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**CUSTOMER
ACUMEN**

**INSIGHTS TO BUILD
CLIENTS FOR LIFE**



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ED/TORIAL



Dear Reader,

Until recently, pharmaceutical businesses served healthcare consumers in much the same way as it has always been. The pharma & healthcare industry stood most to gain in the current pandemic but it has been conservative and lags in the usage of digital technologies.

Although health systems have been slow to adopt digital technologies amid ambiguous regulations and lack of knowledge of digital opportunities, the cautious pharmaceutical sector cannot afford to not leverage and tap into an ever-evolving digital space. Like in many sectors today, digital technologies have empowered consumers to seek information and engage in the way they choose - whenever and wherever. With customers driving transformation, it becomes imperative that pharma businesses take a leap into the digital world and explore the many opportunities that lie within.

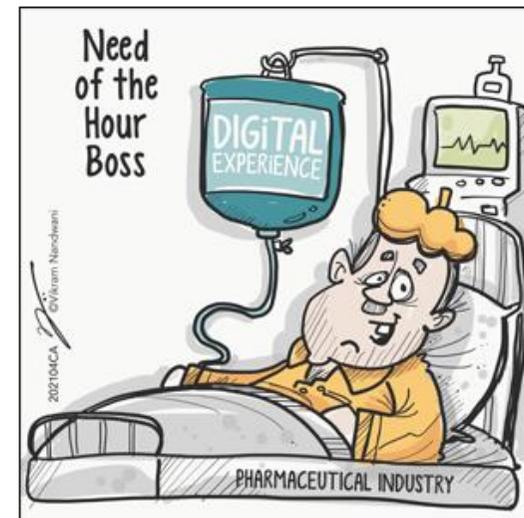
This quarter in **Customer Acumen**, we look at '**Connecting with customers in the Pharmaceutical business in the digital era**'.

Jay delves into what digital disruption means when it comes to customer engagement in a business. **Salil Kallianpur** explains the challenges faced by pharma & healthcare players adapting to the digital world of consumers.

Prasad reviews Adam Grant's '**Think Again**': which is based on extensive research examining the critical art of rethinking. The author shares his findings and tells readers that the brighter we are, the blinder we become to our own limitations.

Our in-house Cartoonist, **Vikram Nandwani's** toon 'survives' on digital experiences!

We value your relationship with us and look forward to your feedback and comments on how best we can serve you through our e-zine, **Customer Acumen**.





MUSINGS



The Digital Connect with Customers: Old Principles, New Methodology - Jay

Admittedly, digital change has touched every industry. Those who refuse to accept it are either blind to reality or are naive participants of the industry unaware of the subterranean shifts that are happening. Both categories are tragedies waiting to happen and will soon become irrelevant players in the industry. Let's instead take a look at what digital disruption means when it comes to customer engagement in a business.

The route to engagement with customers has traditionally been the AIDA way - Awareness, Interest, Desire and Action. These principles are relevant still in the digital era though the application methodology has seen modifications. Powerful new digital tools are now used by a business not just to grab your attention but also to insidiously evoke your interest and give life to your latent desires. The freemium model, to name only one approach, is an easy way to initiate customer action as buying barriers dissolve in the face of an easy deal, isn't it? What is now being realised is that most of the 'free stuff' that is offered are trojan gifts that come with a heavy price that is payable at a later date. An informed customer is now more wary than ever when presented with such offerings.

The wiser firms in an industry have harnessed the power of digital tools and methods to build stronger equations with their target customers. Recognising that the 4 As (the model created Jagdish Sheth & Raj Sisodia - Acceptability, Affordability, Accessibility and Awareness) are valued more by customers than the seller-oriented (in Philip Kotler's words) 4 Ps – Product, Price, Place Promotion - is a good place to start comprehending how digitalization has levelled the marketplace as never before. In the digital world, disrupters have created unforeseen havoc in every industry and the new unicorns are no longer the old Fortune favourites from the manufacturing era.

