

Marketing plan for pharmasim

[Business](#), [Marketing](#)



A) Executive Summary The management team at the over-the-counter cold medicine (OCM) group of Allstar Brands is looking to utilize revenue generated by Allround to help fund new opportunities in emerging markets. Therefore, it is critical that Allround maintain its market-leading position in terms of market share, profitability, and sales in order to fund these new initiatives. While Allround is a leader in brand awareness and brand most frequently purchased, there are direct competitors to Allround.

These competitors offer various products from general cold medicine offerings to single-use medicines. It is likely that these companies will continue to develop new offerings in that arena to have greater coverage across different segments. To defend against these moves, the Allround brand must expand its line, and introduce new products to the market. This will provide an additional area for growth and revenue, allow the company to use the strong brand recognition to help launch the new products, and ensure that the product lineup is meeting current consumer trends and demands.

Our sales force works with the channel's large retailers/chain stores (direct sales) or with wholesalers/retailers (indirect sales) to ensure prominent product placement. Our sales force also works to maintain relationships with the key decision makers at each of these channels. If these relationships are damaged, there is a direct impact to sales and therefore profitability. Our outlined marketing plan will work to strengthen these relationships and allow for a dialog with the channels that will be invaluable for our organization.

It is evident that Allstar Brands needs a detailed marketing plan in order to positively progress in the future. Outlined below are the key areas in a <https://assignbuster.com/marketing-plan-for-pharماسim/>

marketing plan as well as suggestions for achieving our marketing objectives. B) Situation and Environment Analysis SWOT Analysis Strengths - Allround has the highest brand awareness of any other competitor. - Allround has the highest market share based on sales revenue for OTC medicine. - Allstar is the market leader in the cold remedy market. Weaknesses - Allround has a low customer retention rate compared to some other competitor brands. Allstar's current product offering only focuses on the cold category, which is a small portion of the total available market. - Allstar has a small sales force to promote its product. Only 14% of total marketing expenses allocated to sales force. - Product placement in stores is not optimum. - Allround contains alcohol, which is a side effect that consumers dislike. - Allstar has only one product on the market. - Consumer preference is leading to capsule form, and most competitors already supplying in capsule form.

Opportunities - Allstar has the ability to tap into another segment of the market by offering a brand extension, such as the cough or allergy segments. -Allstar has the ability to add brand extensions that fit customer needs. -Allstar can remove the alcohol from its product line. Threats - Consumers perceive alcoholic content in OTC medication negatively. -Other OTC competitors are receiving higher doctor recommendations than Allround. -Allround has a lower customer retention rate compared to other competitor brands. Allstar is only focusing on the cold category, which makes up a small portion of the available market. -Product placement in stores not optimal compared to competition. -Introduction of new products by competitors can erode Allstar's market share. Competitors

Company Name	Allstar	B&B	Ethik	Driscoll	Competitor	Summary	Brand
	Allround	Besthelp	Extra	Dryup			Market
Segment	Cold	Allergy/Cold	Cough/Cold	Nasal	Allergy/Nasal	Cold	Diversified in other market segments
Product	4-hr multi symptom cold capsule	4-hr cold capsule	12-hr cold capsule	4 hr multi-symptom cold capsule	All cold medicine in capsule form		
Price	\$5.9	\$4.89	\$4.49	\$5.09	Lower MSRP	unit price for competitors	
Market share	40.4%	25.2%	19.5%	14.9%	59.6%	Share Cold Sales	
Revenue	\$355M	\$222M	\$172M	\$131M	\$525M	Total Sales	
% of Business Related to Cold Sales	100%	78%	44%	51%			

0 \$355M \$222M \$172M \$130M \$879M Total Allstar's major competitors are B&B, Ethik, and Driscoll. All competitors of Allstar's are diversified into other categories of the OTC market and not dependent upon just the cold segment. This is one area where Allstar can potentially improve its sales and diversify its product lines.

Although Allstar has the highest brand awareness, it also has the highest price amongst competitors. The fact that Allround has a strong reputation in the market place due to the product effectiveness allows Allround to maintain a higher price than its competition. All other competitors supply its OTC in capsule form, which is the preferred method of consumption by consumers. Allstar must be aware of the various formulations of the competitors, be selective in considering new products to market, and pay attention to newly offered products and the markets the competitors are targeting.

The Allstar team needs to reassess the strategy and approach each period based upon competitor information while maintaining the long-term strategic objectives. Economics Allstar must monitor the economic conditions when deciding the appropriate budget allocations to advertising, sales force, promotion, and discounts. Inflation is a major influential factor that can affect total pricing and the costs of goods sold, which will affect the company's bottom line. In order to sustain proper pricing, Allstar's marketing team must monitor inflation and deflation in the market place to determine the optimum pricing strategy.

