’s employees. According to the [American Institution of Stress](#) (Heckman, 2020, n.p.), researchers found that during the pandemic, 67% of American workers feel

pressured to be available 24/7 while working from home, which relates to telemedicine health professionals as well.

Opportunities

1. Create new partnerships

Teladoc has successfully created a strong B2B community, where lies its first opportunity – to develop new strategic partnerships. Teladoc’s main customers in the B2B community are health plans firms, insurance companies, hospitals, or global employers, that all, according to Teladoc’s [Form 10-K](#), also “act as channel partners,” as they resell the company’s services to their clients (2020, p.3). Teladoc has created a few “real” partnerships, mainly with Pharmacies, such as Rite Aid, which has Teladoc’s in-store telemedicine kiosks ([Rite Aid press release](#), 2019, n.p.). Teladoc has an opportunity to create more partnerships that would be profitable for both sides, and the cost could be split between the partners. Those partnerships could be, for example, with large technology companies, such as Google or Amazon, which could create an enhanced telemedicine service using Teladoc’s platform and their technologies, split the costs, and, ultimately, deliver even better telehealth products.

2. Profit from COVID-19: expand the customer base

“The second opportunity is the world pandemic that has caused Teladoc’s profits to increase (ibid, p.18) and the telemedicine market to come to an inflection point. Teladoc should take this pandemic as an opportunity to expand even more and make strategic steps to retain customers even after the pandemic. According to the book, “Only the Paranoid Survive,” timing is everything when the market comes to an inflection point, and companies should undertake strategic changes while they are still healthy (Pilipová, AAU, 2020, pp.23-25 citing Groove, 1997, p.35). Even though Teladoc’s net losses are significant, the company is growing and has remarkable revenues. Teladoc should profit from that and expand the customer base even more, using strategic marketing steps.

3. Technological innovations

“The last opportunity are the future technological innovations. As Teladoc is an online platform, these technologies might be useful while improving the app, which might attract even more customers who seek convenient and stress-free medical treatment” (updated from Pilipová, AAU, 2020, p.25). A technological innovation may be, for example, connected with the Internet of Things – such as creating a “smart home.”

Threats

1. New entrants – large companies entering the telemedicine industry

“As telemedicine is a new industry, Teladoc faces the threat of new entrants to the market that could have superior technologies, better marketing, or a good strategy, and, therefore, outperform Teladoc” (Pilipová, AAU, 2020, p.25). The biggest threat are large companies from different industries that could enter the telemedicine market – a current example is Amazon Care. According to [Fortune Business Insights](#), “the market is gradually becoming highly competitive with the launch of various platforms and the entry of new players with huge funding” (2021, n.p.)

2. Easy to imitate

“Another threat for Teladoc, as a first mover, is the easy imitation of its strategies and tactics. In fact, one of Teladoc’s competitors, Amwell, is currently facing a lawsuit as Teladoc has accused it of stealing its patented technologies and products” (ibid.), according to [Healthcare IT News](#) (2020, n.p.).

3. Patients leaving after the pandemic


The telemedicine industry has gone through significant changes, in 2020, due to the COVID-19 pandemic. According to a study published by [JAMA Network Open](#) (Christopher et al., 2020, n.p.) regarding changes in healthcare during 2020, the use of telemedicine services grew by “more than 1000% in March and more than 4000% in April”. Even though the industry went through a drastic increase in visits, once the pandemic is over, there is a threat that the number of visits might significantly decline.

According to [Healthcare Dive](#) (Pifer, 2020, n.p.), “more than 60% of visits are new users looking to check potential COVID-19 symptoms or treat non-respiratory conditions”. Once the threat of COVID-19 is over, these customers will likely go back to regular healthcare.

(Go back to [Chapter 4: SWOT Analysis](#))

Appendix N: TOWS Matrix

Table 13: TOWS Matrix

	<p>External Opportunities (O):</p> <ul style="list-style-type: none"> • O1: Create new partnerships • O2: Profit from COVID-19: expand the customer base • O3: Technological innovations 	<p>External Threats (T)</p> <ul style="list-style-type: none"> • T1: New entrants – large companies entering the telemedicine industry • T2: Easy to imitate • T3: Patients leaving after the pandemic
<p>Internal Strengths (S)</p> <ul style="list-style-type: none"> ○ S1: Leading position in the market ○ S2: Strong B2B community ○ S3: Low prices – more customers 	<p>1. S1 + O1</p> <p>Profit from its leading position in the telemedicine market to create new profitable partnerships with prestigious brands.</p> <p>2. S2 + O2</p> <p>Use the strong B2B community to expand the customer base and retain the current one (e.g., marketing through channel partners).</p> <p>3. S3 + O3</p> <p>Use profits from customers for new technology and innovations.</p>	<p>1. S1 + S2 + T1</p> <p>Use its leading position in the market and strong B2B community to create even higher brand recognition and awareness to make the market harder to penetrate (and/or gain a strong position in it).</p> <p>2. S1 + S2 + T3</p> <p>Take advantage of the solid B2B community and position in the industry to market telemedicine post-COVID-19, create special promotions, promote on social media, or/and increase benefits from memberships.</p>

