

Ways and means to establish CRM in Pharmaceutical Company

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Abstract:

Trends like Electronic Commerce drive the need for a more customer-centric view; with this the introduction of healthcare portals brings revolution in CRM in the pharmaceutical industry. The major benefit of healthcare portals for pharmaceutical companies will arise from the possibility of direct interaction with end-consumers and patients, which will offer a better analysis of customer needs and their transformation into the development of individualized products. Present paper deals with study of existing CRM Practices and to find out ways and means to establish CRM in pharmaceutical industry. Researcher analyzed different practices used in pharmaceutical industry to develop CRM in pharmaceutical industry through review of literature and discussions with the stakeholder. After the data analysis it is found that in pharmaceutical business outcomes are depend on the relationship so researcher has develop model which helps to know the ways and means to establish relationship in pharmaceutical industry.

Key Words: CRM (Customer Relationship Management), Pharmaceutical Company, Stakeholders, Medical Representative, Medical Practitioners.

Introduction:

Relationship marketing is viewed as the ongoing process of engaging in cooperative activities and programs with intermediate and end-user customers to create or enhance mutual economic value at reduced cost. In pharmaceutical industry companies develop relationship building programs with physicians so that in times of increased competition, they can successfully retain their current customers. Detailing has a positive and statistically significant effect on the number of new prescriptions written by a physician. The single most effective way that pharmaceutical companies can influence physician decisions is through the use of detailing by Pharmaceutical Sales Representative (PSRs) (Melissa Clark,2011). But now a days for long term business relationship management is also required.

Objectives:

Following are the objectives for the study,

- 1) To study existing CRM Practices in Pharmaceutical Industry.
- 2) To study the ways and Means to establish CRM in pharmaceutical industry.

Customer Relationship Management (CRM):

Merely attracting new customers is not good enough. It is very important to build a long-term relationship with them so that they provide repeat business, thereby ensuring sustainable revenues and profits. (Chavan R.R. et al. 2009). Through CRM, marketing appears to have come full-circle in its evolution: from straight sales to mass marketing, to target marketing, to relationship marketing, and now to CRM, which is on the way to completely allowing true one-on-one marketing (Kurpad,2010). CRM employs information technology to enforce and execute relationship marketing approaches (Sharma, 2010). Logically, many report that identifying the company's CRM needs and customer needs is very important to CRM success (Johnf, 2004).

For measuring existing CRM system of organization (Troy, 2008) stated 51 variables which are namely; Formal system for identifying potential customers, formal system for identifying which of the potential customers are more valuable, use data from external sources for identifying potential high value customers, formal system in place that facilitates the continuous evaluation of prospects, system in place to determine the cost of reestablishing a relationship with a lost customer, systematic process for assessing the value of past customers with whom you have no longer relationship, system for determining the costs of re establishing a relationship with inactive customers, attempts to attract prospects in order to coordinate message across media channels, formal system in place that differentiates targeting communications based on the prospects value, systematically present different offers to prospects based on the prospects economic value, differentiate acquisition investments based on customer value, systematic process/approach to reestablish relationships with valuable customers who have been lost to competitors, system in place to be able to interact with lost customers, systematic process for re establishing a relationship with valued inactive customers, system for interacting with inactive customers, formal system for determining which are the current customers are of the highest value, continuously tracks customers information in order to assess customer value, actively attempts to determine the costs of retaining customers track the status of the relationship during the entire customer life cycle (relationship maturity), maintain an interactive two way communication with customers, actively stress customer loyalty of relation programs, integrate customer information across customer contact points(e.g. mail, telephone, web fax, face to face), structure to optimally respond to groups of customers with different values, systematically attempts to customize products / services based on the value of the customer, systematically attempts to manage the expectations of values customers, attempt to build long term relationships with high value customers, formalized procedures for cross selling to valuable customers, formalized procedures for up selling to valuable customers, try to systematically extend share of customer with high value customers, systematic approaches to mature relationships with high value customers in order to be able to cross sell or up sell earlier, provide individualized incentives for valuable customers if they intensify their business with us, systematically track referrals, try to actively manage the customers referral process, provide current customers with incentives for acquiring new potential customers, offering different incentives for referral generation based on the value of acquired customers, formal system for identifying non profitable or lower value customers, formal policy or procedure for actively discontinuing relationship with low value or problem customers (e.g. cancelling customer accounts), try

passively discontinue relationships with low value or problem customers (e.g. raising basic service fees), offer disincentives to low value customers for terminating their relationships (e.g. offering proper service), systematic training procedures for helping employees deal differently with high end and low value customers, reward employees for building and developing relationship with high value customers, whether your SBU is organized in a way to optimally respond to customer groups with different profitability, organizing people (i.e. changing organizational structure) to deliver differentiated treatment and products to different customer segments present a strength for your SBU, invest in technology to acquire and manage real time customer information and feedback, technologies that allow for one to one communications with potential customers, dedicated CRM technology in place, required upgraded information technology resources compared to competitors.

