



## CUSTOMER EXPERIENCE MANAGEMENT IN PHARMACEUTICAL SECTOR: AN INTERVIEW STUDY

### İLAÇ SEKTÖRÜNDE MÜŞTERİ DENEYİMİ YÖNETİMİ: BİR ROPÖRTAJ ÇALIŞMASI

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#### Abstract

The word of customer and its meaning has been evaluated to today's meaning since 1920s. In the beginning the word of customer is used for who buys and pays for the products. Recently this meaning has changed into the service taker for whose personal and institutional needs are afforded by companies or personal. Customer experience management is important to stay alive and competitive in any sector. Additionally in supply chains also customer experience management is great opportunity to win the competition in the market. The pharmaceutical industry, being the 3rd greatest sector in the world, manufactures synthetic, herbal, animal, and biological chemicals used for therapeutic, protective, and diagnostic purposes in human and veterinary medicine in accordance with pharmaceutical technology. The pharmaceutical industry has also particular importance with its value-added position and is critical with its capacity in production and trade volume in the world. In the globalizing world, the pharmaceutical sector has entered rapid growth process in recent years, with the effect of both demographic changes and increases in life expectancy and increased access to health services. The logistics & transportations of pharmaceutical sector is very important and needs OTIF (on time in full delivery performance) results on high level which means that cost reduction in the meantime is very important for efficiency. In this study an interview has been done with Özge Karataş (MSc) who is Business Intelligence and Customer Relations Senior Manager in pharmaceutical sector and has won several awards in the mentioned area and Olga Potaptseva who is in top 20 CX professional in the world. The questions of the interview and their experience in the sector will help us to understand the importance of customer relationship & experience management in pharmaceutical sector.

#### Özet

Müşteri kelimesi ve tanımı günümüzdeki anlamına evrimi 1920'lerden itibaren olmuştur. Başlangıçta müşteri kelimesi ürünleri satın alan ve bunun ödeme yapan kimse olarak kullanılıyordu. Son zamanlarda anlamı kişisel veya kurumsal ihtiyaçları için hizmet alan ve bu ihtiyaçları bireysel veya kurumsal olarak karşılanan kişiler olarak değişmiştir. Müşteri deneyimi yönetimi ise bir sektörde hayatta ve rekabette canlı kalabilmek adına önemlidir. Aynı zamanda işletmelerin tedarik zincirlerinde müşteri deneyimi yönetimi rekabeti kazanmak adına da pazarda önemlidir. Dünyanın 3. Büyük sektörü olan ilaç sektörü, beşeri ve veteriner hekimlikte tedavi, koruyucu ve teşhis amaçlı kullanılan sentetik, bitkisel ve hayvansal ve biyolojik kimyasalları farmasötik teknolojisine uygun olarak üretmektedir. İlaç Sektörü katma değerli konumuyla da ayrı bir derece sahip olup, dünyadaki üretim kapasitesi ve ticaret hacmi ile kritik öneme sahiptir. Küreselleşen dünyada ilaç sektörü, gerek demografik değişimler ve ortalama yaşam süresindeki artışların gerekse sağlık hizmetlerine erişimin artmasının etkisinin artmasıyla son yıllarda hızlı bir büyüme sürecine girmiştir. İlaç sektörünün lojistiği ve nakliyesi çok önemlidir ve OTIF (zamandında tam teslimat performansında) sonuçların yüksek düzeyde olması, bu arada maliyetlerin düşürülmesinin verimlilik için çok önemli olduğu anlamına gelir. Bu çalışmada ilaç sektöründe İş Zekası ve Müşteri İlişkileri Kıdemli Müdürü olan bahsi geçen alanda birçok ödül kazanmış Özge Karataş (Msc) ve dünyanın en iyi CX profesyoneli arasında yer alan Olga Potaptseva ile ropörtaj yapılmıştır. Mülakat soruları ve sektördeki deneyimleri, ilaç sektöründe müşteri ilişkileri & deneyim yönetiminin önemini anlamamıza yardımcı olacaktır.

**Keywords:** Pharma Industry Sector, Customer Experience Management, Interview

**Anahtar Kelimeler:** İlaç Sanayi Sektörü, Müşteri Deneyimi Yönetimi, Ropörtaj

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## 1. CUSTOMER EXPERIENCE MANAGEMENT IN PHARMACEUTICAL SECTOR: AN INTERVIEW STUDY

### 1.1. The Purpose of The Study

To understand the importance of customer experience in pharmaceutical sector's supply chain and logistics management aspects.

### 1.2. Definitons

**Customer:** In sales, commerce, and economics, a customer (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product, or an idea-obtained from a seller, vendor, or supplier via a financial transaction or exchange for money or some valuable consideration (Wikipedia, 2022).