<p>Internal Weaknesses (W)</p> <ul style="list-style-type: none"> • W1: Poor coverage of international markets • W2: Large expenditure • W3: Low customer-employee ratio 	<p>1. W1 + O2</p> <p>Sell the telemedicine acquisitions abroad, and focus on the American market. Use the profits from the sale to lower net losses, and for promotion and PR. Ultimately expand/retain the customer base.</p> <p>2. W2 + O1 + O2</p> <p>Create new partnerships to bring greater attention to the brand and use the profits from the pandemic to market Teladoc's services, acquire new clients, and, ultimately, lower the significant net losses.</p>	<p>1. W1 + T1</p> <p>Sell the telemedicine acquisitions abroad and use the profits from the sales to invest in new technologies and better marketing to make the market harder to enter.</p> <p>2. W2 + T2 + T3</p> <p>Lower expenditure to invest in a differentiation factor that will be hard to imitate (i.e., IoT), which might also retain part of the customer base even after the pandemic.</p>
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(Updated from Sylvie Pilipová, AAU, 2020, p.41)

(Please, see [Chapter 8](#) for the developed strategic recommendations)

(Go back to [Chapter 4: TOWS Matrix](#))

Appendix O: Value Proposition Canvas

“The Value Proposition of Teladoc is to give customers fast access to medical services at anytime from anywhere at a reasonable cost. Customers’ main jobs are: getting quick medical help or therapeutic counseling at an affordable price, available even in rural locations. The pains related are: high prices at the doctor’s office or in hospitals, money and time spent to get a check-up, and doctors located far away from customers. Lastly, the gains Teladoc’s customers seek are: to receive quick medical attention at any time of day, even at home or in rural areas, while saving on the costs and time related to going to the doctor’s office (such as money for gas).

The products and services segment of Teladoc’s value proposition is built around an easily accessible app that enables customers to communicate with their doctor from anywhere at any time for a reasonable price. Teladoc also provides a 24/7 available customer service and a tracking system that registers the patient’s medical history for a better overview of the patient’s health and easier follow-ups.

The pain relievers are represented by the convenience of Teladoc’s app, which can be accessed anytime from anywhere while still giving the patient the medical or therapeutical help needed within minutes. The patients not only pay less per visit compared to going into a doctor’s office, but they also save the costs and time to get to the office in the first place. An in-person doctor’s visit ranges from \$300 up to \$600 per consultation without insurance ([Nelson](#), 2021, n.p.).

Lastly, the gain creators are: to save the customer’s time, costs, and money from going to a regular doctor’s office by giving them a convenient platform to reach a doctor and solve minor health or mental issues. The main gain creator for patients living in rural areas, or simply far from a doctor, is the ability to use Teladoc’s services from anywhere at any time” (adapted from Pilipová, AAU, 2020, p.15)

Although Teladoc has two customer segments – **B2B** and **B2C** – the researcher has created only one Value Proposition Canvas. This is because the B2B customer segment has only one major **pain** (and related **gain**): the high cost of in-person healthcare for their employees. According to a report by Purchaser Business Group, over 96% of large private companies’ executives (302 respondents in total) believe that the cost of

healthcare is too high ([Claxton et al., 2021, n.p.](#)). Additionally, “telehealth services can save time for employees while reducing costs for employers” ([Del Rowe, 2020, n.p.](#)), which is the main **gain** for the B2B segment.

(Go back to [Chapter 4: Value Proposition Canvas](#))

Appendix P: Business Model Canvas

i. Customer Segments:

Teladoc distinguishes two customer segments, as it provides services on a B2B and a B2C basis. The services provided are delivered through Teladoc's online platform.

The B2B customer segments are hospitals, insurance companies, financial service companies, and businesses of different sizes (ibid, p.28). Teladoc provides this customer segment with telemedicine services for its employees.

The B2C general telemedicine customer segment can be divided into two parts, according to the research made by Teladoc's rival, [Amwell](#) (2019, n.p.). In the first section are young adults living in both urban and rural areas. These customers are considered savvy with technologies, and their age range is between 18 – 34 years old (Pilipová, AAU, 2020, p.12). These customers are likely childless, and their main goal is to find affordable services. According to the research of Amwell: "Millennials are the most likely generation to want to use telehealth and the most likely generation to have used it" (ibid.).

