EFFECTIVE MARKETING OF PHARMACEUTICAL PRODUCTS IN NIGERIA; A CASE STUDY OF SMITHKLINE BEECHAM NIGERIA PLC

BY

INUSA BELLO

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EFFECTIVE MARKETING OF PHARMACEUTICAL PRODUCTS;

A CASE STUDY OF SMITHKLINE BEECHAM NIGERIA PLC

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INUSA BELLO

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JULY 1998

DECLARATION

I, INUSA BELLO hereby declare that the project has been written by me, it is a record of my own research work.

It has not been previously presented in any application for a Higher Degree.

INUSA BELLO		240599
NAME OF STUDENT	SIGNATURE	DATE

The above declaration is confirmed.

A. B. AKDAN		25/5/99
NAME OF SUPERVISOR	SIGNATURE	DATE

CERTIFICATION

This project work titled "Effective Marketing of PHARMACEUTICAL Products in Nigeria; A Case Study of Smithkline Beecham Nigeria Plc. by Inusa Bello meets the regulations governing the award of the Degree of Masters in Business Administration (MBA) of Ahmadu Bello University, and is approved for its contribution to knowledge and literacy presentation.

A. B. AKPAN .....
Name and Signature of Supervisor

25/5/99
Date

.....
Name and Signature of External Supervisor

.....
Date



.....
Name and Signature of Head of Department

9/8/00
Date

.....
Name and Signature of Dean Of Post-Graduate School

22/11/00
Date

DEDICATION

This work is dedicated to: .

Almighty Allah - For this grace and everything I have achieved in life.

My parents - Alhaji Bello & Hajia Fatima Bello.

My first son - Umar Farouk.

ABSTRACT

This study, effective marketing of pharmaceutical product in Nigeria; a case study of SmithKline Beecham Nigeria Plc. was designed to find out ways of effective marketing pharmaceutical related products in Nigeria.

Data for this study were collected by the survey method. The method made use of both primary and secondary sources of information. Key personnel of the company under study were interviewed while questionnaires were administered to key channel members.

The study revealed the existence of a range of product areas such as, Anti-infective, Gastrointestinal, Vaccines, Analgesics, Nutritional Healthdrinks and Oral Health care products. The best selling brands were identified as Ampiclox, Amoxil, Augmentin, Engerix B, Zentel and Halfan. These are also referred to as ethical products. Others classified broadly as consumer healthcare products are Panadol, Phensic, Cafenol, Ribena and Lucozade.

The company experiences problems in the areas of Human Resources, Marketing Technical, Consumer and Pharmaceutical Sales Departments. To this end, various recommendations were put forward to overcome the challenges identified. Implementing them will enhance Smithkline Beecham's effectiveness in marketing its pharmaceutical brands.

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CHAPTER ONE

1.1 INTRODUCTION

Marketing has been consistently acclaimed to be the heart of any business. "It is the process that pulls together organizational variables... manufacturing, physical distribution, promotions and price[1]. In marketing pharmaceuticals certain element of the marketing mix becomes more critical than others. Prominent among these is the selling function. The importance of selling is further seen in the fact that "despite the importance of advertising and sales promotion in disseminating information and stimulating interest in the products and services, there are many circumstances where personal selling contact is necessary to effect a sale[2]. The explanation lies in the fact that "most advertising are generalized, and so cannot answer all the customer's information needs; it can not elaborate upon specific points perceived as significant by the individual, nor can it resolve doubts as to suitability in a particular contex[3].

Selling is regarded as a universal human occupation. Almost everyone lives by selling something [4]. To say the obvious, selling has come to play a very important role in ensuring that goods and services move into the hands of customers [5]

Rosenberg [6] refers to personal selling as the use of speech and personal conviction to bring about some action on the part of another. In selling pharmaceutical products, such actions include getting prospects to place

orders or getting commitments from them. One thing worthy of note is that selling pharmaceutical products is quite different from selling other products or services. In the pharmaceutical industry, the word "detailing" (presenting products in detail) rather than "selling" takes a center stage. In fact, the uniqueness of pharmaceutical selling is seen in the above semantic differential.

At this point, one may ask the obvious. What makes selling pharmaceutical different? The answer is simple but important. To start with, pharmaceutical selling involves products which can mean the difference between good and bad health, and in some cases between life and death to patients. Pharmaceutical selling demands a high degree of professionalism and knowledge from the pharmaceutical sales representatives. Such professionalism and knowledge are not required for selling other products. Pharmaceutical sales representatives face extraordinary competition. There are virtually dozens of pharmaceutical companies in Nigeria. Most of them have representatives operating in any given territory and many of those representatives will be detailing products in direct competition to others. This requires that the sales representatives must be equipped with the right knowledge, skills and attitude necessary for effective marketing of their products.

This study will therefore identify areas of knowledge, skills, attitude that can provide for effective marketing in the pharmaceutical industry. The study also seeks to isolate other related practices that can contribute to effective and efficient selling of pharmaceuticals.

1.2 STATEMENT OF THE PROBLEM

Several years ago, the average Nigerian salesman was seen as "a fast-talking backslapping city slicker. He was considered to be naturally gifted [7]". Today however, the role of the salesman has shifted from the order taking or backslapping routine. He not only seeks out and meets current demands, he is expected to create wants that never existed before to full needs [8]. This is a major objective of marketing.

For organisations to effectively distribute their products and lower costs for their enormous output of goods, it is essential for company to create demand - demand for new products, new brands, new methods and new concepts of living. This constitutes a major problem in marketing pharmaceutical products.

Today's salesman is expected to be more than a salesman. He is expected to be a merchandising consultant. In satisfying the customer, the salesman is expected to go far beyond sweet-talking. He is expected to have full knowledge of his company's products better than anyone else and make a good presentation to prospective customers. In recent times, the pharmaceutical industry has experienced several challenges and difficulties typified by low consumer disposable income, crashed volumes, escalated costs, paltry profits and insecurity [9]. Often times, the trader refuses to pay what the companies are asking for. The consumers on the other hand, refuse to be satisfied with the heavy subsidies that normally come from manufacturers and the trade. The

consequence is seen in the fact that distributors/wholesalers are left out with little or no margins.

As a result of the above, several big customers have been forced to either withdraw from handling pharmaceutical products or seriously down-size; opting for alternative investments. Thus "only the fittest will win". The business environment, especially the pharmaceutical industry is expected to undergo further structural change in response to the dynamic times, consumers will be more cautious, selective and discriminating investments in trading will be guided by great caution, they will be "stiff-necked" in attitudes, impossible in demands and critical in action. Competition will be severe in form and conduct from within and imported 10. Added to this is the problem of fake and adulterated and counterfeit drugs that are making rounds in our markets.

The foregoing is the future scenario for the pharmaceutical industry. Success can therefore, only come by adequately responding to the new challenges and winning.

Bashir "notes that, as a pharmaceutical representative, it is very important to see physicians and pharmacists as many times as possible in a year as long as the representative remains in the territory. This is because pharmaceutical selling takes place in a continuum of many visits. Each visit secures a commitment that moves the physician and the pharmacist closer to prescribing and selling the company's products. It therefore requires patience, an eye to long term and usually strong

emphasis on relationship building.

On the other hand, medical personnel are known to be very busy people. Between attending to their patients, their self development activities, other sales representatives and their personal lives, medical personnel usually have tight schedules - schedules which can be thrown into constant chaos by patient emergency. What this means is that the pharmaceutical sales representative is usually working under tight time constraints and has to be prepared to adjust to the medical personnel's schedule.

1.3 OBJECTIVE OF THE STUDY

Generally, it is the objective of this study to identify the essential skills, knowledge, attitude and other related practices desirable for effective marketing of pharmaceutical products. Specifically, the research intends to identify:

1. Effective methods of getting commitment or order.
2. Ways of creating positive first impression.
3. Ways of organising training and developing an effective sale force.
   How the sales representative's time can be effectively utilised.
5. Effective ways of answering objections. How to achieve good commitment
7. Methods of staying with the dynamic nature of the environment.
8. Ways of sharpening personal selling and marketing skills of

representatives.

9. Methods of managing credit, cost and system control.
10. Ways of dealing with ethical issues - fake, adulterated and counterfeit drugs.
11. How to build relationship with customer.
12. Recommendations for effective marketing methods necessary to make the modern day pharmaceutical company stay on top of competition.
13. Problem and challenges of marketing pharmaceutical products in Nigeria.

1.4 SIGNIFICANCE OF THE STUDY

If marketing is truly the heart of any business, and the process that pulls together various aspect of marketing variables, then any study that is aimed at finding ways of enhancing marketing effectiveness is most desirable.

The benefits to be derived from this study are several. When marketing and sales executives / representatives are equipped with the relevant marketing knowledge, skills and attitude, they are in a position to excel even in the face of stiff competition and other environmental factors.

By effectively identifying and satisfying the needs of customers, both the organisation and society benefits from increased profits and better health care delivery. This is what gives rise to an improved standard of living in the society. Improved product knowledge on the part of consumers will go a long way to check cases of fake, adulterated and

counterfeit drugs in the market.

1.5 SCOPE AND LIMITATION

This study is limited to the effective and efficient marketing of pharmaceutical products in Nigeria. The company under study is Smithkline Beecham Nigeria Plc. The study is limited to Nigeria. The study is not without constraints. Prominent of all is the dearth of original literature in the area of study. Consequently, data will mostly be collected from primary sources.

The time provided for the collection of the study is also relatively short. Consequently, it becomes difficult to come out with a much more detailed study. This has a direct influence on the sample size. It is however hoped that, the findings from this study will provide useful inputs for effective marketing of pharmaceutical products in Nigeria.

1.6 RESEARCH METHODOLOGY

Data for this study comes from primary and secondary sources. The survey method will largely be used. Questionnaires will be administered to channel members as well as major pharmaceutical retail outlets. Personal interviews will be conducted with the marketing and sales personnel of Smithkline Beecham. Data collected from these sources will be collated and analysed, and the result presented.

CHAPTER TWO

LITERATURE REVIEW

2.1 DEFINITION OF MARKETING

Marketing has been defined in a number of ways.

According to Philip Kotler, "Marketing is a human activity directed at satisfying needs and wants through exchange process"[1] . This means that any human activity which leads to the satisfaction of consumer needs and wants by means of exchange is marketing. Marketing must therefore recognise and understand consumers needs and wants and then determine how best to satisfy them.

Martin Christopher et-al defined Marketing as "the way in which an organisation matches its own human, financial and physical resources with the wants of its customers"[2]

Larry Rosenberg however views marketing as "a matching process based on goals and capabilities by which a producer provides a marketing mix (product, services, advertising, distribution, pricing etc) that meets consumers' needs within the limits of society"[3].

Since marketing is seen as a matching process, any miss-match will lead to a failure. A business whether private or public exists by selling its products and services. In doing so it seeks to achieve its profits and other objectives. To be able to achieve this, the market has to adopt a method of matching its marketing activities effectively with the needs and wants of consumers.

In summary, marketing embraces activities related to the product itself, the pricing, the distribution, communication or promotion, post-sales matters, marketing research and sales forecasting.

2.2 THE SCOPE OF MARKETING

The entire scope of marketing activities can be represented in a figure thus:

Identification Of Needs	-	Analysis of Needs	-	Transformation of Needs to Product/Services
Distribution or placement		Exchange Activities		Post Exchange Activities

A marketer's job begins with identification of consumer needs and

wants. Here, the marketer wants to know whether there is a need that is not being effectively served that is if served at all. These needs are then analysed to determine what services or products can be offered to serve them. After the identification and analysis of the needs, they are transformed into tangible products or services. Distribution obviously follows the development of the product before buyers are communicated, otherwise demand will be created when the product is not available.

The marketer afterwards creates awareness by promoting, (advertising, personal selling, sales promotion and publicity) the product and services. This will enable buyers to make exchange for the goods and services. The marketer ensures that satisfaction is achieved after exchange, post -exchange activities e.g. after sales services.

2.3 IMPORTANCE OF MARKETING

Marketing, as an important management tool has a vital role to play in the development process of the economy. Marketing activity in effect has the task of encouraging the consumption of the vast output of goods and services of an economy.

1. Marketing enables a country to improve the standard of goods and services and consequentiy business value. When a big company with marketing orientation for instance demonstrates its success by offering better goods store display, advertisement, packaging and consumer services it sets a standard and others are forced to

follow. The assurance of marketing prospect encourages new investments which will help in improving the quality of goods and services.

2. Marketing is a crucial part of economy it has been marketing's task to dispose of goods and non-governmental services which constitutes the bills of the G.N.P. The growth of the G.N.P. thus depends on marketing.

3. Marketing helps in improving the standards of living. Paul Mazur's definition supports this facts. He said that Marketing "is the delivery of a standard of living to society" [4]. Professor Markuru's definition also lend credence to this fact. He views marketing as the creation and delivery of a standard of living to society" [5]. This is done by offering varieties of goods and services with freedom of choice and treating the customer or consumer as the most important person.

