CUSTOMER RELATIONSHIP

Informal Customer Relationship Management in B2B Healthcare Distribution: Empirical Insights from a Small Medical Consumables Distributor in India

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Abstract

While there is a lot of academic research on the use of Customer Relationship Management (CRM) in the healthcare sector, this mostly focuses on the use of CRM in large enterprises such as hospitals and pharmaceutical companies. This research aims to provide some insights into how CRM is used in the distribution of medical consumables by small and medium-sized enterprises (SMEs) in the healthcare sector, in the context of the low level of digitization in B2B transactions in India. The study is based on structured field observations and thematic activity coding of 25 working days (five weeks) in a small medical consumables distributor in Navi Mumbai. Quantitative time-allocation analysis of the various activities of the company's marketing team showed that, while 32% of their time was spent on manual maintenance of the company's customer database (in the form of spreadsheets) and on hospital market research, only 12% of their time was spent on follow-up with customers. However, the latter activity was found to be the key driver of the company's account continuity. Competitor benchmarking of the various products distributed by the company showed that, as the company's products are identical to those distributed by its competitors, the company can only differentiate itself on the basis of its delivery reliability and the speed with which it can fulfill urgent orders. The study concludes with a zero-cost-to-low-cost phased roadmap for the company to transition from its current reactive spreadsheet-based CRM system to a more structured and formal CRM system.

Keywords: B2B Healthcare Marketing; Customer Relationship Management (CRM); Medical Consumables Distribution; SME Digitization; Relationship Marketing; India MedTech

1 Introduction

Healthcare distribution to hospitals, nursing homes and diagnostic centers, as well as to other end-users in the healthcare ecosystem, involves different business-to-business (B2B) marketing strategies than those used in consumer-oriented businesses. These are largely driven by the institutional logic of the customers, who are characterized by recurring clinical demand, requirements for supply continuity, and strict budgetary constraints. Within India's rapidly expanding healthcare ecosystem, small and medium-sized enterprise (SME) distributors act as the operational bridge between medical device manufacturers and institutional buyers, supplying high-turnover clinical consumables such as urinary catheters, drainage bags, and surgical dressings.

According to Mordor Intelligence (2026b), the medical devices market in India was valued at USD 17.86–18.30 billion in 2026 and is expected to grow to USD 26.65–31.76 billion by 2031 (Fortune

Business Insights, 2026). Hospitals generate nearly two-thirds of national demand (IBEF, 2026), while 70–80% of medical devices by value remain import-dependent, concentrating commercial margins and value-add in downstream distribution, inventory availability, and account servicing rather than domestic manufacturing (InsightRx, 2026).

The vast majority of existing healthcare CRM research focuses on large hospital chains and multinational pharmaceutical companies, and on the use of advanced technologies such as artificial intelligence (AI) and omnichannel automation in such organizations (Grand View Research, 2026). Little research has been conducted into the practice of customer relationship management in small and medium-sized enterprise (SME) healthcare distributors, particularly in low-digitization B2B environments. This study addresses three main research questions: 1) How are customer records and workflows for relationship building with customers organized in a small Indian medical consumables distributor? 2) What is the distribution of time spent on different marketing activities (operational, analytical, and relational) in the distributor's daily work? 3) What are the main drivers of hospitals' purchasing decisions for routine medical consumables, and how do distributors compete on these drivers?

2 Literature review and conceptual framework

2.1 Relationship marketing and SME CRM adoption

As mentioned before, the goal of relationship marketing is to build, maintain and enhance the relationships with customers in order to reach a long-term goal of both parties (Berry, 1983; Grönroos, 1994). Dwyer et al. (1987) describe the process of B2B relationships through the different stages of the relationship's life cycle: awareness, exploration, expansion and commitment. The mediating variables that help to create a cooperative relationship between the partners are mutual trust and commitment (Morgan and Hunt, 1994). The relationship can also be considered from the perspective of retention economics. Reichheld and Sasser (1990) and Gupta et al. (2004) found that even a small reduction in the customer defection rate can lead to a significant increase in the Customer Lifetime Value (CLV). For a distributor of medical consumables the customers are hospitals, and they are expected to reorder products on a monthly basis.

