

Civilian Market Opportunity and Pricing Assessment Case Study



Diversified medical device company launching novel blood product defines customer segments, and tests the value proposition and willingness to pay

Background and Objectives

A diversified medical device company was developing a novel blood product for both military and civilian use. It wanted to further understand its viability and segment fit for the civilian space to inform development of a civilian commercialization strategy. Its unique product addressed many pain points and complexities associated with traditional blood products. Specifically, the client wanted to define and profile customer segments across helicopter and ground EMS, trauma hospitals, and rural hospitals to understand likely adopters, their decision-making processes, and their unmet needs. The client also believed its product could command a significant price premium over alternatives, so needed to better understand customers' willingness to pay by segment and use cases.

BCE conducted primary research with ground and helicopter EMS stakeholders, as well as laboratory and blood bank managers and directors at rural hospitals and trauma centers. In addition, BCE performed eight on-site interviews with blood bank leadership at leading hospitals and HEMS programs across the US to assess the fit of the product in the end-users' workflow vs. existing blood products.

Approach

Through these customer conversations, BCE profiled each customer segment by defining their use frequency, existing use cases for this category of product, challenges posed by current solutions, and how well the client's product would address these. BCE also mapped the purchasing process, including customer concerns that the client would need to overcome to be adopted. In addition, we considered the differences by customer segment in likely use case for the client's product, impact on workflow, understanding of the value proposition, and willingness to pay a high price point.

To compare the relative attractiveness of customer segments, BCE also forecasted the market by customer segment. This tool built in different rates of diffusion by segment, an adjustable price point, and use frequency by segment, which allowed for scenario analyses to compare the impact of price on market penetration and projected revenue. These combined insights enabled us to identify high priority segments and estimate the 5-year revenue potential.

Recommendations

BCE recommended the client focus on two customer segments given that their specific pain points can be addressed by the client's product and not current solutions. Following the initial launch, BCE recommended the client progress with a gradual and staggered expansion into commercial segments. Tactics outlined included initiating pilot programs, engaging with different product champions by customer segment, and highlighting specific elements of the value proposition in its customer-facing materials (marketing collateral, training materials, and packaging).