The pharmaceutical industry has long enjoyed a traditionally close relationship with the physician community, based upon trust and credibility. This relationship has remained largely intact — with 44 per cent of surveyed physicians saying they generally trust pharmaceutical companies. A total of 19 per cent however, explicitly expressed distrust towards sales representatives — argue that, although fairly modest, nevertheless may grow if there is no change in the way that pharma physician relationships develop in the future. Physicians are worried about the marketing bias in the information presented to them by sales representatives. A staggering 65 per cent of surveyed physicians expressed concern about pharmaceutical companies not keeping them informed about the messages they send to patients — a finding consistent across the USA and Europe. Most worrying for the pharmaceutical companies, over the past 2 years, is that 38 per cent of the surveyed physicians have decided to make less time for sales representatives. These might include educational materials for patients, unbiased scientific information and continuing medical education, funding and practice management support. Using the customer relationship management (CRM) platform and salesforce mobility tools, the interaction between all parties can be personalised and thus retained. Multi-channel integration can ensure that knowledge of all contacts is shared, for example a representative will know if a doctor called the call centre last week with a medical enquiry. Acting as relationship managers rather than merely messengers, a well-trained salesforce is encouraged to unleash their human sensitivity and form real and honest bonds with this principal group of customers. Therefore there are a number of ways in which pharmaceutical companies can rebuild the kind of relationships that will yield the best outcome for all stakeholders in the equation. While human contact is certainly valued, when approaching physicians, less is most certainly more. Physicians want to choose how they were contacted, that they want contact with one or two representatives per company only — and that these representatives should be more responsive to doctors' needs. Relationships should be deeper — based on a clear exchange of objective and neutral scientific information and finally, unbiased by commercial arguments (Mackintosh, 2004).

Gifts to doctors influence their prescribing patterns. Research has shown, quite unequivocally, that even a small gift, like a pen, can have an influence (Georg e Thomas , 2010). If it is the patient who insists on presenting gifts for personal use (and even if most doctors have occasionally accepted gifts), it may still be a boundary violation with its attendant problems. The skill to be gently assertive while refusing such gifts without hurting the sentiments of patients and careers usually comes with experience but can be easily taught to junior doctors. Common sense would dictate that accepting a box of sweets by a patient who can afford it, on behalf of the entire treating team and on an occasion, would be acceptable. Self disclosure can be a useful technique to be used by an experienced therapist to help the patient feel

better, but undue disclosure about oneself to make the therapist feel better is unacceptable. Becoming friends with patients is inadvisable (Sunita, 2010).

Another fruitful but controversial practice of CRM is Direct-to-Consumer Advertising of prescription medicines (DTCA), where many of the arguments for and against are not supported by strong evidence. DTCA and the doctor – patient relationship in which he explains the healthcare landscape is complex and dynamic and is being influenced by a number of factors, all of which impact on the doctor – patient relationship. It has been argued that DTCA may adversely affect the doctor – patient relationship and lead to less than satisfactory health outcomes (Harker, 2007).

Superior CRM capability can create positional advantage and subsequent improved performance. To be most successful, CRM programs should focus on latent or unarticulated customer needs that underpin a proactive market orientation (Coltman, T.,2007). Central role of loyalty is the mediating factor in building relationships with customers. In order to build retention equity common to most relationship marketing programs, marketers need to understand the relationship from the customer's point of view. There are four dimensions representing the different forms of media to communicate with customers: printed mail, e-mail, telemarketing, and face-to-face service. Relationship marketing strategies will be successful if customer communication preferences are part of the customer profile database of a firm. But it is found that use of relationship marketing strategy by marketing executives has not resulted in high demand for variable data printing (Sorce, P.,2002). Similarly the integration of Customer Management (CM) into CRM offers a very real opportunity when taking into account the complex and myriad communications management functions and sources of information within CRM such as Sales, Marketing and Customer Service. CM vastly enhances the CRM function by managing information and content and then consistently disseminating that content through multiple channels such as sales, call centers, websites and publications (Keith Forsyth, 2004). Public hospitals in Spain are currently using their websites as a means of communication with their patients and clients but this effort still far from the ideal concept of market orientation (Teresa et.al., 2002). The nationality of the firm might have an impact on the propensity to adopt relationship marketing techniques (Bradley, et.al. 2000).