The use of CRM software to support relationship marketing strategies can be designed to support the development of a company's relationship marketing strategy, the creation of value for customers, the integration of multiple channels of customer contact, and the management of customer information (Payne and Frow, 2005). This is supported by Buttle (2009) who identifies four different types of CRM: strategic, operational, analytical, and collaborative, with software being a tool to support the various types of CRM. In the context of SMEs, however, there are many resource, technical, and scale-related constraints to the adoption of electronic CRM (e-CRM) (Harrigan et al., 2008). As a result, many SMEs use a hybrid of manual record-keeping and e-CRM.

2.2 Institutional buying behaviour and channel differentiation

Organisational buying has been typically modelled through the multi-stakeholder 'buying center' (Webster and Wind, 1972) in hospital settings (Boulding and Hinrichs-Krapels, 2021; TargetNXT, 2026). This model, however, is more applicable to the evaluation of high value capital equipment than to the evaluation of routine medical consumables, which are typically purchased by hospital stores

and procurement officers on the basis of factors such as supply continuity, unit price and vendor responsiveness.

Channel performance in distribution channels is affected by the information and product flows between the firms in the channel (Coughlan et al., 2006; Anderson and Narus, 1990). Trust between the firms in the channel is also very important for channel performance. As mentioned before, when the products of the different suppliers are identical, the vendors can achieve 'key supplier' status by offering service support and by delivering the products in a timely and reliable manner (Ulaga and Eggert, 2006). However, the return on investment of relationship marketing is context-dependent (Palmatier et al., 2006), and in many cases multi-sourcing is used to balance unit-cost savings against supply-disruption risk (Burke et al., 2007; Costantino and Pellegrino, 2010).

Table 1. Macro-market context for B2B healthcare CRM and Indian medical devices.

Market Indicator	Reported Benchmark	Industry Source
Global Healthcare CRM Market (2025)	~USD 21.0 billion	Grand View Research (2026); Mordor Intelligence (2026a)
Projected Global CRM Growth (2026–2033)	6.2% – 12.3% CAGR (reaching USD 35–41B)	Grand View Research (2026); Mordor Intelligence (2026a)
India Medical Devices Market (2026)	USD 17.86 – 18.30 billion	Fortune Business Insights (2026); Mordor Intelligence (2026b)
India Medical Devices Projection (2031)	USD 26.65 – 31.76 billion (7.8%–12.2% CAGR)	Mordor Intelligence (2026b); Fortune Business Insights (2026)
Hospital Share of Indian Demand	~65% (approx. two-thirds)	IBEF (2026); Mordor Intelligence (2026b)
India Import Dependence (by Value)	70% – 80% (value concentrated in distribution)	InsightRx (2026)

3 Research methodology

The study was designed as an exploratory qualitative-quantitative mixed observational study, conducted over a period of 5 weeks (25 working days, 40 hours per week) from June 15 to July 20, 2026. The study was conducted in the marketing and account management function of a small proprietor-owned medical consumables distributor in Kharghar, Navi Mumbai, India, serving hospitals in the Mumbai Metropolitan Region (MMR).

The study used three data sources to triangulate the findings: 1) a structured 25-day field activity log documenting daily marketing activities, interactions with hospitals and other stakeholders, and other routine operational activities; 2) direct observation of the distributor's customer database in the form of spreadsheets, as well as competitor price/service comparisons; and 3) semi-structured field interactions with the distributor's proprietor and staff members involved in marketing and account management, focusing on the distributor's efforts to retain customers and manage customer relationships. To provide an objective empirical breakdown of the distributor's daily marketing activities, the 25-day log entries were systematically coded into eight mutually exclusive functional themes and analyzed both by frequency and across the weeks of the study. The names of the distributor's hospital clients and the proprietary pricing information for the products distributed by the distributor were anonymized for analysis.