4. Marketing creates employment opportunities. For example a large percentage of the labour force in Nigeria are engaged in marketing activities.

5. Marketing provides a channel of communication between the business organisation and the society.
6. Marketing helps firms to generate revenue and sustain all activities of the firm.

7. Marketing can lead to career opportunities. It is an important skill for students who intend to go into product management, financial planning, international business.

8. An understanding of marketing makes one a wise consumer. Should one find oneself working for a governmental agency or as a consumer advocate he/she will be a better regulator.

2.4 THE MARKETING CONCEPTS

Professor Larry Rosenberg believes that "the marketing concepts of an organisation is a matter of consumer orientation"[6]. The organisation determines the needs and wants of target markets and adapts itself to delivering the desired satisfaction more effectively and efficiently than its competitors. The word effectively and efficiently have to do with profitability and objectives which will keep the organisation in business to continue serving.

The above definition while recognising marketing as one processing activity of business also identifies it as the first and last in the pipeline, or satisfaction system. At last, marketing directs the flow of goods and services from producers to ultimate consumers. In its first position, it discovers the opportunities that exist to satisfy the needs and wants of customers. This is the heart of the marketing concept a business philosophy on attitude of management which maintain that the focal point of the entire firm is the consumer.

The adage "the consumer is the king" is the embodiment of this approach to carrying out business. This sudden realization by successful companies today that they are in existence to serve their consumers rather than their self-interest, has led to slogans like "we do it all for you" and "you are the boss".

From what has been stated so far one can rightly say that the marketing concept perceives consumption as a democratic process in which consumers have the right to cast their money votes. As such, those who guard and complain about marketing and advertising in particular, should appreciate marketers. One may deceive the electorate with spurious campaign promises but had better not seek their attention again. Unless a business comes up with policies and practices which they approve, it will have to give way to the competitors.

A lot has been said and written about the marketing concept while a great number of practitioners acclaim it as a "curve all" others have been quick and questioning its workability.

Risley accepts that "the marketing concept has become popular, but that its implications are not always understood. Another author, Tavisk, holds that view that the marketing concept appears attractive in theory, but very difficult to implement. According to him, "one cannot therefore seek instant salvation from it because of the difficulty of managing the theory to practice".

This ongoing problem with the marketing concept has assumed an immense dimension that there has been a plea for the revision of the concept. R. Curovieveld and R. D. Medford in their book, IT IS TIME TO REVIEW THE MARKETING CONCEPT suggest "that emphasis on the somewhat unique "consumer satisfaction" be replaced by the consumer best interest"[7]. According to them this will leave the supplier with some scope to make his own interpretation. It is not surprising that these negative views are expressed. The fact that the philosophy is relatively new may contribute to its slow adoption rate. Another reason

may be seen in the fact that, the marketing concept calls for a re-orientation, a complete change from previous ways of doing business. It is only logical that such a drastic change will generate conflict.

2.4. MAKING THE CONCEPT WORK

In spite of the criticism and difficulties inherent in the implementation of the marketing concept, Rosenberg believes that "where there is a will to use the marketing concept, there will be a way to implement it"[8]. He therefore provides the following universal principles:-

1. ***CUSTOMER ORIENTATION*** - This orientation must be top down. That is, it has to start with the head of the organisation. This executive must have a thorough understanding of the concepts and its implication to the organisation. In fact he has to adopt a marketing frame of mind. This commitment to the marketing

concept must also be shared by key members of the executive staff.

- There must be a unity of purpose and outlook. The prima donna syndrome in which a particular person or unit within the organisation perceives himself (or itself) as the heart of the company with other person or units performing only peripheral functions should be avoided.

2. ***MARKETING ORIENTATION*** - There must be a marketing department with a marketing executive, integration of marketing functions and a marketing staff.

Acceptance of the marketing concepts is insufficient in itself to make the firm marketing oriented. It must also develop an organisational structure that will permit it to translate thought into action. This requires:[9]

(a) That the firm continually scan the business environment ie. the firm must develop its own early warning system so that it is in a position not only to meet change but also to initiate it.

(b) That the firm utilizes in coming data to formulate creative plans stating not only what it wishes to achieve but also how

and in what sequence.

(c) That these plans be communicated effectively to those charged with the responsibility for their implementation and that such responsibility be backed with the necessary resources and authority.

(d) The firm makes full use of new managerial techniques developed to assist the decision-maker in greater competitiveness based on marketing skills. - as more and more of our competitors achieve technological and manufacturing efficiency, the differences in the products or services from companies will tend to narrow.

2.5 THE IMPLICATION OF THE MARKETING CONCEPT TO THE PHARMACEUTICAL INDUSTRY

The relevance of the marketing concept in the pharmaceutical industry can be seen in the fact that it is the foundation of effective customer relations. Apart from identifying and filling needs and wants of customers, pharmaceutical firm operators should consistently,

- Analyse their service range
- Know where their customers are
- What the customer wants as service
- Assist the customers in making decisions
- Simplify processes for customers

Communicate effectively with customers

Have sensitivity for customers

Prepare their employees to be future customers

Use time effectively to the advantage of the customers

Ensure effective distribution of products through distribution channels

Listen and heed complaints and

provide customer service and education as well as customer oriented facilities.

Ensure regular and consistent trade and consumer promotion to engender good off-take of products through the distribution channels.

It is generally believed that for any business to survive, it has to seek out and maintain its customers. The process calls for concern for both the customer and the business. It requires knowledge of the customers, their needs and wants and the desire to be honest and open in filling those needs and wants.

2.6 EFFECTIVE MARKETING ORIENTATION

The application of the marketing concept is characterised by the acceptance and use of the following elements:-

1. The company accepts change as the prime characteristic of modern marketing and monitors the environments of the firm in a continuing effort to discover new areas of marketing opportunity.

This involve a system orientation.

2. The company appreciates and understands the consumer's strategic position as a determinant of the firm's survival and growth. The entire marketing system is designed to serve consumer needs in companies operating under the marketing concept.

3. Marketing managers see short and long range planning of company activities on a continuing basis and the development of consistent strategies and tactics resulting in an integrated system of marketing action as the key task.

4. Marketing and business research is utilized to arrive at more fact founded decisions than could be made by intuitive approaches. Research, including a system of commercial intelligence is becoming indispensable in modern marketing planning and action.

5. Intra and inter departmental implication of marketing decisions and actions of various organisational units are recognised and the integration of all marketing effort is sought.

6. There is strong competition in the market. The marketers who creatively caters for customers needs and wants is likely to own a differential advantage over less insightful competitors and thereby enhances the changes of survival and success.

7. Consumer Awareness - Consumers are now more knowledgeable of their right and position. More magazines and newspapers provide channels for the consumer to express his feelings about certain products and also advise him on the quality value and effect of competition products and services. The growing consumer awareness to seek redress from unscrupulous marketers and the increasing consumer sovereignty add more claim to realism.

8. Proper understanding of the concept by firms makes the application feasible. To effectively implement the concept, a firm should always think of the needs of consumers or the target market and develop or modify existing products or services to suit both the consumers and societal needs. Also, the firm should constantly be abreast of The changes in its external environment and the opportunities or threats posed by such changes.

9. The company constantly defines and redefines these elements and inter-relationships within its frame of references in order to systematize the discovering and implementation of marketing opportunity.

10. The economy is developed to the extent that the majority of consumers have an access to the basic material needs of life and enjoy a high standard of living. Consumers have become more choosy and consequently have become harder to convince. Even

competence, the difference in the product from companies will tend to narrow.

4. It emphasises better sales method and the provision of new uses of existing products, guides the firm in funding new classes of customers while establishing the customer in his position as the most important factor in the business.

5. More revenue will be generated by meeting the needs and wants of customers.

2.8 LIMITATIONS OF THE MARKETING CONCEPTS

1. If a company is in the wrong business or badly managed, marketing is useless.

2. ***Increased cost:***- The addition of a marketing unit to take charge of the marketing concept means an addition to the existing work force. This also means an addition to the organisation outlay for salaries benefits and facilities.

3. ***Internal dissension*** - The creating of a marketing unit to take charge of marketing activities may cause internal problem. Disruption effect often prevail when certain functions previously under other departments are transferred to the newly created marketing department.

4. ***Lack of suitable personnel*** - The old breed of marketing managers find it difficult to adopt the market orientation. On the other hand, the search for new marketing personnel has proved difficult.

2.9 FUNCTIONS OF MARKETING

Marketing functions can be classified into three categories:-

1. ***Merchandising Activities:-*** Merchandising consists of activities by producers and middlemen necessary to determine and meet market need in termj of products and to stimulate market demand. These include:-

(a) ***Buying and Assembling*** - Buying is the procurement of items for eventual resale to the ultimate consumer or industrial users. Buying may be done directly or through middlemen.

Assembling is closely related to buying as what may be bought from different sources must be assembled together. This involves buying together either different quantities of a wide variety of items for resale by a single establishment eg. departmental stores or a large quantity of similar items for resale in a particular region.

(b) ***Product Planning and Development*** - The product must possess those characteristics which are close to buyers needs, wants and desires. This requires frequent product adaptation. For successful marketing, product differentiation (showing the difference between your product and those of the market) and the product development(making necessary changes in the existing product or bringing out an entirely new product) are helpful. This process is endless in most industries.

(c) ***Standardizing and Grading*** - These activities involve establishment of certain basic characteristics or qualities or measures or limits to goods purchased or sold. Standard is used in providing certain basic qualities to the goods for their use. In cases like food, drugs, fruits and grains the standard may be applied in terms of packaging ie. 100kg, 10kg etc. In other words the product should conform to the application of physical standards.

Grading is the act of separating or inspecting the goods according to the established specification. The specifications may include size, weight or quality.

(d) ***Selling*** - Here involves identifying prospective customers, stimulating demand and providing information and services

to buyers. Activities used includes personal selling, advertising, sales promotion, packaging and customer services.

2. **Physical Distribution:-** involves the actual movement and storage of goods after they are produced and before they are consumed. Its goal is therefore to get the right goods to the right places at the right time for the least cost. The starting point for designing the physical distribution system is to study what consumers want in the form of service and what the competitors are offering. Customers are interested in several things:-

1. On-time delivery
2. The suppliers willingness to meet the customers emergency merchandise need.
3. The care with which merchandise is delivered in good condition.
4. The suppliers readiness to take back defective goods and re-supply them quickly and
5. The suppliers willingness to carry inventory for the customer.

"Physical distribution is an integral part of a firm's marketing programme, in that the management of this activity can affect a company's marketing mix particularly its product planning, pricing and channels of distribution policies".

The firm can use physical distribution profitably by applying

transportation and warehousing facilities in adjusting its value, time and place of production to meet market demand.

In other cases warehousing enhances seasonal consumption but year round production. Transportation and warehousing therefore link location of production and market demand.
If management has adequate storage space, it is in a better position to buy in large quantities, taking advantage of quantity discounts offered by suppliers. Also if manufacturers and middlemen have access to warehousing facilities on short notice they are able to stock up. Generally strategic use of warehousing can enable a buyer to speculate on inventory price increase.

"When a firm foresees a rise in the price of a given product, management may be willing to take the risk of stock piling the article in unusually large quantities with the expectations of capitalizing on the price increase"[10].

Careful warehousing and transportation can help stabilize price within an individual firm or entire industry, if a market is temporarily glutted with a certain product, sellers can warehouse the product until demand condition improves. Moving such products, from one area to another may relieve glut situations in one area and effectively service or improve supply in another.

According to Stanton, "Management can use warehousing to awe,

age or open a product properly". Mode of transportation affects packaging requirements. Also packaging affects the type of material handling equipment.

A manufacturer decides on the channel through which he will push his products based on the physical distribution facilities and services offered by such channels. One manufacturer may select merchant wholesalers who provide storage facilities while another may prefer to use a combination of manufacturers' agents and public warehouse. The agents can solicit orders, provide aggressive selling and do the necessary promotion work, while the orders can be physically distributed through and from public warehouses. Also a manufacturer through the use of adequate physical distribution facilities may decide to by-pass wholesalers and sell straight to retailers or industrial users.

Mainly the cost of physical distribution facilities will influence a manufacturer's decision on where to locate his branches in what cities. Transportation factors also influences the location of regional distribution facilities. Management may narrow its choice to the east, West and the North.

Looking at both the cost of physical distribution and speed with which orders can reach the customers are two-key issues to consider and they both involve transportation and warehousing facilities.

The thought behind the distribution center is to develop under one roof a speedy and fully integrated order taking, filling and delivery system. Normally various classes of goods are brought in under one roof and with the help of mode-in techniques in data processing, materials handling record keeping and inventory control. Firms are able to process orders efficiently and rapidly. The advantages are that distribution costs are reduced as a result of reduction in the number of warehouses excessive inventories, inconsistent deliveries and out of stock conditions.

