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DBR Case Study: 홈 헬스케어 가전 '세라젼'의 성장 전략

“팔지 말고 체험하게” 고객 중심 마케팅 ‘축적의 시간’ 쌓이자 충성 고객으로 돌아와

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“Don’t Sell, Create Experiences” Customer-Centric Marketing Builds Loyalty

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Article at a Glance

Ceragem recognized the growth potential of the home healthcare market as early as 1998 and was the first to introduce a spinal therapy bed featuring automatic thermal technology.

Since then, the company has prioritized global expansion, particularly in the United States and China, rather than focusing on Korea. This strategy has helped Ceragem grow into a company with annual revenues of approximately 300 billion KRW.

However, after realizing the limitations of relying solely on spinal thermal devices, Ceragem launched its “second founding” in 2018, re-entering the Korean market with a renewed focus on technology, design, and experiential marketing.

In particular, Ceragem introduced the ‘Ceragem Well Café,’ a space designed for customers to experience its products in a relaxed setting. This initiative quickly gained traction through its “experiential marketing” approach.

To further expand its customer touchpoints, the company implemented an omnichannel strategy that integrated offline stores like department stores and distribution points, online channels such as TV home shopping and online malls, and home experiences, where staff directly visit customers to assist in using the devices. As a result, Ceragem’s Korean revenue, which was only 67.6 billion KRW in 2018, grew ninefold to 604.8 billion KRW by 2022.

In 2017, Lee Kyung-soo, who was the Head of Sales Support at Ceragem at the time and is now the CEO, boldly submitted his resignation. Having joined Ceragem as a new recruit in 2004, he steadily advanced through key roles in public relations, marketing, overseas sales planning, and sales strategy.

After 12 years at the company, he was promoted to an executive position—but just a year later, he made the unexpected decision to resign. There were two reasons for his decision. One was his personal desire to run his own business when he reached his 40s. The other was his longing for field experience. Lee, who had joined the company when it was just growing, had done every job possible in a fast-growing company, but he realized that he lacked experience in field sales, which he saw as his own limitation.

He believed that to successfully run his own business in the future, he needed firsthand experience interacting with customers.

With this in mind, he left the company and



Spinal Health Medical Device Master V7(Ceragem)



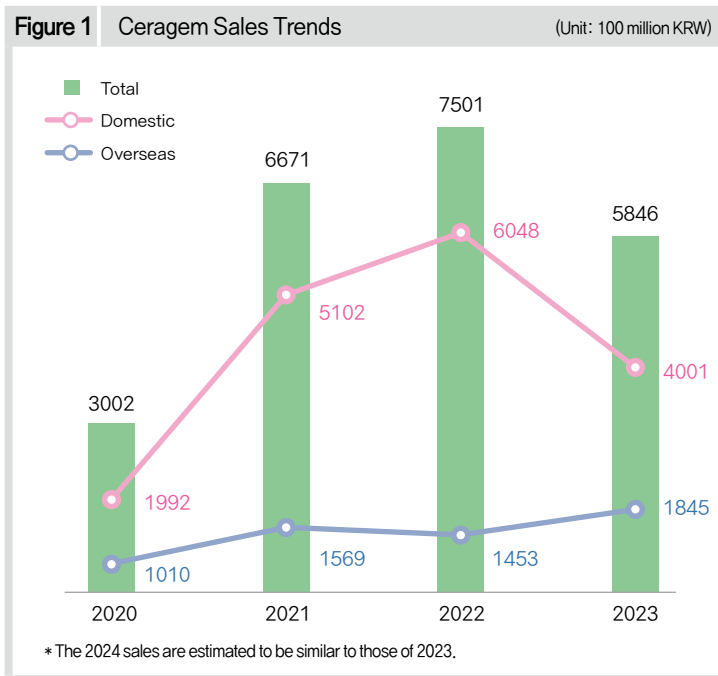
Massage Chair Pause M2(Ceragem)

moved to Sichuan Province in China to start a Ceragem dealership business. He decided to focus on Ceragem’s flagship product, the “Ceragem Master V3,” as his business item. Since this product was already popular in major

Chinese cities like Beijing and Shanghai—as well as in over 70 countries—he saw strong potential for success.

However, Sichuan had lower income levels compared to other major Chinese cities, and there was no brand recognition. This meant he had to build his business from the ground up.

To succeed in the dealership business in Sichuan, Lee Kyung-soo first visited other Ceragem stores across China to gain hands-on experience and establish a solid foundation based on the insights he gathered. Through this process, he came to fully grasp the essence of Ceragem’s “experiential marketing,” a strategy the company had consistently employed since its inception. As will be explored in greater detail later, experiential marketing lies at the heart of Ceragem’s successful sales strategy. Since 1999, the company has leveraged this approach to establish experiential stores in 70 countries worldwide—beginning in the United States—effectively building brand credibility and



Source: Ceragem

demonstrating its technological expertise.

“To learn the work, I visited Ceragem stores in China and met an old lady who came to experience the spinal thermal device every day for 10 years. That’s when I had a profound realization. In order to get customers to visit the store every day for 10 years, I had to deeply think about the attitude of the owner and the salespeople and how they should engage with customers.”

While working at headquarters, Lee had limited exposure to the complexities and nuances of field operations. However, after immersing himself in the hands-on realities of the business, his dealership in China gradually took shape over two years. Just as his efforts were beginning to yield results after numerous trials and adjustments, he received an unexpected call from Ceragem’s founder, Lee Hwan-seong. Within two weeks, Lee Kyung-soo swiftly wrapped up his operations in China and returned to Korea, where he was entrusted with leading Ceragem’s domestic business. “At that time, my business in China had already settled, and my children had just entered the country. But I was persuaded by the chairman’s vision of creating the ‘Apple’ of the healthcare industry and the need to re-enter the Korean market. It was also an opportunity to apply the insights I gained from meeting real customers over the past two years into the actual business, so it was hard to refuse.”

In April 2018, upon returning to Korea as Head of Strategic Business, Lee Kyung-soo swiftly spearheaded Ceragem’s transformation. Rather than merely replicating the company’s overseas

success strategies, he took a more fundamental approach—redefining its purpose and vision, conducting a thorough competitive analysis, and reassessing its core competencies. Through this strategic overhaul, he led a bold transformation, positioning it as a ‘second founding’ for the company. A prime example of this is the launch of ‘Ceragem Well Café’ in 2019, an enhanced version of the experiential marketing strategy that Ceragem had been implementing in overseas markets. This helped boost Ceragem’s recognition in Korea through its experiential stores. Ceragem Well Café is a space where customers can experience Ceragem’s products for free while enjoying coffee or drinks. After opening its first store in Mokdong, Seoul in 2019, there are now 120 Well Café locations thriving nationwide.

