

## [Pharmaceutical CRM - Pharma CRM – A collection of Articles](#)

### [Differentiate the Product or Die or Do CRM \(Customer or Patient Care - Relationship Management\)](#)

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**Key words: Pharma CRM, Pharmaceutical CRM, CRM strategy, customer intelligence, Customer Care, Product Differentiation, Competing on Other Than Price, customer relationship management - CRM complexity, lifestyle enhancing medications vs. life threatening medications**

*Sell the pill and do not worry about service around the product or sell the "medication and care", that is pill and the service or give the service as an add on to the pill, differentiated by their loyalty and/or needs*

Marketing is here to spend to get more revenue and Service is here to attract and to retain the customers. Product marketing today is fully influenced by the dynamics of web and customer relationship management methodologies, as the interactive technologies become driven more and more by the web technologies.

#### [Why and how customer care programs are intertwined with marketing:](#)

Service is the product

*- Bill Gates on redefining the new business model for Microsoft*

You can say this as a new business model, if you have a great product and people buy packages of your product or people buy your product automatically, as part of another product (new PCs). If the standardization is so good (least cost production: making copies of CDs) and boxing is so nice, and if excellence is easily achievable by competition, the only product differentiator that can keep the competition at bay is "Service".

Thus, to unsettle the competition significantly, when they are very close to catching up with Microsoft's competitive products (Linux and associated freeware)-create new

barriers by changing the product characteristics.

To change significantly the variability in pricing of its already standardized product (with internet, you can locate the best price for all Microsoft's products, now), Microsoft wants to have an opportunity to change the pricing characteristics

Thus with these two parameters, namely, new product characteristics and pricing characteristics, similar to Microsoft, any one can serve wide segments of consumers with differing needs and differing prices, in control of the market game with the competition, on many fronts. This approach helps capture market share in those segments which are price inelastic and are robust to changes in market conditions and changes in new products. This is in fact, what Microsoft is doing, using the method of constant probing to identify and serve right segments for their markets or unsettle the competition, by providing the strengths of competitive products as service components.

Now what is this anything to do with market share in pharmaceutical industry?

Think of a standard pharmaceutical product, great effective product with least side effects: Zocor is a great example; another example is Prilosec. However, to apply these ideas, it is not necessary that you have to have a great market-leading product.

Thus, for Zocor, you can create variations of the product or create service categories of the product given Zocor. With appropriate pricing strategy and/or value added service on the product, we are able to either let the consumers reorganize themselves into how they will align with the product and service categories. There are so many different ways one can package the services into the product, it is left for the product manager on how and what to bring as service categories. But they are broadly categorized as service categories to challenge the service categories of competitive products or to introduce products to create additional value proposition.

***When Should customer care programs be introduced:***

The difficulties with pharmaceutical products are that they have finite life cycle and the best time to introduce the service categories, various versions of customer care centers, is immediately after the introduction of the product, if we see a great ramping up curve in the product adaptation cycle. This creates two advantages, namely, to create as many differentiated product categories as possible to appeal to wide segments of population and

to have a longer shelf value of the programs taking in more of the revenues, from the earliest stage life cycle of the product.

***What needs to be done to take advantage of the customer care programs?***

Typically, customer care programs in pharmaceutical world is to help the patients in coping with their disease state difficulties, provide them with disease state community information that they can use to manage their disease, to get community help, and to manage its side effects. In all the cases, the following infrastructure is very important.

In a way, this is really providing a customer interaction center, to interact with our knowledgebase. This means we need to have a database, associated analytics to provide right message to the right person, at the right time, and possibly creating documents and FAQ documents that are useful for the patients for 7x 24 availability in the web. Also build web based relationship or interaction or knowledge management to reduce cost.

***Where do we start?***

Though companies start with an acquisition process through web, or telephone, or using an acquired database available in the market, the best way is to let patients enroll in a customer care program. This helps to maintain a clean permission based communication with the patient. Note that a customer care program is not really a marketing program, though some of the after effects of those programs will resemble the after effects of marketing programs. There are many different ways to enroll patients in a program depending on the creativity of the product manager. One best possible way is to enroll them at the time they get the product (even here, there are many ways to enroll the patients) on their hand.

Once they are enrolled, use message optimization methods to preparing ourselves in communicating with the patients, depending on the intensity of the disease state, the cost of the product, and the life stage of the product.