3. **Distribution Intensity** - It is essential for a manufacturer to also decide how many middlemen he should seek at both the wholesaler and retailer levels. What this means is that in the case of consumer goods, we must determine the number of retailers, wholesalers, agents and so on. Similar conditions must also be made considering the number of district sales manager etc.

Decisions concerning the number of middlemen may be thought of as decisions on the degree of distribution intensity. There are three general degree of distribution intensity:-

a. Mass or Intensive
b. Selective and
c. Exclusive

The two extremes are however, mass and exclusive with various shades of selective distribution in the middle.

a. ***Mass or Intensive Distribution:-*** Mass distribution provides maximum sales exposure to a product. It is ordinarily adopted by manufacturers of convenience goods. A manufacturer of convenience goods must have his goods or products available in any store where the customer is likely to seek them. In the field of industrial products intensive distribution is usually limited to operating supplies or other highly standardized items such as Janitorial supplies, small tools and some lubricants. The extent of work ability of intensive distribution depends on the retailers. For example a retailer may decide to limit his assortment of certain products to just a few popular brands. Also intensive distribution places the burden of advertising and promotion on the shoulders of the manufacturers. This is because, wholesalers and retailers are not going to help advertise a product that all competitors are selling. Intensive distribution also requires that if the policy of intensive distribution is adopted at the retail level, then the same policy must be adopted at the wholesale level.

Finally, in following a policy of intensive distribution, the seller must continually be alert to changes in consumer buying habits. That is, where, how and when consumers buy.

b. ***Selective Distribution:-*** Some manufacturers instead of adopting intensive distribution, adopt the selective type of distribution. That is they actually use more than one but less than all of the intermediaries who are willing to carry the products. Selective distribution can be used for all the classes of product and by both established and new firms the reputation and abilities of local dealers however influence the selection.

Selectivity of distribution is extremely important to the merchandising of quality apparels "It lowers marketing costs by limiting the numbers of account sold, total distribution and frequently little volume is sacrificed"[12]. Selectivity can also reduce a credit risk because the dealers are chosen on grounds of credit worthiness. It is also an effective tool for ensuring to some degree the consumers satisfaction with the product or service obtained, since the selected dealer will be capable of handling these aspect of marketing.

c. ***Exclusive Distribution:-*** Here the supplier and the manufacturer enters into an agreement with a particular wholesaling middleman or retailer whereby the supplier will sell only to that wholesaler or retailer in the given market. Under these exclusive distributorship (with a wholesaler) or exclusive dealerships (with retailers) the middle men are sometimes prohibited from handling a directly competitive

line of producers.

Exclusive selling agreement is common between a manufacturer and retailers. But may also be established between a manufacturer and a wholesaler as in the case of household wares. Exclusive distributorship is used when any of the following conditions exists:

1. A new firm having difficulty establishing a distribution system and serving desirable middlemen or an established firm trying to market a new product. A risk exists because termination of the agreement by the manufacturer will generate ill will.

2. Exclusive dealership is often used in the marketing of consumer specialty products and goods sold under heavily advertised brand.

3. Management often adopts this policy when it is essential that the retailer carry a large inventory in order to ensure customers have an adequate choice.

Exclusive distribution is also desirable when the dealer or distributor must furnish after sales services.

There exists physical distribution problems in Nigeria and these includes:-

1. Distribution bottlenecks occur as a result of the poor provision of physical distribution infrastructures. This results in price inflation.

2. The roads are generally bad. Our railway system is oriented toward the evacuation of export goods. No attempt is made to service domestic trade.

3. People are yet to practice modern inventory management. Insufficient storage facilities and poor storage methods spoilage and waste of products are permanent features and tends to be high.

4. With exception of our labour, very few warehouses have sophisticated materials handling equipment. Specialized storage structures like silos and tanks are very few.

5. Poor communication and coordination are also permanent features of our physical distribution.

COORDINATING PHYSICAL DISTRIBUTION ACTIVITIES

When we analyze physical distribution and logistics activities, we see a purchasing officer who is responsible for purchases especially of raw material and components, a traffic officer or manager who is responsible for decision regarding the transportation need of the company and

stores officers who control the inventory of goods in storage but not under the same department, problem of coordination are bound to be severe.

As each officer makes decision in his functional area, such decisions while good for his section may be bad for the company as a whole. This is called sub-optimization. For example our decision to use a cheap means of transportation may result in waste, damage and a high inventory carrying cost.

Also worth noting is the fact that the, activities of each functional department of a firm, such as marketing, finance and production touch on physical distribution, yet each function has its own particular bias.

Marketing tends to be concerned with customer service and high goods availability (large inventories) and seeks specific adjustment of products and delivery to suit each customer needs.

Production favours standardization and helps bring down manufacturing cost.

Finance focuses on adequate cash flow return on assets employed and wants to reduce inventories that is view to tie down working capital.

Experts suggest the appointment of a top level manager of physical distribution who will balance the demands of the various functional departments as well as coordinate decision making in the company.

SUPPORTING ACTIVITIES

(a) ***Marketing Financing*** - Marketers both receive as well as give credits. These are short term credits received to boost their operations over seasonal peaks that requires additional inventory, investments and higher promotional expenses eg. during pre-festival periods. Marketing organisations have two main sources of obtaining credit:

1. Trade Credit
2. Banks Credit

Trade Credit is extended by supplying. It is very important in short term financing. Providing credits to customers is essential for the success of most marketers. Departmental stores use installment plans. Some categories use the book-me-down system of credit. Short term credit maybe obtained from commercial banks also.

(b) ***Marketing Risk Bearing*** - Risks are involved at almost all stages of the marketing process. Marketing risks arise from both supply and demand changes, loss in storage and transportation, natural hazards. *Risks may be classified in terms of the initiating cause:*

(i) ***Natural Risk*** - This is usually beyond human control. This include damages caused by rain, flood, drought,

earthquakes, trenorsotic.

(ii) ***Human Risk*** - caused by human activities e.g. dishonesty, incompetence, mismanagement, carelessness, sickness etc.

(iii) ***Economic Risk*** - This is sometimes called the price risk. It is caused by price fluctuation.

Business organisations react to risk in three different ways viz:

1. **Absorption of Risk**
2. **Redemption of Risk**
3. **Shifting of Risk**

(c) ***Advertising*** - The contribution of advertising to marketing is significant. Through mass media, advertising has a wider impact and under modern marketing conditions it has become an inevitable part of selling. Advertisement requires careful planning and execution to achieve its objectives. The common problems in advertising are preparing the advertisement copy choice of media, execution and assessment.

(d) ***Obtaining and Analysing Marketing Information*** - Management

must obtain and analyse marketing information if it wants to formulate sound marketing programmes and direct marketing activities intelligently. For the company's marketing operation to be successful, management should have knowledge of such important information as size, location and characteristics of different markets for the several products, the nature of present and prospective customers making up various market segments, their need and wants, their buying habits and preferences competitors', strength and weakness, activities and plans and trends in market supply and demand. Particular items of market information are often important eg. the fact that market glut for a particular product exists in a named location is important to another dealer who is located some where else who has the aim of shipment to that area.

Marketing information is gathered through the following methods:

(i) Executive informal and casual conversation

(ii) Business and Trade journals or publications

(iii) Daily Newspaper, Newscast, Reports from field sales executives and sales men.

(iv) Market research and sales Analysis techniques.

2.10 APPROACHES TO MARKETING

Marketing can be studied from several points of views. The following

approaches have been prominent in the history of marketing:

1. ***Traditional or Historical Approach*** - The historical approach trace the development of marketing from the simple barter system to the modern complex one. The growth of culture, population, production, technology transport and communication facilities leading to enlargement of market and necessitating new marketing services may be studied.

2. ***Commodity Approach*** - The commodity approach focuses on particular commodities and classes of product to determine how they are produced and distributed to intermediate and ultimate consumers. The major product classes studied are farm products, minerals and manufactured goods and services.
3. ***Institutional Approach*** - The institutional approach concentrates on the nature, evolution and functions of particular institution in the marketing system such as producers, wholesalers, retailers and various facilitating agencies. For example an institution such as a departmental store might be studied to determine how it has evolved over the years and where it seems to be needed.

4. ***Functional Approach*** - The functional approach focuses on the nature and dynamics of various marketing functions such as buying selling, storing, financing, promoting. A functionalist studies how these functions are carried on in various product markets and by various marketing institutions.

5. ***Managerial Approach*** - This approach focuses on the use of marketing as successfully positioning organisations and products in the market place. Managerial marketers are especially interested in marketing analysis, planning, organisation, control and implementation.

6. ***Social Approach*** - The social approach considers the social contributions and cost created by various marketing activities and institutions. This approach addresses such issues as market efficiency, product obsolescence, advertising truthfulness and the environmental impact of marketing.

2.11 MARKETING SEGMENTATION STRATEGY AND PLANNING

Markets consists of buyers, and buyers are likely to differ in one or more respects. They may differ in theirs, resources geographical locations, buying attitudes, buying practices etc. Any of these variables can be used to segment a market. Kotler defines market segmentation as "the process of sub-dividing of a market into distinct subsets of customers where any subset may be conceivably selected as a largest market to be reached with distinct marketing plans"[13]. It is therefore a strategy of allocating of marketing resources ie. the **4ps** given a heterogeneous customer population. It is an attempt to match a firm's marketing strategy and tactics with significant differences in a way one or more customer groups will respond to different alternative offers.

Segmentation is applicable when customer preferences for any component in a firms marketing mix differs significantly.

BASES FOR SEGMENTATION

"In market segmentation the objective is to identify the casual elements which influences behaviour in the market and which can be used to group customers. In consumer markets the most market oriented variables are consumers requirements and customers responses to marketing stimuli elasticities)"[14]

There are basically four segmentation variables:

1. ***Geographical Variable*** - This involves the division of markets into different locations such as nations, regions, states or cities based on the notion that consumer needs and responses vary geographically.

2. ***Demographics Segmentation*** - here buyers are grouped on the basis of their demographic variables like age, sex, family size, income, occupation, religion, education, nationality etc. Demographic variables are the most widely used segmentation basis as consumer buying behaviour tends to be largely determined by them.

3. ***Psychographic Variables*** - here buyers are grouped on the basis of their life style and personality. This is important because the

complexities of consumers behaviour can not be captured by using demographic variables alone. For example two consumers of the same age, income and social class may not have the same purchase patterns. It becomes necessary therefore to look at consumers' lifestyle and personality.

Consumers lifestyle refers to the pattern or modes of living that have been adopted by consumers as their approach to life.

Products are usually produced by marketers to enhance consumers' lifestyles. Through the creation of brand image designed to appeal to corresponding consumer personalities or self-image, marketers have used personality variables to segment the market.

4. ***Behavioristic Segmentation*** - This involves dividing the markets on the basis of consumers knowledge, attitudes, use or response to the actual product or its attributes. Here the buyer may be segmented on the basis of purchase situation or what occasions give rise to their purchase of the product, the benefits sought by them, usage rate of the product, frequency of purchase etc.

Industrial Segmentation basis have received considerably less attentions. This could be due to the relatively lower pressure on industrial markets. The reason for this low pressure may be that there is greater and more regular contact between buyers and

sellers due to their smaller number.

Two bases used, however are:-

1. The choice of suppliers by consumers ie. reasons for brand loyalty.

2. The decision making style of the siren ie. whether it is one man or a committee. Professor Lawrence Peters defines a committee as "a group set up by an unwilling people to do an unnecessary task"[15].

Market Segmentation strategy offers a number of benefits:-

1. Sellers are in a better position to spot and compare market opportunities.

2. Sellers can make final adjustments of their products and marketing appeals.

3. Sellers can develop marketing programmes and budgets based on a clearer idea of response characteristics of specific markets segments.

REQUIREMENT FOR EFFECTIVE SEGMENTATION

"There are many ways to segment a market. But not all resulting segments are effective from a marketing point of view. To be useful, market segments must exhibit the following characteristics"[16].

1. ***MEASURABILITY*** - refers to the degree to which the size and purchasing powers of the resulting segments can readily be measured. However certain segmentation variables are difficult to measure eg. the size of the segments of teenage smokers who smoke primarily to rebel against their parents.

2. ***ACCESSIBILITY*** - This refers to the degree to which the resulting segments can be effectively reached and served. For instance suppose a perfume company finds that heavy users of its brand are single women who are out late at night and frequent bars. Unless this group lives and shops at certain places, and watches certain media there is no way to reach then efficiently.

3. ***SUBSTANTIALITY*** - This is the degree to which the resulting segments are large and/or profitable enough to be worth pursuing. A segment should be the largest possible, homogeneous group of buyers that it pays to go after with a specially designed marketing programme.

