Designing Channel Inclusive e-Commerce Strategy for Indian Dental Care Market

By LTI Design Consulting
Contents

• Introduction ................................................................. 3-4
  1.1 The Indian Dental Market
  1.2 Report Description

• Methodology/Interview Statistics ........................................... 5-6
  2.1 Identifying Key Stakeholders
  2.2 The Design Thinking Methodology

• Current Value Chain ...................................................... 7
  3.1 Mapping The As-Is Scenario
  3.2 Challenges

• Evolving Role Of Manufacturers .......................................... 8
  4.1 Why Should Manufacturers Invest

• Dentist Segmentation ..................................................... 9-11
  5.1 Conventional Segmentation
  1.2 Report Description

• Observations ..................................................................... 12
  6.1 Journey

• What Did We Hear ............................................................ 13-14
  7.1 Insights

• Recommended To-be Model ................................................. 15
  8.1 Good To Have Feature List For Website
  8.2 Inclusive Model Encouraging Coopetition
1. Introduction

1.1 The Indian Dental Care Market

The Indian Dental Care market is approximately a USD 2 billion Industry, with an unexpected growth rate of 30% YOY. India is also one of the fastest growing dental markets in the world, and is set to become the largest single market globally. Dental Care market consists of dental services, equipment and consumables. The consumables market alone was valued at approx. USD 128 million in 2017.

India has close to 0.1 lakh active dental practitioners, serving a population of 1.2 billion. The majority of dental clinics are concentrated in the urban areas, leaving rural population with a ratio of 1 dentist per 35,000 people, in comparison to the urban area ratio of 1 dentist per 10,000 people. WHO recommends the ideal ratio as 1: 7,500 and this imbalance between the demand and the supply of dental professionals has led to the poor state of dental health care in the country. However, with 30,000 dental graduates and nearly 12,000 - 15,000 new practices starting annually, there is a budding possibility for the situation to improve.
The concentration of dentists in rural areas is reasonably small, compared to the urban areas because of inaccessibility, non-affordability of oral health care services and deficiency of dental manpower. Consequently, urban doctors are extremely comfortable with the service of existing customers and distributors/dealers. Also, moving to rural areas means compromising on these provisions for them. Can digital intervention like an e-Commerce portal help reduce this gap?

1.2 Report Description

The Design Consulting Team at Larsen & Toubro Infotech (LTI) conducted a pan-India research across stakeholders in the Dental Care Industry, to determine the penetration of online platforms (websites and apps) in this particular space. The idea behind this research was to understand the current value chain in the Dental Care Industry and how an e-Commerce portal can help bring about a change.

We made an assumption that e-Commerce can improve access to good quality equipment and consumables even in the most remote areas. The major problem we identified with the online business was the low adoption of these e-Commerce portals. e-Commerce business scales up when it derives profitable sales on its online platform, and this is a challenge because of the presence of strong offline channels in this business.

How can the adoption of Digital Dental Care Platforms in India be Improved?
2. Methodology

2.1 Identifying Key Stakeholders

The identification of possible stakeholders is a precondition for any participatory planning process. The team started by identifying stakeholders, which were likely to get affected by a proposed intervention (either negatively or positively), or those which can affect the outcome of the intervention. We named the stakeholders as personas, and different personas had different benefits from the existing value chain.
2.2 The Design Thinking Methodology

LTI applied the standard design thinking methodology to approach the problem. The team started by talking to various stakeholders and conducted 50+ detailed interviews. The personas interviewed were dentists, traditional distributors, online distributors, manufacturer sales representatives, staff, e-Commerce players and college students across five cities – Mumbai, Delhi NCR, Chennai, Hyderabad, and Pune.

