

DIGITAL MARKETING GUIDE

FOR MEDICAL TECHNOLOGY COMPANIES

A five-part industry guide to the biggest digital marketing opportunities available to medical technology marketers today



GREY MATTER MARKETING

MARKETING SMARTS FOR YOUR BUSINESS

INTRODUCTION: THE NEW HEALTHCARE MARKETING LANDSCAPE

The healthcare marketing landscape is undergoing a dramatic transition brought on, in part, by a wave of new regulations. Medical device companies, for example, are well aware of how the Affordable Care Act (ACA) will impact their businesses. Starting this year, device companies will be required to pay a **2.3%** excise tax based on topline sales (not profit) in order to fund the new healthcare legislation. Additionally, the Physician Payment Sunshine Act, a section of the ACA, now requires reporting of all financial transactions and transfer of value between manufacturers and physicians. These two changes alone will challenge traditional sales models and force companies to cut costs while proving their value to hospital systems and doctors.

The Affordable Care Act is also disrupting the business of hospitals and physicians. Mandated membership in accountable care organizations, changing payment models, and the emergence of patient empowerment will pressure hospitals and physicians alike to reduce costs, increase efficiency and improve the quality of patient care.

In March 2013, the Senate voted by a 4-to-1 margin to support repealing the device tax — but it did not specify where the government should look for an alternative source of revenue, and in any event, the vote was non-binding. Still, political and industry support for this provision does not seem high, and firms must plan ahead against any possible negative side effects if the tax stands.



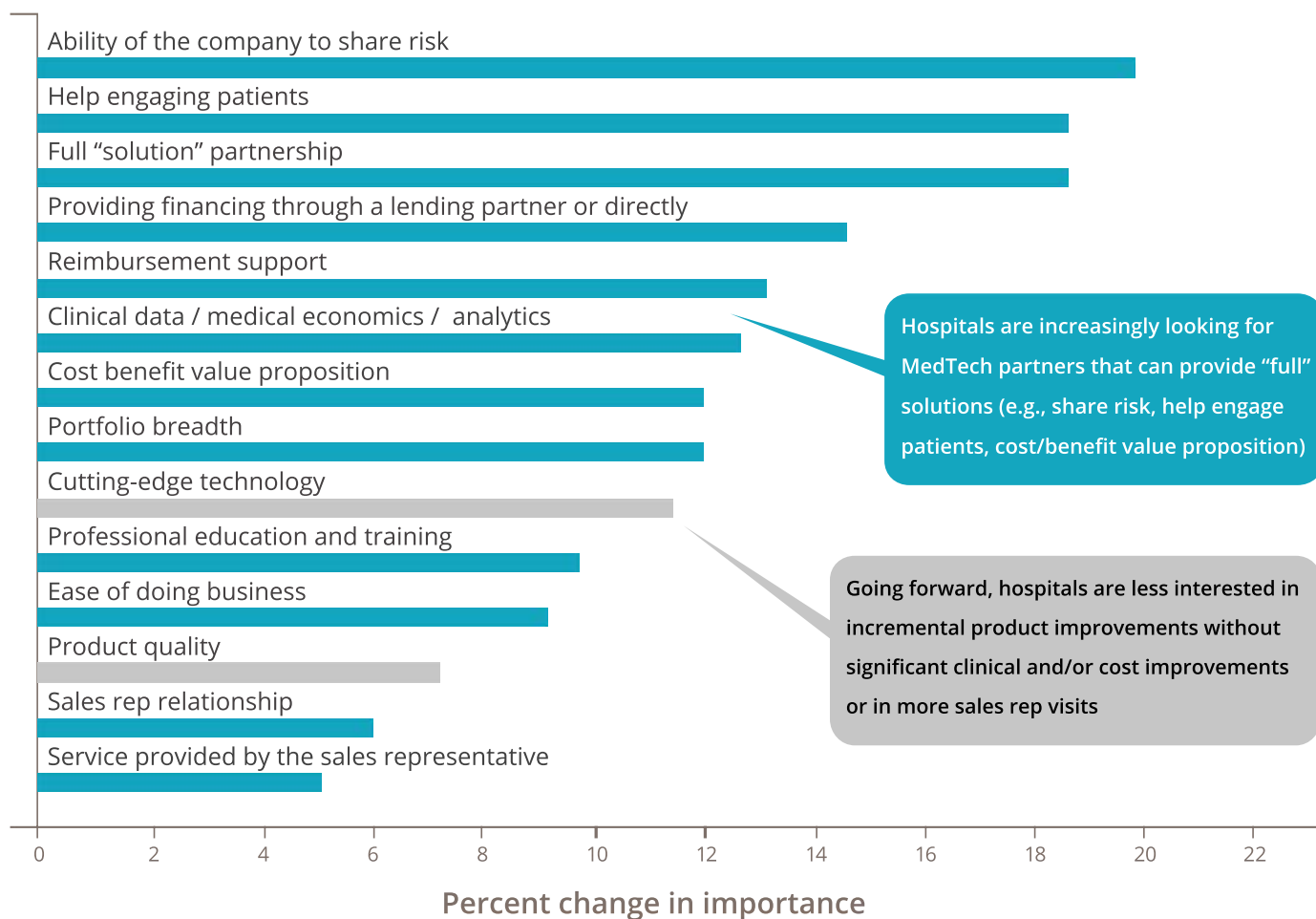
At the same time, regulation of digital marketing by the U.S. Federal Drug Administration (FDA) remains vague at best. In 2011, the FDA issued Draft Guidance for Mobile Medical Applications, applications that are used as an accessory to a regulated medical device or