***What are the key differences that will help us decide pure relationship marketing or care centers or a combination of both.***

<b>Database Marketing</b>	<b>Customer Care Center</b>
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<p>Not necessary to be opt in, and in fact most of the current programs in direct marketing are not opt in cases, typically representing <i>marketing</i></p>	<p>Opt in</p>
<p>Bottom line is more selling, looking for immediate return</p>	<p>Bottom line is service as part of the product; takes time to build the trust in the product, and relationship with the customers</p> <p>Ultimately, though, this is to sell more but by accomplishing customer care</p>
<p>Blasting/mass merchandizing/mass mailing</p>	<p>Listening, every customer is unique; engaged with the customers more on lines of dialogues attending to their needs; a true 1-1 customer care</p>
<p>A well defined database acquisition process, use the consumer name and address until consumer demands to be dropped from marketing campaigns</p>	<p>A well-defined enrollment process and consumers opt in to have a relationship with the organization. There are many different ways of enrolling patients at various points in the process where the consumer gets the pill</p>
<p>In a pharmaceutical setup it is a complicated exercise to optimize marketing decisions based on knowledge of transaction data, but there is a doable way of actually measuring ROI using transaction data.</p>	<p>There are many ways to measure ROI. We can also follow ROI methods mentioned in the marketing approach</p>
<p>Campaigns are predicted to be successful</p>	<p>Campaigns are designed to be serviceable and customer satisfaction is the key measure of success; however these efforts should show up in the total revenue.</p>

Relationships are sold and bought, though with in some parameters of ethics	Relationship can not be sold and bought
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once a daily			
Children Variation			
	No service	Self service - web	Customer Care - web and Phone

In this illustration we consider two variation of the product, adult once a day and children variation, for example. Though only 2 products, we have created 6 different combinations of products and service categories, having the potential to address six different segments of customers - this one is especially good if the medication is not for life threatening and still slightly more expensive compared to the competition (allergy medication such as Clarinex). The color coding is only to differentiate the categories and have no other purposes)

**Conclusion:**

Utilize the power of customer care centers to create further differentiation for a pharmaceutical product. Separate the business process reasons for running a customer care center from the pure process of running a marketing program, though the financial metrics of running a customer care center will boost the overall financial metrics for the company.

Use customer care centers to fast forward to higher returns and to be in control of the competitive pricing pressures.

**Pharmaceutical CRM-Why Product Differentiation Using CRM or Patient**

## Relationship Management (PRM) is the Key Competitive Advantage?

Key words: Product differentiation, Pharma CRM, Competitive Advantage, Product Innovation, Patient Intelligence, Product Intelligence, CRM (PRM) Analytics, Trials beyond Phase IV

On the average, Pharmaceutical product development reaching consumers after Phase III is a billion dollar investment, takes 13 years and the product uniqueness patent expires in 15 years. That is, it is difficult to create a product, takes lot of money, takes more time to take the product to consumers, and ownership of the product expires sooner than any product created for its uniqueness.

CRM or PRM (Patient Relationship Management) thus helps to get the most revenue from these 15 years of shelf life by reaching more new patients (consumers), keeping them loyal by increasing their well being and if PRM is well done, the PRM has the potential to innovate new products and services, there by providing competitive advantage to continue to thrive in the market and grow.

The key insight here is the product differentiation. "**Product differentiation** is the modification of a product to make it more attractive to the target market by differentiating it from competitors' products". If the product is great, beats the competition by miles, and it attends to the consumers' needs, the company can laugh to the bank. Some times, however good a product is, the competition is always so close by that the differentiation may not look reasonably well for the consumers to use one product vs. the other. What are companies supposed to do. A great example is allergy medication. The top 3 medication vying for number 1 position in sales are the following: CLARINEX, ALLEGRA, Zyrtec. Around the same time the patent was expiring for CLARITIN, Schering Plough brought out CLARINEX but the product differential of CLARITAN to CLARINEX and among CLARINEX, ALLEGRA, and Zyrtec are not much. What can Schering Plough do to keep increasing the product differential and keeping the pressure at the competition?

This is where PRM or CRM can help greatly. This creates more differentiation in product characteristics (a post product release attribute created and identified with the product), by an intelligent combination of PRM and the product marketing.

