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E-STRATEGY FOR PHARMACY MARKETING IN INFORMATION AGE

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ABSTRACT

While many pharmaceutical companies have successfully deployed a plethora of strategies to target the various customer types, recent business and customer trends are creating new challenges and opportunities for increasing profitability.

Use of medical representatives for marketing products to physicians and to exert some influence over others in the hierarchy of decision makers has been a time-tested tradition. Typically, sales force expense comprises an estimated 15 percent to 20 percent of annual product revenues, the largest line item on the balance sheet. Despite this mammoth expense, the industry is still plagued with some very serious strategic and operational level issues.

At strategic level, organization's knowledge of their customers is acknowledged as the key asset. The only question is absence of an enabling technology. At operational level, an old adage describes this need best - "The thing that gets measured gets done."

Authors has tried to attempt an issues related to E-Strategy which may be helpful to pharmacy marketing in information age.

Keywords: Lansoprazole, HPMCP, Povidone, Mannitol.

INTRODUCTION

The Indian pharmaceutical industry today is riding high on exports led growth. Brand acquisition, mergers and alliances and increased focused on the generic and specialty segments are some of the other current moves. While there is recovery of some sort in the domestic market and on the R&D front, industry is faced

with mixed fortunes. The India pharmaceutical industry scene is valued at US \$4.5 billion, represents 1.6% of global size and is growing at approximately 8 - 9%

The market is expanding - Price levels are rising. This coupled with increased personal spending, fuelled by economic growth and greater access to medical care is helping the market expand.

Current scenario in the domestic industry indicates that there is a huge untapped potential. However, the industry needs to address some performance related issues in the domestic markets.

PROCESS AND ITS CHALLENGES

In the pharmaceutical and healthcare industries, a complex web of decision-makers determines the nature of the transaction (prescription). Essentially, the end-user (patient) consumes a product and pays the cost. In future TPAs and HMOs will further add complexity to this transaction.

Each component in the decision-making hierarchy exerts varying levels of influence. Each of these components has to be dealt differently, which in itself is quite a challenge.

THE NEED

While many pharmaceutical companies have successfully deployed a plethora of strategies to target the various customer types, recent business and customer trends are creating new challenges and opportunities for increasing profitability.

Use of medical representatives for marketing products to physicians and to exert some influence over others in the hierarchy of decision makers has been a time-tested tradition. Typically, sales force expense comprises an estimated 15 percent to 20

percent of annual product revenues, the largest line item on the balance sheet. Despite this mammoth expense, the industry is still plagued with some very serious strategic and operational level issues.

Some of the most prominent performance related issues are enlisted below:

- Increased competition and shortened window of opportunity
- Low level of customer knowledge (Doctors, Retailers, Wholesalers)
- Good product mix and excellent marketing strategies but poor customer acquisition, development and retention strategies
- Person dependent customer knowledge, which is not shared enterprise-wide
- Very high attrition rate of the sales personnel
- Very high territory development costs
- High training and re-training costs of sales personnel
- The number and the quality of medical representatives
- Busy physicians giving less time for sales calls
- Poor territory knowledge in terms of business value at medical representative level
- Unclear value of prescription from each doctor in the list of each sales person

-- Unknown value of revenue from each retailer in the territory

-- Virtually no mechanism of sales forecasting from field sales level, leading to huge deviations

-- Absence of analysis on the amount of time invested on profitable and not-so-profitable customers and lack of time-share planning towards developing customer base for future markets

-- Manual and cumbersome administrative systems and processes designed which don't facilitate optimal efficiency levels in sales teams
And many more.....

At strategic level, organization's knowledge of their customers is acknowledged as the key asset. The only question is absence of an enabling technology. At operational level, an old adage describes this need best - "The thing that gets measured gets done."

Industry needs to evaluate and measure four E's of performance to witness dramatic results from the sales and marketing processes: Efficiency, Effectiveness, Empowerment & Enhanced accountability

ROLE OF IT IN THE PHARMA INDUSTRY

In past, organizations IT investments primarily focused on Enterprise Resource Planning (ERP) applications and other technologies that automate back office processes such as production, billing, accounting and human

resources management. But many organizations have largely completed their ERP implementations and now face diminishing returns from additional investments in back office automation.

In late 1990s, organizations started realizing that maximizing the value of their customer relationships will be the key corporate performance driver and as a result there was shift in focus from ERP to Customer Relationship Management. The objectives were to grow revenue and profitability through intelligently targeted customer acquisition, increased customer retention while dramatically improving the productivity of their sales and marketing operations. Consequently, managements started focusing more of their investments in enabling their organizations to become more customer-centric.

In these fiercely competitive times, being customer centric is the only opportunity to realize dramatic performance gains by optimizing externally oriented business processes such as sales, marketing and services. Organizations are now convinced that becoming customer centric is no longer an option, but is imperative for survival.

The focus of expectations for customer relationship initiatives should not only be to provide sales and reporting information to

lowering costs. We must go beyond and learn from the experiences of organizations in western countries, which have already completed their first rounds and have not been as successful as the CRM vendors had promised them to be. One issue often surfaced was poor acceptance of new CRM systems by the sales force.

Some of the prominent reasons of poor acceptance of CRM systems by the sales force are as follows –

VALUE

Systems do not always meet the sales reps' everyday needs and do not provide them with any additional value.

COMPLEXITY

The effort to make the tool as specific as possible to the company, often results in it being overly complex to use.

CULTURE

In some organizational cultures, the power and worth of sales reps' lies in their in-depth knowledge of their customers, built up over years. Being asked to make this knowledge available to others often provokes strong resistance.

INCONGRUENCE

where sales force automation is provided to the sales force as a point solution, reps use it mainly as contact information management tool with

limited benefits. For them to use the system to its full potential, it needs to be linked to data, primarily sales data.

Three key lessons emerge:

-- Companies must take softer aspects such as people, culture and change management into account and build them into the approach from the start.

-- Only integration of multiple solutions allows a company to use CRM system to their full potential.

-- IT will deliver part of the benefit- mainly cost reductions or operational improvements. The other part is revenue increase from competitive differentiation. To achieve this, companies need to create excellent customer experiences, develop a better customer understanding and generate strategies to interact with key customer segments and serve their needs.

STAGES OF MATURITY

Most companies have realized the need to get closer to their customers. This endeavor to get closer to customers will mature in three stages. Organizations now need to look beyond strategic focus of their current initiatives. Existing sales and marketing processes and their challenges demand radical thinking that will help organizations to evaluate and measure performance of marketing and sales processes.

TIME FOR E-STRATEGIES

-- e-Strategies are designed from a user perspective which offer value through ease of use integration, automation of business processes, and enhancement of self and organization worth of a sales representative.

-- e-Strategies are centered around the issue of being able to scientifically measure four E's viz; Efficiency, Effectiveness, Empowerment, Enhanced accountability of marketing and sales processes

-- e-Strategies are based on the fact that customer knowledge is the key asset to an organization

-- e-Strategies are a framework that helps better connect with their customers

-- e-Strategies are business intelligence solutions that seamlessly integrate various segments within the marketing and sales functions and allow true analysis of activities

-- e-Strategies are tightly aligned with business strategy of an organization to deliver dramatic results from their marketing and sales processes

-- e-Strategies offer significant return on investment by reducing costs while introducing operational efficiencies and increases profitability of an organization through better customer acquisition, development and retention

-- E-Strategies are designed with specific requirements of each organization.

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