**Customer Service:** Customer service is the assistance and guidance a company provides to people before, during, and after they buy a product or service. There is a direct correlation between satisfied customers, brand loyalty, and revenue growth (E-commerce, 2022).

**Customer Relations Management (CRM):** CRM is one to one marketing, a new concept in marketing literature. The meaning behind the concept is so simple: "behave differently to different customers"; however, to practice this is not so simple as heard. The companies that can do this are just few. For instance, Amazon is a great example which can practice it well. The companies should experience how to practice differently in accordance with commodity and service with a customer-oriented approach. This is the key element (Kırım, 2012).

**Customer Experience (CX):** is the perceived quality of interaction with a company by the customer throughout their entire period of their relationship with it. CX includes awareness, discovery, attraction, interaction, purchase, use, support, and loyalty.

**Customer Experience Management:** is the conscious and deliberate efforts a company is taking to design, implement, continuously improve, and measure the end-to-end customer experience.

**Logistics Management:** Logistics is management of all activities which facilitate movement and coordination of supply and demand in the creation of time and place utility (Rushton, Croucher, & Baker, 2014). Logistics is generally the detailed organization and implementation of a complex operation. In a general business sense, logistics is the management of the flow of things between the point of origin and the point of consumption to meet the requirements of customers or corporations. The resources managed in logistics may include tangible goods such as materials, equipment, and supplies, as well as food and other consumable items (Wikipedia, 2022).

**Transportation Management:** Transport management is the key element of logistics activities. This process is under eight processes of logistics activities such as insurance, customs, warehousing, storage management, etc.

**Supply Chain Management:** A supply chain consists of all parties, involved, directly or indirectly, in fulfilling a customer request. The supply chain includes not only the manufacturers and suppliers, but also transporters, warehouses, retailers, and even customers themselves. Within each organization, such as manufacturer, the supply chain includes all functions involved in receiving and filling a customer request. The functions include, but are not limited to, new product development, marketing, operations, distribution, finance, and customer service (Chopra, 2019).

**Pharma Sector:** Medicine in general is a strategic product as it is closely related to public health, and hence, the pharmaceutical industry is a strategic industry. The medicine should be delivered to the client (patient) at the desired quality and standard at the time it is needed. For this reason, not only the technology, production, and other processes of the medicine, but also the logistics processes, storage, distribution channels, delivery conditions are important. In the pharmaceutical sector in Turkey, there are not only manufacturers or importers, but also pharmaceutical warehouses, free pharmacies, and pharmaceutical logistics companies (Türk, 2019).

### 1.3. Pharma Sector Indicators in 2021

According to the report of Industry and Technology Ministry in Turkey, demographic change, increase in life expectancy, changes in disease patterns, social globalization, significant increase in access to health services, and the emergence of the welfare state phenomenon have played an important role in the growth of the world pharmaceutical industry. The pharmaceutical market in the world was over \$1.48 trillion (TC Sanayi ve Teknoloji Bakanlığı, 2022).

Intensive consumption in developed countries is also met by production in developed countries. According to Trademap 2020 data, world pharmaceutical exports are \$723 billion. The top 10 countries in pharmaceutical exports account for 75% of total exports. The top 5 leading countries in world pharmaceutical exports are Germany, Switzerland, Ireland, the USA, and Belgium, respectively, and the exports of these 5 countries account for more than half of the world's pharmaceutical exports. Turkey ranks 27th in the export ranking (TC Sanayi ve Teknoloji Bakanlığı, 2022).

### 1.4. Interview Notes with Özge Karataş and Olga Potapsteva

- **Would you please introduce yourself and mention about your studies?**

I am Özge Karataş. I have been working in Biotech/Pharma industry for over 13 years. I have comprehensive knowledge and hands-on experience across three major departments: Customer Operations, Business Operations, and Sales. Currently, I am working as a Business Intelligence Reporting Lead in GSC. I am directly responsible to lead Business Intelligence & Customer Experience projects and initiatives that supports GSC.

My name is Olga Potapsteva. I have been working in customer experience and insights for over 20 years in the United Kingdom, US, Saudi Arabia, Russia, Hong Kong, Dubai, Germany, and other countries. My focus is on making sure that customer experience becomes central to companies' operating models and delivers sustainable growth, customer satisfaction, and

competitive advantage. I achieve it through my role as a CX consultant, a speaker, an author, and an Executive Director for the Customer Institute. Before founding my own company, European Customer Consultancy (ECC) in 2018, I worked as Head of Customer Insights and Experience at Domestic & General LLC and as an Associate Research Director at GfK NOP.