Allstar must adjust its pricing to reflect inflation rates in the market as this will have a negative impact to net income, as costs will continue to rise. Social/Cultural Allstar must focus on the needs of its customers and monitor any changes in the behaviors of its consumers. One factor to consider is the amount of medication in Allround and the perceptions of physicians and consumers. Obtaining recommendations from the medical community is crucial to the success of the product, as some consumers value the advice from physicians.

Some doctors may not recommend Allround because of the alcohol content or that the multi-symptom formulation contains too much medicine. Our team must decide the best formulations of OTC medications that meet the needs of the consumers while at the same time satisfy the medical community in terms of medicinal content and brand effectiveness. Allstar must also consider motivational factors to get consumers to continue to buy our products and the appropriate sales force and incentives to motivate the sales force to promote our brand.

Some consumers are motivated to purchase based upon coupons. Motivational factors vary for the various sales channels: large grocery stores, mass merchandisers, and chain drugstores are incentivized by turnover and allowances, and independent drugstores by the number of sales people on the account. Allstar must ensure the appropriate allocation and combination of promotion and sales force to ensure our product gets the optimum attention and exposure. Political/Legal

The Food and Drug Administration (FDA) regulates the amount of medication that can be contained in a single dose and the frequency in which a consumer should consume the dosage. In selecting new products, the Allstar marketing team must select products that will avert potential risks for the company. Selecting a product that has not received FDA approval could delay time to market and miss a potential sales window. Introducing a product to the market that has higher than average the recommended ingredients could be a potential risk should the FDA impose stricter regulations on the amount of ingredients.

The team will pay close attention to the formulations offered before introducing these to the market place, scrutinize the ingredient type and amount of medication in each, and assess the risk associated to the potential regulation of the product. Natural Environment Climate change is an ongoing concern and can affect the weather patterns and temperature fluctuations, which can affect the health of the population as a whole. Changes in climate could potentially increase or decrease the demand for OTC products. The team must monitor symptoms of consumers and offer products that meet the needs of the consumers.

Currently, the most reported symptoms are aches, chest congestion, and coughing. The reported symptoms could potentially change over time and Allstar needs to take into consideration potential changes that could occur based upon changing environmental factors. Technological Allstar is C) Marketing Objectives Allstar's long-term marketing objectives are: 1) Increase market share 10%+ 2) Increase net income annually by 20+ (annual growth) 3) Increase customer satisfaction to at least 60% 4) Increase consumer brand awareness to at least 85%

The team will also evaluate results at the end of each period via the performance summary report and adjust the short-term strategy via the various input elements: marketing strategy, marketing mix, pricing, promotion, sales force allocation, target markets and channels. Overall, we will adhere to our long-term plan to achieve our long-term objectives. D) Target Market Prior to determining the best way to market our product, we needed to identify our target market of consumers. In doing so, we sought to identify and profile distinct groups of buyers who might prefer our product over our competitors' product.

Based on this, we aligned our advertising and promotion accordingly. When analyzing the market research, we noticed that young families, mature families, empty nesters, and retired individuals accounted for over eighty-five percent of the cold, cough, and allergy market. Additionally, as Allround treats several different symptoms, it can be appealing to a large market with varying symptoms. Because of this, we used this demographic variable to identify our market. For psychographic considerations, the interests and

opinions of the target market were considered. For example, we did not initially target young families.

The original formulation of Allround included alcohol as an ingredient. Due to this ingredient, we did not market to young families for fear of an unintentional backlash from this demographic. We were aware that young parents would not approve a pharmaceutical company marketing a cold medicine with alcohol as an ingredient to buyers with young children. When we were able to reformulate our product, we removed the alcohol from Allround's composition, and added young families to our target market. Another factor we noticed when analyzing the market research was an interest in the effectiveness of the product.

We observed that members of our target market (young families, mature families, empty nesters and retirees) were primarily concerned with the effectiveness of a medicine, and had a smaller amount of concern for the price of the product. In other words, we deduced that members of this market group had the socio-economic background that would allow them to purchase a higher priced cold medicine if it was proven to be effective. By including both young and mature families in our target market, we believed we would see an increase in usage. By nature, colds and coughs are contagious.

Families living in close quarters are likely to share colds, and therefore increase the need for cold medicine. This was another significant variable we analyzed when identifying our target market. Also, minimal side effects is an appealing attribute of our medication. Both young and mature families have many "working parts," and we believe we can effectively target this group

by touting our reduced side effects that allow families to go about on their daily routines. Geographic considerations involved reviewing the shopping habits of the target group. We sought to analyze where customers are going to purchase our product.

