

Johnson and Johnson Pharmaceuticals Marketing a New Product 'Ceftobiprole'

Name:

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Introduction

The process of launching a new product usually needs a careful consideration. Where the market is saturated, the product needs not only be up to scratch but the other elements of the business must be able to cope too. Whenever a company is introducing a new product to the market, it ought to understand well the market so that the product may succeed. Johnson and Johnson company is planning to introduce a new product Cefotaxime to the market and thus need to have a good marketing strategy in order to survive in the already saturated market. The process of launching a new product usually needs a careful consideration. The paper analyses the marketing strategies to be used by the company in introducing the new product to the market in terms of segmentation, differentiation and pricing.

Company profile

Johnson and Johnson is a US based multinational company that deals with the production of pharmaceuticals and health care products founded in the year 1886 by the three Johnson brothers Robert, James and Edward (Johnson & Johnson, 2013). It is headquartered in Raritan, New Jersey with branches in Asia, United States and Europe. The corporation has over 250 subsidiary companies which operate in over 60 countries globally. Its products are sold in over 170 countries with the company having achieved \$70 billion sales globally in 2015.

The company's brands include the household names of first aid suppliers and medications like band-aid brand line of bandages which are consumer products. The company has enjoyed tremendous growth over the years becoming one of the largest producers of household pharmaceuticals in the world. The company partnered with another pharmaceutical company

from Switzerland to introduce a new product 'Ceftobiprole' and the paper is going to analyze how to market the product for it to succeed. The product will target the rise in antibiotic resistance in hospital settings which has spread into nursing homes. It also targets people with low immune systems in outpatient and community settings.

Ceftobiprole is a broad spectrum product that exhibit high activity on gram positive and gram negative MRSA which show resistance to antibiotics such as vancomycin. It has been a problem that manifests itself in people with low immunity, cases associated with HIV & AIDS patients and the elderly. It also treats *pseudomonas* infections.

Description of the market for the product

The product shall be unveiled in hospitals, nursing homes and communities in the treatment of life threatening skin infections in the elderly and people with depressed immunity. It has a high curable rate on pneumonia and diabetic foot infections compared to other products such as vancomycin and tygacil. This product shall face competition with other drugs that act on gram negative bacteria such as *Escherichia coli* and *Klebsiella* species. These drugs include Amikacin, Neomycin, Streptomycin and Gentamicin amongst others. Ceftobiprole shall also be in competition with Ertapenem, Doripenem and meropenem targeting *pseudomonas* infections. Other first generation products include cefadroxil, cefazolin and cephalexin acting on skin and soft tissue infections.). Additionally, it shall be face competition with the trade mark vancomycin which has been the last line of defense in the war against skin infections.

Creating awareness for the new product

Creating awareness is very important for the success of Johnson and Johnson Family Company. The company should make use of different communication strategies such as

advertising, public relations, personal selling and sales promotions (Yeboah, 2013). When developing any communication strategy such as advert, the company should consider how it will define the brand. The services have to be positioned in the minds of the consumers.

The company has to try and match the product with the message being passed by the marketing team. This will help the company to satisfy the needs of their consumers. It has to strive to create relationships with its customers so as to ensure that they understand and satisfy their needs.

Marketing strategies for the new product

Johnson and Johnson company's marketing strategy has been based on its mission to establish itself as the leading provider of pharmaceutical products for different households/people in the society while maintaining its principles. The principles have been essential in guiding the company decision making and the marketing decision are made based on these principles. Some of these principles include providing a great work environment and embracing diversity.

Therefore, the corporation must establish a goal for the product launch on the domestic and international markets to enhance on the knowledge of the outcomes that one intend to achieve. By meeting these objectives it will usually involve the ways to build a product awareness path and the demand in the market situation which will lead to equitable sales.

When the organization is set to attain the goals on the product launch, the marketing team must be set to outline on the marketing strategies which will put the product on the action of the person buyer's considerations. The organization should note that these plans are in dovetail with

the overall marketing plans and the marketing team is responsible for the building of the sales tools on the new marketing features.