Furthermore, through a Vision Declaration Ceremony in 2024, Lee announced Ceragem’s seven key care solutions for future business expansion. These seven care solutions are: △Core, △Exercise, △Rest, △Anti-Aging, △Good Circulation, △Essential Nutrition, and △Mindset. Ceragem is expanding its market by launching various new products in the seven care areas in addition to its core spinal solutions business. A notable example is the massage chair ‘Pause,’ launched in 2020, which quickly dominated the market with its ‘healthterior’ design, helping Ceragem surpass the industry leader Bodyfriend to become the number one player in the market.

As a result of customer-centered experiential marketing and the release of innovative new

products, Ceragem's performance has also rapidly increased. Before its re-entry into the Korean market, Ceragem maintained a revenue of around 200 billion KRW in over 70 countries worldwide. However, after focusing its efforts on the Korean market in 2018, Ceragem reached record-high revenues of 667.1 billion KRW in 2021 and 750.1 billion KRW in 2022. In particular, domestic sales skyrocketed from 67.6 billion KRW in 2018 to 604.8 billion KRW in 2022. Lee Kyung-soo, CEO of Ceragem, who says, "Ceragem's ultimate goal is not to be a healthcare company but to create 'healthy homes,'" was interviewed by DBR to discuss the secrets behind its rapid growth.

Creating a First-of-its-Kind Product

The turning point that brought Ceragem into the spotlight in the domestic market was the launch of its massage chair 'Pause' in 2020. After the COVID-19 pandemic began, as more people worked from home and spent long hours indoors, the demand for massage chairs in the domestic market surged. At the same time, the 'healthterior' (health + interior) trend, which matched the design of the Pause chair, gained popularity amid the interior design boom, contributing to the increase in Ceragem's recognition.

However, the product that had long been Ceragem's flagship offering was the automatic thermal spinal medical device, the 'Master Series.' Ceragem was the first in the world to develop this automatic thermal device. The

company's founder, Lee Hwan-seong, had been working in the thermal therapy field when he unexpectedly encountered a thermal physiotherapy device made by a Japanese company. After this, he became convinced of the growth potential of this market. He noted that as global income levels rose, consumers' demand for convenient health management at home would increase. He also pointed out that the risk of spinal-related diseases would grow with the rising number of office workers who sit for long hours. At the time, Japan had developed a thermal physiotherapy device, but users had to manually move a ceramic piece each time, which was inconvenient. Seeing the potential for automation in this area, Lee decided to invest all his assets and established Samsung Medical Equipment Industry in 1998, which would later become Ceragem. When Samsung Medical Equipment Industry was founded, Korea was facing the 1997 IMF crisis (the Asian Financial Crisis), making it a difficult environment for starting a business. Nevertheless, Lee secured a factory in Namdong Industrial Park, Incheon, and brought in talented professionals to focus on developing an automated thermal therapy device. After dozens of improvements, including adding a ceramic piece to the thermal device, enabling it to be automatically operated by a remote control, and incorporating a motor that minimized heat and noise, Lee successfully developed the world's first automatic thermal device, the 'Master M3000,' in 1999.

The Master M3000 was an innovative product. It worked by having the ceramic



Ceragem's world-first automatic heating device 'Master M3000' launched in 1999(Ceragem)

piece inside move up and down while the user lay down, maximizing the spinal massage effect. It was particularly praised for being innovative in that it helped normalize the central nervous system by implementing traditional chiropractic techniques (the principle of directly manipulating the spine, joints, and muscles with hands) at home, without the need for drugs or surgery. At the same time, the incorporation of thermal technology provided effects similar to moxibustion, acupressure, massage, and far-infrared treatment, which also helped with the user's internal health management. In fact, Ceragem's Master M3000 gained recognition for its technological expertise by obtaining a domestic patent for its technology in 2000. Additionally, its successor model, the Master V4, received medical device approval after being recognized for its therapeutic efficacy by regulatory agencies in various countries, including the Ministry of Food and Drug Safety

in Korea, the FDA in the U.S., and the National Medical Products Administration (NMPA) in China.

However, the novelty of the product was not always an advantage. Despite its remarkable effectiveness, the Master M3000 initially struggled to establish sales channels, as it was unfamiliar to the general public. Multiple advertising campaigns were launched to promote it, but they failed to generate any traction. Although the product was built on cutting-edge technology, there was simply no existing market for it. As the company—funded entirely by his life savings—faced mounting challenges, Lee Hwan-seong found himself in deep contemplation. The only glimmer of hope came from a small group of users who had experienced the product firsthand and recognized its exceptional benefits. In the end, Ceragem had no choice but to find a way to make its products more accessible. This necessity gave rise to Ceragem's pioneering approach to “experiential marketing.”

Experiential Marketing, The Core of Global Growth

While all companies shout ‘innovation,’ in the process of driving innovation, they face two major challenges. One is the innovation itself. Innovation is generally divided into product innovation and process innovation, and Ceragem is a case of achieving product innovation. However, even if a company succeeds in innovation, a bigger challenge remains. That

challenge is creating the market. In reality, many innovative companies launch groundbreaking products but fail to find a market, leading to their downfall. Therefore, to make innovation successful, it is crucial to figure out how to make customers recognize the need for the product and habituate it so that it becomes a part of their daily lives.

When Ceragem launched its spinal thermal device, the Korean market was still emerging from the dark tunnel of the financial crisis. Moreover, the spinal thermal device was unfamiliar to most people and was priced in the millions of KRW, making it expensive. It was also large in size. Selling a costly and unfamiliar product that took up a lot of space to consumers, who were already struggling due to the aftermath of the financial crisis, was not an easy task. As a result, Ceragem boldly shifted its focus to the global market shortly after the launch. In 1999, Ceragem set up its first distributor in Chicago, USA, and began targeting the overseas market. In April 2000, Ceragem established its first experiential center in Los Angeles, exporting 120 units of the Ceragem Master M3000, marking the beginning of its overseas expansion. This approach was completely different from the usual strategy of targeting the domestic market first and then expanding to new markets based on the success in the home country.

