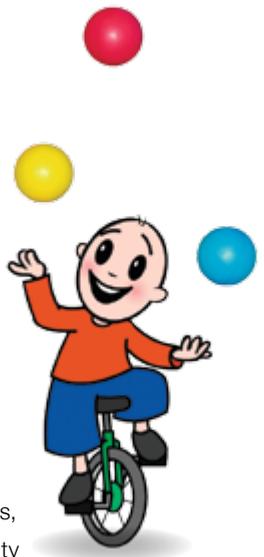


Over the past four years, Clalit has undergone a marketing “Turn Around”. At the center of its marketing activity was a wide scale change in the service experience, supported by an ongoing series of new products and services launching



Clalit Health Services is Israel’s largest healthcare organization, providing medical services to over 4 million customers. Clalit has a national spread, with 1400 clinics, 40 children health centers, 39 women’s health centers, 14 hospitals, approximately 400 pharmacies and another 250 in arrangement as well as hundreds of institutes and laboratories.

In addition, Clalit has subsidiaries that provide supplementary health services: insurance (“Clalit Mushlam”, “Clalit Hul” and nursing insurance), esthetic medicine (“Clalit Esthetica”), supplementary medicine (“Clalit Mashlima”) and Dental Care Services (“Clalit Smile”).

The Marketing Challenge

The main challenges faced by Clalit in 2008 as part of its marketing “Turn Around” included:

1. Aiming for a positive balance of costumers.

2. Focusing on young families in order to rejuvenate Clalit’s brand image.
3. Improving access and variety of services for customers.
4. Developing a range of new products.

The Creative Solutions

The marketing “Turn Around” process included three main stages:

1. Internal organizational activities among employees in order to instill the confidence that this move is feasible and achievable in them.
2. Focusing on central activities that should be carried out to ensure that the process succeeds.
3. Analysis of Clalit’s database in order to identify the various profiles of Clalit customers, and to define a set of designated activities that will increase customer satisfaction.

In 2008, Clalit launched a strategic plan that focused

on expansion of the range of services at the clinics while broadening and developing online medical services as well as the customers’ accessibility to medical services. In order to accomplish this, Clalit established a service entity designed to focus on services that are adapted to customers needs.

As part of the process, Clalit invested substantial sums of money to improve services: renovation of clinics, adjustment of the clinic hours and services to meet the customers’ needs, establishment of additional health centers for women, children and alternative medicine. Clalit also established a new oncology call center, launched a call center for senior citizens and expanded the nurses call center, providing a 24-hour response.

Regarding supplemental insurance, Clalit improved its range of solutions that are tailored to meet customers’ needs, with “Clalit Mushlam” and “Clalit Platinum” premium insurances.

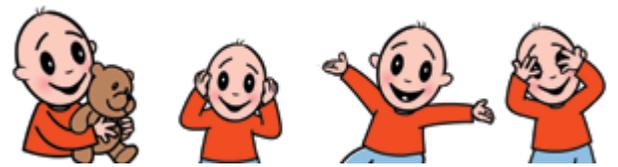
Clalit placed particular emphasis on accessibility and simplification of services to customers with state-of-the-art technology. For example, Clalit’s entire imaging system is computerized and connects all of its various service providers. For example, results of MRI exams that were carried out in the hospital are made accessible online to the attending physician.

The digital communication with customers has also undergone a revolution, with Clalit customers now being able to receive a large range of services through the internet and smart phones. Clalit’s website, which is visited by over three million visitors each month, functions as the gateway to Clalit for customers, as well as a source of information on health and healthy lifestyle.

Now days, Clalit’s customers can manage their and their family members medical files on-line, view laboratory results, schedule visits to the doctor, schedule blood tests, renew regular prescriptions, obtain referrals for periodical examinations, manage their personal list of medication, print obligation forms, etc.

Over the past three years, Clalit has also developed several smart phone applications in a variety of spectrums, in





www.clalit.co.il

order to provide customers with information and allow them to receive services directly from their smart phone.

Focus on Families and Young People

Focusing on young families is another key component in Clalit's strategy. The transition to married life and a first child is the right time to establish the connection and communication with young people, and to help them choose the HMO that will accompany them and their children throughout their lives.

