AN ANALYSIS OF THE RELATIONSHIP MARKETING APPROACHES USED IN ONCOLOGY PRODUCTS MARKETING IN ZIMBABWE

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Abstract

Relationship marketing is emerging as a critical factor that enhances competitiveness of organizations. In the pharmaceutical wholesaling sector in Zimbabwe which is characterized by many sellers targeting the same customers, using an relationship marketing (RM) approach in necessary. Emerging wholesalers competing against more established players need to capitalize on RM to increase their market share. This article focuses on finding out approaches used in RM in the pharmaceutical wholesaling industry. This article explores the RM approaches currently in use; the approaches customers prefer and aims to identify the gaps in current RM practices. The aim of the study was to establish the approaches used in the pharmaceutical wholesaling industry in Zimbabwe and compare these to those currently used at Savanna Pharmaceuticals.RM approaches used by pharmaceutical wholesales were examined from a customer perspective. A cross sectional quantitative survey was conducted. Questionnaires were distributed to a sample of doctors and pharmacists selected through a quota sampling method in Harare, Zimbabwe. Findings indicated that RM approaches currently being employed are telemarketing, person to person contact, permission marketing and direct selling. However, these approaches are not being done in synchronization with the preferences of customers. Through this study it has been concluded that sales persons need to synchronize their RM efforts with the

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preferences of customers so that they can develop relationships that are mutually beneficial. Recommendations for future research were also highlighted.

Keywords: relationship marketing; approaches; gaps; pharmaceutical; wholesale; customer, supplier

Introduction

Relationship marketing is emerging as a critical area that can give organizations a competitive edge. It is an integral part of the marketing functions of an organization. According to Gummesson(2008:9) Relationship Marketing (RM) is not just a bag of tricks to captivate customers. RM offers a wide range of conditions for more efficient management and marketing, including opportunities for making money. In this era of the pharmaceutical industry in Zimbabwe, which is characterized by many players targeting the same market, it becomes critical to incorporate relationship marketing as part of organizational strategies so that companies thrive.

The pharmaceutical wholesaling industry in Zimbabwe has many players in it including Savanna Pharmaceuticals Private Limited. Savanna Pharmaceuticals Private Limited was chosen as a setting for this study as it is an emerging pharmaceutical wholesaler in Zimbabwe. Savanna Pharmaceuticals Private Limited started its operations in December 2006 and is incorporated in Zimbabwe. Founders of the organization identified a gap in the provision of oncology products. When the company opened its doors in 2006, the niche market of those seeking anticancer medicines was the one they serviced. Since 2009,the organization has increased its product portfolio to include most types of pharmaceutical products.

Expanding operations to include all other pharmaceuticals has put Savanna Pharmaceuticals in a situation in which it has to focus on finding and retaining new customers. The organization, like any other emerging wholesaler is faced with the challenge of already established wholesalers to which customers are loyal. Also, the fact that the pharmaceutical industry is highly regulated has created an environment with many competitors targeting the same market with similar products. In a way this has increased the bargaining power of retailers and institutions that purchase directly from wholesalers and resale to end users. Wholesalers now need to compete in other parameters other than price and product differentiation. Also, the liquidity challenges being faced

by the country have led to a situation where few of the customers serviced by pharmaceutical wholesalers are able to meet their obligations. Hence, most of the wholesalers are targeting this shrinking market and jostling for market share.

Emerging players in the industry have been faced by the task of being innovative in the way they deal with customers to ensure that they survive and grow. They need to look closely at the limitations of already established wholesalers and turn these into opportunities. One of the key areas to explore is relationship marketing. Through analysis of the current trends, emerging wholesalers can develop strategies rooted in relationship development and sustenance in order to grow and claim a share of the Zimbabwean pharmaceuticals market.

Research Problem

The survival and existence of emerging pharmaceutical wholesale organizations such as Savanna Pharmaceuticals, is being challenged by more established wholesalers. These established wholesalers have the advantage that they have been able to create relationships with clients. Emerging wholesalers need effective and efficient marketing teams that can be able to work in relationship building. The high labor costs in Zimbabwe and the exodus of more experienced personnel has made it challenging for new players in the pharmaceutical industry to recruit enough people to spearhead their marketing. Savanna Pharmaceuticals has only 23 percent of its staff being directly involved in Sales and Marketing.