On the basis of the interviews conducted, the team mapped the as-is process and defined segmentation of dentists in the form of persona maps. We also built Empathy Maps, which summarizes the interviews given by various personas, providing a complete understanding of their behavior and experience. Finally, we built the journey Maps, which illustrated different activities involved in purchasing a product. LTI’s team ideated based on the insights generated from the vast data gathered during the empathizing and define stage to generate 100+ ideas, which could lead to increase in the adoption of e-Commerce. The final outcome was an all-inclusive to-be model, customized for distributor heavy markets like India.
3. Current Value Chain

3.1 Mapping The As-Is Scenario

After conducting the vital investigation, spanning across 3 weeks, LTI team mapped the current value chain of oral care products. Most of the value chain is still conventional, but some of the authorized distributors are trying to move toward the online business model. Surprisingly, some of the manufacturers are trying to partner with distributors to sell their products online. Many manufacturers have their own online portals, but the collective adoption of all these e-Commerce platforms is barely 1% for a standard manufacturer.
3.2 Challenges

Manufacturers have no visibility into the end customer data, and the conventional channel partners perceive their reaching out directly to the customers as a threat. Digital interventions are redefining every industry, and there is a lot of value that can be provided to end consumers if such companies have more clarity about their customer base.

This means that manufacturers have a key role to play in formulating a successful e-Commerce platform in India, and this has to be done by conventional channels and sales representatives inclusive strategy.
4. Evolving Role Of Manufacturers

4.1 Why Should Manufacturers Invest?

We examined this problem from the perspective of manufacturers and the role they can play to conduct transactions without geographical barriers.

LTI is one of the 8 research patrons of MIT CISR, and the company contributes to its research. The framework shown below represents how suppliers are moving toward being omni-channel businesses to own their customer relationship. This push helps them customize their products with respect to the customer demand, at each stage of the development, and plan their inventory better by integrating with the value chain.

Manufacturers can also look at become an ecosystem driver where they can provide a platform for other businesses to interact and sell to end customers. Both these models require manufacturers to take the ownership of platform and utilize their conventional channels as an enabler of collective growth. A manufacturer-led platform will enable them to be future ready and ride on the digital wave. In a country like India, manufacturers can build a platform but, the role of the distributors will be a key for such platforms to succeed.
5. Dentist Segmentation

5.1 Conventional Segmentation

Conventionally, dentists are segmented based on parameters like potential and penetration. The team realized that e-Commerce adoption is a personality trait, and hence this segmentation method needed re-evaluation. The key target market for sales is the dentists who have large purchase size and where the distributors have good reach. Although these are valid parameters, the key to e-Commerce adoption is the overall personality of the dentist, and this could have less dependency on the years of practice and the volume of the purchase.

5.2 Segmentation For E-Commerce

Based on the data gathered from these interviews, the team segmented the dentists based on their personality traits like price sensitivity and willingness to experiment in dentistry. This segmentation method plays a vital role in identifying dentists that have the appetite to purchase online. Surprisingly, approx. 70% of the dentists the team met fell under the category where they would be willing to try buying online even though their motivations were different.
Carefree Conservatives - They are dentists who have been practicing for close to 2 decades, and who do not offer mass consultations. Price is not of prime consideration for them while buying consumables and equipment, as they see this is as a differentiating experience providing the desired value to their patients. They like to use technology as an enabler in getting better outcomes for their patients. These dentists have moved on from dentistry, and hence are conservative when it comes to dentistry.
Conventional Conservatives - This persona of dentists has been around for a decade, and their clinic set-up invites patients looking for no-frills services. As a result, they provide mass consultation services, and are careful while buying premium consumables & equipment. They are drawn toward deals, and feel the need to make every penny count while servicing their patients. These dentists are formulaic in their day-to-day activities and are conservative when it comes to dentistry.

Established Experimenters - This persona falls into the category of dentists who have a very consultative approach, and have spent the majority of their life servicing patients. They are committed to using knowledge & technology to better serve their patients and also empower them with information that will help them make better dentistry decisions. To them, price is not a consideration, as they believe their services will be utilized as long as patients see the benefit of a holistic, premium consultation. These dentists would be willing to experiment if it augments their services to their patients.
Edgy Experimenters - This persona claims to be the voice of change for Dentistry. They have limited years of experience behind them, but that’s hardly an obstacle as they are always on the lookout for deals and the best possible prices to transfer the value directly to their patients. They have reasonably sophisticated clinics, and employ technology wherever needed. They offer services that are somewhere between mass and premium consultations. These dentists are unsettled in their practice and would be happy to experiment toward making their dentistry better.
6. Observations

6.1 The Journey

The team mapped the purchase journey of various personas - from awareness to advocacy. This journey helps identify influencers at various stages and record the observations.

---

**6. Observations**

**6.1 The Journey**

The team mapped the purchase journey of various personas - from awareness to advocacy. This journey helps identify influencers at various stages and record the observations.