transform a mobile platform into a regulated medical device. The FDA has also stated its intent to draft an Internet guidance document. Yet, as of the publishing of this document, none has been issued. And the FDA's most recently issued "Guidance Agenda: News & Revised Draft Guidances" implies that significant guidance on digital marketing will not come from the administration this year, or even next year.

Now, more than ever, it is important that medical technology companies and their customers evolve together. Whether in medical device, pharmaceuticals or diagnostics, industry players can no longer succeed by simply delivering incremental product and cost improvements and deploying a retail/detail sales force. Companies with this strategy can no longer expect to gain sales or market share. Instead, hospitals and physicians are seeking broader, more strategic relationships with manufacturers.

Customers are looking to organizations in the medical technology industry as partners, expecting them to provide other add-on solutions, such as helping to engage patients, providing professional education and training, and offering best-practice consulting.

They also want stronger clinical and health economics data to support their purchasing decisions. The medical technology companies that understand and address these needs will be the ones that transition most successfully to this new landscape. The ones who are able to communicate this value offering early and often to customers will be in the best position.



Source: L.E.K. Hospital Priorities Study.(2013).Executive Insights. Hospitals Adopt New Strategies to Boost Profitability, but Still Face Deep Challenges: A New Imperative for MedTech.

THE DIGITAL MARKETING REVOLUTION

A recent Corporate Executive Board study of more than 1,400 business-to-business customers found that by the time a customer reaches out to a product or service supplier, their purchase decision is nearly **60%** complete. For the medical technology industry, this means that most product and procedure education and evaluation is done before the sales representative ever initiates contact with the customer.



¹ Corporate Executive Board Company, "The End of Solution Sales," 2013. Available from: <http://www.executiveboard.com/exbd/sales-service/the-end-of-solution-sales/index.page>

Nothing lends itself better to this new buying process than digital marketing.

Digital marketing initiatives allow manufacturers to engage with prospects earlier in the sales funnel to communicate their value offering while reducing the cost of sales.

"In the new era of healthcare, companies must be product- and solutions-oriented. Digital marketing allows companies to provide a more coordinated approach to assess customer needs before providing an offering. It allows us to create add-on solutions, such as professional education, patient engagement or best-practice consulting."

DELIA COOK

Group Marketing Director, Digital and Consumer Marketing
Mentor WWLC, a division of Johnson & Johnson

When done right, digital marketing aids in the discovery of meaningful insights, allowing you to better engage customers and cause changes in their behavior. The more meaningful customers find your solutions, the more profound and favorable these changes will be. As the campaign progresses, digital marketing also provides real-time access to performance metrics so marketers can maximize the efficiency of their investments.

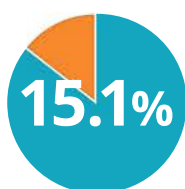
Marketers have always sought to find the right mix of messages across the right channels in order to get the most for their marketing dollar. With the explosion of digital marketing, including the advent of mobile technology and the rise of social media, focus has shifted from static sales channels to dynamic platforms that require engagement. Patients, physicians, nurses, and even the hospital C-suite are all embracing these new media, and adoption is growing at an exponential rate.

If a company, product, or brand is not engaged in conversation with customers, on the customers' platform of choice, it does not mean the conversation is not happening. It just means it is happening without them — and that allows their competitors to dominate and influence the discourse.

