

Marketing communications integration in healthcare industry: digitalization and omnichannel technologies

Azoev G.

State University of Management
Moscow, Russia
gl_azoev@guu.ru

Sumarokova E.

State University of Management
Moscow, Russia
sumarokova@bk.ru

Butkovskaya G.

State University of Management
Moscow, Russia
gvb@mail.ru

Abstract — Nowadays the major tendency in pharmaceutical industry is digitalization. Digital technology influence both external media-related and internal aspects of the company's business operations. Given that, the defining feature of pharmaceutical companies is the fact that they operate in b2b and b2c markets. Integration of online and offline environments, application of omnichannel approach allows for the creation of a seamless process of a company's interaction with partners and intermediaries, as well as end customers. In this article, the authors take an in-depth look at the aspects of marketing communications integration by healthcare industry companies in Russia. The said integrations take place within the digitalization environment and using the omnichannel technologies. Pharmaceutical market in Russia is growing intensely. Market volume has been increasing over the last five years, which was enabled by the state policy of import replacement and other government initiatives. However, when it comes to keeping up with changes in digital technology, Russian pharmaceutical companies are slow in this regard. The authors show how marketing communications of Russian pharmaceutical are changing on a structural scale and provide recommendations on using omnichannel technologies in this field.

Keywords — *digital marketing communications, omnichannel technologies, digital technologies, Russian healthcare industry*

I. INTRODUCTION

Major scientific and technological achievements, combined with social-demographic changes, increase in demand for pharmaceuticals and trade liberalization allow experts to forecast growth for global pharma market in the next decade and overall improvement in quality of treatment. In a nutshell, two types of crucial change are affecting this industry: technology for gathering patient data is improving at a rapid pace and so is the technology for interpreting and analyzing the said data, becoming cheaper and more efficient.

Companies and institutions that work in healthcare are improving their marketing and communicational operations through digital technologies, mostly in the areas of

informational and communicational services, as well as CRM platforms.

That said, it's important to note that the pharma market and healthcare industry, always conservative in their approach, have always stood out among other B2B and B2C markets due to numerous factors, starting with specifications of services and complicated legal regulation, all the way to specialties of marketing policies and promotion instrument restrictions. However, in the last 10 years the situation for marketing has started to drastically shift, with pharma companies and medical institutions actively discovering online opportunities. Digital channels have opened new means of communication with target audiences and achieving scientific and business goals.

The purpose of this study is to identify features of integrating marketing communications for healthcare industry companies in Russia within the digitalization environment and using omnichannel technologies.

To achieve this, we plan to complete the following research tasks:

- (1) analyze to what extent the issue of integrating marketing communications is tackled for pharma companies and medical institutions in Russia in the digital environment;
- (2) give the author's interpretation for the results of researching the communicational activity of pharma companies operating on the Russian market;
- (3) give a complex of recommendations for forming marketing communications in pharma companies operating on the Russian market in the context of digitalization and omnichannel technologies use.

II. LITERATURE REVIEW

The concept of integrated marketing communications (IMC) was formulated in 1993 by American marketers R. Lauterborn, D Shultz and S. Tannenbaum. They defined

communications as a new way of understanding the whole, which we perceive as consisting of elements like advertising, public relations, sales stimulation, material and technology supply, organizing interaction with employees etc [1]. With the development of information society and consumer culture, the “one-size-fits-all” marketing approach has become obsolete, thus the IMC concept gained more followers and its postulates were put to work. The main factors for widespread adoption of the concept in marketing practices: high efficiency of IMC in comparison to other concepts; the need for forming consumer loyalty from the perspective of integrated communications being viewed in general and having a range of practical advantages, which allow to save money while retaining the customer; market globalization spawning a need for designing different complex communication models for specific consumer groups; integration of communications having an averaged additional impact on consumers.

Studies of another approach towards integrating communications define them as creating unified experience for consumers during their interaction with a brand or company [2]. Integration allows for pulling all aspects of marketing communications together, such as advertising, personal sales, PR, direct marketing and social media, through a corresponding combination of tactics, methods, channels, mass media outlets and activities that allow us to act as a whole. Integrating communications is a process, which is meant to guarantee coordination of message exchange strategies and communications across all channels and aimed at a potential customer.

P. Kotler and K. Keller refer to a definition of IMC by the American advertising agency association in their study – it’s a concept of marketing communications planning, which acknowledges the increased value of a complex approach [3].