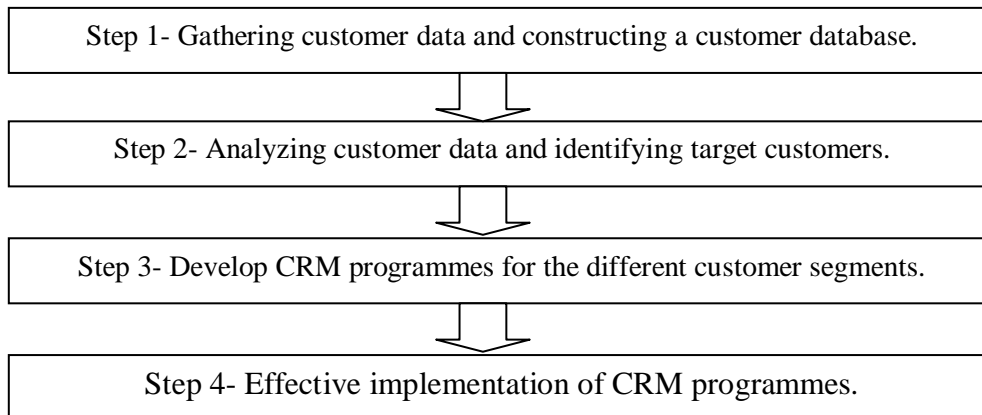
(Hea-Sook,2006) proposes a new policy for consolidating a company's profits by segregating the clients using the contents service and allocating the media server's resources selectively by clusters using the cluster analysis method of CRM, which is mainly applied to marketing. In this case, CRM refers to the strategy of consolidating a company's profits by efficiently managing the clients, providing them with a more effective, personalized service, and managing the resources more effectively. He also analyzes the level of contribution vis-a-vis the clients' service pattern (total number of visits to the homepage, service type, service usage period, total payment, average service period, service charge per homepage visit) and profits through the cluster analysis of clients' data applying the Two Step Cluster Method. A higher renewal rate was shown when applying CRFS through the evaluation of the client's renewal rate.

During the merger of two pharmaceutical companies isomorphic pressures and some organizational conditions are identified as relevant factors in the redefinition of the customer, the outcome of which is the deinstitutionalization of some CRM practices and the restructuring of customer portfolios. It is also proposed that procedural legitimacy drives the change within the network organization (Lukkari, 2011). As the pharmaceutical organization, physicians and distribution channels are implementing and using CRM it becomes essential to know output of CRM. CRM can help for firm for tracking communication between firms and their customers by using twelve variables viz. analyzing customer revenue and cost

data in order to identify current and future high-value customers, targeting direct marketing efforts, capturing relevant product and service behavior data, creating new distribution channels, developing new pricing models, processing transactions faster, providing better information to the front line, managing logistics and the supply chain more efficiently, deploying knowledge management systems, tracking customer defection and retention levels, tracking customer satisfaction levels, tracking customer win-back levels. Not only are the business outcomes in term of finance but also trust, belief and continuous prescription the outcomes of effective CRM (Tetteh, 2008).

Steps Involved in the CRM Process

Following are the steps involved in the CRM process



Step I - Gathering Customer Data and Constructing a Customer Database.

Researcher has developed forms for collecting information from stakeholders which may help to develop customer database. (Ref . Annexure VI to VIII)

Annexure I- Doctor information form

This form contains all the necessary doctor information which may help to develop customer relationship management. The information contains name, date of birth, anniversary date, qualification, specialization, registration number, clinic address residential address, email, mobile, office phone number, residence phone number, fax number, pass out college name, associated college medical college, family details in which name, date of birth, age, occupation, interest, hobby, of spouse and children's, interest and hobbies of doctor like favorite holiday spot, association /clubs, cultural association, sports, magazine, author, food preference, favorite dish, drink, smoke, music, actor etc. This form also contains information about call frequency per month, prescription number, prescribing brands, duration of prescription and amount of business. Information regarding prescription required continuous updation in formats as per month. This information may help to know the liking and preferences of medical practitioners. This information is useful for medical representative/ Pharmaceutical organization to proceed for CRM implementation.

Annexure II- Retailer/Wholesalers information form

This form contains all the necessary retailers and wholesalers information which will help to develop customer relationship management. The information contain name, date of birth, anniversary date, qualification, specialization, registration number, shop address residential address, email, mobile, office phone number, residence phone number, fax number, pass out college name, family details in which name, date of birth, age, occupation, interest, hobby, of spouse and children's, interest and hobbies of doctor like favorite holiday spot, association /clubs, cultural association, sports, magazine, author, food preference, favorite dish, drink, smoke, music, actor etc. This form also contains information about call frequency per month, prescription number, prescribing brands, duration of prescription and amount of business. Information regarding prescription required continuous updation in formats as per month. This information may help to know the liking and preferences of retailers and wholesalers. This information is useful for medical representative/ Pharmaceutical organization to proceed for CRM implementation.