2.12 STRATEGIES RELATED TO SEGMENTATION

While market segmentation is the corner stone of much marketing

marketing where an organisation tries to deliver the same product or services to more than one segment. Market orchestration is easier if the market segment are compatible with each other.

2.13 TARGET MARKETING STRATEGY

Target marketing is a style of marketing where the seller distinguishes between different groups (segments) making up the market, chooses one or more of these segments to focus on and develops products and marketing mixes tailored to meet the needs of each largest market. The target market is a well defined set of customers whose needs the company plans to satisfy.

Market Segmentation reveals the market segment opportunities available to the firm. Here the firm has to decide between three broad market selection strategies:

1. ***UNDIFFERENTIATED MARKETING*** - In undifferentiated marketing the firm chooses not to recognise the different market segment making up the market. It treats the market as an aggregate focusing on what is common in the needs of the people rather than on what is different. It tries to design a product and a marketing programme that will appeal to the broadest number of buyers. It relies on mass channels, mass advertising media and universal themes.

This strategy saves money by minimizing production, inventory,

transportation and marketing research costs. It may result in hyper-competition with several firms trying to serve the same large segment.

2. ***DIFFERENTIATED MARKETING*** - Under differentiated marketing, a firm decides to operate in two or more segments of the market but designs separate products and/or marketing programme for each. In this way the firm hopes to achieve higher sales, greater customers identification with company and customer loyalty. Differentiated marketing, results in higher sales than undifferentiated marketing. But production and marketing costs are higher

3. ***CONCENTRATED MARKETING*** - A market strategy in which the company concentrates its resources only in the strongest market and channels while phasing out its efforts else where. Concentrated marketing aims at only one or a few segment. Here the firm concentrates its efforts to get a good marketing position in a few area. Through concentrated marketing, the firm achieves a strong market position in the particular segment it serves owing to its greater knowledge of the segments need and the special reputation it acquires. Further more it enjoys many operating economics due to specialization in production, distribution and promotion. It should be noted however, that no particular strategy is superior in all circumstances. Such depends on company resources, product homogeneity, product stage in the life cycle,

3. ***PLACE (DISTRIBUTION)***

Place is concerned with getting the right product to the target markets place. A product is not important to the consumer if it is not available when and where it is wanted. A product reaches customers through a channel distribution.

4. ***PROMOTION***

This is the coordination of all seller initiated effort to setup channels of information and persuasion to facilitate the sales of a product or service or the acceptance of an idea. It is concerned with telling the target market about the right product. Promotion includes advertising, personal selling, sales promotions and publicity.

Promotion stimulates market interest in the product by determining the relative contribution to be made by advertisement, personal selling and sales promotion (eg. free sample) choosing advertising message, copy and media and managing the sales force.

To chose the appropriate marketing mix for the target market the company must examine the wants of that market and the position of competitors and it must make a decision on what it wants to competitively offer that market. The company arrives at its

marketing mix by deciding on the competitive position it wants to occupy in the target market.

The company's decision on the product's quality, features, price, advertising budget, marketing channels and other marketing variables for a target market make up its marketing mix. The marketing mix therefore is the means by which one company defines and supports the competitive position it seeks to occupy in the target market.

2.15 **THE MARKETING ENVIRONMENT**

A marketing manager does not operate in a vacuum. He is influenced both from within and outside the organisation. However, the external or macro environment appears to be largely uncontrollable and yet very constraining. This environment is made up of all factors external to the marketing functions which are changing, constraining, uncontrollable in nature and are potentially relevant to marketing decision making. ***This is made up of the government, economy, society, technology, culture and nature.***

GOVERNMENT ENVIRONMENT

Marketing managers can not afford to ignore the governmental environment either from legislation, interpretation by courts, services rendered to companies by government or even of the government as a consumer. Marketing managers must not only understand the nature and rationale for government regulation but must monitor and predict them. It should be understood that in democratic societies the government act in order to enhance the wishes and needs of the people.

However recognising that it cannot provide everything the government tries to ensure that other complimentary bodies in the society satisfy the people's need effectively. In a nutshell, the government interference in marketing is to ensure the following:-

1. That consumers have different product choices available from different independent sources by ensuring that there is competition.

2. That the consumer has freedom of choice and financial resources by reducing coercive and deceptive competition or promotion.

3. That vital information is available to the consumer for good decision making by compelling firms to label their products.

4. The consumer themselves are capable decision makers through consumer education. The government aim is to produce workable competition between companies to avoid the destructive potential of cut throat competition and the dangers of monopoly.

SOCIO-CULTURAL ENVIRONMENT

The socio-cultural environment is composed of the beliefs, the values or norms of the people as they live together. People in every society hold beliefs and norms but what is most important to the marketer is not the differences in these beliefs or norms but on their rate of change shifting consumer values as some executives see it, is, the single most

important factor to the future of any business organisation or marketer. This is also because as consumers change their needs changes and consequently marketing has to necessarily change. Change in consumer needs may also render existing marketing strategies inefficient or obsolete.

Of particular importance to the marketer therefore are:-

1. Changing population characteristics ie. demographic and socio economic changes.

2. Changing consumer values and life styles

3. Increasing importance of social issues concerning consumer and environmental pollution.

In terms of changes in population characteristics of particular importance are age structure, income, educational levels, mobility etc. Some traits changes that have implications for marketing decisions are:

1. Consumers are more crucial, more disbelieving and question more.

2. Consumers respond to multi-media presentation

3. Consumers have greater intelligence and sharper wit.

4. There is more tolerance to individual deviation in behaviour and taste

5. There is this role reversal.

These social changes create opportunities and trend to marketers. This is because marketers have to and should build satisfaction for these new markets (needs) that are created as a result of these social changes.

Role reversal creates a market for new items, gender differences are now erased. The rise in consumerism has made marketers to be more ethical in their marketing practices. The axiom has now changed from "Caveat Emptor" to caveat vendition" Buyers beware to sellers beware.

ECONOMIC ENVIRONMENT

The economic environment is of utmost importance to the marketer because even marketing itself was brought/born out of economics. The marketing manager is concerned about inflation, per capita income supplies of basic raw materials, growth rate of the economy etc. The level of freedom that the marketer enjoys in term of decision making to some extent depends on whether he operates in a perfect competitive market, Oligopoly market or a monopoly market. The perfect competitive situation gives him very little discretion in deciding on price, product, promotion and distribution. A monopolistic situation offers him

the greatest degree of freedom, while he has to collide with other businessmen in the case of oligopoly in order to control the market.

The importance of the economic environment also stands from the fact that marketers require not only people in their numbers but then purchasing power. Therefore it is important to the marketer to keep an

eye on the current trends in the economy like the slow down in growth of real incomes, the continued inflationary pressures and the changing consumer expenditure patterns.

TECHNOLOGICAL ENVIRONMENT

According to kotler, the most dramatic force shaping human destiny is technology. Technology alone has increased dramatically the rate of product obsolence. Man has moved rapidly from the use of personal contact in sending messages to new technologies that have dwarfted the world. The implication of this development on promotions is better imagined than described, however most importantly is that consumers have new needs created by technology.

The technological impacts are felt both on the influence that it has on other parts of the micro-environment as well as by the direct effects on the marketing mix elements.

The rate of changes in other parts of the micro environment tend to depend very much on technology. Technology not only change the

product or service but also changes the consumer himself by changing his norms, beliefs etc.

It would appear that the existing beliefs and norms of any society is a reflection of its level of technology. Better satisfaction of consumer

needs is made possible not only by consumer affluence but perhaps more importantly by technology. In terms of advertising alone, technology has made possible the development of taking motion pictures, television commercials, satellite, audio and video tape recording.

NATURAL ENVIRONMENT

The availability of natural resources, climatic conditions, physical barrier and terrain are factors that influence marketing decision making in a particular area. Most of them are renewable, the rate of replacement does not keep up with removal. As a result of the finite nature of most resources and their further degradation by non-governments have come in to reduce the level of pollution and enhance better conservation of these resources. Factors such as climate have effect on the consumer as they tend to determine what he buys. The influence of physical barriers on distribution can not be over emphasized as they tend to create obstacles to communication and transportation. The natural environment however is not a day-to-day factor in marketing decisions. In conclusion therefore those who manage products operate within a complex and rapidly changing marketing environment which the firm

must continuously monitor and adapt to, if it is to survive and prosper.

2:16 MARKET MEASUREMENT AND FORECASTING

"Market demand is basically demand forecasting or measurement. Forecasting the market is important not only in the analysis of market opportunities but in planning the marketing effort and controlling marketing performance"[18]

Market demand is defined by Kotler as "the total volumes that would be bought by a defined customer group in a defined geographical area within a defined time period in a defined marketing environment under a defined marketing programme"[19]. .

The market demand corresponding to any expected marketing effort is what is our market forecast, as differentiated from market potential. Market potential is the limit approached by market demand as industry-marketing efforts goes to infinite for a given environment. It is the total maximum demand possible for the industry given the total marketing efforts of all form in the industry. The use of a given environment is ideal because the market potential for a given product in a given period of boom will differ from that of the same product during a recession. Company demands or forecast is simply the market share held by a company in a particular market. It is subject to all the determinants of market demand, including whatever influences company market share. The company demand describes estimated company sales at alternative levels of company marketing efforts. The choice is for

management to select one of these levels. The chosen level of marketing efforts implies a particular level of sales which may be called company sales forecast. "The company sales forecast therefore is the expected level of company sales based on a chosen marketing plan and assumed marketing environment"[20]. Just as a market has its potential a company also has its own potential which is the limit approach by company demand as company marketing effort increases relative to competitors. The absolute limit of the company demand is of course the market potential ie. the best the company intends to capture.

In determining a market forecast and sales forecasts of a company the following methods may be employed [12]:-

1. ***Survey of Buyer Intentions*** - This involves sampling opinions of potential consumers to determine the acceptability of the product. The main limitation of this practice is that consumers change their opinion as rapidly as they form them. The possibility of biased opinion being compressed as a result of the physical presence of the surveyor cannot be ruled out.

2. ***Sales Force Opinions*** - where a firm cannot directly find out opinions, sales representatives can be made to submit estimates. However it is important that these should be modified or adjusted because some sales representative deliberately keep the estimates low while others may be unnecessarily over optimistic. These representatives keep estimates low in the hope that they

will excel them impress management and therefore attract promotion or higher commission.

3. ***Expert Opinion*** - This involve engaging the services of experts like consultants or dealers. This method has major advantage of being quicker and infusing third party opinion in the decision process. It may also be the only alternative if basic data is lacking. The method however has similar draw back like the sales force opinion. This is because opinions are not hard facts also the method is more reliable for aggregate forecasting than for territorial forecasts.

4. ***Test Marketing*** - This method is particularly applicable to products / services lacking secondary information. Here the marketer tries out the product or services in a representative market that he anticipates to sell in so that consumer likely reaction is known.

5. ***Time Series Analysis*** - where other method of forecasting prove too costly or time consuming and where secondary information is available, time series analysis or trend projections may be made. This method uses historical sales behaviour. Using this data and predicting future performance based on them. Statistical demand analysis uses future sales as a function of real demand. Factors like income, price, population, promotional efforts, availability of substitutes etc. Future sales are therefore projected on the basis of expected variations in these variables.

2.17 MARKETING COMMUNICATION IN THE PHARMACEUTICAL INDUSTRY

Publicity is one of the integral components of promotional mix, beside advertising, personal selling and sales promotion. "It is crucial in augmenting personal selling and sales promotion. However, as a marketing communication tool, its use has not been exploited to maximum in ethical pharmaceutical marketing because of certain legal implications and promotional ethics"[22]

In formulating the marketing plan it was considered as a necessity to incorporate publicity as a means of communication with the general public. The fundamental issue was the ability to prepare an article which was newsworthy hence the use of publicity as above the time promotional campaign.

In Publicity campaign strategy, the following components were considered:-

A TARGET AUDIENCE

* People at Risk

* The general public with no information at all on the usefulness and existence of a product

* Head of Private and Governmental agencies

* Key opinion Leaders.

B **DESIRED IMPACT**

* The creation of awareness

* Product: the creation of awareness of the availability of a product/service

* Corporate Awareness: Promotion of the company image with regard to its innovativeness.

C **CHOOSING THE PUBLICITY MESSAGE AND MEDIA**

* Introducing the profile of the product/services

* Main body of the article - source credibility

D **IMPLEMENTING THE PUBLICITY PLAN**

One of the chief assets was and still is personal relationship with the media editors who carried out journalistic investigation after getting a full brief.

Publicity results are evaluated as an ongoing process which has been and is being done through surveys and interviews by the trainer and sales force.

Several inquiries referring to the article as a source of information usually are being received and this also normally have tangible effects on sales result.

2:18 ANSWERING OBJECTIONS IN MARKETING

Before a sale is completed, customers usually raises objections. "skills in answering objections results in a high percentage of sales opportunities becoming completed sales"[23].