"The second B2C customer segment that uses telemedicine services is families with children. These families will most likely be living in rural areas. They will use Teladoc's services when they absolutely cannot go to a doctor's office, like, for example, during the pandemic. The age range of this customer segment is between 35 – 45 years old. These customers also serve as an intermediary to reach senior patients – the families in this segment are likely to use memberships and include their children and grandparents in it. According to Amwell's research (ibid.), this customer segment still prefers in-person care and has concerns for their privacy when it comes to telemedicine" (Pilipová, AAU, 2020, p.13).

ii. Customer Relationships

“The customer relationship that Teladoc aims to have with its customers is both a long-term and short-term relationship as well as a personal one. Teladoc offers a one-time-visit fee option for customers that seek online medical help occasionally, such as, for example, during the winter when people tend to get more ill – this relationship is short-term.

Teladoc also aims to have long-term relationships with customers through membership options. To strengthen this relationship, Teladoc offers family memberships, where one account can have multiple members ([Teladoc Member Flyer](#), 2020, n.p.). Lastly, Teladoc aims to have a personal instead of an automated relationship with customers. This is attained by its active customer service that is available 24/7. Teladoc chose customer relations wisely, as an automated relationship would not fit in the telemedicine industry – people need to feel connected to the company as they are giving up their privacy to use Teladoc’s services” (Pilipová, AAU, 2020, pp.13-14).

iii. Channels

Teladoc’s primary direct channel of communication is its mobile app and official website – www.teladochealth.com. Additionally, Teladoc uses social media as a communication channel, including Facebook, Twitter, and Instagram. Teladoc also delivers its services through indirect channels, for example, through its clients: hospitals, insurance companies, and businesses.

iv. Value Proposition

“The Value Proposition of Teladoc is to give customers fast access to medical services at any time from anywhere at a reasonable cost” (Pilipová, 2020, AAU, p.15). Teladoc offers a solid value proposition to its customers with the following:

1. Reasonably priced medical assistance:

Teladoc offers the cheapest telemedicine services compared to its two main competitors, One Medical and Amwell (ibid, p.30)

2. Customer service available 24/7.

3. Wide range of services:

Teladoc focuses on solving health issues ranging from “non-urgent, episodic needs like flu and upper respiratory infections, to chronic, complicated medical conditions including diabetes, hypertension, cancer and congestive heart failure” ([Teladoc Form 10-K](#), 2020). Teladoc also focuses on therapy sessions and solving mental health issues, such as anxiety, depression, or stress.

4. Access whenever and from wherever:

Teladoc’s advantage is that its services, as a multi-sided platform provider, can be used practically everywhere given a stable Internet connection. Moreover, Teladoc delivers the comfort of reaching a health professional at any time of the day ([Teladoc website](#), n.d., n.p.)

5. Simple use:

Teladoc’s app is rated with nearly five stars on both [Google Play](#) and [AppStore](#). According to a customer review on [GetApp.com](#) (2020, n.p.): “The app is really easy to set up and walks you through everything. Scheduling appointments is easy, and it's fast!”

6. Medical history tracked for a better overview for the doctors:

For health professionals to understand the patient’s health issue to the fullest extent, a Medical History Disclosure (MHD) is necessary to fill out before consultation ([Teladoc Frequently Asked Questions Flyer](#), 2015, p.1). This enhances the value proposition, as the doctor is always informed about the patient’s medical history.

7. Convenience.

Teladoc’s ultimate value is convenience, as the services are simple to use and available every day of the week at any hour of the day.

v. Key Activities

“The most important activities required to make Teladoc’s business successful are closely related to the company’s online platform and to smooth communication between doctors and patients. The key activities range from subscription and marketing management to technology innovation or content creation for the website and social media. Moreover, Teladoc’s business would not be successful without a well-functioning customer service and hiring and training doctors for maximum customer comfort, as well as content creation for the website.” (updated from Pilipová, AAU, 2020, p.16)

vi. Key Resources

“Teladoc’s key resources range from Intangible to Human and Financial assets. The company’s main intangible asset is the virtual platform (app) that customers use to communicate with doctors. The app requires large data storage in the cloud, which is another critical resource. The data storage contains the customers’ medical information and history and must be well secured to avoid any data breach. Teladoc uses the services of three leading cloud providers: AWS, Microsoft Azure, and Salesforce Force.com ([Teladoc Form 10-K](#), 2020)

Lastly, Teladoc’s intangible assets are the licenses and patents for products*, which are very important for first movers. In fact, according to the book, *Crafting and Executing Strategy*, “first-mover advantages in pharmaceuticals, for example, are heavily dependent on patent protection” (Thompson et al., 2015, p.152).

Teladoc’s human assets consist of medical experts, such as doctors and nurses, as well as customer service employees, IT specialists, and marketing specialists.