---

<table>
<thead>
<tr>
<th>Phases</th>
<th>Awareness</th>
<th>Consideration</th>
<th>Evaluation</th>
<th>Inventory Management</th>
<th>Purchase &amp; Billing</th>
<th>Delivery &amp; Fulfillment &amp; Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Awareness</strong></td>
<td>Products and services are identified as relevant, and users are made aware of the purchase.</td>
<td><strong>Consideration</strong></td>
<td>Products are evaluated based on price, quality, and features.</td>
<td><strong>Inventory Management</strong></td>
<td><strong>Purchase &amp; Billing</strong></td>
<td><strong>Delivery &amp; Fulfillment &amp; Usage</strong></td>
</tr>
<tr>
<td><strong>Consideration</strong></td>
<td>Users research and analyze products to make an informed decision.</td>
<td><strong>Evaluation</strong></td>
<td>Products are compared across multiple channels to select the best option.</td>
<td><strong>Inventory Management</strong></td>
<td><strong>Purchase &amp; Billing</strong></td>
<td><strong>Delivery &amp; Fulfillment &amp; Usage</strong></td>
</tr>
<tr>
<td><strong>Evaluation</strong></td>
<td>Users evaluate the products based on their specific needs and preferences.</td>
<td><strong>Inventory Management</strong></td>
<td><strong>Purchase &amp; Billing</strong></td>
<td><strong>Delivery &amp; Fulfillment &amp; Usage</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Advocacy Related Observations**

- **Think** - I consider dealers/distributors suggested by professors from my college are reliable.
- **Feel** - We don't prefer buying online as our peers have had bad experiences.
- **Do** - Post my cases online for other doctors to follow.
- **Have** - My clinic on social platforms like Facebook, YouTube, have a website with SEO.

---

**Advocacy Related Observations**

- **Think** - I consider dealers/distributors suggested by professors from my college are reliable.
- **Feel** - We don't prefer buying online as our peers have had bad experiences.
- **Do** - Post my cases online for other doctors to follow.
- **Have** - My clinic on social platforms like Facebook, YouTube, have a website with SEO.
7. What Did We Hear?

7.1 Insights

The most important insight that the team gained was that dentists today are extremely comfortable with their current set-up. Some of the features that they love about the conventional channel are the credit policy, super fast delivery within hours, relationship over generations, no hassle in placing the order and no question easy returns.

Some of the dentists felt that even if the distributors charge them for the service, it is worth it. The team concluded that the established dentists are more comfortable with the existing channels, as they have a great distributor relationship, thus easing the digital penetration with new clinics rather than the established ones.

However, dentists feel that the product information provided by distributor reps is not holistic, thus forcing them to seek most information online. Distributors too are sometimes unaware of the new products and may be reluctant to share the company offers with the dentists. Another facility that would be of interest to them is some way by which companies authenticate the products received via any channel. This would ensure that the dentists do not end up with counterfeit products.

Additionally, as a behavioral pattern, dentists rely heavily on peer reviews for decision making. Most of them go online for price comparison to bargain with distributors or search for imported products. Some doctors wait for deals in conferences to buy the desired products at a particular price point.
Dentists are reluctant to buy online because of unpleasant experiences by peers or that of their own. The apprehensions are primarily around post-sales services, returns, quality of products received, delivery time and expiry. Some other key deterrents include the challenges around online purchases, where there is no one to take responsibility for the products delivered, and the dentists wish for assistance during online purchase because time is crucial to them.

Dentists feel the need to manage their stocks using an inventory management software, but most solutions in the market are not staff-friendly. They are currently maintaining all records manually, and feel that an extra effort to train their staff to use an inventory management software is not worth it. However, some of them claimed that they would like to have full control over the stocks, but the amount of time required for this activity was not worth it.

8. Recommended To-Be Model

8.1 Good To Have Feature List For Website

Based on observations and secondary research, the team created a good to have feature list that would work best for an e-Commerce model.