Answering the Unexpressed objections: - As long as the customer voices out his objections, the marketer knows what progress he is making toward completing the sales. At times however, the customer is reserved and unexpressive and does not voice his real objection, or he may make a comment that is only the apparent objection. Not much progress is likely to be made toward a completed sale until the real objection is answered. In attempting to answer the real objection, the marketer may continue with his presentation. It is possible that some later part of the presentation will answer the objection. By observing the customer's reaction, the marketer may obtain a clue as to what is the real objection and whether or not it has been answered. When the later part of the presentation does not seem to answer the concealed

objection, the marketer may return to the earlier part of his presentation. When the unexpressed objection has been answered, the customer's action and comments are likely to indicate that it has been answered and the sale can be completed.

Answering the Objection before it is expressed:

The marketer soon leans that certain objections are repeated by different customers. He may have satisfactory answers, but since the objections are commonly raised, the sales presentation is revised so that the necessary information is presented before the objections are stated. There is not mention of the objection as such and the marketer gives no indication that he is answering it. For example when price is a common objection, the marketer incorporates and emphasises in his presentation such things as quality, durability attractive design etc. The conclusion for the customer to reach is that, in the long run, the price is low.

Answering the Expressed Objection:

When the objection has been expressed by the customer, the marketer should handle it with professional skill. Since the same objections are repeated by different customers, answers should be developed for each type of objections and the marketer should be trained in how to deliver these answers effectively. The marketer's attitude and manner of delivery have much to do with the effectiveness of an answer to an objection.

Treat the objection with respect:

Regardless of how ridiculous a customer's objection may appear to the marketer, it is to be treated with courtesy sincerity and respect. If the objection reveals a tremendous lack of knowledge on the part of the customer, the marketer is in no way to let the customer know of this deficiency. The marketer is to pay close attention to the customer's objection although it is trivial and of no significance. By doing so he is showing respect for the customer and his answer will be respected.

Answer Objection Briefly but Adequately:

The answer to an objection should be sufficient to remove it as a hindrance to the sales and no more than that. To give an objection more of an answer than can be justified is to magnify its importance. The complete answer can be brief and yet adequate. It can cover the essential element in a few words. Often the essential elements are significant selling points that give the customer additional reasons for buying.

Avoid Arguments in Answering the Objection:

Arguments has no place in answering objections. It is doubtful that argument ever convinced anybody or made a scale. The decision to buy is a decision that the customer is free to make or not to make. He may be persuaded into making the decision, but the best reasons for buying are in effect if they are delivered with an argumentative attitude. Since the customer has some pride in his views, to set out to prove harmony

by argument is to injure his pride.

Continue After Answering the Objective:

When the objection has been answered the marketer should continue with the sales unless the answer to the objection is followed by completion of the sale. As he answers the objection, the marketer has control of the sale and he should continue by presenting additional selling points that supports those previously presented. These additional selling points may be sufficient to cause the customer to reach a decision to buy. To pause or to hesitate after giving the answer to an objection is to leave it to the customer to continue the sale.

2.18 METHODS OF ANSWERING OBJECTIONS

"The answer to an objection may be given in several forms. This particular form depends upon such circumstances as the significance of the objections, the personality of the customer and the effectiveness with which the salesman can use the method"[24].

1. ***Direct-Denial Method"*** [25] - One method of answering an objection is called the direct-denial method. The marketer directly denies that the price is high that the quality is low or that the manner of operation is inefficient. Obviously the direct-denial method must be seal with caution. Most marketers should avoid it because the customer has pride in his own opinion although it may be on some minor matters. Therefore it is easy to give offence by directly contradicting or denying the customer's

objection. When the objection is put in the form of a question rather than as a direct statement of fact, the direct denial method of answering can be real, if at the same time the marketer's expression is inoffensive and pleasant.

2. ***Indirect-Denial Method"***[26]**-** The method recognises that the customer does not like to be flatly contradicted. By this method the marketer indicates that he appreciates how the customer feels, but there are some other conditions or facts that will give the customer the proper understanding and appreciation of the merchandise. The marketer's appreciation of the customer's position should be conveyed by his expression as well as by what he says. A quickly delivered answer which is essentially "yes, but you are wrong" has some effect as the direct-denial method. Such an answer delivered with improper expression could as easily antagonise the customer as could the indirect-denial method.

3. ***Question Methods"***[27] **-** By the "question" method, the salesman ask the customer a question the answer to which is the answer to the objection. The salesman provides the answer. In the answer, the selling points that are intended to overcome the objection are emphasised, the question is effective because it engages the customer's attention but to retain its effectiveness, it most not be asked in a manner that offends or put the customer on the offensive. The question should be asked in a spirit of friendliness and helpfulness.

4. ***Translation Method"***[28]- Another method of answering an objection is to turn the objection into a selling point. This method, sometimes called the "translation method', can be used to answer practically any objection, but it should be used sparingly because the customer's pride can be injured by reversing the statement on him. Essentially, this method also tells the customer that he is wrong, therefore the marketer should be certain that he can use the method effectively. It can be used when the customer has very little knowledge of the merchandise and is not strongly opinionated.

5. ***Offsetting - Advantage Method"***[29]- Another method is to admit the customer's objection but point out an "offsetting advantage" of the product when the customer brings out some minor disadvantages of the product, the marketer can admit some major offsetting advantage of the product, When the customer objects to price, for example the marketer can point out the high quality. Whenever an objections is based on a fact, the correct method of answering is to admit the validity of the objection.

2.19 PERSONAL SELLING

As mentioned earlier, certain elements of the marketing mix becomes more critical in the marketing of pharmaceutical products. Prominent among these is the selling function.

According to Dan and Bradstreet, "Selling is the process of determining

the needs and wants of a prospective customer and presenting a product or service in such a way that the customer is motivated to make a favourable buying decision."[30]. This definition recognises the fact that a seller, no matter what he or she is selling, has to be concerned with the welfare of his customers in order to find out their needs. It is only when customer's needs are identified that the seller can effectively and efficiently fill them more than the competition.[31]

It is important to note that personal selling takes place even when there is no exchange of goods or money. This is very unique to pharmaceutical selling. Here the primary objective of the sales person is to get commitment on each visit to the physician or a major drug store. It then means that selling takes place when people are motivated to buy, whether or not they buy [33]. It therefore means that if a sales person spends an hour with a prospect showing and demonstrating the merits of his product, and departs without an order, selling has taken place even though there is no exchange. of goods or money. "People are exposed to billboards on daily basis as they drive along the major streets, and they do not always buy the products advertised. But selling is still taking place"[34].

The process of personal selling provide services to customers. The salesman who is not interested in customers needs is not likely to succeed [35]. The successful salesman is therefore, the one that determines the needs and wants of his customers and then provides the products or services that will satisfy those needs or wants.

Personal selling uses persuasion - The successful salesman knows that people cannot be persuaded to buy." [36]He therefore conduct the customer into a buying decision by imaginatively presenting the merits of his own products, encouraging him to participate in the sales process, suggesting favourable courses of action for the customer to exercise complete freedom of choice. In this way the salesman motivates people to make favourable buying decisions.

Selling also means communication - Sehere and Smith believe that "without communication, few exchanges will be made"[37]. The effective sales person therefore has to be a good communicator. He must be able to communicate the merits of his company's products by describing the features of the products, ideas of how the products can satisfy the customer's needs, and by providing information about how the products work. He also must be able to communicate his company's policies to the customer so that the customer will understand what the company stands for and what kind of services he can expect.

Communication also connects persuasion - Some categories of product especially pharmaceutical require a lot of persuasion. Some require very little persuasion on the part of marketers. "All that is needed is simply to inform the market what the product does. This situation occurs when the match is nearly perfect between a market's wants and needs and the satisfaction offered by a product." [38]

The salesman is also required to report to his company, the trends in the

market place. [39] Such communication must include customer's reaction to the products, usage, criticism and compliments, suggestions about improving the products, or the company's policies. The salesman is the company's ambassador of good will. He is the company's link with the market." [40]

Personal Selling is also involved with Problem Solving - Customers always have problems making the right purchase, that is choosing the right products or service to satisfy their needs. However, for the customer to be able to solve his problem, he must first of all recognise his problems. [41]If he does not, it becomes the job of the salesman to uncover these problems by making pertment remarks or by asking question. [42] In this context, the job of the salesman remains that of helping customers to solve their problems. As a result, the pharmaceutical salesman must be able to explain how the products he is marketing can solve his customer's problems. In pharmaceutical marketing, it is required that, the sales person must know the customer's problem and ways of solving them even more than the customer himself." [43]

Personal Selling is also viewed as an Educational process - It is true that people are not always aware of their needs and wants. It is the salesman's job to help his customers find out what his needs are. The effective salesman knows the hidden attributes of his products and makes the customer aware of them. [44] Writing in support of the above, Dun and Bradstreet maintained the view that "often a feature that is not

apparent in a product is the one that will satisfy a customer's need and clinch the sale. The salesman according to them is a teacher. "He explains, demonstrates, compares, enlightens, and educates.

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CHAPTER THREE

3.1 BRIEF HISTORY OF SMITHKLINE BEECHAM NIGERIA PLC

Smithkline Beecham Nigeria PLC, an affiliate of Smithkline Beecham Worldwide was incorporated in Nigeria on 23rd June 1971 and commenced business on 1st July 1972, under the name Beecham Limited. The company has its Head office at Ojota, two factories in Ilupeju and Agbara and distributes its products through a network of twenty four sales depots in strategic location throughout Nigeria.

The company's products include many popular brands, At the Ilupeju factory established in 1972, OTC Medicines, pharmaceutical and oral care products are manufactured. This list include Phensic, Extravite Tonic, Ashton and Parsons, the Panadol range, Andrews liver salt (Regular and lemon) Andrew Antacid, children's Capinol, Cafenol, Hadex, Breacal, Franol, Contact, Halfan, Zental, Tagament, Macleans and Aquafresh. At Agbara, opened in 1982, Health drinks are produced. These include as at today, Lucozade, Lucozade Boost, Ribena (concentrate and Ready to Drink) and Lucomalt.

The change of name to Smithkline Beecham Nigeria PLC. resulted from the merger of Beecham Group (UK) and Smithkline Beecham Corporation (USA) in 1989. Following the merger,two of their affiliated Nigerian companies, Smithkline and French Nigeria Limited(SK&F) and Omnipharm Limited went into voluntary liquidation while the biggest affiliated Beecham Limited became the operating unit of the new

organisation in Nigeria. Some of the ex-employee of SK&F and omnipharm were absorbed in 1990 to form the nucleus of the newly created pharmaceutical Division of the Nigeria Company in accordance with the product mix of the international company.

On the 29th August, 1994, Smithkline Beecham announced in London the acquisition of Sterling Wintrop Inc., a wholly-owned healthcare subsidiary of the Eastman Kodak. The acquisition was a very major step in Smithkline Beecham's goal of becoming one of the world's leading Healthcare companies and also makes it the world leader in OTC medicines.

Following this announcement, the integration of Sterling Product (Nig.) PLC with Smithkline Beecham in Nigeria commenced in May 1995 with the announcement of ONE SINGLE MANAGEMENT TEAM for the total Smithkline Beecham business in Nigeria. The merger of the two companies in Nigeria came into effect on 29th October 1996.

The original Beecham Group has its origin in Thomas Beecham of Oxfordshire, Cambridge (born in 1850) who through self development, hardwork and later with the assistance of his son, Joseph, built the company into a renowned forced on the healthcare industry. On the other hand, Smithkline Beecham grew out of a joint venture in 1865 involving John Smith and Mahlon kline. The business went through acquisitions and combinations until the final merger with Beecham. Today, the transnational company has over 300 products being

marketed all over the world in over 130 countries.

3.2 SIMPLY BETTER – SMITHKLINE BEECHAM OPERATING PHILOSOPHY.

Smithkline Beecham has chosen "Simply Better" as it's operating philosophy. The central theme is continuously striving for excellence. It is expected that every member of the organisation shall imbibe this theme and the core values and bring these out in all his activities so that the company will sustain it's goal of being a leader in the World wide Healthcare industry. Imbibing these culture of excellence is expected to ensure the full development and happiness of the individual employees.

Simple Better has five core values as enunciated by the company's top management which are performance, Customers, Integrity, Innovation, and people. Key highlight of the core values are given below:-

(a) **Performance:** Smithkline Beecham claim to be performance driven and that all employees continuously aim to improve in all they do.

(b) **Customers:** The company is customer driven and strive to provide products and services of superior value to meet the expectations of their internal and external customers

(c) **Innovation:** The company strives to be creative and innovative in all its endeavours. All Smithkline Beecham employees are

encouraged to bring forth new and better ideas for improved performance, whatever their responsibilities.

(d) **People:** Smithkline Beecham employees are all partners, working together in the pursuit of the company's mission and strategy. Teamwork is strongly valued, and every employee is motivated to succeed.