4 Empirical findings and analysis

4.1 Quantitative allocation of day-to-day marketing effort

As can be seen in Table 2 and Figure 1, nearly 32% of the total working time of the distributor's marketing staff (8 out of 25 days) was spent on Customer Database Management and Market Research. This included activities such as identifying hospitals in the region, verifying contact details of the purchasing managers, and updating the order history of the customers in the distributor's database.

Table 2. Thematic classification of marketing activities across 25 working days.

Functional Activity Theme	Days Logged	Share (%)	Primary Operational Scope
Customer Database & Market Research	8	32%	Hospital identification, contact verification, Excel record updates
Review & Consolidation	4	16%	Weekly performance synthesis, documentation audit, reporting
Product Knowledge	3	12%	Clinical specifications of urinary catheters and drainage systems
Relationship & Follow-Up	3	12%	Post-delivery check-ins, reorder calls, satisfaction tracking
Competitor Analysis	2	8%	Informal benchmarking of rival distributor pricing and stock
Distribution & Delivery	2	8%	Inventory availability checks and hospital store dispatch timing
Purchasing Behaviour & Pricing	2	8%	Assessment of hospital reorder cycles and unit-price sensitivity
Orientation & Onboarding	1	4%	Organizational structure, regulatory scope, and workflow induction
Total Observation Period	**25**	**100%**	Five-week full-time commercial field immersion

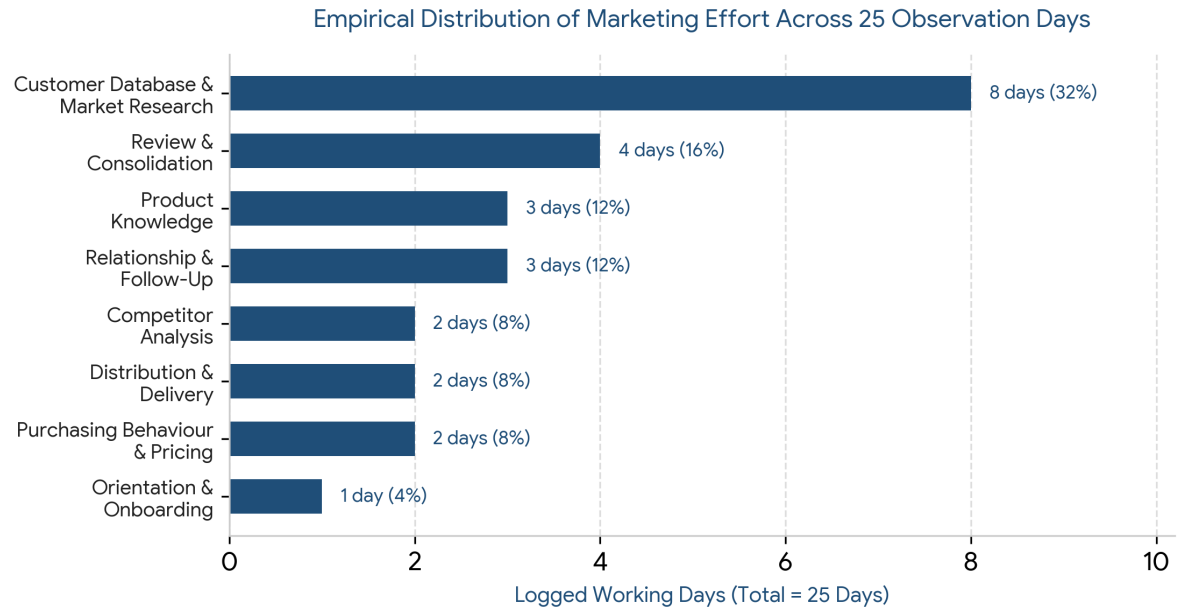

Figure 1. Proportional allocation of logged working days across marketing functions (n = 25 days).