Ceragem's marketing approach in overseas markets was also noteworthy. The strategy Ceragem employed to expand overseas can be summed up in one phrase: "Let them experience it, but don't sell it." In fact, Ceragem

rapidly expanded overseas by establishing local subsidiaries in the United States in 1999, China in 2001, and Europe in 2002. During this process, Ceragem bypassed the complicated steps typically followed by companies preparing for overseas expansion. When companies prepare to enter a new overseas market, they typically go through several stages, such as market research, internal capability assessment, risk analysis, and review of the entry method. However, Ceragem took a much simpler approach. Their strategy was straightforward: they established experiential stores in high-traffic areas of their target markets, making it easy for customers to stop by and try the spinal thermal device for themselves. More importantly, Ceragem followed five key principles when operating these stores:

- **No experience, no sale** - Customers must try the product before purchasing.
- **No effect, no sale** - If the product doesn't deliver noticeable benefits, it shouldn't be sold.
- **No trust, no sale** - A strong relationship with customers is essential before making a sale.
- **No family consent, no sale** - Purchasing decisions should involve the entire household.
- **No commitment, no sale** - If customers are unlikely to continue using the device, a sale isn't encouraged.

By adhering to these principles, Ceragem

ensured that each sale was built on trust, effectiveness, and long-term customer satisfaction.

For example, Ceragem attempted to enter the Chilean market in 2005. At the time, the Korea–Chile Free Trade Agreement (FTA) had abolished tariffs, and Chile was gaining attention. Ceragem was already operating 34 subsidiaries worldwide and was looking to expand into the Latin American market, with the Korea–Chile FTA providing a great opportunity. Chairman Lee Hwan-seong sent five employees from Korea to Chile to pioneer the market. These employees had already gained experience operating Ceragem stores in other countries. Lee provided them with an initial settlement capital of 1 billion KRW and instructed them to set up a store in Chile. He emphasized just one thing: “Don’t try to sell the products! Just let potential customers experience our products.” The employees sent to Chile found a store where they could set up 50 units of Ceragem’s Master product, hired an interpreter, and opened the store. When Ceragem announced its intention to open an experiential medical device store, the local Korean embassy, the expatriate community, and even locals all advised against Ceragem’s reckless challenge. In the early days after opening the store, there were days when no one visited the store. It was difficult for people to find the store, as it was an unfamiliar company with a product they had never heard of, and there was no active solicitation. However, over time, the number of visitors to the store gradually increased. After experiencing the product,

people would return the next day, often bringing family or friends along. As word-of-mouth spread, a few months later, long lines would form in front of the store even before it opened. The demand for massages using Ceragem’s Master M3000 before going to work significantly increased. Due to the high popularity of Ceragem’s experiential center, a local daily newspaper published the following article in September 2006:

“Early mornings in Santiago are bustling with people using Ceragem. More than 2,500 residents line up from early morning to receive a free Oriental massage. Ceragem provides customers with a 40-minute free massage session each day. In particular, many elderly people are showing great interest, and it is not difficult to see long lines in front of the four centers located in Santiago, where people wait for their turn every morning.”

This is not just the story of Chile. In every country where Ceragem expanded, long lines formed in front of the store as people waited to experience the product. However, Ceragem employees never forced customers to buy the product. They only provided guidance when customers asked about using the product, ensuring that customers could focus on the experience without feeling uncomfortable. The reason for this approach was that even if the product was effective, if employees pressured customers to buy it, people would not be able to



1 People lining up in front of the experiential store in Santiago, Chile, to try the product.(Ceragem)

2 People in the U.S. experiential store trying Ceragem's medical device.(Ceragem)

fully experience Ceragem products in a relaxed environment. Especially for healthcare products like the spinal thermal device, it is difficult to feel the effects after just one or two experiences, so Ceragem adhered to the principle of never pressuring potential customers, even if they only came to the experiential center to try the product and did not make a purchase. As a result, in Chile, Ceragem achieved 1.2 billion KRW in sales in the first year of entry, but in just three years, sales reached 5 billion KRW,

demonstrating rapid growth.

This seemingly reckless marketing strategy greatly contributed to Ceragem's positioning as a global healthcare company. Starting with the United States in 1999, Ceragem led with experiential marketing to expand into China, Germany, and even Madagascar. Ceragem currently operates over 25,000 experiential stores across 70 countries.

The 'Reverse Entry' Strategy Global First, then Returning to Korea

Since its founding in 1998, Ceragem maintained annual revenues of 200–300 billion

KRW focusing primarily on global markets by continuously upgrading its single product with its unique experiential marketing until 2018. Its margins also gradually improved. Not only was the defect rate reduced, but the company also increased its bargaining power with suppliers through economies of scale. As a result, Ceragem's operating profit margin rose from a single-digit figure to over 10% in 2015, and by 2017, it surpassed 20%.

But that was the extent of it. The real problem was that the company was no longer growing. The reasons for this were twofold. The first was the monotony of the portfolio. Until 2018, Ceragem's product portfolio consisted solely of the spinal thermal medical device, the 'Master Series.' While the company continuously upgraded its products, releasing new models like the M3000, M3500, and V3, there were limits to expansion. To overcome this limitation, Ceragem attempted to diversify its business through mergers and acquisitions, such as creating a cosmetics subsidiary to enter the beauty industry and venturing into the mattress business. However, the results were disappointing. In the case of cosmetics, after establishing the subsidiary Ceragem Health & Beauty in 2010, the company operated cosmetic brands like 'Bellammonster' and 'Cellunic,' but these brands did not make a significant impact and were eventually absorbed into Ceragem's portfolio during a company restructuring. Additionally, Ceragem established a subsidiary called Ceragem Airtech in 2010 and launched a mattress that used air instead of springs, but it

failed to gain popularity. The company hastily entered promising industries without fully understanding the essence of the business. Moreover, at the time, Ceragem had not yet fully launched its B2C business, so it was unable to integrate the various products and customer experiences across different sectors, which led to a failure in creating synergies and expanding its business.