(e) **Integrity** : The company demand openness and honesty throughout its operations to engender trust, and integrity underscores everything they do. Smithkline Beecham believes that every activity must be able to pass the test of public and internal scrutiny at all times.

The company has distinguished itself as a leader in many of its chosen businesses. Its operating philosophy based on the "Simply Better Concepts which stresses continuous improvement has begun to yield tremendous results in the company's operations the product development and the human resources management of the organisation. The trend affirms that Smithkline Beecham is already on course as a leader, a winner and one of the best-managed companies and the best science based Healthcare company in the world.

3.3 RESEARCH METHODOLOGY

This part of the study deals with the methodology and the procedures used in the research study. It shows us considerable details how the

study was carried out and it will reveal details of the various steps adopted in the study

RESEARCH DESIGN

Generally, the research design is intended to specify the methods and procedures for acquiring the information needed to structure the project work and also states the source of such information. There are three broad classes of designs. These are:

1. Exploratory
2. Descriptive and
3. Experimental

Exploratory research is designed to assist in identifying problems, locating relevant variables and produces new hypothesis. There is the need for such studies to be flexible since the researcher is still uncertain about the true nature of the problem. The research provides a relatively low-cost, low risk form of research that may pay very high dividends. The benefit is however the much clearer picture of the problem. It is historical in nature and a scholarly desire of scientist to arrive at an accurate account of the past. This may involve nothing more than a scholarly interest in truth that is the desire to know what happened in the past.

Descriptive research method is concerned with the collection of data for the purpose of describing, interpreting and analysing existing conditions

that is the central purpose of descriptive research is the discovering of meaning.

Descriptive research gives a true picture of a situation. Any consideration of a phenomenon generally begins with a full understanding of the phenomenon. Accurate descriptions are imperative for making a wide range of policy decisions. The ultimate goal of the scientific research is the deduction of generalization that provides the basis for making prediction while generalizations are beyond the province of descriptive research. This type of research assumes a key role in the intermediate process encountered to find generalization.

Experimental research method is a systematic and logical procedure of identifying and evaluating the relationship between variables that create a particular state of affairs under controlled conditions eg. H20

represents two molecules of Hydrogen and are molecule of oxygen explaining a relationship which creates a particular state of affairs under controlled conditions.

At this juncture, it would be of immense importance to state that the presentation of this research work has been exploratory and descriptive in nature.

QUESTIONNAIRE METHOD

This is one way in which data were collected for this research work and

it could be described as a primary source. The questionnaires were structurally designed, administered and based on this, relevant data were gathered. The questions were constructed in simple and straight forward language with some portion of "Yes" or "No" answers. The questions were selective, brief and directed to the information required. The aim is to ensure that all respondents reply to the same question and they were delivered directly to the respondents who were personnel at the various section of the marketing division of the company used as a case study.

INTERVIEW METHOD

Interview as a method of data collection technique involves meetings in which the investigator directs questions at the subject and records the obtained responses. These are often face to face interactions. Unlike the questionnaire, the questions were asked and responses were recorded simultaneously. For the purpose of this research work, the interview schedule was used to support the direct interview process. This is due to the busy nature of the marketing executives.

ACCESSIBILITY TO RECORDS, JOURNALS AND OTHER DOCUMENTS

The opening chapter of this study was done with the help of some standard text. As one of the secondary sources of data collection, the use of standard text has tremendously helped in the theoretical frame work and this include text books on contemporary marketing, annual

reports and reviews of Smithkline Beecham Nigeria PLC., journals on marketing extracted from the various hand books of the organisation.

These facilitate the collection of data from the field study at the Main and Regional offices of Smithkline Beecham PLC. in Lagos and Kaduna.

JUSTIFICATIONS AND OBSERVATIONS

The single variable analysis was used in analysing the data collected from both the primary and secondary sources of data collection. This method of data analysis was used to allow for a descriptive explanation of data collected in relation to the study.

The questionnaire and interview schedule were largely used because the personnel are always engaged with very light commitments as it relates to having to meet up with customer's request but a very important fact is that records, journals and other documents were very accessible and they have a lot to say about the problem of the study.

CHAPTER FOUR

DATA ANALYSIS

As stated under Research Methodology, Key Marketing Personnel of Smithkline Beecham were interviewed, while questionnaires were administered on selected major channel members of the company. Sixty out of Eighty questionnaires sent to channel members were completed and returned.

The analysis of the data is presented below:

4.1 PRIMARY PRODUCT AREAS

Included on the list of Primary Products are:

(a) ***ANTI-INFECTIVES***

- Augmentin- For treating Bacterial infections, many of which are resistant to other antibiotics. Augmentin is Smithkline Beechams' second 1 billion dollar product (after Tagamet).
- Amoxil is a broad spectrum antibiotic.
- Ampiclox is a broad spectrum antibiotic others includes
- Suprapen and Penbritin

(b) ***GASTROINTESTINAL***

In this group are:

- Tagamet, for treating peptic ulcers and other gastrointestinal disorders.
- Kytril, to control nausea and vomiting associated with cancer therapy.
- Andrew Antacids for stomach up-set etc.

(c) ***CENTRAL NERVOUS SYSTEM***

- Kytril
- Seroxat

The two above are making waves worldwide

(d) ***ANTIRHEUMATIC AGENTS***

In this group are, Relifex / Relafer, a particularly well- tolerated drug for treating arthritis.

(e) ***VACCINES***

Available in this group are:

- Havrix, the world's first hepatitis A vaccine.
- Engerix-B for the prevention of hepatitis B.

(f) ***NUTRITIONAL HEALTH DRINKS***

Ribena and Lucozade

(g) ***ORAL HEALTHCARE PRODUCTS***

Macleans Toothpaste

Aquafresh Toothpaste

(h) ***OVER THE COUNTER MEDICINES (OTC)***

Panadol regular and Panadol Extra (Analgesic)

Andrews liver salt

Cafenol and Phensic (Analgesic)

Ashton & Parson (Teething powder)

4.2 **THE LARGEST SELLING BRANDS**

The largest selling brands includes:

(a) ***ANALGESICS***

- Panadol extra
- Panadol regular
- Phensic
- Cafenol

(b) ***NUTRITIONAL HEALTH DRINKS***

- Ribena, vitamin fruit drinks
- Lucozade, sports and energy drinks
- Horlicks, malted food drinks

(c) ***ORAL HEALTHCARE BRANDS***

- Aquafresh, tooth paste and mouth washes
- Macleans, tooth paste
- Odol, mouth washes
- Cersodyl, treatment gel and mouth wash

(d) RESPIRATORY TRACT PRODUCTS

- Contac, a cough and cold medicine
- Eskornade, a cough and cold medicine
- Sucrets, for sore throat and cough control
- Beecham, cold and the relief

(e) ***ANTIBIOTICS***

- Augmentin
- Ampiclox and
- Amoxil

(f) ***GASTROINTESTINAL PRODUCTS***

- Setlers, indigestion tablets and liquid.
- Tums, antacid tablets and liquid
- Eno, a sparkling anticid

(g) ***VITAMINS AND NATURAL MEDICINES***

- Geritol, vitamins
- Scotts, a cod - liver oil product
- Vivarin, a stimulant
- Graburink, a pumpkin seed product

(h) ***DERMATOLOGICALS***

- Oxy, for treatment of acne
- Synthol, topical analgesic

4.3 CONSUMER HEALTHCARE RESEARCH AND TECHNICAL OPERATIONS

Smithkline Beecham Healthcare carries out research and development in the United Kingdom and the US (Not in Nigeria) along with technical research. Two main thrusts are identifiable: Product R & D which covers both existing and new product development, and packaging and process technology.

4.4 INNOVATIVENESS

This is one of the core values of Smithkline Beecham. Continued innovation, based on state-of the-art science and technology combined with market consciousness and responsiveness is the key to future competitive leadership. Employees are also encouraged to bring forth new and better ideas for improved performance.

4.5 COMMITMENT TO RESEARCH

Smithkline Beecham is strongly committed to research and development. Over five thousand people are dedicated to the task with a budget of $300 million and centers in the UK. and USA. (Not in Nigeria), places Smithkline Beecham amongst the world's top research and development companies. Activities are focused on maintaining current franchises in antibiotics and the treatment of gastrointestinal disorders and on discovering novel therapies for chronic illness.

4.6 MAJOR AREAS OF RESEARCH PROGRAM

Research programs are concentrated in six therapeutic areas, each with

products in clinical trials.

- **Anti-infections:** treatment of bacterial, viral and fungal infections.
- **Gastrointestinal:** treatment of diseases of the digestive tract.
- **Cardiovascular:** treatment of heart disease and diseases of the circulatory system.
- **Mental Health:** treatment of dementia and nervous disorders.
- **Inflammation and Pain:** including treatment of arthritis.
- **Vaccines:** preventive of bacterial and viral infections.

4.7 THE MARKETING ENVIRONMENT/PROGRAMS

The market environment is competitive. The challenge facing Smithkline Beecham is to maintain and improve their present world ranking. Presently in Nigeria, Smithkline Beecham is the largest Health care Company.

The company has in place exciting marketing programs directed at the trade customers and consumers. Overall objective is to ensure product awareness and off-take through the various channels of distribution. The optional result expected is increase consumption and sales of the various product portfolio. The plans resolve around:-

- Effective personal selling through sales representatives.
- Communications through electronic and print media using simple and effective messages.
- Sales promotions using Road Shows and dedicated promotion team in all sales region.
- Consistent merchandising and sampling of products.

- Partnership selling through collaboration with NGO's and government agencies.
- Use of Advertisement in local media and point of sales materials like posters, danglers and stickers.
- Business development and redevelopment are also enshrined in the forms of repackaging and re-launching of key brands like panadol, Phensic and Macleans.

4.8 REACTION TO COMPETITION

Smithkline's response to intense competition is to pursue innovation, and use all resources more productively than the competitors. A strategic marketing group works closely with research and development and large global sales force to extract maximum value from existing products and ensure rapid acceptance of new ones. Generally the company's source of competitive advantage is the energy and ideas of the employee's and the strength of the company lies in its value system as captured in their mission statement.

4.9 MAJOR PROBLEMS/ CHALLENGES FACING SMITHKLINE BEECHAM NIG. PLC

The analysis of data reviewed that Smithkline Beecham Nig. Plc., is facing various problems and challenges common to the manufacturing sector of the Nigerian Economy. Some of the problems can easily be defined according to the various departments within the organisation.

(a) *FINANCE AND LOGISTICS DEPARTMENT*

This department is responsible for importation of raw material from the parent company and other affiliates around the world. It equally ensures the sourcing of raw materials locally in Nigeria for the manufacturing and packaging of our brands.

Finance and logistic department also ensure proper management of the company's account relationship with Banks and other financial institutions.

The performance of this department is very key to the success of Smithkline Beecham as a marketing outfit. The key personnel interviewed cited the following as the major problem areas:

- Declining company's sales turnover
- High cost of sales
- High overheads and low margins on products.
- High debtors' figures

(b) ***MARKETING DEPARTMENT***

Marketing being the heart of the business helps to ensure synergy among all the departments of the company towards the delivery of high quality products to the market and ensuring consumer's acceptability through effective marketing activities. Under marketing, the following were cited as major problems:

- Good plans but ineffective implementation
- Lack of team work among the marketing and sales managers.

- No clear position as to whether the company is market or sales driven
- Shrinking sales in the North of tooth paste
- Inadequate advertising and promotional support
- High cost of goods
- Lack of resources.

(C) ***CONSUMER HEALTHCARE AND PHARMACEUTICAL SALES DEPARTMENT***

The sales department represents one of the largest in the company and represent the company's major contact with the customer. The department also represent the major source of revenue through the sales and distribution of the company's products in Nigeria.

Some of the problems facing the department were given through the questionnaires as :

- Dwindling volumes sales of products
- New Business initiatives
- Trade related issues
- Customer service
- Inventory Management
- Regulatory issues

(d) ***TECHNICAL DEPARTMENT***

The technical department is responsible for the manufacturing of

the company's products through the two factories in Agbara and Ilupeju. Major problems in this area were identified as:

- Low capacity utilization of the factories
- High cost of raw materials
- Re-appraisal of product portfolio

(e) ***HUMAN RESOURCE DEPARTMENT***

This department is charged with recruitment, job placement and development of employees among other things. The key personnel cited problems in the area of human resources department. The key personnel /employee related issues highlighted during the interview were:

- Motivation
- Productivity
- Job security
- Training of personnel

4.10 ISSUES PERTINENT TO SMITHKLINE BEECHAM CUSTOMERS

Data collected from Smithkline's customers revealed the under listed key issues that are pertinent to them:

(a) ***REGULAR VISITS BY SMITHKLINE SALES FORCE***

Out of sixty questionnaires completed and returned, 90% of respondents preferred regular visits by Smithkline's sales people. The remaining 10% showed no preference.