Due to development of digital technologies and increasing popularity of researching consumer and client experience, it’s highly important to find an optimal combination of communication channels for successful and uninterrupted interaction with the client [4; 5]. However, multichannel approach – using various communication channels – has lost its efficiency. It is mainly due to the channels being significantly independent of one another with this approach.

Multichannel approach is being gradually replaced by omnichannel – using the most effective channels, which must be integrated with each other. Omnichannel is a marketing term, which means mutual integration of separate communication channels into a unified system with the goal of seamless and uninterrupted communication with the client. It implies the use of multiple channels to interact with clients, and precisely due to the use of a unified system, clients view their interaction with a brand or company as uninterrupted. The efficiency of said strategy is proved by successful experience of leading healthcare companies, such as Johnson&Johnson, which created a flexible, yet secure digital IT-organization to support faster development of smart healthcare products an improvement customer and patient experience with the company [6].

Omnichannel strategy is often viewed by companies as a simple integration of traditional and digital channels. This mindset is not likely to lead to success. Companies are starting to understand the omnichannel imperative. But getting there is proving unexpectedly difficult. According to experts, proper integration of digital channels into omnichannel environment deletes barriers for clients, on one hand, and business growth on the other, which allows companies to apply their digital skillset for the benefit of their traditional channels [7; 8]. Digital transformation allows to merge channels and form an efficient model of client communication. Innovative companies use elements of each channel, which are most valued by their clients, and unify them to create a more valuable overall experience [9; 10]. With that in mind, the term “digital transformation” is perceived by researchers as “the continuous process by which enterprises adapt to or drive disruptive changes in their customers and markets by leveraging digital competencies to innovate new business models, products, and services that seamlessly blend digital and physical and business and customer experiences while improving operational efficiencies and organizational performance” [11].

The analysis of communication strategies of companies operating in the Russian pharmaceutical market was performed using the materials posted on the corporations’ official websites and retrieved from other open sources.

III. RESEARCH RESULTS

Despite the current state of Russian economy and key problems of market development, such as imperfections of the industry’s legislative regulation and insufficient state financing in some aspects, most of the market still positively assess the potential of the Russian pharma market. Such estimates are confirmed, in particular, by practical actions of the business community, such as the construction of industrial enterprises in Russia and the creation of alliances of foreign companies with Russian [12]. Experts from leading research companies predict a slowdown in pharmaceutical Russian market in 2018: 4% compared to 16 and 14% in 2013 and 2012.

When the marketing activities of Russian pharmaceutical companies are mentioned, these still have difficulty coping with changes associated with digital technology. Mobile connectivity, cloud computing, advanced analytics and the Internet of Things are among the innovations that are only beginning to transform the Russian healthcare industry. Companies and institutions working in the health sector use digital technology to change and at the same time increase the effectiveness of their marketing and communication activities mainly in the field of information and communication services, as well as CRM-platforms. For example, to deliver additional information or allow medical representatives to remotely interact with doctors or patients, companies use virtual conferences and webinars. These modes of interaction not only facilitate the communication process, but are also more profitable from the economic point of view - today there are many free platforms used this, such as Skype and ClickMeeting.

In addition, there is an increasing number of various information and communication services, which are gradually adopted by the healthcare industry. The examples are remote services, for patients and doctors, mobile apps and portals in which patients and doctors can participate in discussions, share information and make appointments or purchases. One such service on the Russian market is a platform for online consultations with doctors called “Yandex.health”, created by Yandex in partnership with “Novaya Medicina” company.

Communication with the doctor takes place in chat or via video link. At the end of the consultation the patient is provided with a report. The service has a mobile application and you can use the service from any country. A number of Russian clinics have a similar service, such as “Doctora Ryadom” (doctors nearby) and “Medsi”. Telemedicine tools can be added to the above, which allows companies to significantly increase the geographical coverage of medical services and acts as the basis for the implementation of the company's growth strategies operating in healthcare.

Today, Russian pharmaceutical companies are increasingly paying attention to content marketing, inbound marketing, and native advertising. Related to this is the interest in an equally important area of application of digital technologies in the pharmaceutical industry - media technologies.

In the operation of many companies in the pharmaceutical market in Russia, digital marketing communications are increasingly becoming the goal of marketing activities. The structure of marketing communications budgets has been transformed due to changes in the marketing activities of companies. The largest share increase in the promotion structure belongs to digital communications; the pharmaceutical market, however, remains one of the most conservative: the share of television advertising in the marketing communications complex is about 80%, while the overall market average is just 50%.

