

Pharmaceutical Marketing Strategies in Nigeria

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Modern Marketing, no matter where practiced is basically the same. It is based on the concept that people spend their money not for goods and services, but to get value satisfactions they believe are bestowed by what they are buying. In other words, marketing entails the identification of consumer/customer needs and tailoring one's product or service to satisfy them.

Pharmaceutical Marketing in general embraces the marketing of all pharmaceutical products which we can broadly divide into two groups, viz. the Ethical products and the 'over the counter' products. The marketing strategies of these two groups are basically the same with slight differences in approach in certain aspects. I will try to highlight these differences as we get to them.

Before it will be possible to plan a proper marketing strategy, it would be necessary to clearly define:—

1. The Market.
2. The Marketing Objectives
3. Target Audience.

What is the market? One could easily say the Pharmaceutical market in Nigeria. This when qualified will be the total value in Naira spent annually on the purchase of pharmaceuticals. This will be alright as a general background but will not suffice in the planning and marketing of a specific pharmaceutical product. It is important to know clearly into what portion of the Pharmaceutical market your product fits. To emphasize this point, I will take an example outside the pharmaceutical market. For instance, the railroads did not stop growing because the need for passenger and freight transportation declined. In fact that grew. The railroads are in trouble today not because the need was filled by others (cars, trucks, airplanes or even telephones) but because it was not filled by the railways themselves. They let others take customers away from them because they assumed themselves to be in the railroads business rather than in the transportation business. The reason they defined their industry wrongly was because they were railroad oriented instead of transportation oriented; they were product oriented instead of customer oriented. Having properly defined your market, *i.e.* anti-biotic market, anti-malarial market, baby food market, etc. it will be necessary to establish that there is a consumer need to be satisfied by your product in that market. Next is to establish the size of this market. This can be obtained through market research. In Nigeria it is not easy to obtain accurate market sizes because—

(a) The outlets for pharmaceuticals are ill-defined and therefore even if our retail shops keep accurate records—which they do not—a chemist audit will not give the required data.

(b) The figures from the Federal Ministry of Statistics are not very accurate although they give good guidelines for estimating total market size.

Having established the market and its size, it is now necessary to clearly define the marketing objectives. These

could be both qualitative and quantitative. The qualitative objectives should state clearly the share of the market the product will achieve in the 1st, 2nd and 3rd year of launching. The qualitative objective will also state the position amongst competitors that the product will achieve and the image that will be established for the product during the planned period. The quantitative objectives will state in volume and value the yearly forecast sales, gross profit and net contribution for the planned period.

Next it will be necessary to establish the target audience, *i.e.* those to whom you will direct all your promotional efforts. This is one place where there is a variation between Ethical Pharmaceutical Products and O.T.C. products. For ethical pharmaceutical products your audience is restricted to the Medical Profession, *i.e.* doctors and pharmacists. In other words in this situation, you are not dealing with the consumer who actually determines the size of your market, but with an intermediary, in this case the prescriber/recommender. With O.T.C. products your audience is not restricted and in fact the entire populace could well be your target audience. They are all potential consumers.

We have now defined our market, objectives and target audience. The question now is how to reach our audience, achieve our objectives and obtain our target share of the market. In other words we will work out our strategies. The marketing strategies could be discussed under the following headings:

1. Promotional Policy.
2. Pricing Policy
3. Distribution and Merchandising
4. The Product.

1. PROMOTIONAL POLICY

This is an aspect of the marketing strategy in which the approach for O.T.C. and Ethical products differ. As we have stated hitherto, the target audience for ethical products is the medical profession while the entire populace form the target audience for O.T.C's. These two categories are reached by—

- (a) Direct promotion
- (b) Advertising.

Direct promotion in the case of Ethical products is carried out by medical representatives. They make personal contact with the medical profession to effect sales. Medical detailing in the marketing concept is a technique which entails more than a professional discussion. The customer whether he is a general practice pharmacist, a general practitioner or a hospital consultant unfairly expect the representative to be a specialist in each field. The representative should therefore have full knowledge of his company and their products and some knowledge also of the marketing area in which he is operating. He should also be trained to be able to identify in each case the customer's need and tailor his interview with the prime

objective of satisfying the customer's need. This of course is the fundamental concept of marketing. It is no longer enough to get a good product with all the nice features. These must have to be related to the benefit the customer will derive to achieve maximum sales. This detailing effort is supported by direct sampling.

The O.T.C. direct promotion is slightly different in that far larger group is to be contacted. It will be impossible to have personal contact with all of them. Personal contact could therefore be made only with the major distributors. The others are contacted in groups through propaganda vans using van tapes and loud-speakers.

Ethical advertising is also restricted to very few media, namely medical and pharmaceutical journals and by direct mailings of literature to the same people.

In O.T.C. advertising, the advertiser has all the available media to use. These include—

- a) Commercial Radio and Television
- b) Newspapers
- c) Magazines and Journals
- e) Cinema
- e) Outdoor Publicity
- f) Directories and Annuals.

The choice of media will depend on the ability of the advertiser to determine which media will produce required results within the budgetted amount, being guided, of course, by the three advertising fundamentals, *i.e.* impact, frequency and coverage.

