Product strategy, pricing, and distribution

Health & Medicine

Lantus: Product Strategy, Pricing, and Distribution Lantus: Product Strategy, Pricing, and Distribution Lantus (insulin glargine) is an insulin analogue used to treat type 1 and type 2 diabetes mellitus. According to data (as cited in Brenner, 2006), the Sanofi-Aventis, the manufacturer and supplier of Lantus, currently supplies the product to over 3. 5 million diabetes patients across more than 100 countries. The Lantus was ranked as the 15th top-selling pharmaceutical product in Germany in 2007. Financial information reflects that this product alone created nearly 3, 000 jobs in Berlin and Frankfurt-Hochst. The company also achieved sales of €1 billion for the first time in 2011, indicating a growth of 12% (Brenner, 2006).

Hence obviously, the Lantus is now at the second phase of the product life cycle i. e. the growth phase. The product sales have significantly increased over the last few years and the sales volume is still growing. Financial reports released by Sanofi-Aventis indicate that the Lantus' profitability has been progressively increasing over the years on the strength of improved sales revenues. The product has attained worldwide attention and more and more people tend to replace other forms of insulin hormones with Lantus. At the same time, the newly approved insulin products such as Levermir and Byetta raise certain level of challenges to Lantus' long term market sustainability.

The most recent price listing indicates that Lantus insulin 10ml vial is offered at $124. 99 by Drugstore. com whereas the HealthWarehouse. com charges $130 for the same quantity of Lantus. The Lantus prices are different from country to country and from distributor to distributor. The online Lantus distribution constitutes a major portion of the product sales. The European

Commission permitted the sales and distribution of Lantus in the entire European Union in 2000 and now it is marketed worldwide.

Evidently, there exists a connection between the Lantus' product strategy, price, distribution and its strategic planning. As discussed earlier, the Lantus is now at the growth stage. Therefore, the company must effectively integrate these elements with the strategic planning in order to take maximum advantages of the prevailing potential market opportunities. Since the company currently has all favorable market situations (increased demand and low level competition), it can freely maintain product prices across various territories. As Thietart and Vivas (1984) point out, while dealing with strategic planning in this stage, the company must give great emphasis to production increase as it is the phase in which the firm's maximum growth range is determined.

In addition, the company must pay specific attention to promotion activities as the Lantus' product sales have not yet reached saturation point. In the opinion of Gonsalves, Lederer, Mahaney, and Newkirk (1999), it is advisable for a firm to use the internet to promote sales during the growth stage of the product life cycle. As Lantus is a product with good brand image, the company must try to utilize this advantage to create new sales. Furthermore, the organization has to try to increase its channels of distribution so as to utilize the growth potential of Lantus in a better way. In short, the above identified aspects of marketing efforts must be integrated with the strategic plan in order to exploit the available market opportunities.

References

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