Branding and idea context for Johnson and Johnson Company in introducing the new product

SWOT analysis

SWOT analysis will be useful in the generation of the product's strategic situation. Strengths and weaknesses will include skills, expertise and the technological use, resources and the potential advantage. Opportunities and threats rests on the company's external environment.

Strengths

Company reputation: Johnson and Johnson corporation has successfully created awareness and thus will stir up the consumer interest in pharmaceuticals while preserving brand dominance at the same time. It has focused on consistently delivering positive experiences of the consumers' as an 'experience' rather than being a mere pharmaceutical company. The company mission and its branding have been good as they create awareness about the company.

Unique strategy: The ability to capture the unique locations and open stores that are close to one another represents a unique strategy for the company. Their implication is that franchises that do not meet the strategy will be closed down. The profitable stores that make high sales, and retain the customers are the ones that survive.

Motivated employees: The company to a greater extent depends on the employees who have the attitude to serve and the ability to make customers come back. The company promotes

an environment where team work and collaboration is encouraged. Through the exceptional services of the front office personnel, the company's customers will enjoy coming back.

Weaknesses

Aggressive expansion: the company has aggressively expanded its roots by opening up more branches. This might negatively impact on the image of the company as this might lead to the closure of local businesses.

Opportunities

Expansion into new markets: The Company has opened a number of branches worldwide. It currently plans to move to other markets and thus increasing profitability. Countries are currently embracing on opening doors for foreign companies rather than protectionism. This fact is thus favorable for the company's expansion strategy and thus would increase the market for its new pharmaceutical product.

Threats

The pharmaceutical market will grow and survive in favor of the customers. Whether another type of pharmaceutical will arise in future to offer direct substitutes of its products is a threat to the company's profitability. The company is also exposed to rising cost of operations and will reduce the company's profitability over the future. The business is flooded by many competitors who offer similar products. In order to survive this competition, the company will heavily rely on differentiating its products.

Market Segmenting and branding

Market segmentation involves a division of the broad market target into a subset of identifiable consumers with common needs through designing and making an implementation of strategies that targets their needs and the desires by use of media channels that best allow reaching them. Market segmentation involves taking the total heterogeneous market for a particular product and by dividing it into several market segments in which each submarket tends to be full in its significant aspects (Kotler and Armstrong, 2006). Segmentation will be crucial in evaluating the target customers. A number of criteria will guide the segmentation of this new product. A number of questions will have to be answered; the viability of the segment, accessibility of the segment and finally, the segment's ability to be measured.

The company needs to provide the right packaging for the different customer segments. The containers or bottles that are used need to be designed in such a way that they are portable and able to appeal to the targeted customers. Products that are meant of young female college students also need to be provided with the right flavor that meets their needs. The products should have the impression that the company cares about its customers. With market segmentation, the product will be able to; increase marketing effectiveness, yield greater customer satisfaction, yield more savings and help identify strategic niches and opportunities. The company will use its existing subsidiaries both in America and outside in addition to opening new outlets in places where it can find consumers who are of average income.

Mission and Target

The company's mission has been to be the leading provider of pharmaceutical products for different households/people in the society. The company intends to increase its revenues by at least 25 percent in the next three years every year. It also intends to expand its products and introduce the products in different geographical market

Having defined its market segment, the company will make a decision on the number of customer groups that it intends to target. It is process that aims at evaluating the attractiveness of each market segment and selecting the market segment to venture into (Kotler and Armstrong, 2006). Johnson and Johnson company ought to focus on the segments which can generate new profits and customer value and sustain it over time. The company will develop a successful relationship with its customers. It will first target the educated segment then once it proves successful, then it can diversify into more segments.