The structure of external communication budgets of Russian companies has changed drastically due to changes in the marketing environment. The largest share increase in the promotion structure belongs to digital communications. Indicative of this growth are the marketing activities of large international pharmaceutical companies (Berlin-Chemie Menarini Group, Novartis, Pfizer, Bayer AG, Sanofi Aventis,) on the Russian market, whose budget for digital communication tools in the past 2 years has averaged 200 million rubles per year. The leaders in terms of spending on online advertising are Russian companies OTCPharm and Evalar. At the same time, the share of digital tools in the communication budget of pharmaceutical companies is still the smallest compared to other industry markets: 0.5–1% against, for example, 30–40% in the budget of automotive companies. Contextual advertising and video advertising occupy the largest shares in the structure of the Internet communications complex (Fig. 1).

However, due to the pharmaceutical market product specifics, for example, drugs that are clearly divided into prescription and non-prescription drugs, there are certain legislative features in the field of their advertising and

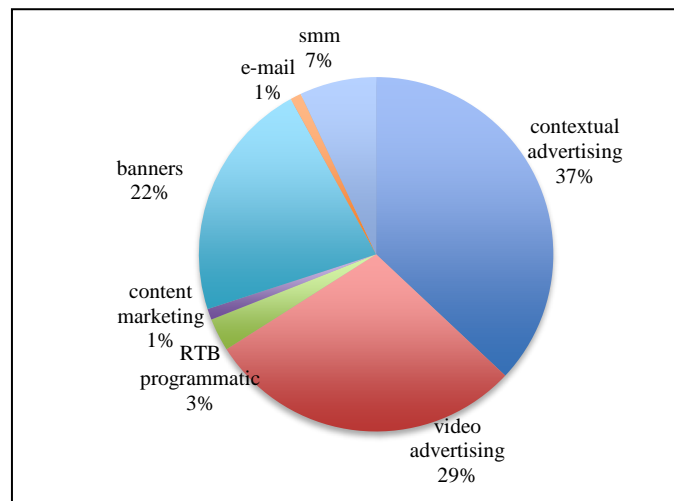


Fig. 1. Distribution of total costs of the Russian pharmaceutical industry for Internet communications

promotion. Thus, advertising and remote selling of prescription drugs is impossible by law, there are also sanctions for dietary supplements and similar products.

Understanding these regulations, large companies carefully check all communication content in order to eliminate possible risks, although it is these kinds of restrictions that encourage marketers of pharmaceutical companies to use non-standard marketing technologies – for example, BTL events on the Internet, creation of medical social networks, integration into life-trackers, digital channels of interaction with doctors and pharmacists in the framework of educational or loyalty programs.

For the promotion of OTC drugs, for example, classic digital media mix is used. Depending on the characteristics of a particular drug, pharmaceutical companies use video advertising, SEO, native and performance advertising in differing proportions:

- Online video advertising allows to optimize a traditional TV channel and reach a larger share of the target audience. It should be noted that the dynamics of growth in the volume of video advertising as a format for pharmaceutical companies is characterized by growth rates measured in tens of percent, for example, for the brand “Nazivin” and “Bepanten”;
- SEO and native advertising allow to convert already interested Internet users. For example, the recommendation widgets in native format allow to solve the problem of banner blindness and the transfer of negatives from the already familiar media format of advertising to the advertised brand itself;
- creation of mono-brand sites and landing pages. Communication strategy “one brand = one site” is very common in the pharmaceutical market. Russian company OTCPharm has 30 sites, the Bayer group has 16 sites, and Berlin-Chemie has 12 sites (one for each brand). The Russian pharmaceutical company Obolenskoye, conducting a restructuring of its

corporate website, designed landing pages for its key OTC brands Venarus, Maksilak and Diara. In terms of their position in the market, these brands belong to the A-category;

- audience retargeting with the help of performance - allows to influence undecided users and to achieve an increase in targeted actions in relation to the brand, e.g. purchase of medical equipment and feedback.

Advertising prescription drugs in Russia is prohibited, so the main purpose of their promotion is to raise awareness of the audience about products and brands. This goal can be achieved by placing educational content on the internet and drawing audience (doctors in this case) with the help of SEO and contextual advertising.