Also, with insufficient marketing strategy being formulated and implemented, emerging wholesalers have failed to operate to full capacity. Savanna Pharmaceuticals Private Limited is currently operating at 20 percent of its fully capacity. Increasing competition as other players have moved into the provision of oncology products have led to a decreased market share. By end of December 2012, the monthly turnover was projected to have increased to one million dollars but the target was not met. It is essential that Savanna Pharmaceuticals Private Limited and other emerging wholesalers adopt effective relationship marketing techniques so that they are able to command a market share without compromising their survival and profitability.

Aim of the study

The aim of this study was to establish the approaches to relationship marketing used in the pharmaceutical wholesaling industry in Zimbabwe in the marketing of oncology products and compare these to those currently used at Savanna Pharmaceuticals Private Limited.

This should create a guideline of what emerging wholesalers, such as Savanna Pharmaceuticals, can adopt to become bigger players in the industry through effective relationship marketing.

Research Methodology

A closed ended questionnaire was administered to 40 pharmacists and 40 doctors working in Harare. The doctors were approached during one of their weekly hourly meetings at Zimbabwe Medical Association offices in Harare, Zimbabwe. Questionnaires were handed to each doctor as they arrived at the registration desk. The questionnaire had a cover letter attached, which introduced the study and sought participation of the respondent.

Pharmacists were approached during the Retail Pharmacists Association meeting that is held monthly. The pharmacist chairing the session assisted with the distribution and collection of the questionnaires.

Results

Sample Statistics

The sample was made up of doctors and pharmacists. 40 (forty) questionnaires were sent out to doctors of which 28 completed and usable questionnaires were returned. This translates into a 70% response rate. Similarly 40 questionnaires were sent out to pharmacists and 35 duly completed and usable questionnaires were returned. This translates to 87.5% response rate. According to Finchman (2008:43) a response rate of 60% for questionnaire based surveys is deemed acceptable. Therefore, based on this criterion the current study meets and surpasses the response rate test. It can be concluded that the response rates recorded in this study are acceptable.

There was a total of 63 participants in the study of which 43 (68.3%) were male and 20 (31.7%) were female. Of the male participants 24 were pharmacists, while 19 were doctors; whereas 11 females were pharmacists and 9 were doctors. The age for the whole sample ranged from 24 years to 69 years. The mean age of the doctors was 47.03 whereas that of the pharmacists was 35.3. This difference was statistically significant (F=13.3 ; P=0.001) at 0.05 significance. The doctors in this sample were much older than the pharmacists.

The age of the client is a critical factor in marketing and RM. Age of a client can determine how the sales person from a pharmaceutical wholesaler approaches a client. For the environment in Zimbabwe, cultural considerations do come into play. Younger marketers are expected to respect

mature persons. Hence the way a sales person approaches a younger doctor or pharmacist is expected to be different from the way they approach a mature doctor or pharmacist if they intend to have a long lasting relationship with a client. Findings by Skarmeas and Robson (2008:179) show that cultural sensitivity, in which age plays a part in Zimbabwe, plays key role in building sound relationship quality. Theron et al (2008:1006), in their study, find out that it is valuable for relationship building to consider and understand cultural differences of customers. This is consistent with the findings of RM approaches used in the pharmaceutical wholesaling sector in Zimbabwe.

In the findings of a study by Amonini et al (2010:39) the aspect of age is seen to be critical as in developing relationships there is need to interact with clients outside work and invite clients to social events. How one interacts outside work and where they take clients for social events depends on the preferences of the customer which are dependent on age. Also, how and to who a marketing message is relayed and whether it generates loyalty or not. Findings in a study by Kerr and May (2011:460) show that age does determine the communications done to a targeted audience and ultimately how customers are segmented. Segmentation does assist in using the appropriate RM approach. Amonini et al (2010:40) found that to establish good rapport with customers service firms matched their team to the client team through personal ties in which personality and demographics played a role or seniority. This further supports the importance of age in relationship marketing approaches used in the pharmaceutical sector in Zimbabwe.