Teladoc focuses on intensive employee training as a perfect understanding of the app’s usage is crucial for customer satisfaction. Lastly, Teladoc’s financial resources come mainly from customer subscriptions, debt financing, and from stock issuance, according to the financial reports (ibid, p.29)” (updated from Pilipová, AAU, 2020, p.16)

*An example of Teladoc's patented product is the "BG300" device, a blood glucose meter ([Teladoc Form 10-K](#), 2020).

vii. Key Partners

"Teladoc's partners are mainly pharmacies, such as CVS ([CVS website](#), 2015, n.p.) or RiteAid ([InTouch Health](#), 2018, n.p.), which chose Teladoc as their virtual care provider. This partnership is important for both parties as Teladoc can get more clients through pharmacies, and pharmacies, on the other hand, are more attractive to customers when providing in-store telemedicine kiosks" (updated from Pilipová, 2020, p.17). Teladoc also creates partnerships within its B2B community. The B2B community, such as hospitals, insurance companies, and businesses, profit from Teladoc's services as telemedicine is a cheaper healthcare option for their employees ([Forbes](#), 2016, n.p.). Therefore, this community could be perceived as clients and partners to some extent. Lastly, Teladoc's important partners are investors, such as Intel (*ibid.*, p.29).

viii. Cost Structure

Teladoc offers its customers value-driven and cost-driven aspects of telemedicine services, as the clients can solve a wide range of health issues for a reasonable price.

"Teladoc's cost structure comprises fixed and variable costs. Examples are: the salaries of doctors and nurses, IT professionals, app and website managers, content creators, marketing specialists, customer service staff, cloud hosting, and more. Innovations are also part of Teladoc's expenditure, as well as lawyers who take care of the company's legal matters. Lastly, most of Teladoc's expenditure comes from mergers and acquisitions of other companies" (updated from Pilipová, AAU, 2020, p.18).

ix. Revenue Streams

"Teladoc's revenue streams come from memberships and one-time-visit fees as well as stock issuance and debt financing. Teladoc operates not only on a B2C basis but also on a B2B basis. Therefore, its revenues come from cooperation with companies, hospitals, and insurance companies as these provide Teladoc's services to

their customers or employees. This brings Teladoc not only profits but also new customers and marketing of its products” (updated from Pilipová, 2020, p.17).

Overall, Teladoc has some strong parts of the Business Model, such as great Customer Relationships, well-connected Key Activities, a promising Value Proposition, and good Revenue Streams. However, there are still some parts that Teladoc needs to adjust in its Business Model to gain a sustainable competitive advantage over its rivals. Examples are lowering costs (for example, costs of acquisitions) and attracting and retaining more customer segments. Moreover, Teladoc should create more partnerships to expand the business and attract more customers. Lastly, Teladoc should create more communication channels with its customers and improve its social media standing” (adapted from Pilipová, AAU, 2020, pp.19-20).

(Go back to [Chapter 4: Business Model Canvas](#))

Appendix Q: Activity System Maps

*(Please, refer to the next page for the **Revised Activity System Map**)*

“Teladoc has managed to create a Strategic Fit between its main and sub-activities and, therefore, create a well-functioning value chain. The company’s main activities are Marketing and Sales, Customer Relationship Management, Research, Online platform innovation and Management, Hiring and Training of professionals. Marketing and Sales are an essential part of the Activity Map, and it connects well with the sub-activities – an example would be offering family memberships. By offering family memberships, Teladoc not only handles the main activity – Customer Relationships well, but this sub-activity also fits perfectly with its Marketing and Sales activity, as more customers can be attracted to the possibility of adding a family member to their subscription.

Another strategic fit Teladoc creates is between the main activity of developing and managing the online platform and the sub-activity of offering a chatbot that communicates with the patients before choosing the right doctor. By developing and innovating the app, Teladoc creates more value for customers as a chatbox makes the services convenient.

Lastly, Teladoc creates a strategic fit between the main activity of Marketing and Sales and the sub-activity of developing the website. By developing and updating the website, Teladoc can attract more customers and companies that would like to use Teladoc’s services for their employees. The website is also used as one of its marketing tools; therefore, developing it is a crucial sub-activity that fits well with the Marketing and Sales main activity.

(Go back to [Activity System Map](#))

Revised Activity System Map

Teladoc should sell the telemedicine companies it acquired abroad and focus entirely on the American telemedicine market to lower its significant net losses. By selling these firms (*new sub-activity 1*), Teladoc could invest more in research or the development of technologies and its platform (*main activity*) and, therefore, create a strategic fit.

The profits acquired by selling its foreign subsidiaries could be used to develop the Internet of Things (IoT) (*new sub-activity 2*). Teladoc could focus more on IoT and create a “smart home” for its customers. For example, Teladoc could collaborate with Amazon (*new sub-activity 3: creating new partnerships*) and provide its customers with Alexa – a speech-enabled device. This could, for instance, help seniors and patients with disabilities. A speech-enabled device could also assist patients and call an ambulance in an emergency or do simple things such as remind the patient to take their medicaments.

