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CUSTOMER ACUMEN

**INSIGHTS TO BUILD
CLIENTS FOR LIFE**

**EMPOWERED**
LEARNING SYSTEMS



EDITORIAL



Dear Reader,

The Indian pharmaceutical industry has long been recognized for its prowess in providing high-quality, cost-effective medications to both domestic and international markets. However, in recent years, the sector has been presented with an array of unprecedented opportunities in the export market, signalling a new era of growth and global influence.

One of the key drivers behind this surge in export opportunities is the increasing demand for generic drugs worldwide. With rising healthcare costs and the expiration of patents on several blockbuster drugs, there is a growing need for affordable alternatives, and Indian pharmaceutical companies are well-positioned to meet this demand. Leveraging their expertise in manufacturing generics, Indian firms can offer competitively priced medications without compromising on quality.

Furthermore, the COVID-19 pandemic has underscored the importance of a robust and resilient pharmaceutical industry. As countries scrambled to secure essential medicines and vaccines, India emerged as a reliable supplier, bolstering its reputation as the "pharmacy of the world." By capitalizing on this trust and goodwill, Indian pharma companies further expanded their presence in the global market and forged lasting partnerships with international stakeholders.

While the export market presents immense opportunities, Indian pharma companies must also navigate challenges such as stringent regulatory requirements, intellectual property issues, and evolving market dynamics. By investing in research and development, adopting best practices in manufacturing and quality control, and maintaining compliance with international standards, they can mitigate these challenges and solidify their position as trusted suppliers in the global pharmaceutical landscape.

This quarter in Customer Acumen, we look at '**Winning Customers in the Export Market: Opportunities for the Indian Pharma Sector**'.

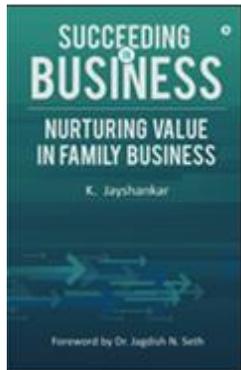
Jay's article discusses the allure and challenges of selling products or services to overseas markets, emphasizing factors such as trade barriers, quality standards, relationship building, currency fluctuations, and the need for caution and foresight in navigating the complexities of international trade. In the **Spotlight** section, **Vinod Dua, Advisor to the Chairman and MD of London United Exports** highlights that the Indian pharmaceutical sector thrives in export markets due to expertise in reverse engineering and focus on formulations. Challenges like talent scarcity and regulatory hurdles persist, but effective relationship building with overseas partners and India's reputation for quality present growth opportunities. We review Brittany Hodak's book '**Super Fans**' which underscores the significance of



prioritizing customer-centric practices in business, offering practical insights and strategies to foster loyalty and create memorable interactions that turn customers into enthusiastic advocates of brands.

Our in-house Cartoonist, **Vikram Nandwani's** toons highlight how the patents meet the patients!

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**.



Out Now!

Succeeding in Business: Nurturing Value in Family Business

*As a counselor and trusted advisor, **K. Jayshankar (Jay)** offers practical insights in his book, drawn from four decades of experience. These insights are combined with conceptual elements to create a valuable primer for family businesses aspiring to succeed in the competitive marketplace of India. The book explores key factors driving successful growth in family businesses and addresses challenges related to generational transitions, value preservation, and the infusion of new ideas.*

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MUSINGS



Selling to Overseas Markets: Some Points to Ponder

- Jay

There is always an element of extra excitement for a firm when it claims that their products or services are exported. The image generated is one of global acceptance of a company's offerings. And, the notion created is that the offerings are so good that they have universal appeal. The exporter's halo is a glittering one especially when you project yourself as a net generator of foreign exchange in a country starved of this precious resource. Therefore, firms are constantly vying to win customers outside national boundaries.

Winning new customers from alien geographies presents its own set of challenges and unique concerns that need to be addressed. Let's look at a few of them.