**Expiry details displayed** - Most dentists proclaimed that products sold online were either expired or nearing expiration. This was one of the major reasons customers did not prefer online purchases. The display of expiry details of the products on the website ensures that the customers receive safe products well within their indicated shelf lives. In case of a customer complaint about the expiry date of the product, the seller can offer a replacement within 48 hours of the delivery date. This would maintain transparency and trust for the consumers.
Quick delivery option - Most dentists demanded products in a stipulated time frame to serve their patients. The delivery requirements varied from 3-4 hours for some doctors to a couple of weeks for others. All doctors expected the delivery date options to be displayed and met meticulously. A quick delivery option has a lot of advantages for a platform. It creates a competitive advantage, enhancing productivity, improving inventory management and establishing trust.

Credit option - Distributors and dealers offer various credit options to the customers rather than losing their key customers. A similar credit application can be made available on the website, and customers can make payments through a post-dated cheque, valid for a maximum of three months.

Product rating and reviews - Most dentists prefer to hear from their peers or colleagues about a new product or an already existing product in the market. User reviews are proven sales drivers. Dentists eliminate any doubts that potential customers may have about a product and also help with product selection using the larger peer base.

Social media links - Almost all dentists we interviewed had some sort of social media presence. By including social share and follow buttons on the website, we’re providing the opportunity for doctors to share their content and collaborate.

Order tracking - All dentists want accurate shipping information and tracking updates from their sellers, to make plans and arrangements for their patients. Order tracking lets them know that the platform is both dependable and trustworthy, both of which are crucial to customer retention.

Live chat - Live chat support to the help desk software in order to provide real-time answers to the dentists’ queries rather than having them leave their websites, results in more satisfied customers and improved conversion rates.
Mobile wallet payment option - Dentists are willing to use mobile wallets for payments because they are familiar with the local players via their purchase on some other e-Commerce websites.

Medical books & student kits – e-Books and student kits made available on the platform will increase the adoption with quick popularity through word of mouth. Dentists and other stakeholders can offer health-related information, which will proliferate the website’s visibility.

EMI – Most e-Commerce platforms have EMI scheme, mainly for high-value products. The EMI option will increase sales, as most dentists prefer paying monthly outgoes for high-value merchandise. Dentists were more interested in no-cost EMI finance scheme for purchasing expensive items online through EMIs, without incurring additional costs such as interest or processing fee.

Bulk enquiry/Call for customization - Other than the prices offered on the website, provision of special prices can be made for the orders that are in bulk. Individual orders customized for clinics can also be quoted a different price.

8.2 Inclusive Model Encouraging Coopetition

After gathering data from primary and secondary research, the team concluded that online business is seen as a competition by conventional distributors. In a large country like India, any manufacturer is dependent on these distributors for the last mile delivery, and so leaving the distributor out of the loop is not an option.
The to-be model needs to have distributors as partners. This will ensure on-time delivery and also reduce the need for working capital by the online platform owners. The to-be model suggests that all stakeholders should see online as a coopetition, where they can collaborate and compete at the same time for mutual benefits. Some of the features of the future model are:

• The dentists need to be segmented based on personality and the top two segments; edgy and established experimenters should be given pre-created login to make them try the platform
• The platform should have information about products and peer reviews
• The market place should display complete information about the products, including the expiry date, price and the expected delivery time
• Payment options should be multiple to replicate the offline model
• Dealers must deliver the products to build on their existing relationships with the clinics
This is just an overview of the stated situation, and LTI holds a more detailed solution to the problem. These results can be used by multiple industries across most B2B companies, which are transitioning toward B2B2C, with an aim to gain better visibility of their end customers. The top 3 industries that emerge as the best bets for our work include CPG, Pharma and Auto Ancillary.

References


IDA REPORT - Healthcare and Dental Industry in India

https://www.alliedmarketresearch.com/indian-dental-consumables-market
LTI (NSE: LTI, BSE: 540005) is a global technology consulting and digital solutions Company helping more than 300 clients succeed in a converging world. With operations in 30 countries, we go the extra mile for our clients and accelerate their digital transformation with LTI’s Mosaic platform enabling their mobile, social, analytics, IoT and cloud journeys. Founded in 1997 as a subsidiary of Larsen & Toubro Limited, our unique heritage gives us unrivaled real-world expertise to solve the most complex challenges of enterprises across all industries. Each day, our team of more than 26,000 LTItes enable our clients to improve the effectiveness of their business and technology operations, and deliver value to their customers, employees and shareholders. Find more at www.Lntinfotech.com or follow us at @LTI_Global