In both cases, *i.e.* Ethical and O.T.C. products, the advertising message must carry a unique proposition. Something to satisfy a particular need or fancy. In short, the product must have a unique selling proposition (USP) not to be classed as a 'me too' product.

2. PRICING POLICY

Undoubtedly, the appropriate price at which to sell a product or service, is one of the most important risk decisions a businessman has to take. Since pricing policy is one of the principal means of achieving the objectives of the business *viz.* profitability, sales volume and market standing, it must be consistent with these objectives. The selling price of the product, properly set, ensures that there will be a sufficient flow of funds to pay for all the other activities within the business that are also necessary to achieve its objectives. That is to say, therefore, that a rational pricing policy must be part of a rational marketing strategy.

Pricing is a matter of judgement. There are no neat formulae for calculating what "the right" price ought to be. In the absence of clearly defined objectives this decision can be no more than an arbitrary guess. However, provided that the objectives are clearly defined, the tools of market research and cost analysis can serve as valuable aids to judgement in making the decision. There are five basic pricing objectives which have to be considered all together and a compromise agreed as to their relative importance in individual cases.

(a) To Achieve a given Target of Profitability

This is usually the most important objective, and it should be expressed quantitatively as a return on capital employed or sales turnover. In deciding upon profitability target a compromise has to be made with the other objectives. That is to say, the target should be optimum rather than maximum.

(b) To Support a Planned Position or Share

Again a compromise has to be made between profitability and market standing. If one is selling a "me too" product to a mass market, one has to aim to be number

one or two or just not be there at all. On the other hand, if the product is well differentiated and/or the market specialised, one can still enjoy a prosperous existence with what may appear to be only a very small share of the total market, but is in fact a substantial share of the specialised segment.

(c) To pre-empt, meet or follow competition

If it is desirable to pre-empt competition, then a modest profitability target is indicated. An individual company, unless it is the leader, usually has little choice but to follow the lead in such a situation.

(d) To differentiate product or company image—re "value for money" or "quality and exclusiveness"

(e) To achieve stabilization of price.

On the whole, a sound pricing policy is one of the key marketing tools and it must be established in the context of a company's overall marketing strategy. It must be dynamic and based upon a careful analysis of the economic and market conditions at the time. It requires a systematic planned approach and it is not enough just to pass the question—

- What do competitors charge?
- What does it cost to make?
- What can we get away with?

3. DISTRIBUTION AND MERCHANDISING

Distribution is concerned with ensuring availability of goods where and when they are required in the RIGHT quantities. The two main areas of activity in distribution are location and transport and it is in these two areas that most decisions have to be taken. To be able to locate your distributors properly, it would be necessary to study the market characteristics, *i.e.* to determine

- a) who are the customers
- b) where are they located
- c) what is the frequency of purchase
- d) what is the size of order.
- e) where are the purchases made.

Having established awareness through sales promotion and advertisement, the above criteria makes it possible to decide on the location of distribution channels and maintain adequate stock level. Stocks represent a necessary reserve to cope with predicted fluctuation in either supply or demand. The management decision relates to the minimum level and optimum location to achieve a given level of customer service. Excessive stocks incur excessive costs in warehousing and financing, coupled with possible deterioration or obsolescence. Inadequate stocks may be expected to lead to loss of sales through non-availability when required.

The choice between alternative means of transport (air, rail or road—owned or hired), as with other decisions in distribution will depend on the comparative costs in relation to desired level of customer service.

4. THE PRODUCT

Finally for the whole marketing strategy to succeed, the product must be right. It must be of the right quality stand up to the expectations of its USP, in the right packaging, with a good name and at the right price.

In conclusion, I will quote Mr D. Godfrey, a director of Wellcome Foundation Limited (Chemist & Druggist April 6, 1974 201 (4906), 392) "speaking on the role of marketing in the Pharmaceutical Industry and discussing where the pharmacist fits in, he described what a marketing man was or was not in the following terms:

— Not a scientist but must understand the scientist

and his subject.

- Not a production man, but he must be conversant with the production process and its people.
 - Not a pharmaceutical innovator but he must discuss the developments with experts.
 - Not an advertising agent but he must have an understanding of the art.
 - Not an accountant but he must have a concern for and an understanding of, the profit and loss account; and
 - Not a doctor but he has to understand the medical mind and the requirements of medicine.
- “The marketing man must, therefore, be broad spectrum; the pharmacist too is a broad spectrum individual—with a range of activity very relevant to the pharmaceutical

marketing need. His training by virtue of its type and its breadth makes him a suitable person to operate in the marketing area.

“Doctors are sensitive; pharmacists are sensitive, patients are sensitive and governments are sensitive. If we are to operate successfully, the special needs of these groups have to be met in such a way that their sensitivities are not upset. The marketing man is at the interface with them all. He requires a wide understanding of the people and matters technical. It is not essential to be a pharmacist to be a marketing man but it does help a great deal. No matter what type of graduate, it is necessary to graft on to him pharmaceutical marketing expertise. The graft can take most readily on a pharmacist”.

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