

PCL 311 – PHARMACY MANAGEMENT

PHARMACEUTICAL MARKETING

The definition that many marketers learn as they start out in the industry is that marketing involves; *putting the right product in the right place, at the right price, at the right time.*

It's simple! You just need to create a product that a particular group of people want, put it on sale some place that those same people visit regularly, and price it at a level which matches the value they feel they get out of it; and do all that at a time they want to buy. Then you've got it made!

Marketing is a general term used to describe all the steps that lead to final sales. It is the process of planning and executing pricing, promotion and distribution to satisfy individual and organizational needs.

From this definition it is easy to see that marketing is more than just the process of selling a product or service. Marketing is an essential part of business, and without marketing, even the best products and services fail.

Companies constantly fail because they do not know what is happening in the marketplace and as a result, they are not fully meeting their customer's needs. They mistakenly believe that with the proper amount of advertising, customers will buy whatever they are offered.

Marketing consists of making decisions on the four P's:

- Product
- Place/Distribution
- Promotion
- Pricing

Before a business owner can make decisions on the four P's, he/she must devise a plan. A plan provides a business with guidance on making decisions. This type of plan is a **six stage process** that is commonly referred to as strategic marketing; a strategic marketing plan is an important part of a business plan.

Stage 1: The Mission Statement

Stage 2: Overall Company Objectives

Stage 3: Competitive Strategies

Stage 4: Marketing Objectives

Stage 5: Marketing Strategies

Stage 6: Marketing Programs

Stage 1: The Mission Statement

The first stage in strategic marketing is the development of a mission statement. A mission statement is a brief description of a company, generally no more than a few lines, that describes where the company is and where it wants to go.

Stage 2: Overall Company Objectives

Once a mission statement has been created, the company can develop objectives. Objectives are specific goals to be achieved by the business. They are plans that will help a company move toward the mission statement. A business normally creates both one- and three-year objectives. **Examples of company objectives are:**

- To earn at least 20% after-tax rate of return on our net investment during this year
- To make our products the best selling pharmaceuticals in terms of units sold in Yenagoa

Stage 3: Competitive Strategies

Once a company has determined objectives a **competitive strategy** can be developed. A competitive strategy is developed so that a company can create advantages over the competition.

Examples of creating a competitive strategy include:

- offering buyers a standard product at a lower price; or
- making the product different from the competition on attributes considered important to the customer.

Stage 4: Marketing Objectives

Marketing objectives can only be developed after stages one through three have been completed. Marketing objectives are designed to help a company attain overall objectives.

The five basic marketing objectives are:

- to achieve a viable level of sales or market share
- to increase market share
- to maintain market share
- to maximize cash flow
- to sustain profitability

Stage 5: Marketing Strategies

Marketing strategies outline exactly how marketing objectives will be achieved. For example, if the marketing objective is to increase market share, the marketing strategy states exactly how the market share increase will occur. A marketing strategy is a way to give marketing orientation to a business by deciding to position a product or service in terms of buyer needs and wants. Inexperienced business people often make decisions based on what they like or want, leaving the customer out of the picture.

A marketing orientation brings the customer into the center of the picture.

The marketing objectives for profits, cash flow and market share can be achieved by increasing the number of users, increasing the rate of purchase, retaining existing customers or acquiring new customers.

Stage 6: Marketing Programs

Marketing programs are the detailed approaches to the four P's. (products, place, promotion and pricing).

The approach for making decisions for each of the four P's should closely follow the mission statement, company objectives, competitive strategies, marketing objectives and marketing strategies.

MARKETING MIX

"Marketing mix" is a general phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market. The 4 Ps is one way – probably the best-known way – of defining the marketing mix, and was first expressed in 1960 by E J McCarthy.

The 4Ps are:

- Product (or Service)
- Place/Distribution
- Price
- Promotion

To understand the 4 Ps, series of questions are to be asked in order to clearly define the marketing mix. The followings are some questions that will help in understanding and defining each of the four elements:

Product/Service

- What does the customer want from the product/service? What needs does it satisfy?

- What features does it have to meet these needs?
 - Are there any features you've missed out?
 - Are you including costly features that the customer won't actually use?
- How and where will the customer use it?
- What does it look like? How will customers experience it?
- What size(s), color(s), and so on, should it be?
- What is it to be called?
- How is it branded?
- How is it differentiated versus your competitors?
- What is the most it can cost to provide, and still be sold sufficiently profitably? (See also Price, below).

Place

- Where do buyers look for your product or service?
- If they look in a store, what kind? A specialist boutique or in a supermarket, or both? Or online? Or direct, via a catalogue?
- How can you access the right distribution channels?
- Do you need to use a sales force (e.g. medical reps)? Or attend trade fairs? Or make online submissions? Or send samples to hospitals, community pharmacies etc?
- What do your competitors do, and how can you learn from that and/or differentiate?

Price

- What is the value of the product or service to the buyer?
- Are there established price points for products or services in this area?
- Is the customer price sensitive? Will a small decrease in price gain you extra market share? Or will a small increase be indiscernible, and so gain you extra profit margin?
- What discounts should be offered to trade customers, or to other specific segments of your market?
- How will your price compare with your competitors?

Promotion

- Where and when can you get across your marketing messages to your target market?
- Will you reach your audience by advertising in the press, or on TV, or radio, or on billboards? By using direct marketing mailshot? Through PR? On the Internet?
- When is the best time to promote? Is there seasonality in the market? Are there any wider environmental issues that suggest or dictate the timing of your market launch, or the timing of subsequent promotions?
- How do your competitors do their promotions? And how does that influence your choice of promotional activity?

PRODUCT PROMOTION

Promotion includes all activities designed to inform, persuade and influence people when they are making the decision to buy. Promotion is made up of: *Advertising, publicity and sales promotion.*

Advertising

The act of informing the public about a product or a service in order to encourage people to buy or to use it. It is a non-personal communication transmitted through mass media such as: Newspaper, Radio, Magazine, Television, Outdoor advertising, Direct mail etc.

Media rates apply in advertising.

Publicity

Publicity provides free advertising for the producer through news stories in newsletters, newspapers, magazines and television. Publicity can be attained by sending a media release to radio, television, newspaper and magazine offices. A media release is a one-page letter identifying a newsworthy event and outlining the who, what, when, where and why of the story. A media release is appropriate to announce the start-up of a new business, introduction of a new product, or any other success story related to the company. The media will publish or announce the story as a news item and, consequently, there is no expense for the processor. Publicity is one of the most effective and least costly means of advertising.

Sales promotion

This involves all forms of communication not found in advertising and personal selling, including direct mail, coupons, volume discounts, sampling, rebates, demonstrations, exhibits, sweepstakes, trade allowances, samples and point-of purchase displays.

**PRESENTING THE PRODUCT(S) TO THE CUNSUMERS
THE SALES FORCE.....**