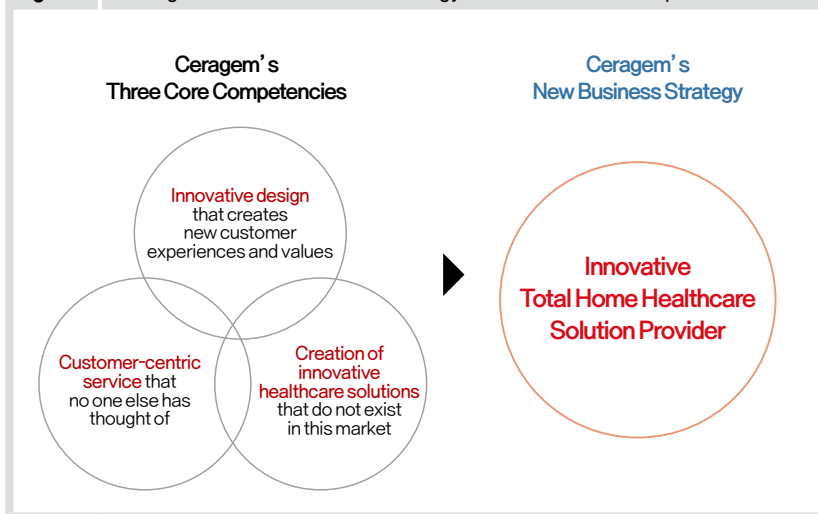
The second problem was the company's minimal presence in the domestic market. As Ceragem had focused on global markets since its founding, it had little presence in the Korean market. Until 2017, in Korea, Ceragem only sold the Master Series through a distributor called Naviel, generating sales of around 2 to 3 billion KRW. This is why in 2018, Chairman Lee Hwan-seong called back to Korea Lee Kyung-soo, who had quit the company and was running a dealership business in China.

Lee Kyung-soo was given the mission of spearheading Ceragem's pivot, with the goal of shifting the company from a 'medical device company' to a 'healthcare appliance company'.

When Lee Kyung-soo took charge of the Korean business in 2018—then serving as the Representative for Strategic Business—he approached the company's transformation with a startup mindset, restructuring it from the ground up. This was because, at the time, the company had no staff dedicated to the Korean market. Lee was essentially the first employee responsible for the Korean business. As such, Lee thought of the task as starting a completely new company, and he recruited new personnel while changing the company in two major ways. One perspective was finding the company's essence, and the other was innovation through novelty. As Ceragem attempted the pivot from a medical device company to a healthcare appliance company, the first thing it focused on was "customer value." Medical devices belong to a specialized field, so efficacy is the top priority. However, with healthcare appliances, the situation is different. Healthcare appliances target the general public. Since Ceragem decided to expand into healthcare appliances, it was necessary to thoroughly identify the needs and demands from the customer's perspective. Even if someone is not a patient, long-term office workers suffering from neck or back disc problems, housewives with chronic back pain from repetitive household chores, and modern people with constant shoulder tension due to stress—all of these people are potential customers for healthcare

Source: Ceragem

Figure 2 Ceragem's New Business Strategy Based on Core Competencies



appliances.

Ceragem redefined its core competencies, which it had developed in the medical device field, from an expanded customer perspective by identifying unmet needs in the newly defined market and potential customer base. This became Ceragem's "Total Home Healthcare Solution." The company identified its competitive strengths in three main areas: customer-centric service, the capacity to create innovative home healthcare solutions, and design capabilities. Lee Kyung-soo explained, "By redefining the company's core competencies and the essence of our business, new business opportunities for Ceragem began to emerge." This is how the 'Ceragem 7 Care Solutions' was born.

1. Customer-Centric Service:

Experience Creates Purchase

① The Expanded Version of

Experiential Marketing, 'Well Café'

Lee Kyung-soo, then the Representative for Strategic Business, made his first strategic move with 'Well Café.' After returning to Korea and focusing on expanding the domestic market, one day he had a 'Eureka' moment while visiting a coffee shop in front of the Seoul Arts Center for a business meeting. It was the afternoon, and he saw groups of women in their 40s, the target demographic for Ceragem, sitting and chatting while enjoying coffee. Lee recalled, "I realized that in order for Ceragem to succeed in Korea, we needed to target women in their late 40s, and I was wondering how to create a point of contact

with them when I unexpectedly discovered the opportunity at this café."

Lee immediately came up with the idea for 'Well Café,' an upgraded version of Ceragem's existing experiential marketing. Well Café is a space where customers can comfortably experience Ceragem's products while drinking coffee or beverages. Unlike the previous experiential stores abroad, which focused solely on the experience of using the devices, Well Café allows customers to casually try Ceragem's products while spending time with others, offering an enhanced version of Ceragem-style experiential marketing.

So, what is the core of Ceragem's success, which is inseparable from its experiential marketing? Typically, when people think of experiential marketing, they imagine pop-up stores where customers can experience the brand or marketing that utilizes digital technology to offer various spectacles or entertainment. The limitation of this type of experiential marketing is that the experience itself is not continuous. The reason Ceragem focused on experiential marketing from the early stages of its founding was, as explained earlier, because most of Ceragem's products were innovative. As a result, consumers initially found the products unfamiliar and could not immediately relate to their necessity. In such cases, average advertising or marketing strategies are not effective. Therefore, Ceragem made it a principle to offer customers unlimited opportunities to experience the product until they developed trust in it. The key was to get customers to try the product in-



"Well Lounge" expanding services through 7 care solutions(Ceragem)

store without feeling any pressure. Then, the goal was to have these customers share their positive experiences and bring at least one friend back with them. At this stage, the sale itself was not important. Thus, when Ceragem opened its Well Café stores, the goal was not set on revenue but on how many customers were drawn into the store.

In particular, when Lee Kyung-soo began overseeing the Korean business, he emphasized, "Please don't sell the product," even when personally hiring staff. This was because he believed that experiential marketing required 'time for accumulation.' Lee Kyung-soo explained about experiential marketing, "Trying it once is no different from a test drive event for a car, and that's not true experiential marketing. Ceragem emphasizes repeated experiences because customers need time to accumulate experiences until they voluntarily feel the need." In fact, research into customers who purchased products at Ceragem's Well Café found that, on

average, customers made their purchase decision after experiencing the product four times. Lee Kyung-soo believed that if the intention to sell was prematurely revealed before customers had tried the product at least four times, they would flee.

In October 2019, after opening the first Well Café in Mokdong, Ceragem began expanding the Well Café concept nationwide, but there was a crisis. In 2020, just as Ceragem was preparing to expand the Well Café stores, the COVID-19 pandemic spread, and the number of visitors dropped sharply. The number of daily visitors, which had previously exceeded 100, fell below 30 on average, and internal skepticism began to grow. As cafes that were previously thriving also struggled due to social distancing, some raised concerns that increasing the number of Well Café stores during this time would be risky. However, Lee Kyung-soo, who was convinced that experience was the key to selling products, did not hesitate. He persuaded the team by showing them pictures of long lines outside popular restaurants, even during the pandemic. As a result, Ceragem successfully opened 82 additional stores in 2020 alone and reached 100 store openings within three months.

