



WHITE PAPER



“Steroid Marketing”

Giving New Products a Better Competitive Edge

By Dr. Robert C. Keefer

While branded medical devices, diagnostics and pharmaceuticals really aren't commodity products like corn, copper and crude oil, there is a huge payoff in thinking about them in that way. Especially before launching a product.

CEOs, marketers and sales representatives will eagerly tell any analyst, physician, custom-

»Insurers, physicians and patients usually all go for the brands and products they know.«

er, investor or regulator about the many cool features of their products and how they are so unique. But in reality, patients and doctors already have many choices in how they are going to diagnose and treat patients. In some market segments, including cardiovascular, lipid lowering and urologicals, the customer has lots of choices.

Sure, marketers and product developers can expertly (and expensively) spin and position some small, incrementally better features, but the fact remains that insurers, physicians and patients know they have options and usually go for the brands and products they know. Granted, they may not be quite as good; but they do the job, and increasingly pose less risk than newer, less-tested products. All these dynamics make today's medical products more like commodities and consumer products. Even if you think that is debatable, I would add that there is no downside to viewing new products in the healthcare industry like consumer products. It will force you — and the people who decide the size of the marketing budget — to up your game. Think about it.

Anyone with a commodity or consumer product has to work harder to understand and cap-

ture market share. The most successful ones, like Procter & Gamble, do it through what I call "marketing on steroids."

Intensive market research on "steroids" gives you an exquisitely defined, cost-effective marketing plan based on a nuanced understanding of your customers — who they are, where they are and what you need to say to them. Don't think in terms of "a group." Instead think in terms of a customer who lives and works in a certain place with well-defined needs and buying patterns. This is as important for marketers of medical devices, diagnostics and pharmaceutical products as it is for marketers of toothpaste and household products — perhaps more important considering the stakes of the product development game in our industry. Look at the colossal failure of Pfizer's inhaled insulin, Exubera®, a market flop with users and physicians after 10 years of development!

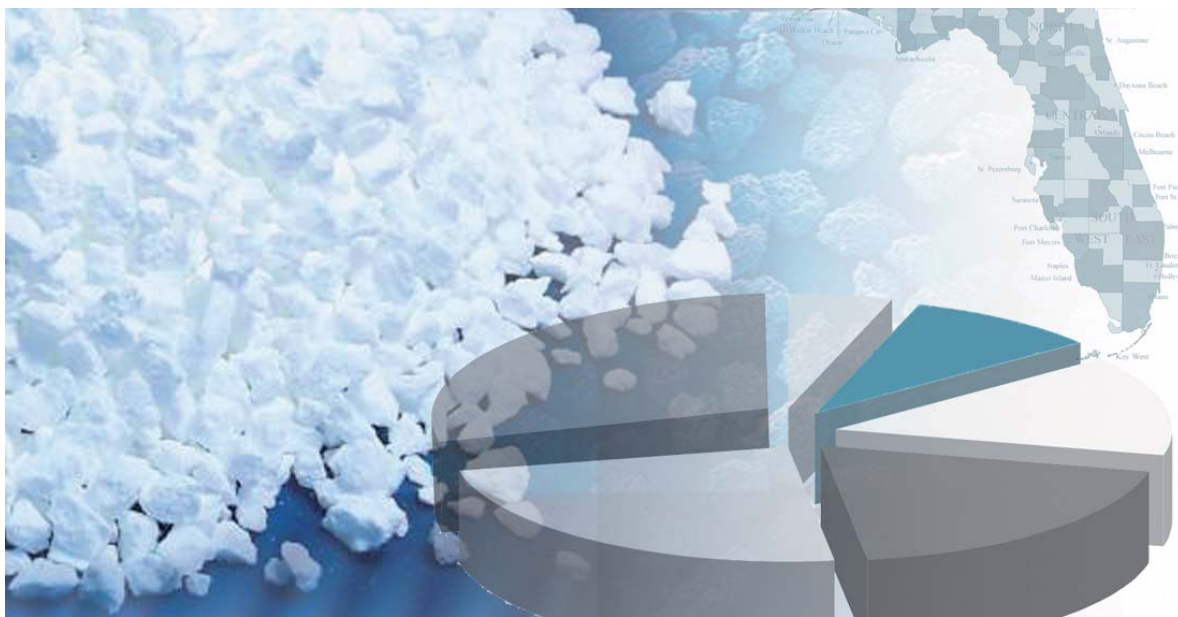
Choose the right "diet"