Another example of an intelligent home would be providing customers with more complex in-home medical devices that would upload the data directly to the doctor during an online consultation. For example, a microscope that enables the doctor to see the skin condition in perfect quality, a thermometer, or a device listening to the patient’s heartbeat. This new sub-activity creates a strategic fit with the Marketing and Sales’ main activity and, ultimately, enhances Teladoc’s value proposition.

(Go back to [Revised Activity System Map](#))

Appendix R: Ansoff Matrix

Table 14: Ansoff Matrix

		PRODUCT	
		Existing	New
MARKET	Existing	<p>MARKET PENETRATION</p> <p><i>Current</i></p> <ul style="list-style-type: none"> ○ Providing telemedicine services to businesses and directly to customers. ○ Delivering a convenient and affordable customer service. ○ Depending mainly on the U.S. market, but also investing in international markets. ○ Operating in 11 other countries worldwide (ibid, p.30). <p><i>Recommendations</i></p> <ul style="list-style-type: none"> ○ Stop focusing on international markets, instead focus on the United States, where the customer base is stronger and awareness higher. 	<p>PRODUCT DEVELOPMENT</p> <p><i>Current</i></p> <ul style="list-style-type: none"> ○ Mobile app and software development. ○ Artificial Intelligence system learning. ○ Developing channel partner programs. ○ Providing Whole Person healthcare solutions – aiming to solve a broader range of medical issues. <p><i>Recommendations</i></p> <ul style="list-style-type: none"> ○ Teladoc should include the Internet of Things (such as smart home) in their product development strategy in order to attract more customers.

New	MARKET DEVELOPMENT	DIVERSIFICATION
	<p><i>Current</i></p> <ul style="list-style-type: none"> ○ Teladoc mainly focuses on providing services to businesses, hospitals, and insurance companies and puts less emphasis on individuals. <p><i>Recommendations</i></p> <ul style="list-style-type: none"> ○ Teladoc should focus more on individuals seeking healthcare. This could be implemented through more marketing online, on television, on flyers, or on social media. 	<p><i>Current</i></p> <ul style="list-style-type: none"> ○ Teladoc has currently no diversification strategy. <p><i>Recommendations</i></p> <ul style="list-style-type: none"> ○ For now, Teladoc should not implement any diversification strategies and should focus on lowering its net losses.

The table above summarizes the recommended steps that Teladoc should take to lower its large net losses, retain its customer base, and gain a sustainable competitor advantage. In the researcher’s opinion, the most significant step that could help Teladoc achieve this is lowering the focus on international markets and, instead, focusing on the United States’ telemedicine market. This strategic step could also solve another problem –the significant net losses could be reduced if Teladoc sells its acquisitions abroad.

(For detailed recommendations, please, see [Chapter 8](#).)

(Go back to [Chapter 4: Ansoff Matrix](#))

Appendix S: Website, App, and social media performance analysis

Website and Social Media Analysis

(Unless otherwise stated, the following figures have been gathered from the following resource:

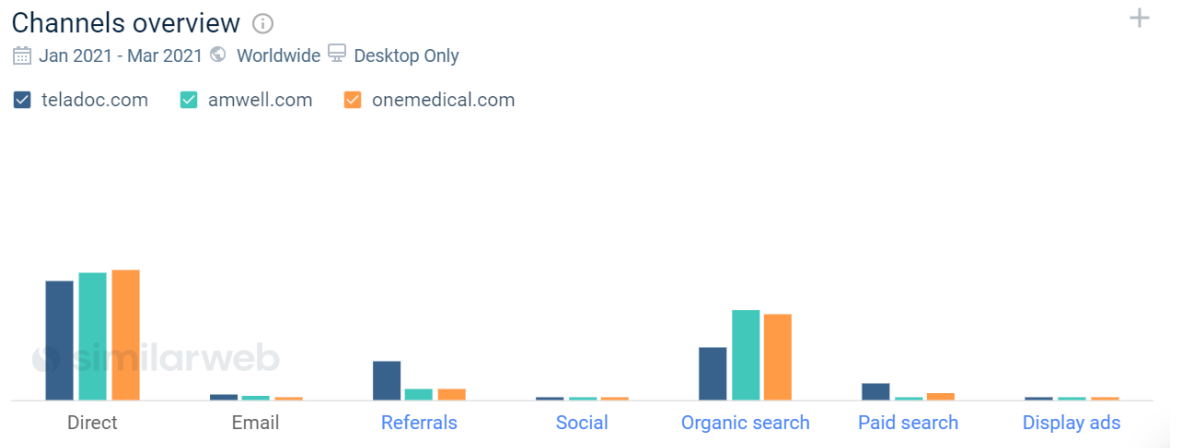
[Similarweb.com](https://www.similarweb.com), n.d., n.p.)