② Diversifying Customer Touchpoints Through Omnichannel

The second strategic move Lee Kyung-soo made while expanding Ceragem's business in Korea was the 'Omnichannel' strategy. When Ceragem was a medical device company, the key was simply making good products. However,

as Ceragem shifted to being a healthcare appliance company, simply having “effective products” was not enough. Ceragem’s products were innovative, unfamiliar, and complex, which meant a process of introducing them to more people was necessary. Therefore, in the early stages of the Korean business, Lee Kyung-soo meticulously built an omnichannel strategy.

The first step in omnichannel was the previously mentioned Well Café. But just creating offline experiential spaces was not enough. Ceragem strengthened its customer touchpoints through offline stores like Well Café and placed ‘service managers,’ who were experts on the products and customer service, to help resolve any difficulties customers might face when first experiencing Ceragem’s products. These service managers were directly hired by the company and received extensive training to increase their expertise in the products. The salespeople who knew the products best needed to convey their sincerity to customers so that the customers could trust and purchase the products. In May 2019, Ceragem expanded its offline sales channels by entering department stores. Department stores were ideal spaces to expand experiential opportunities as they attracted customers with diverse income levels.

At the same time, online channels were strengthened. In addition to utilizing the website and social media, Ceragem expanded its touchpoints with customers by entering TV home shopping and online malls. In particular, Ceragem began promoting its products through home shopping channels starting in 2019. In

2020, it conducted about 480 home shopping sessions (an average of 40 per month), and in 2021, it held 780 sessions (an average of 65 per month). When selling products through TV home shopping, Ceragem ran a ‘100% refund marketing’ campaign. This was a bold marketing strategy where customers who purchased products through home shopping could have the products picked up and refunded for free if they did not like the product within an hour after installation. This was an extremely aggressive marketing tactic for high-priced products costing millions of KRW, and even home shopping MDs (merchandisers) were skeptical. However, the result was a huge success.

Additionally, Ceragem has focused on managing customers’ home experiences by introducing a direct management system for product installation, delivery, after-sales service (AS), and customer consultation services since 2020. This was done to ensure consistent quality of service, regardless of the region in which the service is provided. Ceragem explains that customer satisfaction is higher when service is provided by professionally trained service staff.

Ceragem’s omnichannel strategy, which starts from the customer’s perspective, is carefully managed at every stage of the customer service experience. External customer management is handled by ‘CS managers,’ store experiences are managed by ‘service managers,’ while installation and AS for healthcare appliances are managed by ‘service masters.’ Each touchpoint is carefully managed by experts suitable for the specific stage of the service. Additionally,

Ceragem's omnichannel service is enhanced through the 'Welllife Membership,' a membership-based health service for customers. The Welllife Membership offers personalized premium healthcare services, including 24-hour health consultations, appointment booking for treatment at advanced general hospitals, and vehicle escorts when visiting hospitals.

This customer-centric service strategy has transformed Ceragem from a simple manufacturing company into a service company. Lee Kyung-soo explains, "When Ceragem was a manufacturing company, its core competency was technology, but as a service company, the core competency is ultimately 'customer satisfaction.'" He added, "Through the meticulously structured omnichannel strategy, Ceragem is transitioning from a company that merely manages pain and illnesses to a company that manages the quality of life for its customers."

2. Continuous R&D Investment for the Development of the 7 Care Solutions

Along with customer-centered management focused on Well Café, another key strength of Ceragem lies in its "ability to create products that did not exist in the world." Just as Ceragem developed the world's first automatic thermal spinal therapy device in 1998 by identifying unmet customer needs, the company aims to become a total home healthcare solutions provider. To achieve this, Ceragem has set a goal of contributing to improving the quality of life for customers who pursue health and beauty. In 2024, Ceragem announced the seven care solution areas it will focus on moving forward. This led to the creation of the "Ceragem 7 Care Solutions." The seven solutions were each named after the letters in Ceragem's name: Core (spine), Exercise (physical activity), Rest (rest), Anti-Aging (beauty), Good Circulation (circulation), Essential Nutrition (nutrition), and Mindset (mental health).

Since declaring its second founding, Ceragem

Figure 3 The 7 Health Habits Representing Ceragem's Philosophy



Source: Ceragem

has been steadily taking steps toward becoming a total healthcare solutions company by releasing new products optimized for each of the seven care solution areas. Among these, the Core area refers to the spinal care field, where Ceragem has traditionally held expertise. Ceragem has been solidifying its position as a spinal care specialist by continuously upgrading the Ceragem Master Series. In the Rest area, the company launched the massage chair “Pause” in 2020, leading the market with its aesthetically pleasing design and surpassing competitors. Pause has also been recognized for changing the landscape of the massage chair market with upgraded products released every year.

In addition, Ceragem has introduced innovative products in other fields, such as the personal ultrasonic stimulator “Youridm.s” (for exercise) to manage abdominal obesity, the electropulse chair “Celltron” (for circulation) to manage blood circulation, the alkaline ion water generator “Balance” (for nutrition), and the home device “Mindfit” (for mental health) to alleviate symptoms of depression using electrical stimulation. These products demonstrate Ceragem’s transition into a full-fledged home healthcare solutions company.

Ceragem’s technological prowess has been recognized at the world’s largest IT trade show, CES. For example, at CES 2025, Ceragem received innovation awards in six categories. A representative example is the “Home Therapy Booth,” which won the innovation award in the digital health category. It is a private full-body thermal sauna that offers Ceragem’s core heat

therapy function and various sensory therapies tailored to the user’s condition. It can measure the user’s body temperature and heart rate in real time and adjust temperature, humidity, and air circulation. Additionally, the “Home Healthcare Bed 2.0,” set to launch at the end of this year, is a bed that monitors sleep patterns and creates the ideal environment for falling asleep and waking up.