Smart firms are those that have realised that you don't '*do IT*' but you reincarnate yourself and assume a new *digital avatar* by design. The starting point of such a transformation is by changing your world view to begin from the customer's perspective. This is precisely where the 4 As that we alluded to before become crucial. Reimagining the needs of today's customers will make a firm more alive to the need to de-clutter its processes, focus on agile response and sharpen the delivery to the actual ask of a

customer. Personalised products and services are then the outcome and this is the best anchor for customer retention.

While wooing the customer is essential in a competitive world, the customer will always respond to substance in your offering, once the initial pitch is done. Further, being aware that customers do not want to be taken for granted can fuel you to creative actions, be it in the form of revised offerings, better value for customer investments or in terms of enhanced experiences for the customer. Customer engagement has to ensure growth for both parties and this is the outcome of exciting benefits of a partnership with you.

Are you alive to this challenge? If not, beware, you are already walking on the road to market irrelevance.

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SPOTLIGHT

Salil Kallianpur

Founder and MD of Arks Knowledge Consulting Pvt. Ltd



Founder and MD of Arks Knowledge Consulting Pvt. Ltd., Salil has 27 years of Commercial leadership experience across Emerging Markets and Europe. Until August 2017, he was a key executive member of the Global Established Products Leadership Team at GSK and member of the Board of Directors for GlaxoSmithKline Asia Pvt. Ltd.

Since September 2017, Salil is marketing, strategy and digital/business transformation adviser and mentor to companies, leveraging extensive experience in the pharmaceutical industry in Dr. Reddy's, Pfizer and GSK. Salil is a valued external speaker and industry thought-leader in India. He is a sector expert on business TV channels and visiting faculty at NMIMS - a top 10 business school in India.

CA. Digital is becoming pervasive across industries. What is the importance of digitalisation with respect to the pharma industry, particularly in light of the pandemic, and is the digital transformation truly happening?

SK: The importance of digitalising - or using technology to improve business processes - is not lost in any industry, pharmaceuticals included. There has been sustained digitalization to improve drug discovery, manufacturing, find supply chain weaknesses and efficiencies, and expand reach of products. The use of digitalization has helped create counterfeit-proof medications with serial numbers that are trackable across the supply chain ensuring quality.

During the pandemic, pharmaceutical companies have also used digitalization to accelerate vaccine research and meet the increased demands from markets across the globe. Digitalization has helped them find manufacturing efficiencies to address cost pressures, and use cloud-based information sharing to quickly connect with suppliers and distributors. The digital virus pervaded

the world before the biological one did - meaning that the genome sequence of the virus was distributed via the internet much before the real virus reached the shores of many nations.

In addition, automation, smart sensors, social media, and health apps have helped measure drug compliance and predict demand across regions to support real-time manufacturing. Real world evidence was widely used to approve the use of novel vaccines to tackle the pandemic.

That being said, the industry lags in truly transforming its business into one that is customer-centric. Pharma, at the core, is a manufacturing industry and still believes that its core competency is to only make 'innovative' medicines, and not to serve the ill. Hence pure-play pharma is still about products and rarely about patients.

In 2014, Gartner predicted that by 2020, 89% of all businesses will compete on customer experience. This means that 9 out of 10 businesses will undergo a digital transformation to focus on customer experience. If one defines digital transformation as the integration of digital technology into all areas of a business thus fundamentally changing how a company operates and delivers value to customers, then pharma has lost out. The pandemic had provided a great opportunity to pharma to think of a cultural change, to continually challenge status quo, to experiment, and to get comfortable with failure. It didn't do any of that. So, until it broadens its outlook by redefining its customers, pharma will always stay an industry that makes drugs.

CA. What are some of the challenges faced by pharma & healthcare players adapting to the digital world of consumers?

SK: While in the developed world (specifically the US), pharma has been quite progressive in adopting digital tools in customer facing functions, in India the adoption is more sporadic and anecdotal. From my limited experience, I classify firms in four buckets based on their maturity.