Figure 11: Website Visits



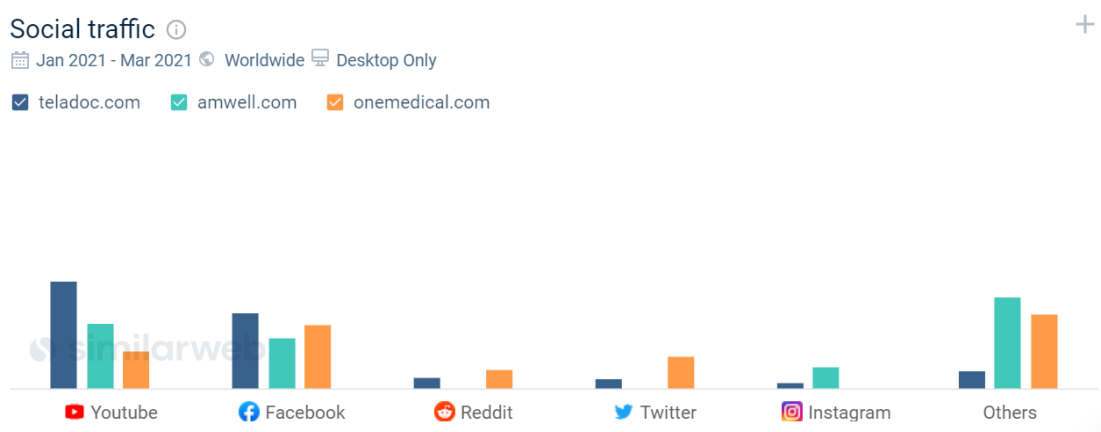
The graph above shows total visits during January 2021– March 2021 on the websites of Teladoc and its main rivals, One Medical and Amwell. As shown in the graph, One Medical has had 400,000 more visits than Teladoc in the first three months of 2021. The reason for that could be Teladoc’s poor organic search traffic, which is significantly lower than both of its competitors, as shown in the following graph.

Table 15: Channels Overview



The graph above represents the ways that Teladoc and its competitors get traffic to their websites. The time frame used was the same as above – from January 2021 to March 2021. Teladoc’s main strengths are referrals and paid search when it comes to website traffic compared to its competitors. On the other hand, Teladoc has significantly lower organic search traffic, which indicates a weak SEO strategy that could be improved. Lastly, the graph demonstrates that all three telemedicine companies have low website traffic driven by social media. A more detailed chart regarding social media is shown below.

Figure 12: Social Traffic



Teladoc drives traffic to its website mainly through YouTube and Facebook; however, the traffic from other social media platforms is poor, which is most likely connected to its low number of followers on social media compared to its rivals. The time frame in the graph above is January 2021 – March 2021.

[Teladoc](#) has only 45,000 followers on Facebook, compared to [Amwell's](#) 95,000 followers and [One Medical's](#) 123,000 followers. All three companies have meager engagement rates, as each of their posts has around ten likes, respectively, despite them being consistent and posting weekly. Teladoc could improve its standing on Facebook by engaging more with its audience, creating online events and webinars, or making special promotions on its services via the platform.

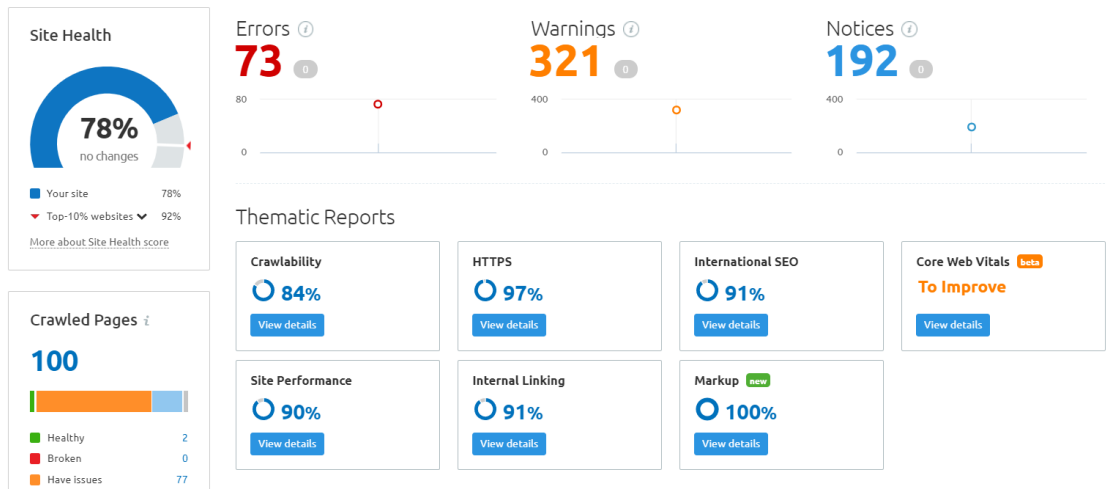
Teladoc's standing on Instagram is average compared to its rivals. Teladoc has almost 5,000 followers on [Instagram](#), compared to [Amwell's](#) 2,300 followers and [One Medical's](#) 18,000 followers. Although Teladoc is consistent in posting, its posts have around 40 likes and about one to three comments, which shows a low engagement rate. Its rival, Amwell, has about 20 likes on its posts, and One Medical has around 150 - 500 likes on its posts. Teladoc should improve its Instagram; for example, by unifying its feed in more gentle colors, by doing live streams, or by engaging with its followers through surveys on MyStories.