According to the research, our target market shops predominately at grocery stores for cold and cough medicine. Because of this, we will geographically target our market at grocery stores. E) Positioning For value positioning, we are considering several factors to best position our product. We are pleased with the effectiveness of our product in regards to symptom relief. We believe that this will increase value in our product, and result in more satisfied customers. This will also lead to repeat purchases from happy customers, and will increase the likelihood for customers to purchase other Allround products.

This will allow us to introduce new Allround products to the market. For positioning in regards to pricing, we are seeking to find the delicate balance between price and customer-perceived value. As Allround has a large portion of market share, we can factor in high volume of sales in our pricing plan. Higher volume sales can lead to a reduced unit cost and overall, more significant profits in the long term. Because our customers view our product as effective in regards to cold symptoms, we can increase the price a bit to reinforce the notion that Allround may be a little more expensive but overall, it is worth the slightly higher price.

Factors also used to determine the price positioning of Allround will also include our competition's pricing, customer satisfaction, and overall brand awareness. As line extensions are introduced, we will elect to use either a <https://assignbuster.com/marketing-plan-for-pharماسim/>

market penetration or skimming strategy, depending on the product and target market. The strategy used in the future will be determined after an in-depth analysis of the market and evaluation of the new produce. For Allround's advertising in regards to positioning, we will continue to increase the advertising budget.

This will allow Allround to remain on the high-end value side of the market while simultaneously keeping pace with our competitors. Allround is in the mature stage, so the advertising message will focus on reminder messages. The reminder message will be used to stimulate repeat purchases and serve as a reminder that Allround is the superior cold medicine. For Allround's promotion in regards to positioning, we will devote a portion of our budget only when needed. Times when our promotional budget will increase will likely be if there is a decrease in Allround's market share, or to combat a competitor's new product.

When Allround introduces a line extension, we will not devote the majority of our advertising budget to promote it. Rather, we will aim for a low to medium advertising expense, and carefully direct our message. Line extension advertising will be informative in an effort to create awareness of the product. It will also be used to highlight the relationship the product has with Allround. Because Allround is a leader in the market with heightened brand awareness and consumer confidence, the relationship with Allround can be used to our advantage.

When Allround introduces a brand new product, we will use a medium to high advertising expense. The new product will be in the introduction stage in its product life cycle, so advertising will need to be used more. The <https://assignbuster.com/marketing-plan-for-pharماسim/>

advertising message for new products will be informative, seek to help customers form a preference for the new product, and reassure customers that the new product is as good as Allround Though advertising strategies vary for Allround, line extensions and new products, we will use the same channel decision strategy for all products. This strategy will be used regardless of the product's life cycle stage.

We will maintain a channel sales force according to demand for the products. When a channel segment is experiencing growth, we will increase the amount of sales force present at these locations. For Allround, these high-volume sales channels are grocery stores and chain drug stores thus far. Because of this, we have allocated more salesmen at these channels. Our strategy is to continue to monitor the level of sales at the different channels, and increase sales force at channels where sales are growing and/or have the potential for large amounts of growth.

F) Product Currently, the Allround brand has the highest brand awareness and conversion ratio amongst its competitors. Consumers view the brand positively and it has the highest market share in OTC cold medicine. The main emphasis on the product is the brand's effectiveness over the various categories and limited side effects. The medical community is recommending products that do not produce side effects. For this reason, the team has made the decision to market products that do not contain alcohol. Product Positioning

Allstar's value proposition to consumers is to offer products that will meet all their cold medication needs, providing high-quality products with multi-symptom relief without adverse side effects. We feel that with the reputation

of the Allround brand, consumers are willing to pay for a high-quality product that meets his or her needs. We will emphasize the following four key areas:

1. High Quality Product/Competitive Price: Offer products that are high quality and at a competitive price to maximize net income up to the point that consumers will tolerate. . Product Benefits: Offer products that will meet the needs of the consumer from a multi-symptom perspective that will make them satisfied with our products and motivate them to repurchase. 3. Product Differentiation: Multi-symptom solution compared to competitors, such as, Besthelp 4. Side Effects: Offer products that minimize negative side effects, such as removing alcohol content to gain more physician recommendations. G) Price The pricing strategy will rely upon the following key factors: 1)Inflation/Deflation 2)Consumer purchase decision criteria)Balancing the tradeoff between price and symptom relief 4)Analysis of competitor pricing / competitor product offering / historical pricing We will monitor the tradeoff graph in the PharmaSim module each period to ensure that we are pricing the product close to the optimal line (price vs. symptom relief). Thus far, we have learned that we need to continue increasing our prices to keep up with inflation and make some manual modifications to the price depending on the previous period's price increase while monitoring what is happening in the future period regarding the economic factors.