A simple structure for executing the PRM:

- Define the ultimate FDA approvable goals of PRM
- Execute the PRM
- Acquire and Retain patients (consumers) using patient intelligence (CRM – PRM – Analytics)
- Structure IT and Analytics keeping with the patient confidentiality and privacy
- Continue this cycle with increasing revenue and profitability

Last, but not least (perhaps the most important benefit of PRM) is using patient intelligence for further product innovation. Whether anybody recognizes or not, the on going strong years of patient care intelligence will have so much of knowledge (may be responsibly called – patient voluntary trials that complements Phase IV clinical trials) about the product, its efficacy, side effects, co-effects, life-style, and pharmaco-demographic effects, that it can lead to product innovation.

There is gold in PRM. Are you ready for the golden ride?

### **Unique Success Factors for Pharma CRM Implementation**

**Key words:** Pharmaceutical CRM, Pharma CRM, FDA requirements, Patient confidentiality, customer perspective, operational perspective, management perspective, HIPAA Requirements

The end results of CRM is the same among different industries that include pharmaceutical industry also, namely to

- o Provide best possible products and services to the customers,
- o Be competitive
- o Be innovative in creating new products and services to suit the dynamics of demographics and market conditions with assured availability of continuity of products and services
- o Sell and service more with utmost details to the customer input and customer

relevance

The principles of CRM are also the same whichever the industry the principles are used

*Customer Perspective:*

- o Fulfillment of product or service needs
- o Fulfillment of quality of life and experience
- o New enhancements to products and services
- o Quality of communication
- o Payment relationship
- o Reward for better relationship

*Operations perspective*

- o Quality of interactive media and interactive communications
- o Right message, Right offer
- o Fulfillment services
- o Data capture and data utilization
- o Customer intelligence

*Management perspective*

- o Relationship level metrics
- o Products & services level intelligence
- o Revenue
- o Profitability
- o New Product development and penetration into the market

*The critical factors for success that are unique to pharmaceutical CRM are the following:*

1. The CRM communications have to be fully approved by FDA and the fulfillment requirements have to be strictly followed, implying the following:

- o No over selling of the benefits, services, efficacy, or under selling of toxicity due to the products
- o There are no differences between the patient information that is part of the medication package and the communications that come out in every little bit that are part of CRM implementation

2. Privacy and confidentiality are foremost business rules the companies have to uphold in terms of whatever the data companies collect, however they use the data, and however

they share the data with any one for any legitimate purposes.

- o Managing data, sharing data or letting a third party have the data for analytical purposes, or for tele-services and fulfillment purposes is very common in pharmaceutical industry as with any other industry. However, this is a tricky situation in the case of pharmaceutical industry and a careful solution need to be and could be brought out where the confidentiality of patient information is not compromised. Currently the author's intelligence points to significant potential for breaching of patient confidentiality despite the HIPAA.

3. Any reward or points mechanism and resulting CRM communications strategy, content, relevance, and frequency can not discriminate any sub population because their ROI metrics are not favorable to the company. Though this may look like a standard best practice every company has to follow, it becomes more important and absolute necessity because it affects the health needs of an individual.

#### **Components and layers of CRM complexities in Pharmaceutical CRM:**

Pharmaceutical CRM has special and unique components unlike other industry. There are four components, each one having their own rights to exercise and follow some best practices.

- FDA
- Physicians
- Patients/Families
- Scientists

It is easy to see how these people and their rights play a role, if we think of a candy company releasing a new candy vs. a pharmaceutical company, though for all practical purposes, a particular newly introduced candy may not pass a FDA regulation uniformly for all ages and for types of people under all conditions assuming some significant difference compared to the product and the placebo; besides it will probably take 10 years to approve the product.

Ultimately, with new 1998 FDA regulations about patient communications, the patient becomes an influencer in the whole chain of product usage, especially on health conditions which are just annoying and pesky productivity damper or lifestyle enhancer. Even here, the importance of physician influence is not to be underestimated, but it is becoming less and less powerful.

Thus the dynamics of these four groups changes depending on where the product lies in the spectrum of lifestyle enhancing medication vs. life threatening medication. On top of these, the communication content has to pass through multiple levels of regulations and need to be approved by each of the these four groups. Now all these processes have to go through the normal regulations and formalities that are additional levels of protection such as privacy and confidentiality, and finally the operations of insurance, healthcare centers have to be in consonant with their pricing, affordability, and other social and economic regulations.

In essence, the components of entities, regulations, and best practices introduce so many different responsibilities across many layers of operation, CRM in pharmaceutical industry is ripe with problems unless done carefully fully addressing its peculiarities. This is not to say it can not be done; only to imply that the best practices are becoming easier working with domain experts.

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