Teladoc's most substantial presence can be found on YouTube, where Teladoc has over 1,500 subscribers, compared to One Medical's 1,000 subscribers and Amwell's 910 subscribers. Although the number of [Teladoc's YouTube](#) subscribers is low in general, its videos have many viewers. The number of views on Teladoc's YouTube videos ranges from the low thousands, through hundreds of thousands up to more than two million views. Compared to Teladoc, [Amwell's YouTube](#) videos have around 2,000 - 17,000 views, and [One Medical's YouTube](#) videos views range from 600 - 19,000 views.

(The social media research is up to date to May 1st, 2021, inclusive).

(Please, refer below for the Site Audit)

Figure 13: Site Audit



[Similarweb.com](https://www.similarweb.com), n.d., n.p.)

The figure above indicates the overall health of Teladoc’s website. The higher the percentage of the “Site Health” (left corner), the fewer changes are needed on a website – Teladoc has 78%. The site audit shows that Teladoc’s website has some errors; however, the overall performance is good, bringing more value to and convenience for its customers.

Mobile App Analysis

Figure 14: Google Play downloads

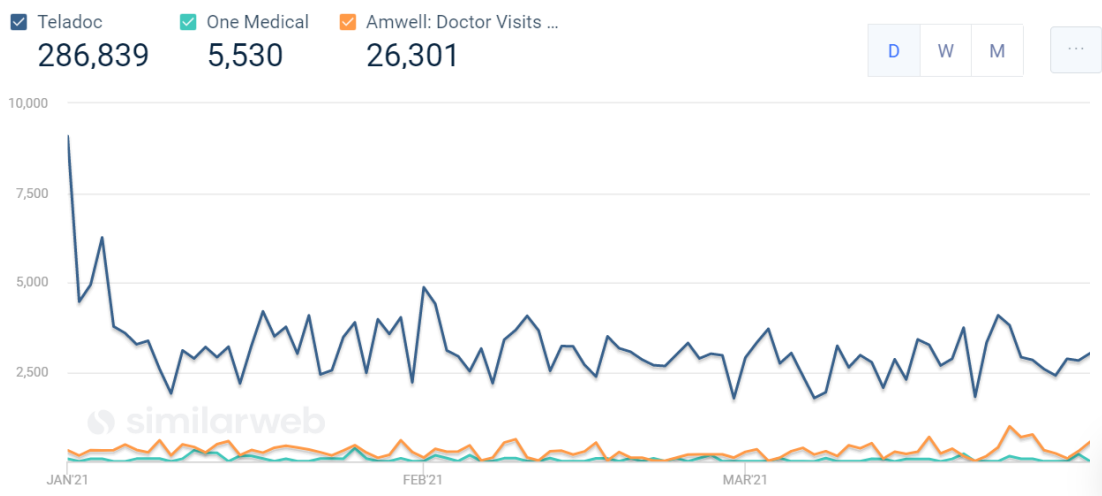
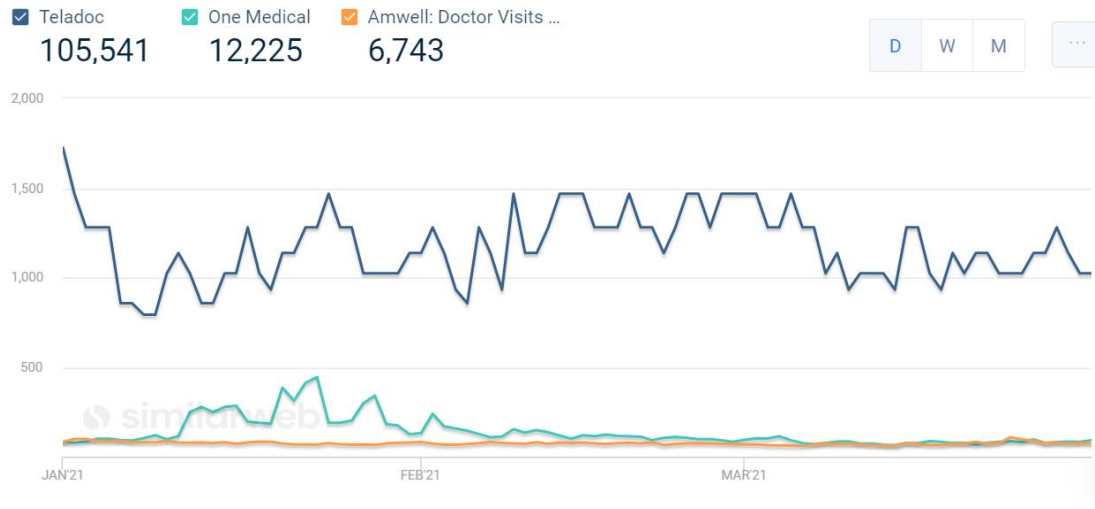