THE DIGITAL MARKETING LANDSCAPE

In the spring of 2013, Grey Matter Marketing fielded an online survey of 108 marketing professionals employed by U.S. medical technology companies. Grey Matter Marketing requested opinions and information on current trends and challenges in digital marketing. **Fifty-five** percent of respondents worked in the device industry, with the remaining responses coming from diagnostics and pharmaceuticals. The objective was to uncover trends, challenges, and opportunities in digital marketing for medical technology professionals.

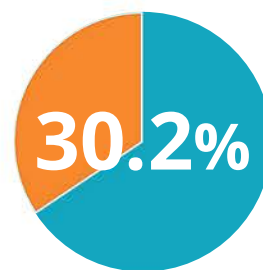
A **two-thirds** majority reported that digital marketing will play an extremely important or very important role in achieving overall business goals. Yet **51%** admit that although they do some digital marketing it is not comprehensive.



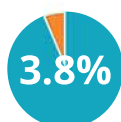
No, we don't do this now,
but we plan to
in the next two years



Yes, we do some digital marketing,
but it's not comprehensive



Yes, we have a digital
marketing plan
we update annually



No, we don't do this and
we don't have plans to do so any time soon

Most survey respondents' companies are allocating between **6%** and **20%** of their overall marketing budgets toward their digital marketing efforts. **Two-thirds** of respondents reported an increase in their digital marketing budgets compared to last year, with just **2.3%** reporting a decrease. About **one-third** reported that their budgets remained the same.

Most participating companies achieve their social media objectives with a combination of internal and external resources. **Sixty** percent reportedly work with an outside agency or consultant in some capacity.

The most frequently reported challenge to successful implementation of a digital marketing strategy was lack of internal resources, with **52.6%** stating, "Our marketing/communications team is too busy with other initiatives." Other challenges included:

- Difficulty securing funding to develop and maintain a digital marketing program (**35.9%**)
- Static content; not interactive or engaging (**35.9%**)
- Difficulty measuring the impact of digital marketing (**32.1%**)
- Lack of internal skill and expertise (**30.8%**)
- Lack of support from leadership teams (**20.5%**)

WHAT DOES THIS MEAN FOR YOU?

Medical technology companies, faced with a dramatically changing healthcare landscape, can leverage digital technology to engage their customers earlier in the decision-making process and communicate their value to their customers — going beyond product to true partnership.

Digital marketing tools and techniques have created opportunities that were not possible just a few years ago, and these opportunities will continue to evolve at a rapid pace in the years to come.

Only thoughtful and strategic marketing programs that understand and take advantage of these opportunities and evolve alongside them will see the ultimate result: increased revenue performance and reduced cost of sales.

Whether you are designing the next iteration of your product, revamping your customer service offerings, or improving operational efficiency, digital marketing can give your company a 360-degree view of its business and help your organization respond better and faster to change.



With the help of digital tools and techniques, the marketing department will become a key player in achieving strategic business objectives. Our aim is to help get you there.

This five-part industry guide provides a roadmap for the biggest digital marketing opportunities available to medical technology marketers today: content marketing, search engine optimization, social media, mobile marketing, and email marketing. More importantly, it addresses the biggest challenges reported in the Grey Matter Marketing Digital Marketing Survey and provides marketers with the supporting evidence needed to recommend specific digital marketing strategies to management.

UP NEXT: SOCIAL MEDIA

ABOUT GREY MATTER MARKETING

Grey Matter Marketing is a full-service, award-winning marketing agency working exclusively with medical technology companies. We provide the marketing architecture to build strong connections with providers and patients to drive adoption of innovative technology that improves lives. We have a proven track record in developing both traditional and digital plans that create compelling marketing experiences and drive business results. Our strength is finding the important truth in any communication effort, and translating that truth into something your customer understands, and more importantly, feels. Armed with this knowledge and insight, we roll up our sleeves and do what we do best: work hard, think strategically and deliver.

ABOUT THE BOOK

In the spring of 2013, Grey Matter Marketing fielded an online survey of 108 marketing professionals employed by U.S. medical technology companies. Grey Matter Marketing requested opinions and information on current trends and challenges in digital marketing. The results of that survey combined with the changing digital landscape inspired this guide. Digital Marketing For Medical Technology Companies outlines how medical technology professionals can use social media in a regulated environment. Even more importantly, it gives readers the supporting evidence needed to recommend specific social media strategies to management and internal legal and regulatory teams.

If you are interested in learning more about digital marketing as it relates to medical technology companies - including the latest trends, ROI, and how to sell-in digital marketing to your management team - we're offering readers a free phone consultation. email us at info@greymattermarketing.com

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