Clalit developed several unique innovations and services that are adapted to the target audience:

Online Pediatrician service powered by Schneider Children Hospital specialists – This service allows Clalit's customers to consult with a pediatric specialist through video chat or by phone, during evenings and on weekends after the clinics have closed. If necessary the doctor can send prescriptions for medications by fax or to the nearest pharmacy, as well as "Form 17".

Online Lactation Consultant Service – A certified lactation consultant who offers personal training by video chat on Clalit website. No need to schedule an appointment, take the baby out or leave home.

Clalit's iPhone and Android Application – allows customers to schedule appointments for the family doctor, pediatrician and consultant, obtain lab test results, consult with experts, etc.

40 Weeks Application – accompanies parents-to-be throughout all weeks of pregnancy and includes a video series that presents 3D animation of the week-by-week fetus development. The application displays detailed information about the week of pregnancy, consultation by e-mail with Clalit experts, daily tips and special coupons.

Content channels on the website – offers contents, services and interactive tools for pregnancy and birth, parenting, health and lifestyle. The website provides relevant tools and services such as forums, experts, Q&A, etc.

Clalit TV on the Clalit website and Clalit's YouTube channel – video channels that contain hundreds of clips in a variety of medical subjects: health, fitness and healthy lifestyle.

Regarding Clalit supplementary insurance, emphasis was placed on pregnancy and birth. For example, the "Clalit Mushlam" insurance policy covers 30 tests required during pregnancy, as well as free dental care for children under the age of 18.

Things You Didn't Know About Clalit

■ Clalit is the only HMO that operates 14 public hospitals – 9 general, 2 psychiatric, 2 geriatric and one rehabilitation center.

■ Clalit offers its customers designated centers that include 40 children health centers, 39 women's health centers, sports clinic, clinic for tourists and teens, alternative medicine, Clalits Smile dental clinics and 12 Clalit esthetic medicine clinics.

life, encouraging identification among mothers while also creating a warm, emotional bond with the brand.

As part of the overall process in recent years, Clalit's advertising language has undergone creative innovation by incorporating new elements in each campaign, such as integrating the real world with animation and digital visibility.

The Results

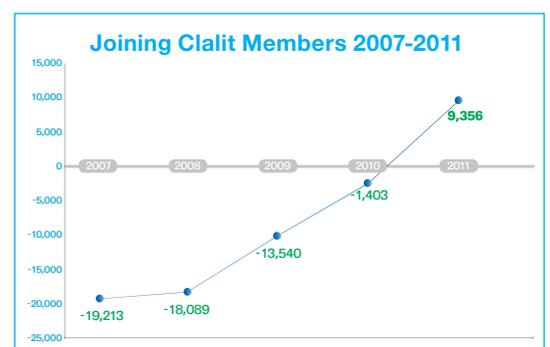
In 2011, Clalit shifted to a positive customer balance, meaning there were more subscribers than abandoning customers (a tendency that is continuing this year as well). In 2011, Clalit encountered the lowest customer abandonment rate, and 90% of new members were under the age of 40.

Another statistic that illustrates customer satisfaction is the degree to which Clalit members recommended family members and friends to join Clalit. In 2007 the percentage of recommendations was 76.65%, whereas in 2011 this number reached 79.11%.



Updating the Communication Language

The brand "Clalit" relies on clear, identifiable and discernible language that reinforces the "The Best for the Family" strategy and creates a bond with young families. At the forefront of the language are a cute child named Hamudi and his family, who are Clalit's customers. The advertising language use intelligent humor to successfully create an image that depicts the young family's



1911

DUE to the suggestion of Berl Katznelson, "The General Federation of Laborers in the Land of Israel" is founded".

1930

Clalit's first hospital, "HaEmek", is established in Afula.

2005

As part of the rebranding and refocusing, Clalit adopts the slogan "The Best for the Family".

2008

Clalit initiates a marketing "Turn Around" process.

2010

The year of innovation in service – new service centers, cancellation of fees and levies and expansion of online services.

2012

Clalit shifts to a positive customer balance and records an improvement in all operating, service and image measurements.