Twenty (71.4%) of the 28 doctors were directors running their own medical practices while the remaining 8 (28.9%) were medical officers employed in hospitals. Six pharmacists are at director position, 12 (34.2%) held managerial positions, 16 (45.7%) were ordinary pharmacists not holding any managerial positions. There was one pharmacy technician who participated in the study. The position one holds in an organization does have a bearing on the RM approach used by pharmaceutical wholesalers in Zimbabwe. This is critical as it can enable salespersons to tailor make personal contact and client interactions. This is consistent with the study by Amonini et al.,(2008:37). Knowing who the sales person is interacting with enables them to invite clients to appropriate events, provide opportunities for people of similar levels in organizations to interact and use appropriate communication channels. This maximizes the benefits of RM as relationships may be cemented with the persons who directly affect purchasing patterns in an organization. However, Gummesson(2008) recommend a holistic marketing approach which

involves integration with an organization in all ways possible to form collaborative relationships that create value for both organization. That is, application of the Service Dominant Logic which entails organizations to form relationships at different levels.

Sales representative visits

All the 63 (100%) participants indicated that they receive visits from sales and marketing personnel from pharmaceutical wholesalers. However, there were sharp differences among professional lines in the times these visits are conducted. Thirty one (88.6%) of the pharmacists reported receiving visits in the morning from 8:00 hrs to 12:00 hrs. Twenty (71.4%) reported receiving their visits in the afternoon. Thus it seems that the morning visits are targeted at the pharmacists while the afternoon visits are targeted at the doctors. This is partially explicable by the fact that most general practitioners open their practices in the afternoon.   This study sample had a preponderance of general practitioners. There were no visits after 16:00 hrs. This is possibly because in Zimbabwe the normal working day for most people is from 8:00 hrs to 16:00 hrs.

Twenty eight (80%) of the pharmacists prefer to receive visits from sale representatives in the morning, with the vast majority preferring to be visited between 10:00 hrs and 12:00 hrs. Different doctors preferred to be visited at different hours. Eighty (28.6%) doctors preferred to be visited between 8:00-10:00 hrs. This number is the same as those that preferred to be visited between 14:00-16:00 hrs. Interestingly 4(14.28%) of the doctors opined that they prefer to be visited after 16:00 hrs; hours during which no participant reported ever receiving visits from sales representatives. This finding suggests that the sales representatives are out of sync with the needs and preferences of their clients. This finding emphasizes that role performance is an important factor in building supplier to customer relationships as found by Skarmeas and Robson (2008:178). Sales persons may need to perform their role of finding out the exact needs of their customers so as to tailor make their approaches as also emphasized by Amonini et al (2008).

Table 1 below summarizes the results pertaining to the time the participants spent with the sales representative, the minimum time they prefer to spend and the maximum time they are prepared to spend with the sales representatives.

Table I: Time spent with sales representatives

Time	Mean	Mean

	(Pharmacists)	(Doctors)
Time Spent	13.7	9.3
Preferred Maximum Time	13.6	11.5
Preferred Minimum Time	11.4	8.1

The sales representatives spent on average 4.4 minutes more with the pharmacists than they did with the doctors. This difference was statistically not significant (F=0.371; p=0.544). The doctors also prefer to spend less time with the sales representatives than the pharmacists. However, these differences are not statistically significant.

There is need for the sales representatives to strike a balance between the time spent with the client making a sales pitch and the busy schedules of the clients. More time spent might suggest better rapport, but at the same time it may become an irritant to the client if overdone. In line with this, Garry (2006), points out the need for sales representatives to prepare thoroughly for face to face interactions; ensuring that the processes for a face to face meeting are thoroughly understood by both parties; establishing key issues and supporting individuals actively during the meeting to communicate genuine empathy and promote understanding of important issues. Findings by Theron et al (2008:1005), further emphasize the need for suppliers to consider schedules of customers who may often have tight schedules. Further to this, Theron et al (2008:1005) point out that suppliers and customers need to invest time and other resources to continue and maintain the relationship. The time spent, however needs to add value to both parties.

The fact that the sales representatives are spending more time with the pharmacists than the doctors stems from the fact that most sales representatives in Zimbabwe have a pharmacy background and therefore find it easy to spend more time with fellow pharmacists.

Purpose of visits

The participants were given nine different purposes for which the sales representatives visited them and asked to indicate the frequency with which they were visited for that purpose. They were asked to indicate on a scale from 1 to 7 with one representing infrequent and 7 most frequently. The mean was calculated for each purpose. The results are shown in Table II below.