A vast majority of them lie in the "digital onlookers" bucket. This is where they appear to be spectators with a wait-and-watch approach, hoping to learn from what others are doing. They constantly seek best practices, not recognizing that an evolving area doesn't offer that easily. They also have a very product-centric approach which belies their inability to change an old (and increasingly inefficient) mindset. The silver lining here is that with time, many firms are trying to move away from this bucket and are becoming "digitally aware".

Digitally aware companies recognize that digital is inevitable but aren't capable enough to execute. They consider digital initiatives to be 'additional' to mainstream activity and tend to experiment. This makes them value technology over strategy. Therefore, they end up creating a digital team. But, instead of integrating them into the mainstream business, this team is attached to one end of the organization and mandated to 'support' the business. These companies then spend a lot to acquire off-the-shelf tech products and do random acts of digital which have more probability to fail than to succeed. For e.g.: they deploy tablets to a field

force which struggles to find acceptance in a doctor's clinic. A random act like this is unlikely to succeed and in the short term these firms get disillusioned, blame technology and deem digital a failure.

Companies can cross this chasm when they understand "digital utility". They realize that customers whom they value are well into the digital ecosystem. They also realize that digital experts who they hired, need to be mainstreamed and integrate them into marketing/brand teams. They also create teams with cross-functional expertise to shorten the go-to-market time as customers provide feedback on how slow their response is or how outdated their content is.

Very few pharma companies in India have truly understood the power of the customer and the benefits that accumulate by keeping them at the front and center of their strategy. When they do this, they develop "digital expertise" since they realize that serving customers through a single channel (the sales force) using static content (the visual aid) offers limited opportunity to create value. Technology offers a lot more, and therefore explore how their strategy can become more robust using digital tools. They realize that data is the lifeblood of this strategy and design ways in which more customer data streams back to them within the realms of ethics and they use that data to sharpen their targeting, making their services more valuable and understand that sales is a consequence of serving customers. The routes they take may vary, but this is the coveted spot that most pharma companies must aspire to get to.

CA. In your opinion as a marketing expert, who is the customer and who is the consumer in the Pharma & Healthcare business? Or, is this an irrelevant debate? And, how does a firm strengthen their connections with these groups?

SK: This is a very important, since I believe that pharma will not consider it necessary to transform, until it finds the answer to this question. Since long, the pharmaceutical industry believes that its most important customer is the doctor. It grudgingly accepts pharmacists and distributors as other important stakeholders but rarely classifies them as customers. Doctors are considered most important because pharma believes that their recommendation of products through prescriptions, is the only way it can 'sell' its medicines.

Patients are defined as consumers because they 'consume' medicines, but the industry erroneously believes that patients are off-limits and must not be approached at all. The laws of the land prohibit advertising medicines to lay people, and because of certain precedents, most marketing codes of conduct prohibit any interaction with patients. This is a sacred cow the industry never killed.

Pre-pandemic and during it, much water flowed under the proverbial bridge. Social media and other connectivity became ubiquitous and provided seemingly innocuous platforms to discuss medicines, post pack-shots and rate the services of doctors, hospitals and medicines. These, and several other developments, make it obvious that the codes of conduct for ethical pharmaceutical marketing were not designed for a world of data, software, and artificial intelligence. Pharma must redefine its customers.

Modern businesses enable themselves with technology to constantly expand their markets. Voice tools arose as an option for people who felt more comfortable listening/speaking than writing/reading. This redefined customers for internet based businesses. Through subtitles, OTT companies made language comprehension irrelevant thus expanding markets significantly for vernacular entertainment. The rise of platform tools allow companies to give up focused business models and expand to create ecosystems of products and services. In most cases, customers prefer full solutions over individual products. In the healthcare space, people need a lot more than just a pill to recover from an illness. Beyond doctors and medicine shops, people also need gyms to work out, fitness gear such as clothes and accessories, healthy food, family doctors referred to as primary care, access to specialist doctors called tertiary care, health insurance to pay for it all, healthcare at home, access to diagnostic facilities and a health watch or other wearables that helps them to keep a tab on their health. A 'health concierge' would be helpful, an app to manage all of this would be convenient, and if it all happened in the comfort of their homes that would be the cherry on top!

