

**CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN PHARMA****Ganesh Pandit Pathak*¹, Dr. Sarang Shankar Bhola²**¹Asst. Prof, Rajiv Gandhi Business School, Tathawade, Pune, Maharashtra, India.²Assoc. Prof (Research Guide), Karmaveer Bhaurao Patil Institute of Management Studies and Research, Satara, Maharashtra, India.**ABSTRACT**

Now a day's every businessman using different strategy to cover large are of market to get high market share. In this era customer relationship management strategy is playing an vital role in business. Customer relationship management has to be an integrated company effort and be implemented throughout the entire company in order to be successful. Customer relationship management enables companies to develop long-term relationships with customers that will lead to increased profits and business performance. Each employee in the company must be aware of the need and importance of CRM. Pharmaceutical industry is struggling for developing and maintaining the relation with the customers for that, sales representatives are trying to develop relation with all the stakeholders viz. Doctor, Stockist and Retailers i.e. Chemist. The ultimate consumer of pharmaceutical product is patient. Present research highlights relationship between each stakeholder in pharmaceutical marketing and the use of relationship for business development.

Keywords: Customer Relationship Management (CRM), Pharmaceutical Industry, IT systems, stakeholders.

INTRODUCTION

Developments in information technology, data warehousing and data mining have made it possible for firms to maintain one to one relationships with their customers. Many organizations initiated Customer Relationship Management (CRM) projects as they foresee tremendous potential for benefits. The benefits come from lower costs of customer retention and increased profits due to lower defection rates (Reichheld and Sasser, 1990). But CRM may appear to be an expensive option to firms which have been practicing mass marketing due to the relatively high initial investments in sophisticated IT systems required to acquire knowledge about individual customer (Davids 1999; Gupta 2000). However, the improving performance and declining costs of technology is making it attractive, from a cost benefit perspective, for them to adopt CRM.

REVIEW OF LITERATURE

CRM is based on the belief that developing a relationship with customers is the best way to make them loyal, and that loyal customers are more profitable than non-loyal customers (Landry, et.al. 2005). 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 (Tanya,2010). CRM employs information technology to enforce and execute relationship marketing approaches (Sharma, 2010). CRM is not only IT for marketing, sales and service; it is a cross functional, customer-driven, business process management strategy that maximizes relationships and encompasses the entire organization using the technology available. Companies that achieve the whole functionality of a CRM system obtain an important commercial tool to compete in their global market with a well-planned strategy (Luis H, 2010). Information systems that implement customer orientation strategies are most promising to achieve and sustain competitive advantage. The main technological enablers are CRM systems which are introduced with substantial financial effort in many organizations. There is no typical CRM project and that successful implementations are rarely based on technical excellence. But there are six critical success factors for CRM projects: step-wise evolution, straightforward implementation and long-term project scope, organizational redesign, integrated system architecture of standard components, change management and top management support (Rainer Alt,2003). Only 50% of firms who are reporting CRM success stated that, end user education was significant. In contrast, about one-third of those not reporting CRM success stated that end user education was significant. 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.

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). 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 (Alasdair, 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 (George 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 (Tanya, 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 (Fuentes et.al., 2002). The nationality of the firm might have an impact on the propensity to adopt relationship marketing techniques (Reast, 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).

CONCLUSION

After the review of previous studies it is found that pharmaceutical companies are struggling for developing and maintaining relationship with stakeholder. As patients are the final customer in pharmaceutical business, pharmaceutical companies are developing relationship with practitioners and retailers because as per the medical representative opinion practitioners and retailers are the decision makers in this business to prescribe and sale the product. So it can be conclude that if pharmaceutical company want to expand the business they should look forward for developing and maintaining relationship with stakeholder

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