An interesting finding was that the time spent on Direct Relationship and Follow-Up activities was only 12% of the total time (3 days) but contributed most to the distributor's success. Reorder check-ins with the hospital's purchasing department and post-delivery follow-ups with the hospital's stores department were found to be the key drivers of the distributor's account continuity. Database management took up the largest portion of the distributor's time (32% of total time) but was largely used to fix mistakes in the customer records that were maintained in the flat spreadsheets, such as duplicate hospital entries, changed contact phone numbers of hospital store personnel, and order frequency inconsistencies.

4.2 Informal CRM architecture and data hygiene bottlenecks

The active client portfolio of the distributor consists almost entirely of institutional buyers such as multi-specialty hospitals and nursing homes. This is in contrast to the global trend of AI-enabled CRM automation (Grand View Research, 2026) and is managed entirely through manual Excel spreadsheets and direct telephone interactions by the proprietor and a small support staff.

An audit of the distributor's spreadsheet customer database (comprising hospital name, territory, primary buyer contact, product mix, last order date, and free-text follow-up notes) revealed three key areas of operational weakness. These were: (a) duplicate account entries resulting from the distributor's use of inconsistent hospital names; (b) out of date contact details for hospital store personnel, resulting from the frequent rotation of roles; and (c) the lack of any automated reminder system for account managers to follow up with customers where there has been a significant decline in the order frequency on established accounts over a period of time, such as one or two monthly billing cycles.

4.3 Competitive dynamics and hospital purchasing behaviour

Observations of hospital procurement interactions and informal competitor benchmarking (8% of logged time) were also conducted during the study. This revealed that routine clinical consumables follow a very different buying process to that of capital medical equipment, which can take several

months to go through the Value Analysis Committee (VAC) (Boulding and Hinrichs-Krapels, 2021). Instead, monthly reorders of catheters and drainage bags are managed by the hospital store managers and purchasing officers, who look for unit price, stock continuity, and delivery times from suppliers.

Table 3. Competitive differentiation dimensions in regional consumables distribution.

Competitive Dimension	Challenger / New Entrant Pattern	Incumbent SME Distributor Advantage
Unit Pricing	Aggressively quotes lower unit prices to win initial trial orders.	Maintains standard market pricing; avoids margin-eroding price wars.
Product Catalogue	Identical CDSCO-approved brands sourced from the same manufacturers.	Zero product exclusivity; core clinical specifications are commoditized.
Delivery Reliability	Unproven fulfillment track record during peak hospital demand.	Consistent, on-schedule delivery directly to hospital stores builds trust.
Urgent / After-Sales Support	Limited operational flexibility for unscheduled emergency dispatches.	Proven ability to fulfill urgent, short-notice hospital stockouts.
Market Positioning	Transactional, price-led market entry strategy.	Relational positioning anchored in continuity, familiarity, and dependability.

As can be seen from Table 3, most of the distributors of medical consumables source their products from the same upstream manufacturers of standardized consumables. Thus, the products themselves offer virtually no competitive advantage to the distributors. Newer market entrants to the hospital account are usually able to gain a foothold on the account by offering the hospital a lower unit price on the consumables that they are selling. However, the incumbent distributors are able to use their relational equity with the hospital as well as their documented reliability in fulfilling the hospital's urgent and unscheduled reorders for the consumables that they sell in order to retain the account. While the strong relationship with the hospital can delay the customer's defection, there is a limit to the relationship's elasticity when there is a significant price differential between the incumbent distributor's and the competitor's products. In such a scenario, the hospital buyer would typically choose to have dual sources of the same consumable product instead of being single sourced by the incumbent distributor.