Table II: Summary of purpose of visit.

Purpose	Score
Courtesy Call	2.49
New Product Introduction	3.22
Introduce Organization	2.51
Follow Up Visit	2.56
Solicit Order	3.38
Visit after request	2.46
Follow Up Complaint	2.78
Deliver Order	3.62
Follow Up Payments	5.03

The highest score was for follow up of payments. This was followed by order delivery and soliciting orders. Introducing new products was ranked fourth with a score of 3.22. It is noteworthy that the top four purposes of visits are not linked to relationship building but to practical soliciting and management of orders. Most poignant is the fact that most visits are linked with debt collection. These findings are contrary to those of Kerr and May(2011:459),who found out that it is critical to continuously involve and engage clients. Sales persons may be expected to engage a customer before a purchase is made, follow up on whether customer needs have been met and continue to pay courtesy visits to the customer whether they are in a position to purchase a product or not.

Visits to follow up on complaints were had a score of 2.78.In their study, Álvarez et al (2011:143) found that having a good complaint-handling system enables a firm to be able to build a good customer portfolio. This finding conflicts with that of this study which shows that complaint handling is not one of the major reasons customers are visited by sales persons in Zimbabwe.

Visits required before purchases are made.

The participants opined that they required an average of 1.7 visits before they could purchase a new product and an average of 2.1 visits before they could purchase from a new company. This finding is consistent with Ford's model which proposes that relationships are formed through a five stage process involving a prerelationship stage, early stage , development stage, long term stage and a final stage (Jobber, 2007). Hence, several visits are required before any transaction can be realized.

Appointment preference

Thirty five (55.6%) of the participants prefer visits from sales representatives to be by appointment while twenty eight (44.4%) asserted that they would not even entertain a sales representatives who dropped in without appointment. These findings show that customers in the pharmaceutical sector in Zimbabwe are more inclined to permission marketing. This is in line with what Gummesson(2008:53) says about permission marketing as an RM approach which is appropriate when customers have less time and do not want to be disturbed unnecessarily. This is further supported by Theron et al (2008:1005) who emphasize the timeliness of communication to customers who often work on tight schedules and require services that support these schedules.

Mode of contact

Table III: Mode of contact

Mode of Contact	%
Face to Face	95.2%
Telephone	93.6%
Letters	25.4%
Emails	33.3%
SMS	46.0%

Table IV: Preferred mode of contact

Mode of Contact	%
Face to Face	54.0%
Telephone	61.9%
Letters	12.7%

Emails	47.6%
SMS	7.9%

The most preferred mode of contact is the telephone followed by face to face contact and then e-mails. All the doctors indicated that they would prefer contact by email, and all rejected contact by SMS and letters. These findings are reflective of the relative access to information technology by the two professions. The low score for postal letters also indicates that this mode of communication is in its twilight phase. This finding is also in line with the finding by Theron et al (2008:1005) that electronic channels are becoming increasingly important. However, the human factor should not be neglected. Sales persons should make sure clients receive only relevant information. Kerr and May(2011:460) further caution that online communication needs not inundate the customer with information when making contact on line.

Contact by e mail was ranked third as a mode of contact currently being used and as a preferred mode of contact. This is consistent with findings by Amonini et al (2010:46).Use of electronic mail was found to be to bill clients, target customers with relevant information or promotional material, or inviting clients to events. However, Kerr and May(2011:461) found that personalized communication by email was not suitable because of its similarity to junk mail or its transparency in trying to generate what may be perceived as a forced relationship with the customer.

Placing of orders

Table V: Placing of orders

Mode of Placing Orders	%
Face to Face	54%
Telephone	69.8%
E mail	49.2%

The most common mode of placing orders is through the telephone contact used by 69.8% of the participants, followed by face to face used by 54%. This is consistent with the findings by Teleperformance, an international telemarketing service, that 70% of marketing and sales

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communication is handled by telephone and is 5 to 10 times as efficient as mail contact, and is often as effective as face to face visits but costs 5 times less (Gummesson 2008:49).Face to face interaction plays a major role as a mode of placing orders as pharmaceutical wholesalers are selling expensive and complex products which may require direct contact with doctors and pharmacists and person to person contact.

