



ZS ASSOCIATES

SALES & MARKETING INSIGHTS

# ZS Interview: Why Medical Products Companies Should Experience the Customer Experience

Participants: JJ Raoult and Matt Singer

Medical device and diagnostics companies are facing several challenges that could affect their bottom line. First, increasing competition is putting downward pressure on prices and making it difficult for companies to differentiate their products. Implementation of the device tax in 2013 will increase price pressures even further. On the customer side, the hospitals and systems that constitute the bulk of clients for medical device and diagnostics companies face shrinking reimbursements and tight budgets. In addition, evolving market dynamics are bringing more stakeholders into the decision-making process, and many of these stakeholders stress an economic perspective.

In an interview, JJ Raoult, a ZS Principal in New York, and Matt Singer, an Associate Principal in Evanston, Ill., discussed how a customer-centric approach can help medical device companies identify innovative sales and marketing strategies and tactics. This approach considers the sum total of all contacts—personal or not—a customer has with a company and its products throughout the customer's life.

## About the Expert

JJ Raoult,  
Principal

ZS Associates,  
New York

JJ is responsible for the firm's opportunity assessment practice. He has extensive experience in portfolio and brand strategy, and has led the development of a new market simulation approach at the individual patient and physician level called MarketLive.



Matt Singer,  
Associate  
Principal

ZS Associates,  
Evanston, Ill.

Matt is one of the global leaders in ZS's new product launch planning practice area, focusing on helping health-care firms plan and execute successful product launches. Matt has worked with companies in the medical products and services, pharmaceutical and biotech industries.



## Why is the customer experience important?

**MATT SINGER:** Most leaders at medical device and diagnostic companies would say that sales reps own the customer experience. But customer experience is also affected by medical programs, Web sites, traditional and Internet advertising, and social media. In most medical device companies, no one is considering the holistic interaction that customers have with the company. As a result, customer experiences may be inconsistent and suboptimal.

When someone is choosing a product from among several options, the decision isn't just about product features. Customers have a much broader interaction with the offerings that are available to solve a problem or meet a need. By providing insights into these interactions, the customer-centric approach can help medical device companies identify tangible ways to create and direct a customer experience that sets their company apart.

## How does this approach incorporate the value proposition?

**JJ RAOULT:** Segmentation and developing the value proposition occur on the implementation side. We need to recognize that not all customers are the same. What is a good experience for one customer may not be good for another. In developing a value proposition, we need to think about different profiles of customers and develop an experience that will be best for them.

**MATT:** Customer experience is a different and innovative way to look at the value proposition. Medical device companies have introduced a proliferation of "value-added" services, such as attractive payment terms, free training, repair service and clinical education. Rather than creating such services initially, we want to first understand the rational and emotional drivers and barriers that influence surgeons and administrators. Putting yourself in their shoes can help gain this understanding to get an "outside-in" design of your customer-facing organization.

For example, when orthopedic surgeons decide which products to use for procedures, they don't always choose based on which have the best features or the best clinical outcomes. The decision may be the result of underlying reasons, such as which company is easiest to do business with or helps surgeons market themselves in the community. Understanding what's below the surface can help a medical device company truly affect decision making.

## How can "the customer journey" shape customer experiences?

**JJ:** Following customers on their journey allows us to identify the many touchpoints where they connect with a company. These touchpoints may be the media, journals, the Internet, friends and doctors. Mapping the

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customer journey allows us to observe what customers do, and to see the challenges they face that they may not be able to articulate or needs that are left unconscious and not expressed. The map also allows us to look at the touchpoints, measure how the company is doing and identify ways to improve the quality of the interactions at each touchpoint. By doing this, companies may be able to find activities that could be redesigned to be done especially well and use these to differentiate themselves.

### **How can this help with a diverse customer base?**

**JJ:** One of the challenges for medical device companies is that they have different types of customers with differing touchpoints. We might need to track different types of doctors and nurses as well as patients, administrators and hospital execs. In mapping the various journeys, we use “swim lanes” to represent different types of individuals along a patient-centric journey. Swim lanes show the world from the perspective of each customer and how they interact with each other and the product.

**MATT:** It helps identify the different stakeholders that a company needs to consider in both its emotional strategy and experience design. A stakeholder who interacts directly with the company has different needs than one who interacts with other stakeholders. Swim lanes help us understand different customers and design customer-facing processes that create desired experiences.

### **How can this play out in real life?**

**MATT:** We worked with one company in a highly commoditized segment of the medical device industry. Our client was losing share to its two major competitors and getting locked out of contracts. By taking an experiential approach, the company learned that customers found it difficult to interact with the manufacturers in the market. Each time customers called, they had a different experience. This was true for all three companies.

The company decided that if it could create a unique experience, it would stand out when everything else was equal. The company designed a concierge program that made customer interactions seamless; the concierge could access all the customer’s preferences, and if a customer needed something delivered the next day, the concierge made sure it happened.

Implementing these improvements allowed the company to increase its market share by about 10 percentage points in a couple of years. It was able to do this because its employees had deep insight into customer experience. As is often the case, the changes did not require significant additional resources. It was driven first by a change of mindset internally.

## Ultimately, how can the customer experience differentiate offerings?

**MATT:** Differentiation is a hard nut to crack, especially in a market where customers may buy a product that is “good enough.” If you take the time to discover what customers ultimately want, you can meet that need in a way that provides differentiation. With so many different ways to engage with a customer, how does a company leverage the channels to ensure there is one overall customer experience? It’s by bringing all the pieces together to create a cohesive and seamless experience that will differentiate a company.

**JJ:** When a company is exploring ways to differentiate, it should include the product in the process, but realize that differentiation goes beyond the product. Individuals buy a product because they have consistently a better experience with a particular company.

Just considering that you can stage the experience a customer has with your organization, the same way a director stages a play to create certain emotions, opens a world of possibilities. Most companies do not even realize this is possible, and leave their customer experience to chance. Unfortunately, even if you do not design your customer experience, customers still will have one, and it probably will not be the one you envisioned.

### About ZS Associates

ZS Associates is a global consulting, outsourcing, technology and software solutions firm focused on commercial strategy and implementation. For almost 30 years, ZS has helped businesses across a range of industries address market challenges and optimize performance. From 20 offices around the world, ZS experts use analytics and deep expertise to help companies make smart decisions quickly and cost-effectively. ZS comprises multiple affiliated legal entities. Learn more at [www.zsassociates.com](http://www.zsassociates.com).



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