5 Discussion and practical implications

The study has also helped to bridge the gap between large-enterprise CRM literature and ground-level SME practice in emerging markets. On the one hand, the study's findings validate the commitment–trust theory of Morgan and Hunt (1994) and the service-differentiation model of Ulaga and Eggert (2006) for the Indian healthcare distribution market, in which relationship marketing is practiced through the delivery of dependable logistics and through the personal responsiveness of the distributor's staff to the needs of the hospital. On the other hand, the study's findings on the behavior of price-sensitive hospitals with respect to consumable products (which are split between the incumbent distributor and the lower-priced competitor) are consistent with the multi-sourcing risk-management theory (Burke et al., 2007; Costantino and Pellegrino, 2010), which posits that buyers manage the risk of default by the vendor by balancing the unit-cost savings that the vendor can offer against the risk of the vendor's failure to deliver the products on time.

The single largest inefficiency identified in the distributor's daily operations is the 32% of time spent on the manual maintenance of the customer database. Instead of suggesting the distributor purchase

expensive enterprise CRM software that is likely to be too complex for a proprietor-run organization (Harrigan et al., 2008), a three-phase modernization plan is proposed in Table 4 that can be executed by the distributor in order to reclaim much of the time currently lost to the maintenance of the customer database and to invest it in more productive activities.

Table 4. Phased CRM modernization roadmap for SME healthcare distributors.

Implementation Phase	Timeline	Core Managerial Actions	Expected Operational Impact
Phase 1: Spreadsheet Hygiene & Routine Cadence	0 – 3 Months (Zero Cost)	Enforce standardized hospital naming, mandatory buyer fields, and automated conditional formatting for 30-day order inactivity; institute scripted 48-hour post-delivery check-in calls.	Eliminates duplicate data cleanup and detects order volume slippage early.
Phase 2: Lightweight CRM & Delivery Tracking	3 – 9 Months (Low Cost)	Migrate cleaned records to an entry-level cloud CRM with automated follow-up reminders; maintain a promised-vs.-actual delivery log as a quantifiable service metric.	Reclaims ~15–20% of staff hours spent on manual database administration.
Phase 3: Account Tiering & Price-Defense Playbook	9 – 18 Months (Strategic)	Segment hospital accounts by annual order value (ABC tiering); establish selective volume-rebate thresholds for top-tier accounts facing aggressive price-cutting rivals.	Protects Customer Lifetime Value (CLV) without across-the-board margin erosion.

6 Conclusion, limitations and future research

In summary, the study demonstrates that Customer Relationship Management is practiced in India's SME medical consumables distribution sector but in a very informal manner. Small distributors of medical consumables, operating without the help of specialized CRM software, maintain accounts with hospitals on the basis of manual database management, regular follow-up calls with customers, and on the basis of the delivery of products to the hospital's stores on time. While these are strong relationship marketing aspects of the distributor's business and provide a buffer against the entry of price-cutting competitors in a commoditized product market, the time that the distributor's staff loses to the maintenance of the customer database in the form of unstructured spreadsheets is a significant constraint on the distributor's ability to proactively manage accounts in order to increase sales.

The study has two methodological limitations. First, the data on the distributor's daily operations are based on a single regional distributor's operations over a five-week (25-day) period. Thus, the study's findings may not be generalizable to other distributors of medical consumables in other geographic regions of the country. Second, the data on the hospital's procurement of medical consumables were inferred from the distributor's interactions with the hospital and not from the hospital's procurement managers. Future studies could use multi-firm comparative surveys of the operations of distributors of medical consumables in different metropolitan and Tier-2 healthcare markets in India, and collect the data on the hospital's procurement of medical consumables from the hospital's procurement managers in order to quantify the price-versus-reliability trade-off threshold of the hospital's procurement managers for the medical consumables that they buy.

Declarations

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Ethics and Confidentiality: All field observations were conducted with the permission of the host organization. All names of the institutional clients and the proprietary pricing of the products distributed by the distributor were anonymized prior to analysis.

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