

Case Study:

Pacing The Competition In Medical Devices



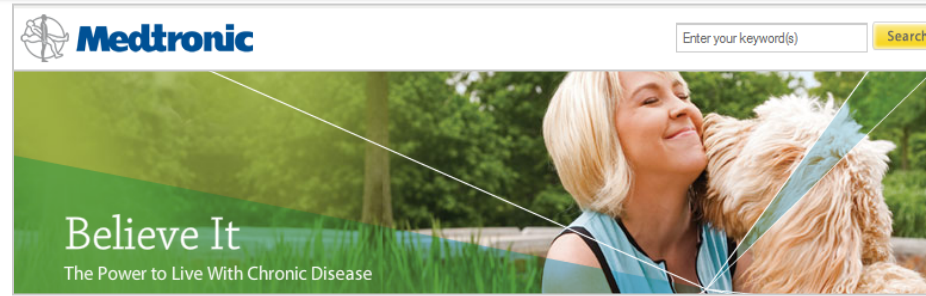
RESULT

By developing and owning this new category, Medtronic Italy has been able to achieve healthy, profitable growth in the pacemaker business and distance itself from the competition

Despite flat category growth overall, sales increased by 5% and profits by double digits

Growth is coming in the highest margin segments—up by 16% and 9.2% in the two highest segments alone

BACKGROUND



Medtronic is the global leader in medical technology- alleviating pain, restoring health, and extending life for millions of people around the world. Medtronic develops and manufactures a wide range of products and therapies with emphasis on providing a complete continuum of care to diagnose, prevent and monitor chronic conditions.

CHALLENGES

Hospital administrators (the buyers) perceived all pacemakers to be alike; they had no knowledge of or relationship with manufacturers and their devices

Doctors began to view pacemakers as “yesterday’s technology”—they wanted to spend more time on patients who needed more sophisticated devices such as those for heart failure

Competitive parity on the sales and service side meant that all pacemaker manufacturers offered comparable services and expertise

APPROACH

Using strategic marketing to create a new pacemaker category by positioning Medtronic as a premium priced pacemaker manufacturer. This enabled Medtronic to combine their cutting-edge technology and service expertise and earn higher margins. This new “Pacing Solutions” market allowed Medtronic to participate in the traditional pacemaker market while creating demand for higher value, premium-priced products and services. In so doing, they became positioned well above the current market while positioning their competitors as “all the same.”