Approaches to RM at Savanna Pharmaceuticals Private Limited

Approaches used in RM at Savanna Pharmaceuticals Private Limited are very similar to the approaches used by all other pharmaceutical companies within the pharmaceutical wholesaling sector in Zimbabwe. The major way customers are contacted is through telesales. This is because, as highlighted in Gummesson(2008:49) this method is cost effective and yields results in terms of sales. Savanna Pharmaceuticals uses telemarketing as the major RM approach in order to attract prospects, sale to existing customers, provide services and answer enquiries through the use of telephones(Thomas et al.,2008). Permission marketing, which involves setting up appointments is widely used when approaching doctors only. However, findings of this study show that, thirty five (55.6%) of the participants prefer visits from sales representatives to be by appointment while twenty eight (44.4%) asserted that they would not even entertain a sales representatives who dropped in without appointment. Both pharmacists and doctors prefer permission marketing.

Savanna Pharmaceuticals Private Limited specializes in the sale of oncology products hence they employ person to person contact which is a prerequisite for marketing complex and expensive products(Gummesson,2008:55).Findings of this study show that face to face contact between suppliers and customers in the pharmaceutical wholesaling industry in Zimbabwe plays a major role as a RM approach as 54% respondents said they would place an order during a face to face interaction.

Sales persons at Savanna Pharmaceuticals aim to contact most of their customers based in Harare by telephone between 8:00 and 11:00 and most customers outside between 11: 00 and 13:00. Field visits, if not by appointment are usually reserved for 14:00 to 16:00.Operations for the day at Savanna Pharmaceuticals Private Limited close at 16:30.These times are consistent with the findings of this study that pharmacists normally are contacted by sales persons in the morning and doctors in the afternoon. Most customers of Savanna Pharmaceuticals are visited ,by order of frequency of visits, for the purpose of following up payment; delivering order;

soliciting order; introduction of a new product; introduction of the organization; following up complaint; follow up visit; courtesy call; and visit after request. The first four purposes are consistent with the findings of this study. Therefore, like all the pharmaceuticals wholesaling companies in Zimbabwe, Savanna Pharmaceuticals, is not oriented, in its purpose of visit, to building relationships with customers.

Savanna Pharmaceuticals Private Limited, currently used e mails primarily to send statements to customers, receive orders from customers, invite customers to specific events such as product launches and targeting specific clients with relevant information or promotional material. This is consistent with the findings of a study by Amonini et al (2008:46) that there are no databases developed to communicate with clients or assist in developing a relational position. This may be due to several reasons such as cost constraints, insufficient human resources to monitor database and the perception that direct mail send to clients may be perceived as junk mail.

Conclusions

After analyzing the results of this study, it can be concluded that RM approaches currently in use in the pharmaceutical wholesaling sector in Zimbabwe include telemarketing, person to person contact, permission marketing and direct selling. The major approach being used is telemarketing. These are the same techniques being currently used by Savanna Pharmaceuticals in their RM approaches. However, a gap exists in synchronizing the RM efforts of suppliers with the preferences of the customers and also in the appropriate use of technology to develop relationships with customers.

Recommendations

In order to bridge the gap between RM approach preferences by customers and suppliers such as Savanna Pharmaceuticals Private Limited, we recommend that suppliers invest more time and resources into finding out the needs of the customers. Databases could be developed to capture the interactions between customers and suppliers from a more relational approach. This, however, might be costly for emerging wholesalers such as Savanna Pharmaceuticals. More informal interactions could be organized to ensure networking between the supplier and the customer so that pharmaceutical wholesalers such as Savanna Pharmaceuticals can get more insight into the needs of their customers and be able to tailor make their RM approaches to the customers. This could be done through product launches by the pharmaceutical wholesalers which may be followed by cocktails. Segmenting customers could assist Savanna

Pharmaceuticals to use the RM approaches that yield long lasting and mutually beneficial relationships with customers. However, factors used for the segmentation would need to be carefully considered to avoid frustrating customers who may be placed in the wrong segments by using RM approaches that they perceive not to add value to their operations. Permission marketing could be further developed to ensure doctors and pharmacists are visited at the right time with the right information to that ensure that relationships are established between the supplier and customer. Customer complaint handling systems need to be put in place so that customer complaints are resolved. There is however the danger that failure to resolve complaints fully may lead to termination of relationships.

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