- **What is the meaning of customer in pharmaceutical sector? What is the difference the customer meaning in different sectors in terms of Pharmaceutical sector?**

In pharma, a customer can be a patient, physician, payer, or provider. According to 2022 ECC CX Best Practice Report, patients are clearly the end customers, but pharma companies often deal more directly with prescribing physicians, regulators, pharmacists, nurses, and payers. They all shape the patient experience significantly. More challenging still, this complex customer landscape continues to evolve as new payment structures emerge, patients request more involvement in treatment decisions, and pharma companies engage in more direct-to-consumer marketing.

To stay relevant and customer-centric, pharma needs to view the “customer” not as a buyer or prescriber of their products, but as a mindset and a driver for everything they do – from wider business strategy and value proposition to the supporting content and services they provide, to the way their people are incentivised. Pharma companies should enhance their focus on collaboration across the customer eco-system, foster cross-functional work internally to deliver the best customer outcomes, and drive digitalisation.

- **How you define the pharma sector and its customer service operations?**

Customer experience (CX) is the perceived quality of interaction with the company by the customer throughout the entire period of their relationship with it. CX includes awareness, discovery, attraction, interaction, purchase, use, support, and loyalty. In industries like retail, hospitality, telecom, and financial services, this concept has been rapidly developing over the last decade, but when it comes to the pharmaceutical industry, it is perhaps less well defined.

Traditionally, pharma targets have always been all about the new drug or medical devices: its clinical efficacy, its safety, its superiority to alternatives, and its ease of use. The product is front and center, and the goal is to address patients’ medical needs and healthcare workers’ professional needs. Focusing too narrowly on clinical value often leads companies to neglect a powerful driver of product / service success: the customer experience.

Excellent CX is a key driver of business value, but pharma companies have yet to take advantage of this. They struggle to provide a consistent level of engagement across digital and non-digital channels and face an uphill battle for relevance. These issues will be further accentuated as healthcare professionals’ post-COVID-19 channel preferences continue to evolve. In response, traditional pharmaceutical service and marketing practices must change, with a greater focus on flexibility of approach and quality of engagement.

Increased competition in pharma as well as empowered customer eco-system are the powerful catalysts for the development of customer centricity in pharma, and pharmaceutical companies that embrace this trend early would gain a long-term advantage.

- **What is the customer service level in pharmaceutical sector? To achieve this level what do you do in general?**

A Bain and Company study found that 80% of organisations surveyed believed that they were providing a superior customer experience. Meanwhile, just 8% of their customers shared this opinion. The significant disconnect in perception is commonly referred to as the “customer experience gap.” The DT’s 2021 edition of the annual Customer Experience Quotient® study to assess the customer experience of interactions between pharma firms and healthcare professionals (HCPs) was conducted from December 2020 to February 2021, during the second wave of COVID-19 infections. The study encompassed 4,000 interactions among 2,000 HCPs across seven countries and seven specialty areas: General Practice, Rheumatology, Endocrinology, Gastroenterology, Cardiology, Oncology, and Pulmonology.

Customer experience in pharma is still average. Companies have yet to take full advantage of opportunities to differentiate themselves by providing superior CX. As in previous studies, no firm was judged either poor or excellent; in 2021, a slim majority of companies rated as good.

Key opportunities to bridge the CX gap:

- Understand and satisfy HPC’s channel preference at every step of the journey.
  - For example, they may prefer automated communication for delivery status updates, but a live or virtual meeting to understand delivery changes due to regulatory requirements.
  - Moving beyond pharma’s own preferences to a more flexible channel-less communications strategy
  - Aim for value-add in all human-enabled interactions
  - Partner with HCPs to keep patients up-to-date and informed about their condition and treatment
- **Which transportation modes are used in pharmaceutical sector and why?**

Just over 30% of pharmaceutical products require handling and transport at a controlled temperature so that they do not suffer any alteration. Depending on the drug or product, the temperature will be one or the other and may range from negative to positive. For example, liquid nitrogen should be kept at -190 degrees Celsius and frozen products at -20 degrees Celsius. Drugs that require refrigeration will need temperatures between 2°C and 8°C although there are also products that require room temperature, which is about 20°C.

Vehicles for pharmaceutical transport can be refrigerated, chilled, and isothermal. Any type of vehicle used in pharmaceutical transport must comply with temperature, cleaning, and insulation parameters to ensure the quality of the products. These measures are marked in the Good Distribution Practice guide.

To respond to these requirements easier, more consistently, and with less risk, some companies in Pharma are already embracing innovative technologies.