Positioning

Having decided on the market to venture into, the company will then decide on the position it will occupy in the segment identified. Positioning is the process of making an arrangement for the product to occupy a distinctive, clear and a desirable place in relation to the competitor products in the perspectives of the customers. Johnson and Johnson Company will develop a unique market position for its new product (Tielmann, 2010). The company will plan its positioning in a manner that it will distinguish its products from the competing brands and thus giving it a strategic advantage in the market. It will come up with a single statement that will inspire and nature the human spirit.

Differentiation Strategy

Differentiation strategy refers to a business ability to leverage its skills and resources in order to make its products different from those of its competitors. The company will employ cost leadership strategy by lowering prices as compared to those of its competitors. The company has defined its products based on the important attributes of the customers and they are design to

meet their expectations. It has distinguished itself from the other competitors through providing superior quality products that competitors' products are unable to match.

This product is unique based on its ability to handle a broad spectrum of gram positive and gram negative bacteria, research on its efficacy indicated that it is superior to other products. It is the first line treatment for severe multi-drug resistant bacteria including the MRSA referred to as the *superbug*. Comparing to other products, one would require two or more antimicrobials to achieve what Ceftobriprole can do, it has a high half life compared to other cephalosporins and can be administered twice daily for some infections.

Pricing strategy

Johnson and Johnson corporation has a large market share for its product ranges. Pricing is very critical for determining its success. It has been facing competitive pressure from other pharmaceutical companies like Basilea from Switzerland.

There are different strategies that can be employed to market a new mobile product. However, penetration pricing and skimming pricing are more appropriate when introducing a new product on the market

Penetration Pricing

This is pricing strategy that has been used by many companies when introducing their products and services on the market. As such, it can also be employed when introducing the new mobile. This is a strategy that entails setting low price for a new product usually lower than the intended manufacturing price to ensure the company is able to attract new customers. The main aim is to ensure customers are attracted to the new product as a result of its low price. This is a

pricing strategy that is normally applied to increase market share as well as sales volume.

Pros and Cons

The strategy can lead to a company reporting low profits as compared to if it had set higher prices. This is because the company is forced to use lower price as compared to those applied by competitors (Smith, 2012).

However, the strategy also has its benefits that can be enjoyed by the company in the long run. For instance, the company stands to realize higher profits in the future. This can be attributed to the fact that it will have more market share as compared to its competitors.

Price Skimming

This is a pricing strategy that is normally applied by companies that enter markets that have not been exploited by their competitors. As such, it entails setting high prices before competitors enter a particular market. Companies that apply this strategy ensure that their products or service is differentiated or no other competitor can be able to match it (Ng, 2008). This is also a pricing strategy that can be applied by the company.

Pros and Cons

This strategy has its advantages as well as its disadvantages. One disadvantage of the strategy is that it does not last for long. This is because competitors do not take long before entering such a market and when they do; the mobile manufacturing company will need to reduce the price. Distribution of such a product can also be problematic as retailers might ask for higher margins before they can stock the product (Ng, 2008).

One major advantage of the strategy is that the company will get to enjoy high profits for the new product before competitors enter the market.

Recommended Strategy

The best strategy for the company is the first one. The company needs to employ penetration pricing strategy. The pharmaceutical market is saturated with different products with little product differentiation. With this being the case, the company will have to introduce the product at low price to be able to attract more customers. The company may at first have to report low profits. However, it stands to benefit even more in the future as its sales increase. Additionally, the second strategy is not suitable to the company considering the fact that there are already competitors on the market that are offering alternative products to its pharmaceutical product.

As such, it is best if it works on attracting customers through low pricing. The company provides high quality services. In order to gain the market share faster, the company needs to adopt a penetrative pricing strategy. It should charge relatively lower prices so that it may gain market share (Avlonitis & Papastathopoulou, 2006). Once it has established its market presence and gained the confidence of the clients, the company should adopt premium pricing. The prices will need to reflect higher quality of the services that are being provided by the organization.

Conclusion

The paper has given an overview of what the corporation intends to apply in differentiating its new product with those of its competitors. The marketing plan is developed to reach these sets of audience or market groups and help in address their needs. The different sets of customers will be able to make proper decisions concerning the company products.

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