In the healthcare space, lines are blurred between customers and consumers. It is not about the ill alone. The well seek preventive healthcare too. This drastically enhances the 'lifetime value' of a customer. Doctors are losing power over prescriptions as pharmacies actively offer cheaper alternatives to customers. Private-label brands threaten to erode the power of the pharmaceutical brand. Private-labels are increasingly offered by companies building ecosystems such as Reliance, Amazon, 1mg or Cure.fit.

What then of the current doctor-brand promotion model that companies spend hundreds, if not thousands of crores to build and maintain? Tech-enabled healthcare companies have entered an industry that is tired, old, unimaginative, and driven by the wrong incentives. Soon, it will engulf pharma, making it too late to transform.

CA. With patients now empowered to play an active role in their care, how do you read the future of the healthcare & pharma industry in digital terms?

SK: For long, different parts of the industry provided services to consumers of healthcare (patients, families, and caregivers). There were distinct roles and responsibilities. Pharma made medicines, doctors prescribed them and retailers 'filled' those prescriptions. When patients asked for additional information, the doctor provided it grudgingly, as it consumed time better spent treating other patients.

Doctors employ counsellors, or staff that provides this information. However, the sheer numbers or the repetitive nature of such tasks gradually erodes sensitivity and compassion required to deal with the ill. As a result, customer experience suffered.

Newer players in the area noticed these inefficiencies and rapidly used technology to reach out, engage and use far more satisfying experiences to acquire patients onto their platforms. They realized quickly that the need in the healthcare sector was not for new

products but efficient services. That incumbent pharma giants had exited the area opting to focus on selling products instead, made the model more attractive.

Good health is not just about medicines. Beyond doctors and medicine shops, people also need gyms to work out, fitness gear such as clothes and accessories, healthy food, family doctors referred to as primary care, access to specialist doctors called tertiary care, health insurance to pay for it all, healthcare at home, access to diagnostic facilities and a health watch or other wearables that helps them to keep a tab on their health. A 'health concierge' would be helpful, an app to manage all of this would be convenient, and if it all happened in the comfort of their homes that would be just great!

As COVID changed old habits, people have quickly realized the comfort of Do It Yourself (DIY) healthcare. Technology has done away with time and distance. One doesn't go to a bank for money or to a library for books. Now one needn't 'go' to a hospital to meet a doctor. Much has changed for people, a lot will change for pharma too.

CA. Please share with us more about what makes Arks Knowledge Consulting different and what does the future hold for you?

SK: I founded Arks Knowledge with the vision of helping build profitable pharmaceutical businesses in the digital economy. We endeavour to help businesses cater to a new ecosystem driven by advances in technology. For success, it is essential to understand the difference between 'doing digital' and 'going digital'.

So, through a combination of workshop, consulting & coaching, Arks helps clients:

- Understand the scope of digital through workshops and training
- Build a customer-centric mindset
- Build a business model that is best suited for the digital economy
- Strengthen strategy with technology
- Move away from "random acts of digital"(product centric) to a cohesive digital brand strategy (customer centric)
- Compete and succeed in the digital economy.

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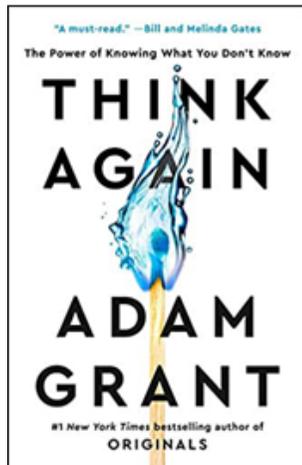


RESOURCES



Think Again - Adam Grant

Reviewed By Prasad Deshpande



Adam Grant's latest book pushes us to think again about our beliefs, thoughts, and identities and get to the heart of who we are and why we do, what we do. The book is full of useful and practical ideas that we can all implement at home and work to help us get on top of challenging situations.

Adam emphasises that we need to stop and think that our views and beliefs could be wrong and consider other people's points of view to learn and modify our thoughts.