Consumers' purchase decision criteria will be the one of the main decision factors in determining how we price our product each period. We determined that the key element in the consumer purchasing decision is product effectiveness for Allround, which we can measure by customer satisfaction. We need to ensure that our product has the highest level of customer

satisfaction each period. By linking customer satisfaction with performance-based pricing, we believe we will be successful. Since products offered are at different stages of the product life cycle, we will position the pricing appropriately for each product.

As Allround is in the mature stage, we will take advantage of the consumer loyalty and try to maintain an optimum price to reap benefits from this product line to help with the financing of other product introductions. We will price new products competitively using penetration pricing based upon where the competitors are in the market and once consumer loyalty and market presence are established, we will increase the pricing to an optimal level as to maximize net income, while continuing to increase our market share. H) Promotion For Allround, we plan to use a combination of push and pull strategies.

For the most part, we will use a pull strategy for Allround as the product is in the mature lifecycle and we need to continue to advertise and contribute funds to the consumer promotion budget using trial sizes, coupons, points of purchase, and co-op advertising. Our push strategies will include our sales force to help promote the brand and detailers to help obtain recommendations from the medical community. We will use trade allowances as a way of enticing the sales channels to buy at the higher volume by decreasing the lowest volume discount and increasing the highest volume discount.

When introducing new products, we will use the same trade allowances as Allround and decrease the discounts once the new products establish a market presence over future periods. We believe that this strategy will help

us achieve higher unit sales, as we will entice the channels to buy at the larger volumes as they will benefit from a larger discount. As the new products mature, we will gradually decrease the volume discount to maximize our net income. In period 4, we decided to allocate 70% of all funds to Allround and 30% to Allround+.

As the majority of the sales are still with Allround and the product is still Allstar's moneymaker, we did not want to allocate too many funds into the new brand Allround+. As we introduce other products, we will establish a long-term strategy of allocating funds as follows to our product line: Allround40% Allround+30% Allright30% Advertising For Allround, we will use various advertising messages depending where we are in the product cycle. We initially will focus on benefits and reminder advertising, as well as continue to use comparative advertising against Besthelp.

On new products, our strategy will focus on heavy primary and benefit, with some comparative advertising. As the product ages, we will place emphasis from primary to benefits and reminder advertising. For Allround, the advertising message is " Relieves Aches, Clear Nasal Congestion, Reduces Chest Congestion, Suppresses Cough, Minimizes Side Effects, and Won't Cause Drowsiness. " We added " Won't Cause Drowsiness" when we removed the alcohol from Allround and got rid of " Dries Up Runny Nose" as we already have a message of " Clear Nasal Congestion," which could be confusing to consumers.

l) Place (distribution) The period zero sales report shows that direct distribution channels are almost twice as much as indirect distribution channels (direct distribution channels account for 63. 4% of sales, while <https://assignbuster.com/marketing-plan-for-pharماسim/>

indirect distribution channels account for 36.7% of sales). Because of this, we will prioritize direct channels for our distribution. The direct channel sales are motivated by volume discount and promotional allowances; these two factors impact overall shelf space for Allround.

Volume discount and promotional allowance are factors for indirect channels as well, so we will use this information in our marketing mix with regards to promotion. We will adjust these volume discounts and promotional allowances after each period to correspond with channel growth rates and sales. J) Evaluation and Control We will employ various methods to evaluate our performance after each period. We determined that an in-depth analysis after each period is essential to maintain our product as a leader in the market. The company dashboard and performance summary will serve as primary tools in this analysis.

This is where we will gather information regarding our marketing strategy, mix, promotions, sales force and price; we will use this information to compare how effective we were in achieving the marketing goals aforementioned. Another method we will use to evaluate our performance is by analyzing the percentage of changes in each of our decision points. For example, we will calculate the percentage of growth in our sales force, our product price and our advertising budget. We will then cross-reference these calculations with our overall performance in the period.

An increase in price of 3.5% may cause a negative trend in our market share; because of this, we will look to adjust our price to better capture market share. By performing similar calculations and comparative analysis, <https://assignbuster.com/marketing-plan-for-pharماسim/>

we hope to identify any positive or negative trends and adjust accordingly. While changes will occur, our overall marketing approach will not change drastically. We will adjust as our line is extended and new products are launched due to differences in the marketing life cycle of each product, but the core of our marketing strategy will remain relatively unchanged.