

Conference Highlight Reprint # 310-04

Is Your Product Ready for Consumers?

By Dan Limbach

You've spent a king's ransom getting your medical device ready to market. It's passed all the regulatory requirements. You have the clinical studies that prove its validity. You have a story to tell, but whom do you tell it to?

It's not always clear whether your marketing dollars should be spent on DTC marketing. Amy Siegel, Vice President, Health Advances, LLC, a healthcare strategy consulting company located in Weston, MA, offered some clear advice on how to determine if DTC is appropriate for a medical device. She was speaking at a recent Direct to Consumer Strategies for Medical Devices conference in Chicago organized by the Center for Business Intelligence. Mark Speers, Co-founder and Managing Director of Health Advances also participated in the presentation.

More Devices Will Opt for DTC

Health Advances is working with companies to bring 35 new device technologies to market in the next year. According to Siegel, about one-half of these will be considered for direct-to-consumer (DTC) advertising. But, which are likely to benefit from DTC? DTC campaigns can be extremely expensive and time-consuming. Correctly determining whether a DTC campaign is right for a product is therefore critical. For example, if a company tries to launch a DTC campaign before physicians are familiar with the technology, the plan can backfire and hurt all marketing efforts for years.

To evaluate products for DTC, Siegel uses a classic decision grid to chart opportunities for specific applications (see chart on next page). The vertical axis charts patient dissatisfaction with current options, ranging from low dissatisfaction to high. The

horizontal axis charts "consumer" benefits of the product from low to high. Using this analysis, the best DTC candidates are those that combine a high level of dissatisfaction with current treatment options with a high level of "consumer" benefit.

Consumer benefits are benefits of keen interest to patients beyond traditional clinical benefits that physicians focus on. Such benefits could include faster recovery time, less pain, improved appearance, convenience of treatment venue, reduced out-of-pocket expenses, shorter duration of treatment course, and so on.

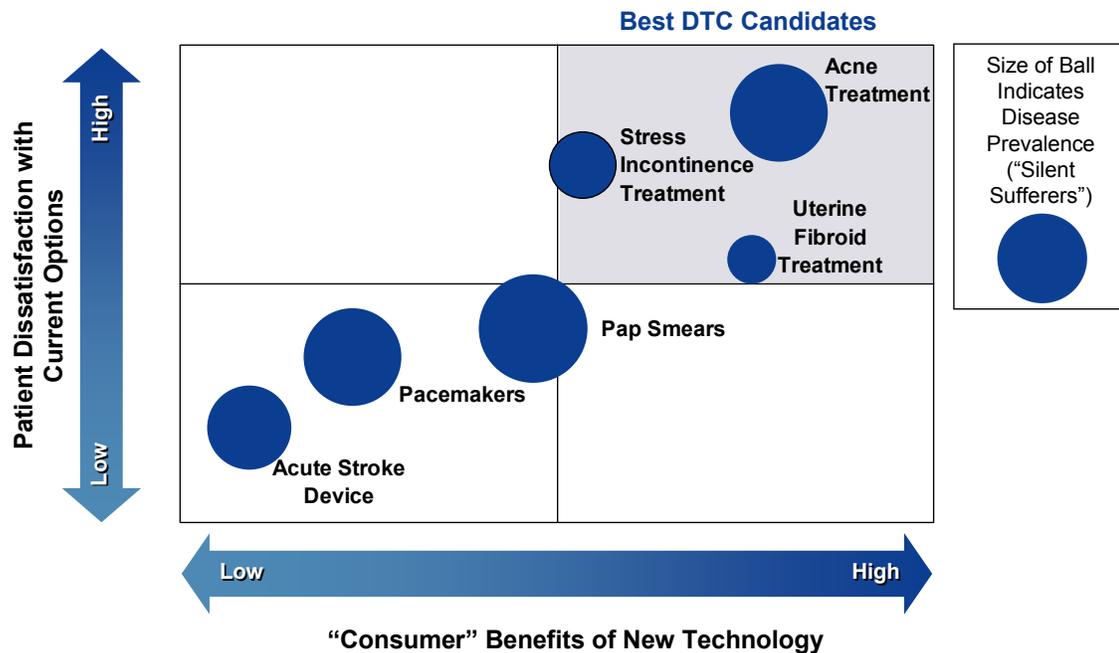
Pap smears score in the moderate area of the chart in both measurements, while pacemakers and acute stroke devices languished in the least favorable quadrant. For these last two candidates, DTC is a poor option. Patients do not generally influence their physician's choice of pacemaker or stroke treatment, certainly not to the level of specifying a manufacturer.

