Aligning Products and Communications with Customer Needs

This transcript was lightly edited for clarity.

Chris Conner: Hello everyone. Welcome back. Thanks as always very much for listening. Today we're going to talk about aligning our products and our communications with our customer's needs. Before we do that, I have a few announcements to make. First of all the ACPLS annual meeting is October 25th through 27th. We got a fantastic lineup, but you need to know that the price goes up on April 1st. If you register by this Friday, which is March 31st, you'll save $500 off the ultimate price of the meeting. You can do that by going to ACP-LS.org/annual-meeting. Check that out, great agenda. It's up there on the website. We're filling in the details about the speakers, their bios and their topics, but the registration is fully refundable until September 15th, so you should lock in your ticket now and worry about your schedule later.

The other announcement I want to make is that I'm going to skip an episode after this one. The episode that comes out next, instead of being two weeks from now, will be either three or four weeks from now. Don't give up on me. I will be back. I've got some great speakers lined up. We just don't have them committed to specific times yet, and I'm doing a little traveling so you should come back in a month or so and start up again.

Now, let's go on with today's show. Marina Hop is the managing director at Viveo Limited. Viveo helps bioscience companies to understand their customers more intimately so that they're able to deliver effective marketing that improves revenue. Before Viveo, she served as a brand and customer insight director at Horizon Discovery, and also as a strategic marketing manager at GE Healthcare. Marina, welcome to Life Science Marketing Radio.

Today we're going to talk about matching our product and our communications with customer needs. You and I had a conversation before. It seems not uncommon that products and features sometimes get developed in research and development and they're thrown over the fence to marketing or told to go out and sell this new thing without really knowing whether anyone wants it. If that's a problem we're trying to avoid or if we have to fix, how do we do that?

Marina Hop: Unfortunately it's a pretty common problem with life science companies because they're often run by scientists and engineers, where the emphasis is on the science and the product. Sometimes the customer is really an after thought. I think the products really fail for a number of reasons. It could be anything from the customer doesn't perceive that they have a need for the product, or there are just not enough customers to buy the product. Maybe it doesn't meet the customer expectations because no one's actually asked the customer what they want, or it's so revolutionary that the customer's going to need a lot of education and some companies are just really not prepared to spend the time and money to educate customers in the long run. Or it could be a technical issue like you just haven't got the pricing right or the timing's wrong, it's too early or too late to the market when a competitor might have already taken a share of the market.

I think the earlier you can gather customer insight at the product concept stage, the easier it will be to address some of these issues. If you're going to have to go out there and speak to customers and to find this information, you're going to have to figure out how the target customer is and what market segment they're in. You'll find out very quickly how easy it is t find them and to find out how many people have this problem and also have the money to solve the problem.

I think if you're unfortunate enough to be gifted a product that hasn't involved any customer insight, the best thing is to go out there and to speak to customers quickly as possible. I don't think customer research really has to be lengthy or expensive. In my experience interviewing maybe a dozen or so people, a cross section of your target customers can, face to face or on the phone, can really give you an understanding of how the product might work in the market. For example, I worked on a microscopy project and it was for a provider of microscopy and high content analysis. They developed cell benched, and a bench type analyzer. It was based on an existing platform, which they already had. They just added some additional functionality so that the instrument could do things like cell counting and cytometry as well as imaging.

When we first got this instrument from there R&D team, they had already locked down the specs and the product was about to go out the door. At this really late stage, we had to set about trying to find a unique angle that would differentiate the product in what was a really crowded market. What we did was go out there and talk to some customers and set up some focus groups to test the concept. What the customers told us initially was, "We really don't want a hybrid instrument, because it probably won't do any one of the three things very well." We then had to go and really find a problem to suit the instrument, and one that hadn't already been used by the competitors, steering away from the issue that it was actually a hybrid instrument.

We started to talk to people and when they do cell culturing and when they really need something that can check the health of their cells and we found out that it was really at those early stages of cell culture when it was a product like this would be handy. We were then able to position the instrument as a cell health check instrument, and we actually started to talk in adjacent market, which wasn't just cell biologist, but protein biologists as well who maybe had to culture cells to get their protein. We were able to then find a position in the market, but I think if you're going to avoid this happening, the customer insight really has to come early on when you're developing the product. Marketing really needs to have a seat at the table very early on the product development process.

I know it's quite hard for marketing to become part of a development team, but one thing that I've used is I've run a project where we looked at all of the new product introductions and we looked at the amount of customer insight that was there at the start of the project, and then we looked at the correlation between how much customer insight had been put into the project and the outcome of the project. It was interesting to see that this really high correlation between low quantities of customer insight and market research, and very high failure rates, so it was pretty compelling evidence to really get the senior leaders within the company to start thinking about how they approach product development and product launches.