The core of Ceragem’s expansion strategy lies in providing differentiated value to customers. In the new business areas Ceragem is pursuing, there were already strong players in the market. For example, Ceragem’s alkaline ion water generator “Balance” is a water purifier. The domestic water purifier market already had strong players like Coway. However, Ceragem added differentiated value to its water purifier. While other water purifiers focused on “clean water,” Ceragem focused on the value of “healthy water.” Ceragem’s Balance generates alkaline ion water with a pH of 8.6 to 9.5 through electrolysis, helping to improve four major digestive issues, such as indigestion, excessive stomach acid, abnormal fermentation in the stomach, and chronic diarrhea. Specifically, the pH level, temperature, and water output can be customized for each user, and it offers personalized services such as tracking how much of which type of water a user drinks throughout the day. In addition, it connects with an IoT app to provide personalized drinking reports and includes a drinking time reminder function to help users develop healthy drinking habits optimized for their lifestyle. It also

allows each family member to set a different pH level according to their needs, positively affecting their individual health. Ceragem's focus on providing differentiated customer value stems from lessons learned from past failures. Lee Kyung-soo shared, "In the past, when Ceragem's experiential stores in China were very popular, we made water purifiers and air purifiers and allowed customers to experience them at the same stores. However, customers would only experience them and eventually buy cheaper products online." He added, "Through this experience, I realized that providing the same value, like clean water or clean air, would limit business expansion."

The reason Ceragem is able to launch innovative products in various healthcare fields is because the company has not spared any investment in R&D (research and development) since its early days. Ceragem was so committed to technological research that it established a technology research institute just one year after its founding. The Ceragem Technology Research Institute develops core functions such as body scanning and the Internet of Things (IoT) system, which are incorporated into its products. In addition, Ceragem launched the Clinical Center, a spinal and medical research institute, in 2014. Now an independent subsidiary called Ceragem Clinical, the company conducts research on spinal health as well as various other healthcare fields and clinical activities. The recently launched Master Medical Bed and Home Healthcare Platform are products developed by Ceragem Clinical.

In addition, Ceragem has established several R&D organizations, such as the 'Design Center' responsible for product design, the 'Future Healthcare Research Center(미래 헬스케어 연구센터)' jointly established with KAIST, and the 'Parents Research Institute(부모님 연구소),' the first organization in Korea dedicated to researching parents. These organizations continue to conduct R&D in various fields. In particular, in 2022, Ceragem consolidated these dispersed R&D organizations into one location by establishing the 'Healthcare InnoTown' in Pangyo, Gyeonggi Province, to foster synergy between the various R&D teams.

3. 'Design', The Power Behind

Ceragem's Position as Industry Leader

The final pillar of Ceragem's core competencies is its design management, represented by "Simple Perfection." Ceragem is recognized for introducing a new trend in the home healthcare market, where functionality had previously been the main sales point, by emphasizing unity among its product lineup and incorporating its unique design philosophy.

In particular, the explosive growth Ceragem experienced in the Korean market can be attributed to the launch of the "Pause" massage chair in 2020, which was designed not to disrupt home interior design. Before the introduction of the Pause, massage chairs were dominated by bulky designs focused on functionality. However, these products were too large to fit in homes and did not align with the overall interior design concept. After declaring its second



Ceragem's design philosophy 'Simple Perfection' applied to the Master V9 and Pause M6, creating a wellness interior space.(Ceragem)

startup, Ceragem immediately delved into this exact point.

Ceragem's design philosophy, "Simple Perfection," enhances the product's completeness by focusing on a simple yet solid design, emphasizing proportion and balance, and boldly eliminating unnecessary decorative elements to allow focus on the essentials. A representative example of this is the "Pause Recliner Sofa," which was released in August 2021 in collaboration with Jure Miklavc, a judge for the Red Dot Design Award and a world-renowned industrial designer. It received high praise for its efforts, such as using high-quality North American leather.

As a result of these efforts, Ceragem's massage chair "Pause M6" won the Grand Prize (Winner) at the 2024 Japan Good Design Award, and Ceragem's Master V7 and S4 won the Featured

Finalist Award in the Medical and Health category at the 2024 IDEA Design Award in the U.S., garnering even greater attention for their outstanding design.

Ceragem's design management is also evident in the presence of its Design Center. In 2020, Ceragem added the Design Center to its R&D organization to strengthen its design capabilities. In particular, in 2022, Ceragem appointed Cho Jung-hyun, the CEO of the design consulting firm Citrus' Design, as the head of the Design Innovation Center. Cho is a design consulting expert who previously served as vice president of Tangerine Seoul. Tangerine is a UK-based design company that produced Sir Jonathan Ive, the former Chief Design Officer at Apple, who played a key role in designing the iPod, iPhone, and iPad.

Lee Kyung-soo explained, "With the advancement of technology, the integration of home appliances and furniture will make design capabilities even more important, so we are continuously increasing our investment."

4. 'Ceragemership' and 'Thankyou Ceragem'

Ceragem realized that the task of completing innovation ultimately lies with its employees, and without a change in their mindset and work style, it would be difficult to achieve the bigger picture Ceragem envisioned. This led to the creation of 'Ceragemership' and 'Thankyou Ceragem.'

Ceragemership is the mindset and code of conduct that employees must adopt to achieve Ceragem's vision. The ultimate goal of

Ceragemership is focused on receiving feedback from customers in the form of ‘Thankyou Ceragem.’ How can Ceragem inspire the customer emotion of ‘Thankyou Ceragem’? How can Ceragem become a supporter of customers’ healthy lives, receiving praise from customers in the form of ‘Thankyou Ceragem’? These questions led to the creation of Ceragemership.

Ceragemership consists of seven key principles of action. These include customer-centric judgment and behavior, proactive problem-solving, internal communication, praise and respect, and fact-based management. The core of all these principles is the ‘customer.’ Ceragemership becomes the first criterion for employee performance evaluations at Ceragem. Regardless of the task, Ceragem employees are evaluated by their peers on whether they are practicing the ‘customer-first’ value.

Additionally, Ceragem avoids using the term ‘sales performance.’ Instead, they use the term ‘purchase performance.’ Words like sales or business development, commonly used in other companies, are considered taboo at Ceragem. All members of Ceragem share the belief that ‘it is not about selling products to consumers, but consumers buying Ceragem’s products.’ The management explains that this consumer-centric thinking is the starting point of Ceragemership. While they may have expertise in the products, their perspective will always be aligned with the customers who need those products.