Figure 15: App Store Downloads



The graphs above compare the number of downloads of Teladoc’s app and its rivals on Google Play and Apple’s App Store in the first quarter of 2021. Teladoc’s app has been downloaded almost 400,000 times, whereas One Medical’s mobile app has been downloaded only nearly 18,000 times, and Amwell’s app has been downloaded 33,000 times. The difference in the number of downloads is significant, and it shows that Teladoc’s app is more popular among patients.

(Go back to [Chapter 4: Website, App, and social media performance analysis](#))

Appendix T: Competitor Analysis

The researcher chose the following criteria to create a Perceptual Map: the price over the quality of services and the degree of services offered. The researcher chose these criteria as they are the ones that potential clients look for in telemedicine – as many services possible for the lowest price.




Teladoc and its competitors provide their customers with a similar range of services; however, each offers different types of memberships at different rates. The researcher has located Teladoc to the bottom right corner of the graph, as it offers a wide range of health solutions (ibid., p.13) at the lowest rate without insurance – starting at \$49 per visit (ibid., p. 30). The prices with insurance can be as low as \$0 per visit, depending on the client's insurance plan ([Teladoc website](#), n.d., n.p.).

The researcher has placed Amwell at the middle of the graph, as the prices are moderate, and so is the degree of service offered. Amwell offers its customers one-time visits, which start from \$79 without insurance ([Amwell website](#), n.d., n.p.), and can go as low as \$15 with insurance, depending on the insurance plan ([Amwell flyer](#), n.d., p.1.). The range of services offered is lower. Compared to Teladoc, Amwell does not offer dermatology treatment, expert medical advice on heart diseases, cancer, or back pain, or primary care (ibid.).

Lastly, the researcher has located One Medical at the top left corner as One Medical offers only a yearly membership at almost \$200 and no one-time-visit options. Moreover, the one-year membership does not cover an extensive range of services, such as mental health management, allergies, infections, burns, and others – these services are charged extra ([Finder.com](#), 2020, n.p.).

For more detailed information regarding Teladoc's competitors, please refer to the table below.

Table 16: Competitor Analysis

	 TELADOC.	 amwell	 one medical
Headquarters	Harrison, New York, USA	Boston, Massachusetts, USA	San Francisco, California, USA
Year founded	2002	2006	2007
Number of employees	4,400 7 000 physicians	700	1,957
Number of countries it operates in	175 countries	Only USA	Only USA
Product and services portfolio	<p>General Care (non-emergency conditions – flu, allergies, sinus infections)</p> <p>Mental Health Care (depression, anxiety, stress)</p> <p>Specialists and Expert Advice (dermatology, cancer, heart disease, back pain advice)</p> <p>Wellness Care (nutrition, tobacco</p>	<p>Urgent Care (Allergies, sinus infection, pinkeye)</p> <p>Therapy (anxiety, OCD, trauma)</p> <p>Psychiatry</p> <p>Menopause Care</p> <p>Pediatrics</p> <p>Nutrition Counseling (Amwell website, n.p., n.d.)</p>	<p>Wellness and prevention (lifestyle advice, disease prevention)</p> <p>Everyday care (flu, rash, allergies)</p> <p>Chronic conditions (asthma, chronic pain, diabetes)</p> <p>Mental Health (depression, anxiety, insomnia)</p> <p>Sexual Health</p> <p>Wellness</p>

	<p>cessation, sexual health)</p> <p>Primary Care (routine checkups)</p> <p>(Teladoc website, n.p., n.d.)</p>		<p>Urgent Care</p> <p>(coughs, cuts, infections)</p> <p>(One Medical website, n.p., n.d.)</p>
Customers	<p>Small and large businesses, insurance companies, hospitals, pharmacies</p> <p>+</p> <p>Direct-to-customer services</p> <p>(Teladoc website, n.p., n.d.)</p>	<p>Small and large businesses</p> <p>+</p> <p>Direct-to-customer services</p> <p>(Amwell website, n.p., n.d.)</p>	<p>Small and large businesses, health plans (such as Blue Cross), Health Systems (MedStar Health, and more), hospitals</p> <p>+</p> <p>Direct-to-customer services</p> <p>(One Medical website, n.p., n.d.)</p>

(Go back to [Chapter 6: Competitor Analysis](#))