I think involving the marketing team talking to customers really early on in the innovation and product development process helps you get the right products to customers and you can then position them properly so that you get rapid market share. It's going to be so much better if you've had that insight early on than if you try to retro fit a value proposition the way we had to with the cell imager.

Chris: Yeah, it's shocking how often that happens because it seems, I don't want to say obvious, but natural maybe that would ask customers what they want. We're going to talk a little bit more about how to do that, but obviously it does happen that products are developed without enough customer input. The story you told there is a nice save. You often hear people talk about, "Oh, here's a solution looking for a problem," and you imagine that most of those never work out. You actually made that work out, so that was fantastic. Then a couple other things I love that you said. First of all, I just love the phrase "being gifted a product," by R&D. That just cracks me up.

You talked about products that are revolutionary, which of course is what R&D's probably trying to do in a lot of cases, and not really thinking about a customer who might appreciate the revolutionary nature of it if they had enough education, because probably, if it's revolutionary, by definition people weren't even thinking about it. That brings another set of challenges with it, which doesn't mean it can't be done, it just means you probably need a little more input, right?

Marina: Absolutely. I think there's a certain inertia that exists when you're taking something to market that nobody's seen before or that people just really not familiar with what you're trying to do and it might bring them lots of benefit, but it just might not be the right thing at the right time. I think as marketers we don't always anticipate the level of inertia that needs to be overcome for customers to really change to a new product. I think scientists are particularly set in their ways. They've got years of historical data which they like to use to compare their new results, and some change is really quite difficult for them.

I think there's several examples where customers haven't bought a new product even if it's given them real improvements. I think because they really require customers to change their behavior, and I think like all of us, scientists are subject to the same psychology as everybody else in terms of behavioral change. I also think there's a cost associated with change. I think the really broad categories of cost, there is the actual transaction, the cost of buying the new piece of, the new product. Then there's a learning cost, because they have to spend time and effort actually learning how to effectively use the product.

There's also a hidden cost, which is one that I think we often overlook. That's when you switch from one product to another. It's like when you change from VCR to disc or blu-ray. For scientists I think it's actually about the data. They've collected enormous amount of data, and all of their historical data suddenly becomes less comparable to the new data

they're producing on the new instruments. That switching cost is something that we all need to take into account when we think about launching a new product in the market.

Chris: Yeah, especially that historical data is really important and particularly I've experienced this with some of my clients for diagnostic products because they need to be able to show that the results they're getting, even though it might be better results or they can get them more easily or faster or whatever it is that the new product does for them, they need to be able to validate and show that the results they're getting now are comparable to what they were getting in the past. Obviously for those companies, that's a door that they're going to open very cautiously, because not only do they have to prove to themselves that it's true, they have to prove to all their customers that the data they're getting is going to be comparable.

Marina: I think as marketers we have to anticipate those kinds of barriers and I've seen examples in diagnostics where actual third-party labs have validated the new product against the old method to produce independent results that show that they are comparable and those are sometimes things that you can share with potential customers to help overcome those barriers. I think we don't really appreciate the cost of adopting a new product, and the fact that it really does involve trade offs for customers, so they're getting a lot of new useful features, but they also have to give up some of the benefits, and even if those benefits are simply just having to do things in a different way.

When planning a new product launch, I think it's really useful to sit down and make a list of all the perceived benefits and then another column with all the perceived losses the customer might incur. It's really important to not trivialize these things. Even if it's only a perception on the customer's part, I think you should take that quite seriously.

We really need to fully appreciate the changes we're asking the customers to make, even if it seems small. I think product that's produce technology leaps forward are ones that really often require the biggest behavioral changes. It's really important that we tackle each one of these changes and find ways of addressing them in the eyes of the customer, and then I also have a reasonable amount of patience and be prepared to deliver a long educational process, so embrace yourself for slow adoption because this change, particularly in the scientific community takes a lot longer than we sometimes think.

Chris: I really like that you pointed that out. The whole idea of perceived loss, because of course every marketer gets their hands on a new product and they just want to make a list of the benefits and how they can sell it, but really I'm sure the sales people would tell them that the bigger challenge is what you say, is what is the perceived loss and what's the barrier to getting them to adopt something new in that whole educational process. That's really valuable.

Let's talk about those customers and doing that kind of research, finding out what the customers want and also which customers you should be talking to, because you mentioned in the first answer about looking for segments and I think I heard you say in there it doesn't have to be hard, and you also learn something just by how difficult it is to find people that are potential customers whether you have a good idea or not. Talk a little bit about that process.

Marina: Yes, I think that in my experience sales is often very protective over their customer database and they very often don't want to give you the names of people to contact and don't let marketing loose on our customers, but it's important to talk to customers. It's also important to talk to people that are not customers. I think the other challenge is it's often really difficult for customers to articulate what they need, so one technique that I've used quite successfully is observational research, if you can persuade a customer to let you come in and watch them doing whatever it is they're interested in doing.