- Real-time dashboards give insights, which allows to massively reduce detention and demurrage costs with better supply chain management. Multiple logistics systems, ocean, road, and rail tracking systems, and order management events should all be correlated to give a 360-degree view of the supply chain. This was the finding of Dutch logistics experts CargoSnap, whose mobile platform enables delivery personnel to scan everything from container numbers to package serial numbers using optical character recognition (OCR), as well as barcodes and digital copies of every bill of lading. This data is then uploaded and becomes instantly accessible to customers - giving them the power to track their packages in real-time.
- Enable a current, end-to-end view across supply chains, demand, and data. Smart Container Monitoring Systems (SCMS) are part of the answer. SCMS allow logistics teams to view, analyse and manage temperature, humidity, and probe data of containers while they are in transit at sea with 24/7 monitoring. Future evolutions will look to automate that process based on external and internal conditions – containers are consistently evolving to meet pharmaceutical needs.
- **Do you think digitalization is important? Up to now to increase customer satisfaction which digitalization projects you offer for the sector?**

Price Waterhouse Coopers launched a study in 2021 on Customer-led transformation in pharma and found that many companies advanced the most in recent years in the implementation of technology and in harmonising data. They have recognised the need to segment and understand their customers in a more granular way and do more with their customer data. They have invested in advanced customer relationship management (CRM) systems, marketing automation solutions, and to some extent, in AI technologies. But in many cases, they have done this without quite knowing how they might harness these new capabilities; without formulating a customer-focused strategy or devising and implementing required changes to their operating model. What distinguishes best-in-class pharma companies from other pharma market players is that they no longer launch products; they launch experiences and use digitalization where appropriate to support them. And it is one very crowded market - clinical efficacy and safety are no longer enough to cut through the competitive noise. Leading pharma companies are starting to emulate businesses in other sectors by turning to the experience they provide for their customers—patients, prescribers, and other HCPs—as the way to differentiate themselves.

- **What is the importance of inventory management in pharmaceutical sector?**

Inventory management is the most important aspect of any type of industry. Pharmaceutical sector is a highly sensitive industry. It deals with products (drugs, vaccines, medical devices, etc.) that have a direct impact on human life. That is why proper management is also necessary. In pharmaceutical sector, it becomes a necessity to check inventory because of not only its large product range but also its impact on human life. Inventory tracking is necessary to ensure the successful delivery of drugs to their destination without time delays. Companies that are largely involved in the pharma business probably invest a lot of resources in their business. Therefore, it becomes vital to have an inventory tracking mechanism in the pharma business.

- **What is the importance of logistics and warehouse management for Pharma sector?**

It is important for businesses to create value chains where delivery processes are mapped from production processes to the end user and to understand how this chain works. Businesses aim to provide benefits, increase their profitability, and make this process sustainable. Even if the situation is similar in pharma, putting protecting and improving human health as a primary purpose of business causes some differentiation points. The main differences are the variability of the demand, zero-error policy on the services, and the urgent need to provide the product. In addition, cooperation between high qualified employee and stakeholders is important in order to provide a high standard of service.

When we focus on this point of view, the main purpose of the supply chain management in pharma is to supply the product on time in full with a focus on GDP regulations and the most affordable cost possible. To achieve this, inventory management is also as important as distribution itself. In particular, it is critical to manage inventory management in accordance with the FEFO rule.

- **What do you recommend for a better customer service in general?**

A customer strategy is one that always puts the customer first when creating procedures, conducting daily operations, and training new employees. It is a guide, a roadmap, a set of boundaries by which the business will function. It describes the intended experience and must be shared, so everyone knows what to do. When companies implement a customer strategy, customer experience automatically comes to the forefront of that company's daily operations. This focus should be fuelled at all times by managers rewarding customer-centric behaviours, encouraging zero-distance to customer understanding including through own actions, asking for CX input when taking decisions, and empowering the employees to create solutions that add value to customers.

### **1.5. Conclusion**

Customer is the person who buys or receives commodities or services in general meaning. The customer in Pharma Sector can be patients, physicians, payers (a pharmacy wholesaler or distributors, governments), etc. Customer service is the assistance and guidance a company provides to people before, during, and after they buy a product or service. There is a direct correlation between satisfied customers, brand loyalty, and revenue growth. Customer experience is critically important to achieve companies' targets. In Pharma Sector, the OTIF results in logistics aspect and digital & technological developments in CRM operations to gain customer experience aspect, adopting a customer strategy in business management aspect is very important.

When developing a CX strategy, successful CX companies can answer the following questions:

- Who are our customers?
- What do great customer experiences look like for them?

- What experiences will our customers compare us to?
- How will we better empathise with our customers?
- What are the capabilities in the team for CX?
- How do we prioritise CX activities?
- What do we need to measure?

Finally, by determining and answering the above questions effectively and by the help of logistics & supply chain strategies, companies can increase their customer satisfaction and experience as well.

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