Trade barriers: Impediments to global trade have always existed – which is why an exporter was given special status in most economies, as he was one who had surmounted these obstacles. In days past, difficulties of physical access were compounded by language and food barriers, to stress the most obvious ones. After all, many explorers were traders at first guise and a vast number did lose their lives in venturing forth boldly. Today, the barriers are economic in nature, as tariff walls are raised and lowered depending on the intensity of the political gusts under leaders with differing ideologies. At its height, globalization charmed the world with its concept of a flat earth and stories of products getting built by multinational firms with components sourced from different markets. But the days of ABB and GE's hegemony are over and barricades have arisen to build and protect national markets. The rallying cry of 'Make my country great again', is now echoing across the world with protectionist tariffs focusing on saving domestic jobs over economic efficiency. Be that as it may, countries continue to cultivate markets through their own bilateral preferential trade partnerships (witness the recent ones that India has signed with UAE, and the European Free Trade Association - Switzerland, Norway, Iceland, and Liechtenstein, all four non-EU nations). These signify major opportunities if your firm is in the right space, and being alert to begin early discovery is a business development skill worth cultivating.

Quality parameters that you swear by are perhaps a non-negotiable aspect of being a global exporter. Unless of course you are an exporter of second-hand products that are dumped into war zones or the poorer, bottom-of-the-pyramid markets of the

developing world. Yes, do not be astonished to learn that the global market for second hand clothes is worth over a 100 billion USD! The biggest exporter is the United States (over 700,000 tonnes), followed by Germany, UK, and China. The most frequent destination for these goods is countries in Africa and Latin America and this represents a growing business. But it is not clothes alone. The overall global market for second-hand products is growing at a CAGR of 13.6% and is projected to reach 1.3 Trillion US dollars by 2031, up from USD 400 Billion in 2022. Second-hand machinery has always been an attractive business for Indian firms, and estimates are that India is a leading exporter of second-hand machinery. The Foreign Trade Policy of 2023 has recognised this as an opportunity to exploit further and allows import of second-hand goods (including engineering, electronics and IT products) which are meant for export after repairing, refurbishing, re-conditioning or re-engineering them – all calculated to contribute to India's USD 1 trillion exports target by 2030. The bottom line for all this is product performance. Hence, failure to deliver to quality standards is usually a death-knell as the message goes out that you are an unreliable party who cannot be trusted to live up to commitments.

Relationships matter. Reputation is a very powerful currency in business, more important than pricing. Investment in building a relationship of trust and goodwill with partners (customers, collaborators, distributors, financiers, et al) are sine qua non to an exporter, nay to all businessmen. Smart businessmen look beyond today and build pipelines to the future. For them it is never about events or transactions, it is about future trends. You could fill a book on building bridges with an overseas partner – but never neglect that over time there are inevitable vulnerabilities that creep into any firm bond. Stay wary of natural erosion that is an accumulation of changing expectations drawn though the very affiliations that brought you together in the first instance. It would be wise to recalibrate business terms periodically lest there be an unforeseen abrupt rupture. Be prepared for this eventuality in any case as exports by definition are foreign businesses where extraneous issues and seemingly irrelevant or trivial aspects can bring a happy co-existence to a crashing halt.

A final tip on **foreign exchange**. Admit to yourself that you are not the master of your destiny when it comes to global exchange rates. There are past masters in this game who dictate outcomes. It is best that your forecasts of revenue are conservative as markets will fluctuate without warning. The best of bankers, economists, and commentators in the media are apologists or experts at post-mortem rather than soothsayers. Prudent dealers in foreign markets always hedge their bets as the most optimistic prognosis is tossed overboard when whimsical political events can bring to life the principles of chaos theory. The most telling recent experience that we all have lived through is the pandemic. Barely four years ago, the world felt as surreal as a science-fiction movie but short memories are already painting for us visions of the coming go-go days. Cash is king, we are reminded, and so it should be when you deal with export businesses as you must keep a reserve, ready to be deployed when necessitated.

The charm of the export market cannot diminish despite the inherent risks involved. Which is why smart marketers will continue to gravitate towards it. The rewards too are usually higher to trade-off with the risks involved. Businesses cannot but be enamoured by such markets – so the bottom line is 'handle with care'!