Here is how to get better marketing results using this concept:

The U.S. market — not to mention the world market for health care products — is vast. Not even the largest and most well-endowed pharmaceutical or medical device companies try to market to everyone at once, unless they just don't understand the implications. Smart, successful companies carve up the market into deciles and figure out which ones they can afford to sell to, based on the projected return on investment.

Well-designed quantitative research will tell you how to slice and dice your market and project the costs and profits of marketing to each type of customer, zip code, gender, age and lifestyle.

Curasan AG is a great example of a company that learned to do it right. Based in Germany, the company has a great FDA-approved,



Curasan AG decided to find the right slice of the market for their synthetic bone regeneration material. Targeting a particular segment with lot of senior citizens, they succeeded to sell more products for a fraction of the cost per sale. TCG assisted Curasan in crunching the numbers and developing a successful strategy.

bone regeneration material with benefits for virtually all kinds of dentists and patients. The product is superior to everything else out there and could probably quickly overtake established leaders if they had — and were willing to spend — the millions required to reach out and touch every potential customer at once.

Get smarter before you spend money

However, because they found the U.S. was a crowded market and customers had many choices, they chose to make themselves smarter before they spent more money. Basically, they marketed the product as if it were a generic. Instead of talking to the whole market, they learned from hands-on experience where they would get the best returns on their promotional dollars. They learned how to find customers in a particular U.S. state where the majority of their customer base were senior citizens.

From there, they built on the knowledge to sell to other prioritized sliced and diced markets at less cost. Their goal, as it should

be for every marketer in every company large and small, is to figure out how to juice up the marketing to sell more products for a fraction of the cost per sale. It is healthy “marketing-on-steroids” because it starts in your brain. To see how even the venerable Cleveland Clinic uses that mentality to move into new markets, see the CEO interview in the latest issue of the McKinsey quarterly.

In addition to spending lower promotional costs per sale, you get another benefit from this approach. Assuming you were right all along and your product does indeed fill unmet health needs, you can then price your product like the market leaders.

A company we have supported during their U.S. market entry decided to use a particular distribution network to reach its new customers with its clearly superior point-of-care diagnostics. Instead of trying to attack with a huge marketing budget, they use methods that gave them the most bang for the buck. They didn’t price their products like a commodity; they simply marketed them like that. In the end, they can still command premium pricing.

Exceptional qualitative research

Now that you've got the hard numbers, you're half the way there. Sticking to the "marketing on steroids" philosophy will take you all the way there with exceptional qualitative research. This is the kind of research you get to do yourself. It is fun because it is rewarding and gives you quick accurate results. It could use focus groups; but more importantly, it is done by YOU talking with YOUR key customers in ways you never have. Starbucks could learn a lesson here along with some other companies we all know.

Individual customers are happy to give you a visceral feel for their needs and will tell you exactly what they like and don't like about your products and your competitors. They will tell you when is the best time to talk with them and how to talk with them. They will tell you what key messages hit home and which ones don't. They will tell you how

to fine-tune your products and marketing to capture the market share you want at the cost you need. They will tell you where they get their health information and how they make decisions about doctors, hospitals, insurers, products and services. Sure, you need to know where they live and how to find them, but they will tell you more about how to achieve success than the people designing or marketing your products ever could.

Marketing on steroids focuses your marketing on where your best customers are geographically, mentally, physically and spiritually. Once you've made a hit with them, your promotional dollars will be even more effective in the next tier of your business and marketing plan. Eventually, you will capture all the market share you're entitled to at a fraction of the cost.

It is the one safe way to use steroids.

This white paper is published by TCG LLC, Durham, NC.

To get more information on „Steroid Marketing“ and to keep in touch with the latest developments please call
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