However, in order to understand exactly which channels and means of promotion in each particular case will be relevant, various groups of representatives of the target audience should be investigated.

The study of publications allowed the authors to identify the main advantages of the of omni-channel technologies adoption by companies: the impact on the consumer is not fragmentary, but through every information channel; the possibility of forming the image of the company and reputation management; significant cost savings with high efficiency due to synergy; guaranteed reach of the potential and possible audience of the company.

IV. DISCUSSION AND RECOMMENDATIONS

A. Review of representative research

In our opinion, it is worth analyzing the main results of representative studies characterizing the marketing and communication activities of companies operating in the Russian pharmaceutical market. In recent years, studies have emerged that reflect key changes in the marketing communications complex in the pharmaceutical market.

The trend of 2018 in the pharma market is conducting more marketing activities - this is the predominant strategy for developing the pharmaceutical business in Russia. According to the results of the study, in the current conditions of market stabilization, more than half of the companies (54%) pay the most attention to the product promotion channels. This strategy is of great importance for pharmacies (88%), but it is also widespread among manufacturing enterprises: 62% of foreign companies without localized production in Russia plan to introduce it and 32% with facilities in Russia. The exception is Russian production companies - this strategy is a priority only for 8% of respondents [13].

The most popular technological solution for pharmaceutical industry companies is the introduction of advanced accounting systems: half of the companies (50%) have already implemented or are introducing them, another 21% of enterprises plan to introduce them in the foreseeable future. Currently, pharmaceutical companies are still rarely using big data and machine learning, as well as robotization of business processes (6% each), but every fifth company (19-21%) plans to introduce them. Blockchain technology, smart

manufacturing, as well as video analytics and machine vision are the least popular technologies among pharmaceutical companies - less than 8% of companies have introduced them or plan to do so. Russian companies, as well as foreign companies with localized production in Russia, show a higher interest in using big data: 8% of respondents say that they already use big data, and another 31% say that they plan to introduce these technologies. Every fourth pharmaceutical company (25%) has developed and implemented / is implementing the company's development strategies with the help of digital technologies. The leaders in implementing the digitalization strategy are companies producing original drugs, as well as Russian and foreign companies with localized production in Russia (30-31%).

Figure 2 presents the results of a survey of the management of pharmaceutical companies, the purpose of which was to identify which digital business development tools are most relevant in 2018 for respondents who are representatives of Russian companies and foreign companies operating in the Russian market. The most popular digital tool for interacting with end users for pharmaceutical companies is informing about the company's products and activities through the company's official websites and Internet pages (78%), as well as medical forums and blogs (73%). It's important to note that according to the results of the study, on average, Russian enterprises, as well as foreign companies with localized production in Russia, are more actively using various digital tools to interact with end users than companies without localized production in Russia.

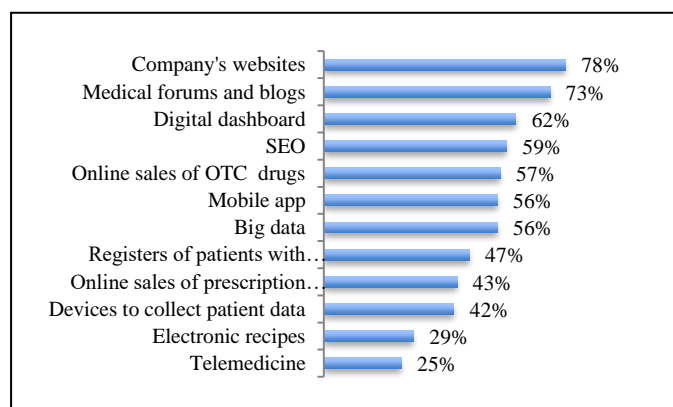


Fig. 2. Use of digital business development tools by companies in the Russian pharmaceutical market in 2018 [13]

In the pharmaceutical industry, omnichannel approach is only beginning to be introduced into the practice of companies and, in the near future, promises to become a necessary component of the process of interaction in the "producer-consumer" chain. As a rule, a Russian pharmaceutical company is a manufacturer of drugs supplied through two main distribution channels:

- (1) short channel (points of sale - pharmacy chains, end users - patients: sick and ill people);
- (2) long channel (intermediaries - medical representatives delivering goods to consumers).

In the B2B market, a pharmaceutical company acts on intermediaries: wholesalers and retailers, using the PUSH strategy. It is worth noting that it's been several years now that, as Russian pharmaceutical companies, in an effort to optimize the costs of promotion and in response to restrictive measures taken by the state in this field, have completely or partially refused medical representatives.