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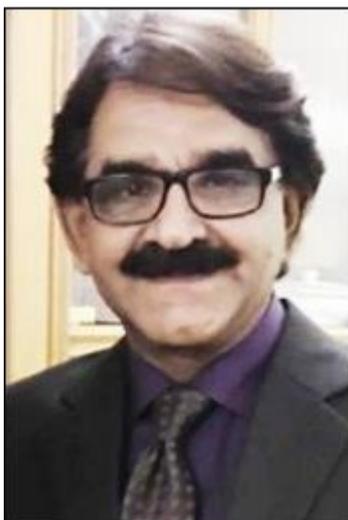


SPOTLIGHT



Vinod Dua

Advisor to the Chairman and MD of London United Exports



Vinod Dua is a seasoned professional with vast experience in the pharmaceutical sector. Currently, he holds the position of Advisor to the Chairman and Managing Director at London United Exports Ltd. (LUEX), a pharmaceutical company headquartered in London, UK, with operations in Africa.

Previously, he served as Chief Marketing Officer at BDR Pharma International Pvt Ltd, where he played a pivotal role in launching three distinct market verticals focusing on oncology, critical care, and antifungal products. He also served as Chief Consultant at ALTTITUDE Consulting Works, offering strategic input and branding solutions to pharmaceutical clients.

Vinod Dua is academically qualified with a Master's degree in Zoology specializing in Entomology from Agra University and a Master of Marketing Management (MMM) from JBIMS Mumbai. Additionally, he holds a certification in Independent Directorship from the Institute of Directors (IOD) New Delhi. Apart from his corporate engagements, Vinod has also contributed to academia by lecturing BSc and MSc classes at Hindu (Post Graduate) College, Moradabad, specializing in Zoology and Entomology during the academic year 1974-75.

CA. What are the key factors driving the growth of the Indian pharmaceutical sector in export markets?

VD: The growth of the Indian pharmaceutical sector in export markets is driven by several key factors. Firstly, India's proficiency in reverse engineering has enabled a deep understanding of pharmaceutical formulations and regulatory requirements. Furthermore, the shift towards establishing US FDA-approved plants following India's adherence to product patents recognized by the WTO in 2005 has been instrumental. The development of robust manufacturing capabilities meeting global standards has resulted in unparalleled US FDA and UK MHRA-approved plant capacities.

Additionally, the sector's focus on formulations, rather than solely on active pharmaceutical ingredients (API), has led to increased value addition. India's role as a significant supplier of generic medications and vaccines, producing over 60% of the world's vaccinations, further contributes to its growth. The availability of affordable HIV medication through the UN-backed Medicines Patent Pool enhances India's global reputation.

Moreover, the industry's favourable reputation for offering affordable prices and superior quality pharmaceutical products has bolstered its export market position. The resilience demonstrated during the COVID-19 pandemic, earning India the title of "Pharmacy of the World," has further solidified its standing. Lastly, major foreign investments, coupled with government support through policy implementations, and significant global growth in pharmaceutical revenues, underscore the immense future potential of the Indian pharmaceutical sector in export markets.

CA. In your opinion, how has connecting with customers (the sales relationship process) changed over the years in your business?

VD: Today, India holds a high reputation status with the distributors and even retail pharmacies, in most of the geographies of the world. This is the result of a very dependable relationship developed over the years. Quality formulations at very competitive prices, hardworking Indian sales & marketing staff who very comfortably merged with the local ethos and built personal relationships by picking local social norms and even language etc. are the factors which created this bonding. Gone are the days when visiting Indians for sales were looked at with suspicion. Indians are found very friendly, adaptable and result oriented. The present status of relationship augurs very well for the future of business the world over.

CA. What are the main challenges faced by Indian pharmaceutical companies when expanding into international markets?

VD: The main challenges faced by Indian pharmaceutical companies when expanding into international markets include the scarcity of talented and experienced personnel in critical areas such as manufacturing, QA-QC, R&D, and logistics, which often leads to high attrition rates. Additionally, strict regulatory rules and compliance issues pose significant hurdles, resulting in frequent batch failures and costly plant shutdowns. Moreover, setting up effective marketing teams abroad is challenging due to cultural, social, and language differences, as well as the uncertain environment. Furthermore, Indian employees may exhibit reluctance to work abroad due to concerns about potential unemployment upon returning to India, further complicating international expansion efforts.

CA. In your experience, what are some effective ways to establish and maintain strong relationships with overseas distributors and partners?

VD: In my experience, establishing and maintaining strong relationships with overseas distributors and partners involves several effective strategies. Firstly, emphasizing human resource management is crucial, which includes continuously upgrading the skills of personnel through development programs. Additionally, it is essential to carefully select and nurture individuals who are

genuinely interested in overseas placements, ensuring their long-term commitment and effectiveness in representing the company abroad. These approaches help foster trust and collaboration, ultimately strengthening relationships with overseas distributors and partners.