(b) **PERSONAL QUALITY**

When asked to indicate the personal qualities that attracted them to sales reps., the following qualities were cited:

- Good appearance
- Punctuality
- Friendliness
- Knowledge of the products and industry
- Provision of information
- The right attitude
- Patience
- Ability to socialise
- confidence
- Ability to take decisions
- Ability to issue bills when due.

(c) **PROMOTION**

Most of the customers (85%) indicate their desires for trade incentives and regular promotions directed at the consumers to enhance off-take of products.

(d) **TRADE TEAMS**

They all want to enjoy flexible trade teams in form of credit facilities for at least 30 days.

(e) **ADVERTISEMENT**

They all virtually (i.e. 92%) praised Smithkline Beecham for its advertisement of key brands on the televisions and radio stations and they would want it to continue.

(f) **QUALITY OF PRODUCTS**

100% of customers agreed that Smithkline Beecham has high quality products and it represent a major attractiveness to customers and consumers alike.

(g) **PRODUCT AVAILABILITY**

78% of the customers would also appreciate regular availability of products all year round while 22% would appreciate artificial scarcity in order to make higher margins and profit through sales of the products.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

SUMMARY

The work sought to find out how pharmaceutical products can be effectively marketed in Nigeria. SmithKline Beecham Nig. Plc., was used as the case study. The work was divided into five chapters. In chapter one, the justification for carrying out the project was clearly defined. Chapter two was devoted to a review of relevant literature. Chapter three deliberated on the research methodology. Chapter four was dedicated to data analysis while chapter five summarised the project made recommendation and concluded the project.

CONCLUSION

The research revealed problems in the following areas:

1. Finance and Logistics Department
2. Marketing and Technical Department
3. Consumer Healthcare and pharmaceutical sales
4. Human Resources Department

The problems identified are major impediments and they all have a synergistic impact on SmithKline Beecham's ability to effectively market its pharmaceutical products in Nigeria.

Providing early solutions to the problems/challenges will go along way towards furthering the leadership of the company as a pharmaceutical marketing organisation.

Generally, customers, through the administered questionnaires, cited regular visits by the sales people as one of their important preferences. Other qualities cited include good personality, punctuality, friendliness, knowledge of the products and industry, provision of information and others. Customers would also appreciate flexible terms, Regular Promotion, maintenance of the products quality and product availability all year round.

RECOMMENDATION

In order to effectively market pharmaceutical products in Nigeria, using SmithKline Beecham as a good example, the study makes the following recommendations:

5.1 RECOMMENDATIONS FOR A MORE PRODUCTIVE FINANCE AND LOGISTICS DEPARTMENT

Taking the key issues raised as problems through the questionnaires, recommendations are hereby forwarded.

a. **DECLINING COMPANY'S SALES TURNOVER**

This has an impact on the revenue base of the company without which the company cannot function effectively. Recommendation for improving the turnover of the company includes:

- Production of low cost products that are customer focused towards improving turnover.

- Products quality should be improved backed by aggressive selling and marketing strategy.
- Steady stream of production inputs should be ensured through proper logistics to enhance products' availability all year round.

b. **HIGH COST OF SALES**

Any company experiencing high cost of sales may have to price its products at high prices and this can affect company's turnover as some customers might not be able to afford the products. The following recommendation are put forwarded as possible solutions:

- Raw materials and products components should be sourced at competitive prices through improved logistic planning and communications with parties concerned.
- There should be flexibility in sourcing raw materials and components to ensure purchases from the best sources at the best prices and reduce lead time.
- Distribution chain should be rationalised to reduce cost.
- The company should explore cheaper packaging materials to reduce cost.

c. **HIGH OVERHEADS AND LOW MARGINS**

Once overheads of selling a product or service is high, margins will be low and there would be less funds available for marketing program. To this end, the study makes the following recommendations:

- Certain work/structures like depot operations should be concentrated out to save money.
- Multi-skilling through proper training of staff should be ensured to achieve higher productivity and performance.
- The three company's factories should be rationalized and new products development should be embarked upon to reduce high factory overheads.
- Proper control/cost consciousness should be engendered and areas of wastages eliminated.

d. **HIGH DEBTORS' FIRGURE**

High debtors' figures refers to the customers of the company that buy products on credit terms and high defaults leads to the absorption's of bank charges by the company. This is a serious problem because the company also uses banks money to do business. In order to resolve this problem, the study recommends the following:

- The Sales Departments should embark on an aggressive debt recovery to combat receivables problems.
- The company should sell its products on cash and strict adherence should be ensured for a new and better credit guideline that should be developed for credible customers.

5.2 RECOMMENDATIONS FOR AN ENHANCE MARKETING DEPARTMENT

Marketing department has the responsibility to deliver the right products at the right prices to the right places at the right time. This means the

marketing department must ensure overall coordination of the activities of other departments. It is the reason why marketing is seen as the heart of every business.

The study recommends the following as ways to enhance the effectiveness of the marketing department.

- Marketing Director should ensure that all marketing managers have individual objectives that reflect the overall marketing plan of the company and the implementation should be monitored during the year.

- A closer relationship should be established and cooperation ensured between the sales and marketing departments. This can be through sustenance of cross functional teams for major assignments.
- Marketing department should make deliberate attempt to improve corporate visibility through effective and timely communication, advertising and promotion. Core brands of the company should be incorporated in the plan.
- The study recommends the articulation of a marketing vision with the aim of regaining lost market leadership of toothpaste especially in the Northern Nigeria.
- The problem of low sales should be proactively handled by both sales and marketing department beginning with research into the target market.

- Outline of key marketing activities should be communicated to all concerned and realistic lead time for product launches should be instituted.

5.3 RECOMMENDATION FOR A MORE EFFECTIVE CONSUMER HEALTHCARE AND PHARMACEUTICAL SALES DEPARTMENT

As mentioned earlier, the sales department is the source of revenue for the company and members of the department represent the image of the company. To enhance the performance of this department, the study recommends the following as solutions to problems identified earlier in chapter four.

a. DWINDLING VOLUMES

An effective sales department is expected to sell more quantities of its products through effective sales activities and programs. The following are recommended towards enhancing volume sales of SmithKline Beecham's products.

- Sales activities/initiative should be developed for core brands supported by innovative marketing effort to ensure growth in volume sales.
- The sales team should intensify redistribution of SmithKline Beecham's products and attractive incentive scheme should be put in place by the Sales Director as reward for distributors, wholesalers, retailers and members of the sales team that excel.

b. **NEW BUSINESS INITIATIVE**

This is an attempt by the Sales Department to open up other channels and opportunities for the company's products. The study recommends the following as ways of strengthening the company's ability in this area.

- Top Management and Board members of the company should be involved in developing good relationships with government officials and regulatory bodies. The overall aim is to ensure availability opportunities are harnessed especially government tenders.
- The use of consultants to review and penetrate new business opportunities should be considered and attractive incentives should be put in place for both internal individuals involved.

c. **TRADE RELATED ISSUES**

These are issues pertaining to the management of the distributive chain for the company's products. The study makes the following recommendations towards addressing the challenges posed.

- There should be continuos education of SB's customers especially distributors in the areas of stock management and records.
- The company should increase the promotional materials and samples for customers to engender their cooperation/interest in company's programs.
- Customers' Commission should be paid promptly and flexible and competitive trade terms should be put in place for all categories of customers.

d. **CUSTOMERS SERVICE**

Customers service has been found to play a very critical role in the marketing of pharmaceutical products. The following recommendations are put forward for better customer services:

- Sales force should act as Consultants to customers towards ensuring a sense of belonging and mutually beneficial partnerships.
- The Sales Department should ensure a sense of urgency among sales representatives and prompt delivery services to all customers.
- Merchandising activities should be emphasised by the sales department with adequate marketing support that will reflect positively on customers business.
- Dynamic trade promotion should be ensured and sustained to enhance customer satisfaction.

e. **INVENTORY MANAGEMENT**

Inventory management forms an integral part of the overall marketing program of a sales/marketing organisation, over stocking as well as understocking have associated problems that must be avoided. The study recommends the following towards addressing issues related to inventory management.

- Existing inventory problems as it exists should be addressed through effective planning, communication of appropriate lead time to concerned parties in the various departments of the company for any particular item, raw material components and products.

- The company should consider variety of sources for various items required for its smooth operation. Prompt delivery should be set as performance standards for all suppliers.

g. **REGULATORY ISSUES**

Relationships need to be developed by the company with the regulatory authorities. The Managing Director, Sales Director and Marketing Director should make it a key result area of their job.

SmithKline Beecham also needs to be more practical and proactive in dealing with the officials of the regulatory agencies like: National Agency for Food, Drugs and Administrative Agency, (NAFDAC) Federal Ministry of Health (FMOH) and Pharmacists Council of Nigeria (PCN) etc.

5.3 RECOMMENDATIONS FOR ENHANCING THE PERFORMANCE OF THE TECHNICAL DEPARTMENT

As part of the revelation from the customers' questionnaires administered, quality of product is a cherished factor that needs to be maintained as part of SmithKline Beecham's marketing efforts. All marketing budget/expenses on advertisement, promotion and maintenance of a strong field force can only be made effective if products coming out of the two SmithKline Beecham's factories are of very high quality. Recommendations are hereby forwarded for the key problems areas identified.

a. **LOW CAPACITY UTILIZATION**

A Company with low capacity utilization will build up high overheads on existing products and ultimately low margins. All these will ultimately affect the company's ability to market/promote its brands due to inadequate fund.

The study therefore, recommends the following solutions:

- SmithKline Beecham should strengthen its core and high value brands to meet the needs of customers with the hope of increasing volume sales and ultimately the capacity utilisation.
- SmithKline Beecham should embark on toll/contract manufacturing for external customers to improve capacity utilization activities.
- The company should correct errors in inventory management towards production of what the market demands.
- The company's factories should be rationalized and alternative source of raw materials and procurement at cheaper rates should be exploited.
- Flexibility should be built into the factories operation and facilities to handle different products and reduce machine idle time.

b. **HIGH COST OF RAW MATERIAL**

This has a lot of impact on the cost of goods and margins/profit which eventually has a direct impact on what is made available for advertisement and promotion. The following recommendations are

hereby put forward to enhance better sourcing of raw materials at competitive prices and maintaining affordable prices:

- The company should source cheaper raw materials without sacrificing quality and stock out of raw materials should be at acceptable level.
- The cost of sales should not exceed 50%. Current level of (75 – 80%) as revealed through the questionnaire is not viable.
- SmithKline Beecham should rationalized and standarise the packaging of its products to reduce cost.

c. **RE-APPRAISAL OD PRODUCT PORTFOLIO**

Product portfolio represents various products and their variants pack sizes with some of the pack sizes doing better than others.

The study hereby recommends the following towards maximizing the benefit of an assorted product portfolio.

- The company should re-engineer the business and its products, decides which segment/categories are more profitable now and in the future. This will then allow for proper channeling of company resources.
- SmithKline Beecham should embark on new products development with the aim of launching the products, the production of which will help to use up excess capacity of the factories. Overall portfolio and profitability.

5.5 RECOMMENDATION FOR A MORE PRODUCTIVE HUMAN RECOURCES DEPARTMENT

It is strongly believed that no matter how good a company's systems, procedures and products appear to be it takes people/employers to make an organization achieve their ultimate success or goals. It is therefore, not surprising that SmithKline Beecham has an operating culture with the initiatives built around employers ability and willingness to give their best.

Human Resources Department is therefore, very important as their policies have far reaching effects on the productivity of employees.

Consequently, the study makes the following recommendations as solutions to the problems areas revealed through our interviews.

MOTIVATION

When marketing/sales personnel are well motivated, they are very much likely to go the extra miles in achieving the expected results. Therefore, a well motivated team is most likely to be more effective at marketing SmithKline Beecham's products. A well motivate Technical and Finance Department will ensure the necessary performance capable of supporting the company's marketing programs.

Therefore, for ensuring the motivation of the company's employees, the following should be considered:

- Employees should be remunerated equitably to meet their aspirations according to their grades, risk and responsibilities.
- Management of SmithKline Beecham should institute an objective appraisal and feedback system laced with improved and open communication network to engender high spirit among employees.
- SmithKline Beecham's management should regularly recognise the potentials of its employees and make effort to reward their successes during the annual Sale Conference.
- The company should ensure clear job descriptions and reporting lines for employees. Job rotation and enrichment should also be enshrined in the human resources' policies of the company.

b. **PRODUCTIVITY**

Productivity and motivation are related. Once employees are well motivated they are likely to be more productive. SmithKline Beecham can obviously benefit from a more productive workforce. Consequently, the study recommends the following solutions to the problems of productivity:

- Management of SmithKline Beecham should set measurable objectives and institute a company wide reward system for employees that meet their objectives.
- The company should intensify staff training and development with emphasis on multi-skilling to enhance performance.