It's even better if you can actually get them to let you film it, because what you can do then is sit down with them afterwards and play back the video and discuss it with them, and then really probe each step of the workflow to understand what they do and why they do it, because sometimes they do things without really realizing consciously what they're doing or why they're doing it. That's a really good way to identify a need. They often follow a protocol or a method because that's what they've always done and they're so used to doing it in that way. When you ask them to reflect on what they're doing and they actually see themselves on film, it really produces some enlightening insights.

I think another technique that I've used quite successfully is focus groups, because you actually get the customer feedback there, and you actually get some really good interaction between the customers who were sitting in the focus groups. They might listen to each other and challenge each other and say, "That doesn't really describe my process, because I

do it like this and my need is slightly different." You get these really detailed usage scenarios that you can really use to gain that insight that you need.

Chris: I really like that. Some things I hadn't thought about, and this is a topic we covered a couple episodes ago with Alana Drucker who does qualitative research and she talked about, I guess the technical term is ethnography, which is watching how someone does what they do. What I really like about what you mentioned is not only using it and filming their actions and how they use a particular product for the marketers, but showing it back to them and then sharing with other people who use the product, and then getting that whole discussion going because I'm sure there are a ton of ideas that come out of that. People realize, oh, when they seem themselves doing it go, "Oh yeah, that's the part I hate." They don't think about that in the middle of their protocol and other people go, "That's a dumb way to do it. We do it this way." That's probably where all the valuable insight comes from, is getting a bunch of scientists talking to each other about how they do it.

Marina: I think those are real light bulb moments. The other thing I would mention is, talk to a wide spectrum of people to start with. You can always narrow it down later, but don't just talk to your best customer or people who are favorable to the product, because you're going to get initial bias there. If they like a company, they like the products, but try and include some customers or even customers of competitor products who have this perceived problem and see what they say about the product, even if you've got to take some criticism. It might be a bit tricky, but you get really critical feedback on the product concept at a really early stage. If you do need to make changes, it's great.

I worked with a particular customer group and they were looking at a concept and they took one look at it and somebody said, "No, that's only for screeners, because we do something completely different." They had been our profile to our customers. Suddenly we had to start delving into that and saying, "Why do you think that this instrument is only for screeners?" It was very illuminating to see that. It was also very interesting to see why they chose the competitor product even though we felt our product concept was much more superior. Talk to the good, the bad, and the ugly, I'd say.

Chris: Yeah, I like that. Yeah, I can imagine if you talk to you best customers, first of all, their motivations are, may be somewhat different. They're early adopters or they're already a fan of yours and they want to help you and they may be someone who just thinks they way you do. Of course, those are the people you won't have difficulty selling anyway.

You'll get more information from the people who are on the fence about your products and get real feedback from them.

Marina: I've actually got a great example of that. I worked for a product marketing team where they had a protein analysis instrument and they'd been in the market for about 10 years and doing really well. Then in the last two years they suddenly saw the sales numbers start to stagnate and they were due to bring out a new instrument. They were saying, "Oh well, the customers are just holding off because they want to buy the new instrument." There had been some more competitors enter the market, but people were saying, "Competitor product's not really particularly good. It's not as superior as ours."

When we actually started to talk to the customers, we found out that not only did most of them actually own the competitor instrument, some of them actually owned two or three, and even though it was cheaper and less superior to the instrument of this particular company. They shared with us the fact that they found the market leaders instrument really complex to use. You really had to be a skilled operator. To get this technical knowledge, you almost have to apprentice yourself to a master user over a number of years.

The competitor instrument was really easy to use. It had been developed to be quick and easy, and even if they felt the data wasn't that robust, which they had mentioned, it sort of gave them comparable results. It meant that they could do very quick screens and do quick exploratory work to define the asset conditions and then transfer those asset conditions over on to the more sophisticated instrument and get publishable results.

What the competitor had done was it had talked to all of the customers that the leader had discounted, who weren't looking for a complicated, difficult to use instrument that gave very high quality results, but just wanted something that was really quick and easy to do screens with. They found a niche, and I think it's really a classic example of disruptive innovation, where a smaller company with fewer resources comes in and completely challenges the established incumbent. The incumbent was focusing really on improving its products and services for a very small few people in the market at that very top end and had completely disregarded all of these, this very large customer group at the bottom end. By the time they woke up, they really, the competitors had got a foothold and were delivering a much more suitable instrument and were already starting to upgrade the capability of their instrument. It was a very difficult situation to find yourself in.

Chris: Yeah, I love that story. They focus in on a, almost very beginning of the workflow with an instrument that's, as you say, easier to use and faster and hold off on the more expensive instrument for later analysis, but that gets them in the door and making friends with the customers who are of course going to help them improve their instrument all along until they're expanding and market share.