The reason Ceragem established such a clear value system is that the company felt the need

for a philosophy shared by all employees as it experienced rapid growth. After Ceragem began its domestic business in earnest in 2018, the number of employees increased from 390 in 2019 to 2,000. This growth made it necessary to create a philosophy and a specific way of working to unify employees from various job roles. Lee Kyung-soo explained, “We wanted employees who think from the customer’s perspective, are the first to speak up when a problem is found, focus on one core essence, actively communicate, and are willing to take challenges even if they fail. I believe that to unite members in a fast-growing organization, there needs to be actionable principles behind an abstract vision or declaration, which is why we created Ceragemership.”

Ceragem’s Vision of a ‘Healthy Home’

Ceragem achieved great success in the domestic market with its experiential store ‘Well café’ and the ‘Pause’ massage chair, which aligns with the healthtterior trend, but Ceragem’s transition into a home healthcare solutions company is still in its early stages. Ceragem’s ultimate dream is to build homes. The final goal Ceragem envisions is a Wells town, filled with Ceragem products offering innovative comprehensive healthcare solutions. In fact, Ceragem recently applied for the trademark ‘Ceragem Wells town,’ which serves as evidence of this vision.

Ceragem Wells Town is the name of the



Lee Kyung-Soo, CEO of Ceragem(Ceragem)

senior town Ceragem plans to launch in the Seoul capital area later this year. It is a new type of living space that provides comprehensive healthcare services based on Ceragem's '7 Care Solutions,' designed as a 'healthy home' for people aged 60 and above.

Ceragem Wells town will integrate a system that manages seven health habits — spine, exercise, rest, beauty, circulation, nutrition, and mental health — to provide residents with a customized healthcare environment. Ceragem's medical devices and healthcare products will be built-in to support daily health management. Additionally, the 'Ceracheck' system will continuously monitor residents' health status, offering consultations with dedicated medical staff and connecting them to medical services as needed for comprehensive healthcare management. Ceragem plans to open its first Wells Town in the Seoul capital area by the end of this year.

In addition, Ceragem plans to expand its 7 Care Solutions to provide personalized health solutions to all generations, with 'WellPark' for infants, and 'WellSpa,' 'Well café,' and 'WellLounge' for various age groups. Ceragem's Wellstown concept represents more than just a future vision; it signifies a strategic transformation. In reality, the healthcare sector Ceragem is aiming to enter is already occupied by leading companies in each domain, and even global tech giants are turning their attention to healthcare as a new growth area. Amid this competitive landscape, Ceragem focuses on playing a differentiated role that aligns with its mission to help customers with their health and beauty. A prime example is Ceragem's approach in the water purifier market. While it may be difficult to directly compete with Coway, Ceragem has differentiated itself by offering the new selling point of 'healthy water' instead of the traditional value of 'clean water,' thereby providing unique value to consumers. This strategic differentiation leads to the concept of a 'healthy home' as an integrated solution and will ultimately lay the foundation for Ceragem to exert influence comparable to Apple in the home healthcare market. Based on this vision, Ceragem is aiming to achieve 3 trillion KRW in sales by 2028.

Building Customer Trust through the ‘Experiential Strategy’ Differentiating with ‘Healthterior’ Design

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Ceragem’s unique experiential marketing strategy was an approach rarely seen in the existing medical device industry. It went beyond the typical active sales activities of offline stores and introduced an offline experiential space strategy designed to allow consumers to experience products without pressure. This can be explained through the mental accounting theory, which gradually increases psychological costs, leading to product purchase over time. Well Café is not just an experiential space, but an innovative space where consumers interact voluntarily with the brand and build trust.

Additionally, Ceragem led the popularization of spinal medical devices in Korea, creating a new category called ‘home relaxation appliances.’ Going beyond product functionality and quality as core values, it created differentiated value by designing a new concept of ‘healthterior’ (Health + Interior), which harmonizes with the home. This new meaningful design deeply understands the unmet healthcare needs of customers and the context of health management that cannot be solved at home. It has led to the execution of a decoupling strategy based on the customer’s value chain through the 7 Care Solutions.

At the heart of all this innovation was leadership that experienced and empathized with customers the most. Ceragem’s CEO, Lee Kyung-soo, ran a dealership directly, installing products in customers’ homes and deeply experiencing customer touchpoints. Based on this, he shifted management indicators from sales-centered to customer experience-centered and revamped employee evaluation criteria to align with ‘customer-centric thinking.’

Ultimately, the success of Ceragem lies in its transformation into a company that designs ‘experiences,’ not just products, with a customer-centric mindset. The ability to empathize with customers, combined with a redesign of its value from a simple

medical device to a ‘home healthcare solutions company that creates healthy habits,’ is the key reason Ceragem has been able to continue innovating.

1. Mental Accounting and Well Café Strategy

Companies design the customer journey to quickly and effectively drive purchasing decisions, optimizing marketing strategies throughout the entire process leading up to the final payment. For example, they use search engine ads (SEA) to catch customers’ attention on search result pages, or employ YouTube and social media to attract the interest of potential customers through various digital touchpoints. The core of these strategies is to ultimately guide customers to offline stores, where they can experience the product firsthand and make the final purchase decision. Therefore, in traditional stores, sales staff typically encourage customers to make a purchase as soon as they touch the product and check the price.

However, Ceragem’s strategy is clearly different from the conventional offline sales approach. Ceragem operates Well Café, an offline experience space designed to allow customers to naturally experience the products, creating an experience-centered space rather than just a store. The key strategy in Well Café is to help customers confidently affirm the value of the products through ample experience, rather than pushing for sales. In typical electronics stores, aggressive explanations and persuasion by sales staff can be burdensome for customers, especially in the case of high-priced healthcare products, where opportunities for experience are usually limited. In contrast, Well Café adopts the café model, where customers can experience the products by purchasing a drink, thereby fostering the perception that they are “paying a fair price to experience the product.”

① Mental Accounting and Well Café Strategy

One of the key factors behind the success of Ceragem's Well Café strategy is the effective application of Mental Accounting theory. Mental Accounting refers to the tendency for people to classify money, time, effort, and other resources into different "psychological accounts," and to perceive them differently depending on how they were spent, even if the amount or cost is the same.¹ According to Mental Accounting theory, consumers also consider time and effort as investment costs before directly purchasing a product. In other words, instead of paying money upfront, customers perceive the process of repeatedly visiting Well Café to experience the product, gathering information from acquaintances, and conducting additional research as a "cost." Moreover, if customers have experienced the product even once and invested time, they are more likely to be influenced by the Sunk Cost Fallacy. This refers to the psychological tendency to continue an action because they feel the resources (time, effort, money) already invested would be wasted otherwise. For example, when a movie ticket is purchased but the screening is canceled, many people would prefer to watch another movie at the same time, even at an additional cost, rather than requesting a refund. This shows that when consumers invest a certain level of time and effort in a product or service, they are psychologically inclined to make additional purchases in order to recover that investment. In Ceragem's Well Café, even if customers do not purchase the product immediately, their continued visits act as an "investment" of time and effort. In particular, customers visiting Well Café are not just casual visitors but become psychologically closer to the product through continuous and substantial experiences. This ultimately increases trust in the product and enhances the likelihood of purchase.