According to Adam Grant, there is a joy in being wrong. To unlock the joy of being wrong, we need to detach. I've learned that two kinds of detachment are beneficial: detaching your present from your past and detaching your opinions from your identity.

Among the many ideas in this book, there are two ideas that stand out regarding their broad-reaching impact.

Modes of Thinking

Why is it so difficult to change our mind when we learn that we are wrong?

It's because we tend to adopt different identities or functional orientations: preacher, prosecutor and politician, depending on how we want to defend our thinking. According to Adam (who cites Philip Tetlock's work on functional orientations), for each identity, there is a different mindset or mode of thinking that we tend to orient to as we think and talk.

To illustrate this point, he gives the example of Mike Lazaridis, the electronics genius who founded BlackBerry. Mike was an extraordinary innovator who invented the brilliant BlackBerry keyboard on the device and whose devices were so secure that

Blackberry was valued at \$70 billion by 2008. By 2014, Blackberry had lost its dominance to the iPhone, its market share had plummeted to less than 1%. Mike refused to consider adding an internet browser even as his engineers had implored him to do so around 1997. He was worried that a powerful browser would drain the battery and strain the bandwidth of wireless networks. He steadfastly believed for over a decade that email was the most crucial feature of a mobile device, even when the market was changing and consumers were enamoured with the smartphone. In Mike's case, his considerable intelligence became more of a curse.

According to Adam, we must think more like scientists and less like preachers, prosecutors, or politicians. We should be humble about our convictions and beliefs, curious about the alternatives, and open to discovery and experimentation.

But the risk, as Adam Grant emphasizes, "is that we become so wrapped up in preaching that we're right, prosecuting others who are wrong, and politicking for support that we don't bother to rethink our views."

The more skilled we are at preaching, prosecuting, and politicking, the more formidable we become defending our 'moat' and less able to rethink and change our minds.

When it comes to more critical issues like climate change or taking the COVID-19 vaccination, shifting into these modes may seem natural. But only alternating between these modes to get our way may serve to polarise the debate, creating 'us' and 'them' camps.

There is a way out, fortunately. It is to think differently and to think like a scientist.

As Adam Grant explains succinctly, 'Thinking like a scientist means being actively open-minded about the truth. It requires searching for reasons why we might be wrong - not for reasons why we must be right - and revising our views based on what we learn.'

Challenge Networks

According to Adam Grant, 'Productive disagreement is a critical life skill; it's one that many of us never fully develop.' The problem starts early: parents disagree behind closed doors, fearing that conflict will make children anxious or somehow damage their character. Research shows that how often parents argue has no bearing on their children's academic, social, or emotional development. What matters is how respectfully parents argue, not how frequently.

Adam describes how two types of conflict: Relationship conflict and task conflict, form the heart of disagreement for most conversations. Task conflict are clashes about ideas and opinions. Relationship conflict are personal, emotional disagreements

that are filled not just with friction but also with animosity. Adam surveyed hundreds of new teams in Silicon Valley on conflict several times during their first six months working together; he discovered that high performing teams started with low relationship conflict and kept it quiet throughout their work together. Right from the outset, these teams had task conflicts to surface competing perspectives. As they resolved some of their differences of opinion, they were able to align in a direction and carry out their work until they ran into new issues to debate.

To learn better, we all need to rely on a different kind of network: a challenge network, a group of people we trust to point out our blind spots and help us overcome our weaknesses. The role of the 'disagreeable' people in a challenge network, according to Adam, is to push us to be humble about our expertise, doubt our knowledge, and be curious about new perspectives.

When we argue about why, we run the risk of becoming attached emotionally to our positions and dismissive of the other's side. We're more likely to have a good debate if we argue about how and our challenge networks will help us acquire this skill.

Adam Grant, who teaches organizational psychology at the Wharton School of Business, challenges readers to rethink their outlook on an ongoing basis. He has a knack for taking time-tested concepts and making them relevant in the world we live in through his examples and stories. The consistent message from Adam is the importance of lifelong learning and maintaining an open, flexible mind.

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