Annexure III- Patient information form

This form contains all the necessary information of patient which may help to develop customer relationship management. The information contain name, date of birth, anniversary date, qualification, specialization, registration number, official address residential address, email, mobile, office phone number, residence phone number, fax number, pass out college name, family details in which name, date of birth, age, occupation, interest, hobby, of spouse and children's. This information will help to know the liking and preferences of patients. Updated laboratory count, habits, diet plan prescribed, exercise prescribed, medicine prescribed, accounts maintained, X-Ray, sonography reports preservation, hobbies, expected reminders on SMS, call, email or any other source. This information may help to know the liking and preferences of patients. This information is useful for medical practitioners and retailers to proceed for CRM implementation.

Step 2- Analyzing customer data and identifying target customers.

For identifying customer data system should focus on

1. System for identifying Potential Customers.
2. System for identifying which of the Potential Customers are more valuable.
3. Use Data from External Sources for Identifying Potential High Value Customers.
4. Formal System in place that facilitates the Continuous Evaluation of Prospects.
5. Formal system for identifying non profitable or lower value customers.

After analyzing data system will give different groups of customer like potential customers, potential customers are more valuable, potential high value customers, lost customer, inactive customers, new potential customers, and non profitable or lower value customers.

Step 3- Develop CRM programmes for the different customer segments.

After the data analysis researcher found that medical representatives, retailers and wholesalers have a systems which they can use for customer relationship management. Already most of the medical representatives, retailers and wholesalers are using this system for developing and maintaining relationship. But most of the medical practitioners are not using formal system for CRM. The information which was collected in step 1 will help to develop CRM programme.

For developing CRM programme for different customer segments system should focus on following aspects-

1. System in place to determine the cost of Reestablishing a Relationship with a Lost Customer.
2. Systematic Process for assessing the Value of Past Customers with whom you have no Longer Relationship.
3. System for determining the costs of reestablishing a Relationship with Inactive Customers.
4. Attempts to attract Prospects in order to co-ordinate message across Media Channels.
5. Formal system in place that differentiates targeting communications based on the prospects value.
6. Systematically present different offers to prospects based on the prospects economic value.
7. Differentiate acquisition investments based on customer value.
8. Systematic process/approach to reestablish relationships with valuable customers who have been lost to competitors.
9. System in place to be able to interact with lost customers.
10. Systematic process for re establishing a relationship with valued inactive customers.
11. System for interacting with inactive customers.
12. Formal system for determining which the current customers are is of the highest value.
13. Continuously tracks customer's information in order to assess customer value.
14. Active attempts to determine the costs of retaining customers.
15. Track the status of the relationship during the entire customer life cycle (relationship maturity).
16. Maintain an interactive two way communication with customers.
17. Actively stress customer loyalty of relation programs.
18. Integrate customer information across customer contact points. (e.g. mail, telephone, web fax, face to face)
19. Structure to optimally respond to groups of customers with different values
20. Systematic attempts to customize products / services based on the value of the customer.
21. Systematic attempts to manage the expectations of values customers.
22. Attempt to build long term relationships with high value customers.
23. Formal procedures for cross selling to valuable customers.
24. Formal procedures for up selling to valuable customers.
25. Try systematic to extend share of customer with high value customers.
26. Systematic approaches to mature relationships with high value customers in order to be able to cross sell or up sell earlier.
27. Provide individualized incentives for valuable customers if they intensify their business with us.
28. Systematically track referrals.
29. Try to manage actively the customer's referral process.
30. Provide current customers with incentives for acquiring new potential customers.
31. Offering different incentives for referral generation based on the value of acquired customers.
32. Formal policy or procedure for actively discontinuing relationship with low value or problematic customers (e.g. cancelling customer accounts).
33. Try passively discontinuing relationships with low value or problem customers (e.g. raising basic service fees).

34. Offer disincentives to low value customers for terminating their relationships (e.g. offering proper service).

35. Systematic training procedures for helping employees deal differently with high end and low value customers.

36. Reward employees for building and developing relationship with high value customers.

Above parameters will help to develop CRM programme as per different customer groups.