Acute treatments are generally not good targets for DTC. Patient populations who are living with chronic conditions (sometimes known as "silent sufferers") are far more productive DTC targets. Uterine fibroids and stress incontinence are two excellent examples of conditions that patients often choose to live with because they do not like the treatment options.

There is a third dimension to consider—the size of the group of sufferers. Two devices may score in the same Patient Dissatisfaction-Benefit range of the chart, but the one with the larger population of consumers obviously warrants more consideration, although not always.

Continued on next page...

A new product which offers a large, dissatisfied patient population a new treatment alternative with “consumer” benefits is likely to benefit from DTC



The potential revenue and margins for a product play a role, as does the medical reimbursement potential. When a product is covered by many medical plans, it is obviously far more effective to tell consumers to “ask their doctor” about the product through DTC. DTC is likewise effective if a treatment is self-pay and not reimbursed, as in the below example of a novel acne treatment.

Acne Treatment Device Case Study

Siegel presented a case study of a device-based (laser) treatment for acne requiring the purchase of a fairly expensive piece of capital equipment by physician offices. Would DTC work for this device?

There is a huge population of 24.3 million acne sufferers, more than 20 million of whom are not treated by a physician. Mild sufferers often treat the condition with over-the-counter (OTC) products while a higher percentage of moderate and severe sufferers are treated by a physician (PCP or dermatologist).

Efficacy rates for current oral and topical acne products vary depending on who you ask. Sufferers, especially teens, demand a high degree of efficacy (over 90%), so they are quite displeased with anything that falls short, while their doctors may see 75% efficacy as a major success. In the end,

patients are satisfied with the results 50% of the time, while doctors are satisfied 70% of the time. So the indication is that there is a market for a new treatment.

For teens, any product that can help them get more dates and feel more confident about themselves certainly carries a huge benefit to those consumers. Health Advances’ research determined that most teenagers’ parents are willing to self-pay (out of pocket) over \$1,000 for a highly effective laser treatment regimen to cure their acne even though conventional pharmaceuticals are reimbursed by their insurers. This level of reimbursement makes the capital investment decision by physicians very easy; they can earn a payback on the equipment in less than one year. With the laser technology, a low-margin dissatisfied patient segment becomes a very lucrative, satisfied group.

Co-op Advertising

Speers noted that “co-op advertising” is an untapped opportunity for many products. The idea is that the device manufacturer and a provider customer of the manufacturer would share the cost of a local advertisement just as appliance manufacturers often share the cost of a local newspaper ad that features a specific retailer.

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When a device advertisement references a hospital that uses it, the device manufacturer and the hospital receive a benefit. Depending on how they split the costs, they can either run more ads for the same budget or put the savings to other uses.

Speers noted that manufacturers do have to be careful to stay within some legal restrictions on these types of ads.

Does DTC work? If you have the right product for the right audience and the financials make sense, DTC can be an effective driver of business. Most of the data collected focuses on the pharmaceutical industry. As an example, Speers referenced the Cozint Market Measures/Cozint 2003 DTC Monitor which states, "DTC awareness is at an all-time high, with 81% of sufferers recalling seeing DTC ads for their conditions..."

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