② The Spread of the Well café Experience and Voluntary Word-of-Mouth Effect

Another differentiating factor of Ceragem is that the Well café visit experience triggers a powerful word-of-mouth effect. According to mental accounting theory, the more time and effort a consumer invests in a particular product, the more likely they are to talk about it and recommend it. Customers who repeatedly visit Well café share their experiences with friends, family, and colleagues, naturally increasing product awareness and spreading trust. Within Ceragem, customers who visit Well café daily but do not make a purchase are considered 'proud customers.' These individuals are not just visitors but are likely to become the core customer base that forms long-term brand loyalty. Additionally, family members or acquaintances of daily visitors are indirectly exposed to the product's effects, and in this process, a virtuous cycle is formed, naturally attracting new potential customers.

¹ Thaler, R. (1985). Mental accounting and consumer choice. *Marketing science*, 4(3), 199-214.

2. Ceragem's Meaning Design and Value Redesign Strategy

① Creating a New Category, from Medical Device to 'Home Relaxation Appliances'

Ceragem is not just a company that emphasizes the functionality and quality of medical devices. Instead, it has established itself as a company that gives new meaning to products and designs new value in customers' lives. Ceragem, which led the popularization of spinal medical devices in Korea, created a new category called 'home relaxation appliances,' moving beyond the narrow scope of 'massage medical devices.' This was a result of redefining medical devices, which were traditionally seen as tools for disease treatment, into products that naturally blend into users' everyday lives. In particular, Ceragem introduced the concept of 'healthterior' (Health + Interior), transforming products from mere functional superiority to elements that harmonize with home décor. Until then, medical devices were considered foreign elements in a space, but Ceragem designed them to be a natural part of everyday life. This strategy created a new identity as 'home healthcare appliances,' where functional value is a given, and new value is created by considering the customer's lifestyle within their home.

Ceragem's meaning design strategy can also be seen in its water purifier, which won the CES 2025 Innovation Award. The essential functional value of a water purifier is to 'provide clean water.' However, Ceragem added new 'meaning' to this. The company did not just design a water purifier to provide clean water but created a new value by making it a 'customized water purifier for family health.' Ceragem's water purifier allows the pH level to be adjusted differently for each family member. This means the water is not just a source of hydration, but it is designed to adjust the alkaline level according to age to contribute to stomach health, digestion, and immune system enhancement. Users can set customized pH levels through buttons such as 'Dad,' 'Mom,' and 'Daughter,' providing practical benefits by reducing digestive problems, diarrhea, and gastric disorders for family members. This extends the water purifier's function from simply filtering water to providing necessary nutrients based on family health data, creating a value

of improving health. For this, customers can either link their personal health check-up data or undergo DNA testing at offline stores to receive customized nutritional solutions.

This approach is not merely product improvement but a strategic innovation that redesigns the meaning of the product and changes the context in which the customer uses the product. In other words, the value of the water purifier is redefined from a context of drinking clean water to a context of caring for the family's health.

3. Ceragem's 7 Care Solutions

Expanding Through Decoupling

Ceragem is evolving from a simple medical device manufacturer into a total home healthcare solutions company that helps customers form healthy habits. The key strategy that enables this evolution is decoupling. Thales Teixeira, former professor at Harvard Business School, defines decoupling as "a strategy that creates innovation by separating the specific value that customers want from the existing process." In the traditional healthcare market, customers had to go through multiple steps within disconnected systems, such as hospitals, fitness centers, and nutrition counseling. However, Ceragem has reorganized the value chain to allow all healthcare steps to be addressed at home, enabling customers to selectively experience the care they need through decoupling. This decoupling strategy guides consumers to bypass the inconveniences of the existing system and manage their health in a more intuitive and convenient way. Customers no longer need to make hospital appointments or go through complicated procedures; they can naturally practice a healthy lifestyle through Ceragem's products and services combined in a home healthcare system. Ceragem's ultimate goal is not simply to sell products but to provide a "home as a health system," where customers can practice seven healthy habits. This means transforming from selling product devices to providing a solution that designs a space for maintaining a healthy life and creating a space that fosters continuous healthy habits. By dismantling the traditional healthcare value chain and designing it so that customers can freely choose the health


solutions they want, this strategy shows that Ceragem is an innovative company that thinks customer-centric and knows how to decouple.

4. Leadership Competence to Empathize with Customers

The background behind Ceragem's establishment as a customer-centric company lies in CEO Lee Kyung-soo's leadership, which is based on empathy for customers. He focused not just on selling products but on making the process of customers experiencing the products and building trust a core value of Ceragem. To achieve this, he completely restructured everything from management indicators to organizational culture, setting the number of customers who experienced the product as the key KPI for offline stores instead of sales targets, and reflecting customer-centric attitudes in employee evaluations rather than just performance. Furthermore, rather than simply selling products, Ceragem made managing whether customers actually use the products effectively a mandatory business process.

In fact, his customer-centric philosophy stemmed from direct experience. While overseeing marketing and overseas sales at the headquarters, he ran a dealership himself and observed and pondered why customers didn't buy products and what concerns repeat visitors had on-site. Through this, he realized that the relationship with customers doesn't end once they buy a product; the key to customer experience is touching every customer touchpoint, from teaching them how to use the product to helping them incorporate it into their daily lives without discomfort. Based on this philosophy, Ceragem expanded its customer touchpoints. 800 coordinators visit customers' homes every three months to observe how the products are used in real life and to identify additional healthcare needs. The data obtained in this process has become the core data for building Ceragem's 7 Care Home Healthcare Platform, rather than simply being used for after-sales service.

Ceragem's growth from a mere medical device manufacturer to a home healthcare platform company is largely due to the efforts to deeply understand customers and the leadership that integrated

this into the corporate culture. This is the key success factor that has allowed Ceragem to continuously innovate. 



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