

Marketing Mishaps

Refractive Surgery: Looking Ahead

A glimpse into the past helps avoid future mistakes.

BY SHAREEF MAHDAVI

Along with all the great successes in refractive surgery so far, there have been sizable mistakes that have slowed down physician and consumer acceptance of refractive procedures. This column will look at some of the dynamics concerning this young industry and explore how mistakes of the past—many of which are marketing-related—can be better understood and avoided in the future.

A BOOM GONE BUST?

During my morning walk, I usually pass a station wagon with a bumper sticker that reads, "Dear God, please, give us another Internet boom. This time we won't piss it away!" This sentiment is widely shared in the San Francisco Bay Area, especially with the recent downfall in the dot-com sector. Likewise, many surgeons in the refractive field are hoping for another "boom" in consumer demand for LASIK. There are many parallels between the Internet sector and what has happened in refractive surgery over the past 5 years. The rise and fall of products and categories throughout Silicon Valley has caused many people to lose faith, whether in stock portfolios or in the future of high technology. And many who are on the "providing" side of refractive surgery—manufacturers, laser centers, and doctors themselves—are wondering if there is any real future in refractive surgery. Was it a boom that has now gone bust?

THOSE WERE THE DAYS

Unfortunately, many of those doctors involved in the early commercial days (1996-1999) of laser refractive surgery took the opportunity for granted, not that this was without good reason. In the first quarter of 1999, the public companies that collectively made up the refractive sector enjoyed the strongest growth of any industry except one—the Internet. While the dot-coms and e-commerce companies received most of the public's attention, the investment community was falling in love with many of the names in the refractive

arena. Quarterly and annual growth rates were skyrocketing and drawing tons of attention with every news release. The sudden public acceptance of LASIK caused a frenzy among investors, doctors, corporate interests and, yes, patients. It even caused many skeptics to throw in their towels and join in the game. Those seemed like "the good old days" compared to today's questions: Is this a real market? Will low myopes pay to have refractive surgery at any price? Can doctors survive and make money doing the procedure? How can we return to those days of hyper growth?

"The truth here is that refractive surgery cannot afford to have even 1% of bad outcomes if it hopes to gain mainstream acceptance."

EARLY ADOPTERS

In the beginning, it wasn't necessary to master all of the skill sets in order to succeed, as the main challenges facing doctors and staff were how to convince patients of the benefits concerning a procedure that seemed too good to be true. Those patients representing the earliest adopters of this new technology were willing to tolerate poor marketing, poor customer service, and even the possibility of poor surgical outcomes. They would pay a premium for the privilege of being one of the first to have laser-corrected vision. Fortunately, the product has lived up to its promise for the vast majority of patients.

DISASTER STRIKES

Following on the heels of all the success stories in the news were reports of the disasters, creating nightmares for all on the provider side of the equation. Unfortunately, the honeymoon had been short-lived. "How unfair!" was the cry of many in the profession. "That reporter made it seem like half

the patients have bad outcomes." While much of the negative press coverage clearly exceeds the facts, there is still truth in what is reported. Even if only 1% of all patients treated this year have unsatisfactory outcomes (as judged by the customer, not by the provider), that represents 20,000 bad eyes "promoting" (translation: "denouncing") the entire category. This should serve as caution to all in defining the promises

made to potential patients because every provider of refractive surgery is a service provider. And, just like any restaurant, the reputation of every LASIK service provider is most strongly influenced

by what its patrons say, not by its own advertising, public relations, "LASIK specials," or even the skill of the surgeon. Instead, it is the word-of-mouth that will ultimately make or break each refractive practice as well as the refractive surgery category. Again, the restaurant analogy applies to experience of the refractive patient: If you like it, you'll tell three people. If you don't, you'll tell ten!

I'D RATHER DIE THAN GO BLIND

The truth here is that refractive surgery cannot afford to have even 1% of bad outcomes if it hopes to gain mainstream acceptance. Market research has repeatedly confirmed two truths: First, eyesight is regarded as the most precious sense a person can have. Second, people are afraid of anything or anyone "touching" their eyes. Given these barriers to entry for potential customers, refractive surgery has emerged as the single most considered "purchase" in the history of consumer marketing. On the scale of low consideration (what brand of laundry soap should I buy at the store?) to high consideration (should I buy the Mercedes or the BMW?), refractive surgery is at the highest end of the scale. Candidates spend more time thinking about this \$4,000 decision (as low as \$1,200 in many markets) than they do about a \$400,000 home purchase. The implication to providers is tremendous: How do you "market" refractive surgery in a way that overcomes the natural fears of a potential patient? Unfortunately, most of the marketing has been poor, focusing on the wrong issues (such as price or technology) or on the provider ("our doctor is the best"), rather than on the patient.

FEAR, UNCERTAINTY, AND DOUBT

To make matters even more challenging, today's refractive surgery patient is much more educated and knowledgeable than that earliest adopter of the past. Patients today are coming in with a host of questions and have freedom to choose among high- and low-cost providers. This wave of interest, although promising, has pulled providers and patients in multiple directions. The provider is wondering,

"What price should I charge?" while the patient wants to know, "How do I choose? Why does one center charge \$4,000 and the other charges \$1,000 for the same procedure?" When viewed from this vantage point, the lackadaisical market growth can be attributed to a single word—confusion. A key marketing principle states that when consumers have fear, uncertainty, or doubt (a.k.a. the "FUD factor"), they hesitate to act. In refractive surgery, when a prospect is confused, he or she will delay the decision, especially in light of such a highly considered purchase. Consumer confusion has done more to

"Consumer confusion has done more to slow the growth in this industry than any other factor."

slow the growth in this industry than any other factor, including the economy, price of the procedure, and the availability of technology. Providers and analysts have greatly underestimated the harm to consumer confidence that has been fostered through a highly confused refractive marketplace. Although bewilderment currently reigns among consumers, the situation is solvable—not easily solved, but definitely solvable.

WANTED: BETTER MARKETING AND TECHNOLOGY

The Internet industry as well as the practice of refractive surgery struggle to gain greater acceptance. A recent survey by Ziff-Davis Publishing showed that 50% of American adults have no interest in using the Internet. Depending on your perspective, that's either good news or bad news. In refractive surgery, surveys show that somewhere between 1% and 7% of the eligible population has had LASIK or a similar procedure. Again, that can be viewed as either good or bad. Smarter providers recognize that market penetration takes time. Remember, contact lenses took more than 30 years to reach 20% penetration among spectacle wearers. The reported 2 million refractive surgery procedures is a good start, but it's only a start. The lack of patience demonstrated by doctors, companies, and the financial community is simply the result of unmet expectations about how fast the market would grow. Early on, it was easy to forget how hard it was to recruit patients for clinical trials. Currently, it seems easy to forget how strong the market was growing due to early demand for a high-quality product. Looking ahead, growth will be fueled by better marketing and improved technology. Each month, in this section, we will look at a key marketing issue and the role it plays in consumer acceptance. First up: Price advertising. Stay tuned! ■

Shareef Mahdavi is a business consultant focusing on helping clients improve their marketing. He formerly headed the marketing efforts of VISX, and is based in Pleasanton, CA; smahdavi@home.com