Marina: Absolutely and you know the customers were buying two or three of these instruments because they were, and they weren't considerably cheaper. They were somewhat cheaper, but we'd love to have been in the position where we were selling that quantity. They were getting the volume they needed by making them, a bit cheaper and addressing those needs at the early part of the workflow. By the time the incumbent woke up to the problem, it was really a situation where we could only recommend that they could either do some price positioning adjustments to narrow the gap on the price, maybe do some software upgrades to improve the usability, offer some free training to make it seem easier to use, but in the long term they really needed to address their business strategy and either redesign the instrument to meet the customer requirements more closely, or try and buy the competitor, or actually give up on the business. It had some really fundamental impacts on the running of the business, because taking no action really meant they were just going to have a slow and lengthy decline.

Chris: Yeah, I just love the stories where a product that isn't the best has a way to win, because let's face it, most products aren't the best, but there might be something it can be the best at if you think about it differently rather than just what is the objective highest quality or whatever. I just think those are fascinating and fun stories. Clearly technology isn't the only differentiator. What other ways have you seen, or do you have other examples where companies have moved the focus away from the product itself? Other ways companies compete if they have a parody or less than superior product?

Marina: I think you're right. There are a lot of situations where a company has a parody product and you really have to try and find some way of differentiating it and I think the key is really to understand what's frustrating the customer and look for ways to differentiate the offering on the basis of that frustration. If you really understand what's going on in the customer's mind and how they're behaving and experiences they have and the beliefs they hold, there are ways that you can find needs and ways to differentiate the products. One example I have is a company that was selling chromatography columns. They're pretty commoditized, so they really wanted to try and increase their market share.

One of their main targets was academic scientists and biologists, people doing molecular biology or cell biology who occasionally express and purify proteins, but it's not really the mainstay of their research.

We did some customer interviews and we found out that the customers don't really do protein purification frequently enough to understand all the ins and outs of it. They lack in depth skills and they don't really want to spend too much time thinking about what column to use, as long as it roughly does what they need it to do. The downside of that is that they frequently get it wrong and it's very frustrating and it wastes a lot of their precious protein. There's a real benefit to selecting the right product from the start. This presented a real opportunity for the company because we could actually position it as the expert in protein purification and really become the supplier that offers the simplest way to get you the right separation column that works.

They then went further and said, "Okay, if you don't actually what you need from our selection tools that we're going to help you with, we'll actually have a line, a number that you can call and you can talk directly to a customer service person who will help you find the right solution. It was really about crafting a marketing campaign around a really simple message, which was small things in your protein purification process can have a really big impact on your scientific results. Even though their product was very similar to tens, and dozens of other products out there, it was really about the service delivery and the educational webinars and the product selection guides, the customer forums that they were able to put in place to make them stand out as a supplier that really gets you the right equipment to do what you need to do.

Chris: I like it. It's, again, a parody product, which many fall in to. It's not the end of the game. There's always, for every scientist, their problem once they have it and how do I choose the right one, how do I use it correctly, what's the way to get the most out of it, and this is a huge opportunity I think for lots of companies to differentiate themselves in solving the usability problem after the purchase, and obviously then create a huge bond, for lack of a better word, loyalty with your customer, because now you're really building that relationship as oh, these are the people that really help me out. They don't just sell me things. They're with me after I buy the product, and so lifetime value goes up.

Marina, I want to thank you very much for all this great information on really things that a lot of marketers I think should be doing and might make, I'm sure it all makes sense to

them but maybe not everybody's executing as well as they should. Where can people go to learn more about you and what you do?

Marina: I think the best place is probably our website. That's Viveo, V-I-V-E-O.io or check out my LinkedIn or Twitter, Facebook. We have company profiles there and I would love to talk to people and continue the conversation.

Chris: Fantastic. I will link those up. I'll put up your LinkedIn profile as well as Viveo.io in the show notes, and I really appreciate you taking the time to have this conversation with me today.

Marina: Thanks, Chris. It's been a pleasure.

Chris: You bet. Bye bye. Lots of good information there from Marina Hop at Viveo. I really like, I love all those examples of how companies that don't have the best product can still compete. There are lots of ways into your customer's hearts, minds, and wallets. I just enjoyed all those examples, as well as the more fundamental aspects of talking to customers to find out what they really want, what will make a difference and how much of a barrier needs to be overcome to switch technologies.

Thank you again, Marina for a great conversation. As always, I'm going to ask you folks, thank you so much for listening, but if you enjoy the podcast, please tell two of your friends and that will help us build an audience. I love networking. If you think there are people we should be talking to and you would like to hear on this podcast or topics you want me to cover, send me an email, Chris at LifeScienceMarketingRadio.com and I will talk to you in a couple weeks. Bye bye.

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