Instead, companies are building a strategy for working with doctors and pharmacy chains. According to the strategy of PUSH, the company, as a rule, reduces selling prices in order to draw attention and stimulate intermediaries. The main goal is the desire to increase the representation of goods on the shelves. The priority direction of using the PUSH strategy is to increase the awareness of the company's products.

In the B2C market, pharmaceutical companies are impacting end-users with a PULL strategy. The main goal is to increase consumer demand through the formation of a layer of loyal customers. The strategy works in the points of sale - consumers stimulate intermediaries to purchase drugs produced by a particular company. The main battle for the consumers is carried out in the information environment through marketing communications. It should be said that the PULL strategy requires a high recognition of products/brands and contributes to its development. However, Russian pharmaceutical companies are characterized by a low level of recognition, therefore, in order to increase the effectiveness of the PULL strategy, measures should be taken to increase the brand awareness of the company and its brands.

The classic complex of marketing communications in the Russian pharmaceutical industry in the context of the two target markets, B2B and B2C, is presented in Table 1.

TABLE I. MARKETING COMMUNICATION TOOLS FOR PHARMACEUTICAL COMPANIES

B2B market		
<i>Tool</i>	<i>Channel</i>	<i>Effect</i>
Stimulation sellers	Reduces selling prices	Allows you to release large quantities of goods and thus achieve greater representation on the shelves
Stimulating business partners	E-mail marketing	Increase sales through special offers and compensation
Stimulating business partners	Social network	Publication of information about the best offers in cooperation
Promotion of business partners and sales service	Conferences	Informing partners and intermediaries about existing and new products
B2C market		
<i>Tool</i>	<i>Channel</i>	<i>Effect</i>
Stimulation consumers	Promotional brochures, stands, layouts and flyers at the point of sale	Increase contact with the consumer (5-7 minutes on average) and stimulate purchases
Advertising	TV	Gives the highest geographical coverage and a significant percentage of remembering the advertising message, but the focus

B2B market		
<i>Tool</i>	<i>Channel</i>	<i>Effect</i>
		of messages is sprayed (not only the target audience)
Digital communications	SEO	Increases the growth of targeted appeals of drug brands, but does not guarantee the recognition of the company's brand
Advertising	Radio	Increases coverage, but the focus of messages is dispersed (not only the target audience is involved)
Co-branding	Radio	Increase brand awareness among the audience of radio

B. Recommendations

After analyzing the current marketing policy in the field of communications of Russian pharmaceutical companies, we can make the following conclusions:

(1) Promotion in the B2B-market is very narrowly focused. To increase brand awareness of the company, it is necessary to use the full potential of the tools. For example, TV commercials can be directed not only to end users, but also to intermediaries and business partners; SEO should not be limited to branding sites, it is necessary to promote in the search engines and the main website of the company;

(2) Leading companies in the pharmaceutical market talk about the optimal combination of TV advertising and digital communications in an online environment. Digital channels encompass both of the company's targeted markets: doctors, vendors, and end consumers are now moving to the digital environment;

(3) Pharmaceutical companies are actively developing digital communications, but since the tools are not optimized, the impact is sprayed and does not yield the desired effect.

V. CONCLUSION

The use of digital technologies to transform companies and marketing tools will allow pharmaceutical companies to increase the value of their offers. The areas of digital innovation are very broad, but the main goal is to make products and services more efficient and personalized. To achieve this, each company must assess how much of its business is affected by digital transformation, and then develop an appropriate strategy.

For pharmaceutical companies operating in the B2B and B2C markets, omnichannel implementation will help achieve a double synergistic effect. First of all, if communications for the B2B and B2C markets are integrated, for example, by combining the target audience of marketing and advertising activity. Image videos, image internal and outdoor advertising, PR-articles can affect the company's intermediaries, business partners, and end-users. In this case, the reach will be wider, the presence of the company in the information environment will increase, and the costs will be significantly reduced. Secondly, the integration of online and offline environment tools will allow to create a continuous process of company interaction with partners, intermediaries and end users. For example, the first communication through the company's website or the company's brand sites transitions to a personal meeting with the company's representatives. Moreover, the

organization of such methods and ways of communicating with business partners, pharmacists, middlemen and consumers is unique for the industry and can become a competitive advantage.

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