- Management of SmithKline Beecham should decentralize authority and empower lower Management staff within trust and commitment.
- Recreational facilities should be created for employees to relax during their free hours.

c. **JOB SECURITY AND TRAINING**

Job security is a key to engendering employees' commitment, motivation and productivity. A marketing organisation like SmithKline Beecham stands to gain a lot if the employee feel their job is well secured.

Training on the job is always appreciated by employees to enhance their skills and abilities. Ultimately, the company stands to gain a lot, so, it is mutually beneficial to both parties.

The study hereby recommend the following:

- SmithKline Beecham should put in place career plan for all categories of employees and communicate the plan to all concerned.
- The Human Resources Department should re-evaluate the workforce

  with the aim of ensuring a lean and effective from top to bottom. The aim is to be in the position to remunerate employees adequately.
- Regular training of employees should be carried out on the job and in conjunction with external consultants on various aspects of the job within and outside Nigeria to enhance productivity and motivation of employees.

The study believes that the implementation of the various recommendations against the itemized problems under the five major departments of SmithKline Beecham is key to its marketing effectiveness.

SmithKline Beecham is a leading company is the areas of marketing pharmaceutical products in Nigeria. Therefore, implementation of this study's recommendations will continuously ensure it maintains its enviable leadership position in the Nigerian pharmaceutical sector of the economy.

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APPENDIX I

INTERVIEW QUESTIONS FOR SMITHKLINE BEECHAM'S MANAGERS

I am a post graduate student in the Department of Business Administration, A.B.U. Zaria. I am conducting a study on the effective marketing of pharmaceutical products in Nigeria and therefore, require your assistance by helping to answer the following questions:

I will appreciate your effort if you can be objective in answering the questions.

1. Rank of Officer (Please State)

   .....

   .....

2. Department

   .....

   .....

3. Number of years with company

   .....

   .....

4. What are the major product lines marketed by Smithkline Beecham?

   .....

   .....

5. Does your company carry out Health Care research?

.....

.....

6. What inform your competitive position over the years?

.....

.....

7. Is your organisation committed to Research?

( ) Strongly Committed

( ) Committed

( ) Not Committed

8. What are the major areas of your research program?

.....

.....

9. How would you describe your marketing environment?

.....

.....

10. How do you react to competition?

.....

.....

11. how do you react and respond to the challenges of the business?

.....

.....

12. What would you say are the major problems and challenges

facing Smithkline Beecham?

.....

.....

13. What other issue do you consider important to your marketing?

.....

.....

14. What role does personal selling plays in your marketing programmes?

.....

.....

15. What kind of training do you give to your Sales representative to enhance their effectiveness?

.....

.....

16. Which elements of promotions do you use to effectively market your brands.

.....

.....

17. What is the contribution of promotion and advertisement in your marketing initiatives?

.....

.....

Thank you for your co-operation.

APPENDIX II

QUESTIONNAIRE FOR SMITHKLINE BEECHAM'S CUSTOMERS

Topic: ***Effective Marketing of Pharmaceutical Products in Nigeria.***

I am a post graduate students in the department of Business Administration, A.B.U. Zaria. I am conducting a study on the above topic and therefore require your assistance by helping to answer the following questions:

1. Name of Dealer/Customer.....
.....

2. Address:.....
.....

3. Nature of Operations:

( ) Wholesale
( ) Retail
( ) Pharmacist/Physicians
( ) Any other

4. How long have you been in business?

.....

.....

5. How long have you been doing business with Smithkline Beecham?

.....

.....

6. What are the major qualities that attracts you to a Sales Representative?

.....

.....

7. Do you have any suggestion that can improve the marketing effort of Smithkline Beecham?

.....

.....

8. Which Smithkline Beecham's Product do you sell or distribute?

.....

.....

9. How often do Smithkline beecham's Representatives visit you?

.....

.....

10. How will you rate Smithkline Beecham's Sales Representative compared to other company's Representative?

.....

.....

11. Can you comment on Smithkline Beecham's marketing efforts through

(a) Promotion:.....

.....

(b) Advertising effort:.....

.....

(c) Product quality:.....

.....

(d) Trade Terms:.....

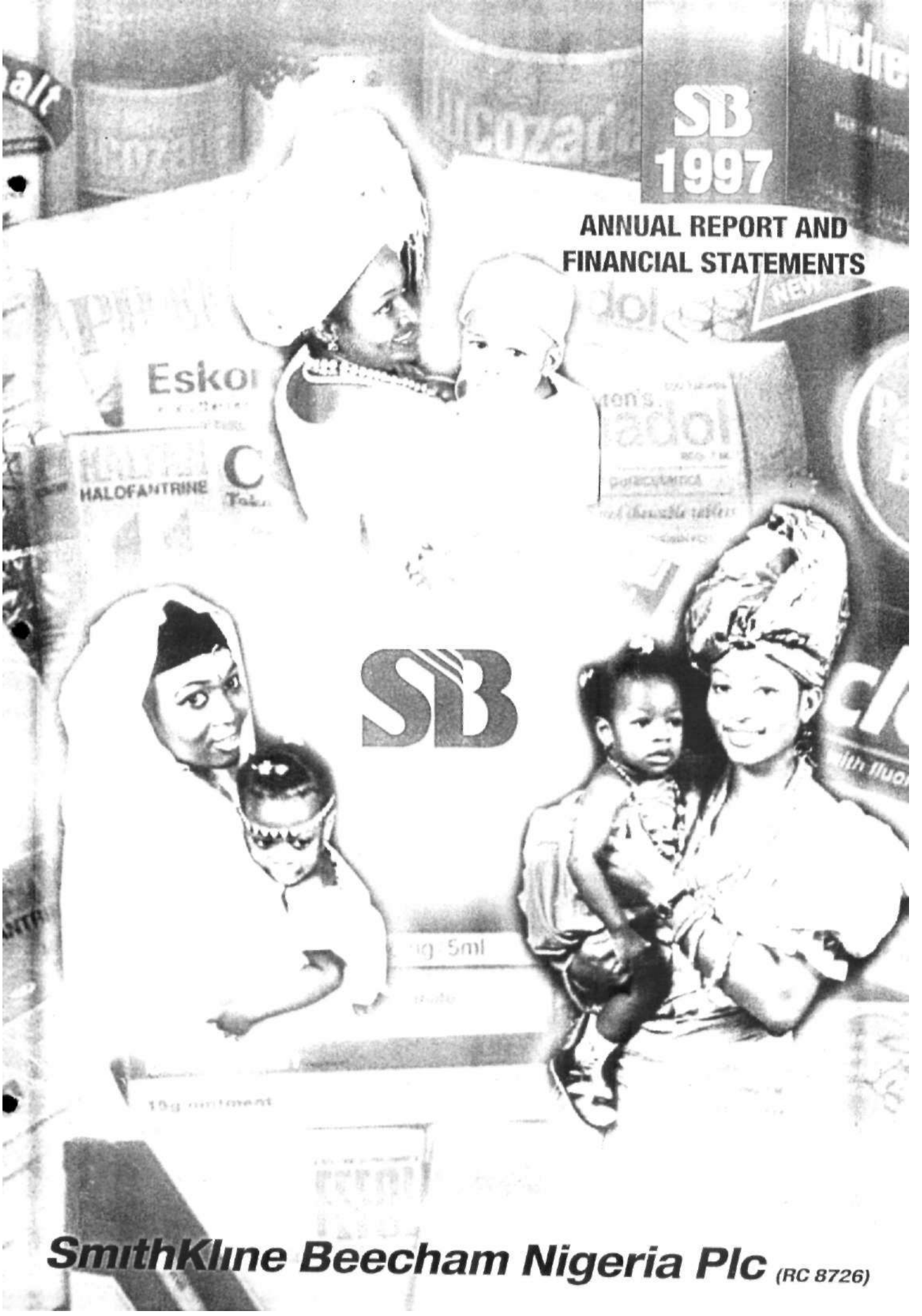
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12. What other issue do you consider important that can enhance the marketing gains of the company?

.....

.....

Thanks for your co-operation.



SmithKline Beecham Nigeria Plc *(RC 8726)*

SmithKline Beecham

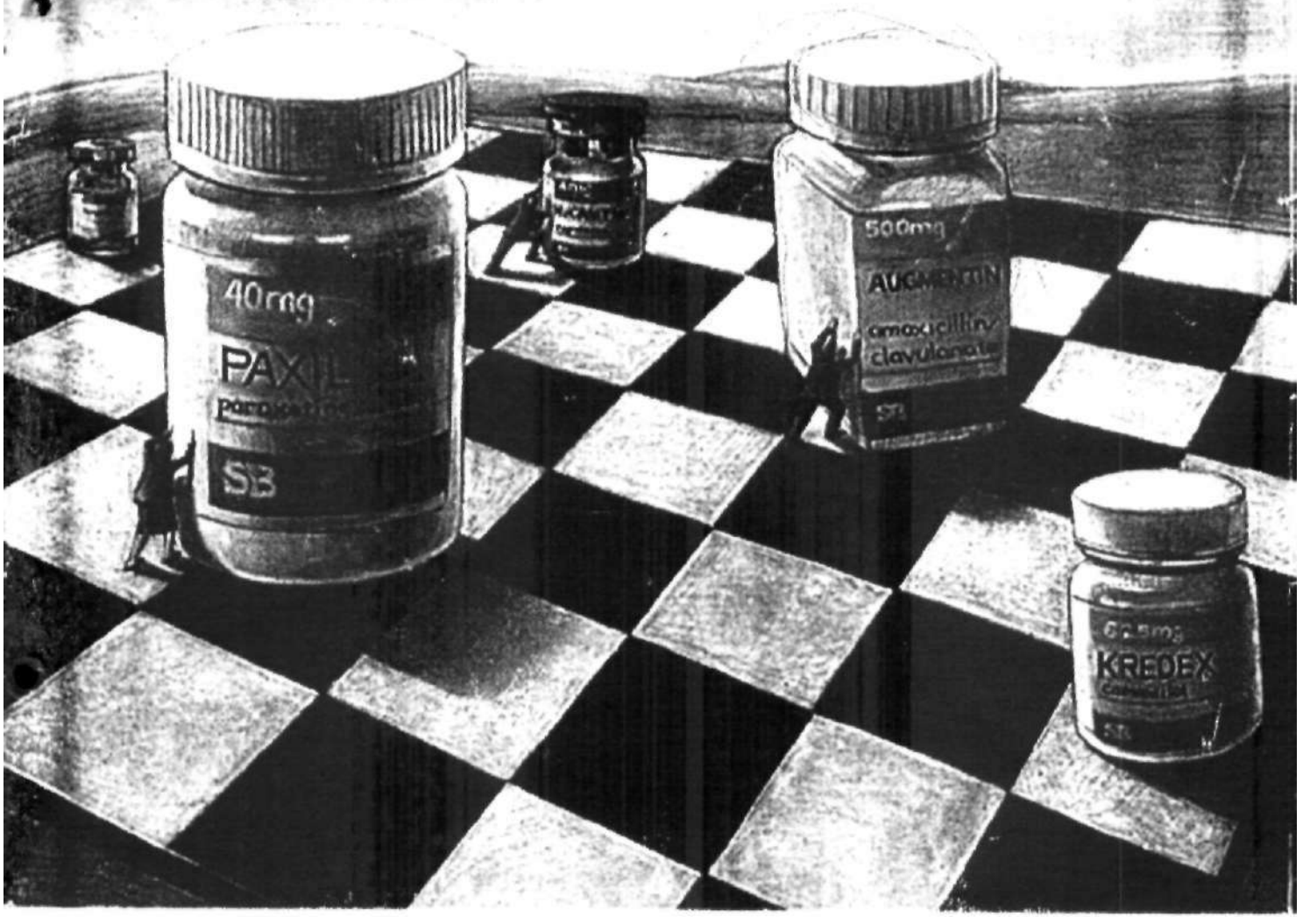
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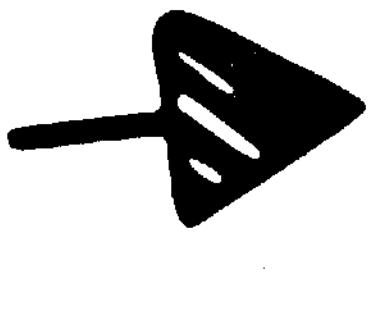
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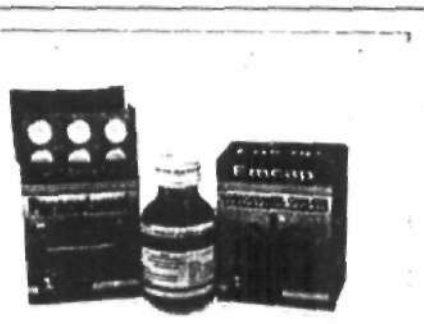
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