CA. Please share with us about your role as a consultant in the pharma export business. What opportunities do you foresee for the Indian pharmaceutical sector in expanding its footprint in export markets?

VD: Based in India, my focus at the LUEX India office entails comprehensive advisory roles spanning strategic interventions, market potential assessment, new product introductions, and logistical and supply chain management. Guidance is extended to the Managing Director on product and promotional strategies, as well as conducting training sessions for new product launches and senior-level placement interviews.

Additionally, my responsibilities include evaluating training needs, offering insights on trademark issues, aiding in vendor selection, drafting agreements, and providing legal counsel as required. Overseeing plant audits and facilitating random product testing in approved laboratories are part of the operational scope.

Monitoring product performance across ten geographies in Africa, encompassing both English and French-speaking regions, is a significant aspect of my role. Communication with marketing agents, particularly in francophone countries, is managed as necessary. During critical situations, consultative support is provided to the Managing Director for prompt resolution.

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RESOURCES



Creating Superfans

- Brittany Hodak



A recent sales training session to which I had the privilege of being invited highlighted the importance of always putting the customer first. In the ensuing mock sales pitch sessions, I must add, I failed miserably; in my defence, I do not hold a sales profile, so how can one possibly win at sales? That being said, the learnings of this workshop highlighted two key principles, among many others, that can help in clinching a sales deal -- to listen to and empathize with your prospects/customers. Know it or not, we are always selling even in a non-sales profile.

Brittany Hodak's book is a reminder of the basic sales principles and experiences that need to be borne in mind while interacting with prospects and customers who will become your super fans. She begins with a powerful foreword that sets the tone for the importance of customer-centric practices in business. It draws parallels between historical instances and modern-day customer grievances, emphasizing the enduring significance of word-of-mouth marketing and customer experience. The foreword encourages businesses to prioritize customer experience and highlights Brittany Hodak's

expertise in the field.

Moving into the chapters, the narrative explores the concept of super fans—passionate advocates who drive the success of brands or artists. Drawing from personal experiences and observations, the text underscores the connection between fandom and identity, emphasizing the importance of exceptional customer experiences in creating super fans. Practical insights and strategies are provided for businesses to cultivate super fans and enhance customer engagement.

Addressing customer apathy is highlighted as crucial for businesses, to move customers from apathy to advocacy by consistently delivering exceptional experiences. Personalization emerges as a central theme, with stories showcasing the power of personalized interactions in building customer loyalty. The read delves into the significance of storytelling in business,

underscoring its ability to create emotional connections and differentiate brands. Origin stories are highlighted as a powerful tool for engaging audiences and shaping perceptions, with an emphasis on authenticity and emotional resonance.

Practical strategies for enhancing customer experience are provided, emphasizing the importance of every interaction and the value of simplicity in delivering exceptional service. Repetition and consistency are identified as essential for building super fans and maintaining customer loyalty, with examples illustrating the impact of consistent delivery of unique experiences. The importance of reputation management and leveraging social media effectively is also highlighted. Employee satisfaction is identified as crucial for fostering a culture of super fandom within organizations, with practical strategies provided for achieving this. The book concludes with a call to action for businesses to adopt a customer-centric approach and prioritize exceptional customer experiences. Brittany Hodak's expertise and passion for customer engagement are celebrated, with the S.U.P.E.R. Model presented as a mantra for businesses to follow in their pursuit of creating super fans.

The book also provides insight into the author, Brittany Hodak, portraying her as an accomplished entrepreneur, speaker, and author with extensive experience in customer engagement. The author has delivered keynote speeches worldwide and written extensively for prestigious publications such as Forbes and Adweek. The author's passion for helping businesses cultivate devoted customer followings shines through the narrative, underscoring her dedication to empowering companies to prioritize customer experience and foster meaningful connections with their audience.

Overall, the book provides a comprehensive guide to prioritizing customer experience, fostering loyalty, and creating memorable interactions that turn customers into enthusiastic advocates of brands. Through practical insights, compelling stories, and actionable strategies, it offers a roadmap for businesses to thrive in today's competitive landscape.

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FEEDBACK

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