For offering a promotional material for reminders and wishes system will help to give output as per the interest and likings of stakeholder like-

- 1) Interested promotional items as per value of specific customers
- 2) Birthday wishes with gift as per liking
- 3) Use of IT for greetings
- 4) Tour packages as per interest
- 5) Promotional items/ Gifts items as per interest on occasion
- 6) Schemes as per interest
- 7) Customized service as per expectations
- 8) Offering samples as per specialization

Step 4- Effective implementation of CRM programmes

The output given by the system stakeholder should make a practice to use it in daily working. In this system continuous evaluation of customers and updating customer information plays important role because output depends on input.

Conclusion:

This research study has carried out to study the customer relationship management in pharmaceutical industry. Study focused on to know the basis used by each stakeholder of CRM in pharmaceutical industry and develop model to develop relationship. After the study researcher found that about the existing CRM system medical representatives, retailers and wholesalers are more satisfied because they have software and systems for developing and maintaining customer relationship. Majority of the medical practitioners are not using any software for maintaining and developing relationship but in future they are interested in to using all these parameters for building business. Researcher suggested the ways and means for developing CRM. If any stakeholders want to develop and maintain the relationship with customer they can follow the specific parameters which are mentioned in suggestion.

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Annexure I

Doctor Information Form

Doctor Code																			
Name		First				Middle				Last									
DOB		D	D	M	M	Y	Y	Y	Y	Anniversary Date		D	D	M	M	Y	Y	Y	Y
Qualification																			
Specialization																			
Registration Number																			
Clinic Address						Residential Address													
Plot No						Plot No													
Street						Street													
Taluka				District				Taluka				District							
State				Pincode				State				Pincode							
Email																			
Mobile																			
Office						Fax number													
Residence																			
Pass out college name																			
Associated College Medical College																			
Family Details		Name				DOB	Age	Occupation	Interest	Hobby									
Spouse																			
Children 1																			
Children 2																			
Interest and Hobbies																			
Holiday Spot						Food Preference													
Association /Clubs						Favorite Dish													
Cultural Association						Drink													
Sports						Smoke													
Magazine						Music													
Author						Actor													
Business Output Information																			
Call Frequency/Month		1	2	3	4	5	6	7	8	9	10	1	1						
												1	1						
												1	1						
												1	1						
												1	1						
												1	1						
												1	1						
												1	1						
Focus on specialization		Product		Price		Place		Promotion		Service		Other							
Other Competitive Brand Prescribe																			

Annexure II
Chemist/Retailer/Wholesaler Information Form

Code																					
Name		First				Middle				Last											
DOB		D	D	M	M	Y	Y	Y	Y	Anniversary Date				D	D	M	M	Y	Y	Y	Y
Qualification																					
Specialization																					
Registration Number																					
Shop Address						Residential Address															
Plot No						Plot No															
Street						Street															
Taluka			District			Taluka			District												
State			Pincode			State			Pincode												
Email																					
Mobile																					
Office						Fax number															
Residence																					
Pass out college name																					
Family Details		Name				DOB	Age	Occupation	Interest	Hobby											
Spouse																					
Children 1																					
Children 2																					
Children 3																					
Interest and Hobbies																					
Holiday Spot								Food preference													
Association /Clubs								Favorite Dish													
Cultural Association								Drink													
Sports								Smoke													
Magazine								Music													
Author								Actor													
Call Frequency/Month		1	2	3	4	5	6	7	8	9	10	11	12								
Prescription Number		1	2	3	4	5	6	7	8	9	10	11	12								
Prescription Brands		1	2	3	4	5	6	7	8	9	10	11	12								
Amount of Business		1	2	3	4	5	6	7	8	9	10	11	12								
Focus on specialization		Product		Price		Place		Promotion		Service		Other									
Sale of Other Competitive Brand																					

**Annexure III
Patient Information Form**

Code																			
Name		First				Middle			Last										
DOB		D	D	M	M	Y	Y	Y	Y	Anniversary Date		D	D	M	M	Y	Y	Y	Y
Qualification																			
Specialization																			
Registration Number																			
Official Address						Residential Address													
Plot No						Plot No													
Street						Street													
Taluka						Taluka													
District						District													
State						State													
Pincode						Pincode													
Email																			
Mobile																			
Office						Fax number													
Residence																			
Pass out college name																			
Family Details		Name			DOB	Age	Occupation	Interest	Hobby										
Spouse																			
Children 1																			
Children 2																			
Children 3																			
Medical History																			
Updated Laboratory Count																			
Habits																			
Diet Plan Prescribed																			
Exercise prescribed																			
Medicine Prescribed																			
Accounts maintained																			
X-Ray, Sonography reports preservation																			
Hobbies																			
Expected reminders on						Call	SMS	Email	Others										