

# Glaxosmithkline marketing analysis



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GlaxoSmithKline is a UK based pharmaceutical, biological and healthcare company. It is the world's second largest pharmaceutical company. Glaxo Wellcome, which is formed from the merger of Glaxo Laboratories and Burroughs Wellcome & Company, together with the SmithKline Beecham and they have form the GlaxoSmithKline. In the year 2000, GlaxoSmithKline have the name and known as GSK. GSK had employs around 110, 000 workers in 117 countries, and is including over 40, 000 that participate in sales and marketing. There are few global headquarters which is separated in GSK House in Brebtfort, London, United Kingdom and United States. The London and New York stock exchanges have listed the GSK Company in their list. Some well known brands such as Ribena (beverage), Panadol Zantac (anti-ulcer), Zavirax (anti-viral), (pain relief) and Augmentin (antibiotic) which is selling by them.

### **Mission statement:**

The GlaxoSmithKline (GSK) global quest is to improve the quality of human life by guiding people to do more, to let them feel better, and also live longer.

Besides that, the GSK has to undertake the entrepreneurial spirit of enthusiasm. It is inspired by the constant search for the pursuit of innovation. GlaxoSmithKline attention to performance also made their complete realization and each and every citizen, as a global leader in world-class and unparalleled passion for the success of awareness contribute to the

sense of urgency. In addition, two have been entered into by the diversity of life and set statements declaration statements.

### **Diversity Statement:**

GlaxoSmithKline provides an employee with respect and dignity for all working towards the environment diverse workforce. With different backgrounds, cultures and world views of the labour force to help it understand the different patients, but also the needs of customers.

GlaxoSmithKline in the right positions to ensure that they do the best to provide genuine equality of opportunity best work. It can monitor and manage the level and then around the world, the report by the UK ethnic and gender diversity on the data, to ensure compliance with the commitment to diversity.

### **Life Statement:**

GSK committed to the hope that all workers can do their best work. The way they do, not only to meet the business, but for your own personal needs and need it.

That is why they attach so much importance to flexible working.

GlaxoSmithKline is to support flexible working arrangements, as long as it can make a better life for employees, while ensuring that business needs are met. Flexible work policies, applicable to all staff, and it covers several modes of operation, for example, like home work, part-time jobs, annual hours, but also long-time work. In addition, the types of flexible working options are particularly attractive to parents and caregivers. However, the reduction or re-allocation of time or home-working arrangements can also

support people's religious observances. It is there along with all other interests and responsibilities outside the workplace of the host.

## **GSK Values and Behaviours**

Health care market in the past decade there is a need to change our business model into a more customer-centric, innovative how we perform as a collective organization, will determine our success. To the external environment with increasingly complex and effective changes in speed index, GlaxoSmithKline need to establish an internal learning culture by GlaxoSmithKline reflect the values and behaviour.

## **Summary of 2009 financial information**

As a 2nd largest pharmaceutical company, GSK financial should be doing well in their financial to maintain the images and reputation of the company. Well, to increase its market competitiveness, GSK need to have stable profits to run the research and future development.

According to the table above we can understand the financial summary of GSK in year 2005 to year 2009. First we can see that the total revenue in year 2005 to 2009 is performing well. But the total revenue of year 2005 and 2006 is remaining the same while in year 2007 is decreasing and it increase back when year 2008 and 2009 as well. The total revenue amount of year 2005 is £21660 million and 2006 is £23225 million. The years 2005 to year 2006 it has 7. 23% increase in the company. And by the year 2007 it decrease to amount of £22716 million, which is reducing about £509 million, about 2. 192% decrease compare to year 2006. In the year 2008 it increases £1636 million back to amount of £24352 million, which the percentage is 7.

202%. And in between year 2008 to 2009 it increase £4016 million to amount of £28368 million which the percentage is 16. 491%.

## PESTLE

Technological advancements, tighter regulatory-compliance overheads, rafts of patent expiries and volatile investor confidence have made the modern pharmaceutical industry an increasingly tough and competitive environment. Below is an analysis of the structure of the pharmaceutical industry using the PESTLE which mean political, economic, social and technological, and legal environment.

### **(P)olitical:**

Over the years, the industry has witnessed increased political attention due to the increased the recognition of the economic importance of healthcare as a component of social welfare. Political interest has also been generated because of the increasing social and financial burden of healthcare. Examples are the UK's National Health Service debate and Medicare in the US.

### **(E)conomic:**

In the decade to 2003 the pharmaceutical industry witnessed high value mergers and acquisitions 7 with a projected stock value growth rate of 10. 5% (2003-2010) and Health Care. Growth rate of 12. 5% (2003-2010), the audited value of the global pharmaceutical market is estimated to reach a huge 500 billion dollars by 2004. Only information technology has a higher expected growth rate of 12. 6%. Majority of pharmaceutical sales originate in the US, EU and Japanese markets. Nine geographic markets account for over 80% of global pharmaceutical sales these are, US, Japan, France, Germany, <https://assignbuster.com/glaxosmithkline-marketing-analysis/>

UK, Italy, Canada, Brazil and Spain. Of these markets, the US is the fastest growing market and since 1995 it has accounted for close to 60% of global sales. In 2000 alone the US market grew by 16% to \$133 billion dollars making it a key strategic market for pharmaceuticals.

**(S)ocial:**

Good health is an important personal and social requirement and the unique role pharmaceutical firm's play in meeting society's need for popular wellbeing cannot be underestimated. In recent times, the impact of various global epidemics likes SARS, AIDS etc has also attracted popular and media attention to the industry. The effect of the intense media and political attention has resulted in increasing industry efforts to create and maintain good government-industry-society communications.

**(T)echnological:**

A modern scientific and technological advance in science is forcing industry players to adapt ever faster to the evolving environments in which they participate. Scientific advancements have also increased the need for increased spending on research and development in order to encourage innovation.

**(L)egal Environment:**

Pharmaceutical industry is a highly regulated industry and compliance enforcement. Therefore there are a huge laws, regulations and compliance with the industry indirectly absorbed. This tends to limit its activity, and in recent years, the Government has begun to require regulation of the industry cost of the proposal, in order to avoid obstacles, embedded in the external market, global challenges, in the face of innovation.

## **Market share**

### **Direct Competitor Comparison**

#### Competitor situation

One of the main competitors of GSK is Pfizer. Pfizer Inc. is a U. S. listed global biopharmaceutical company. Founded in 1849, the company is headquartered in New York City, in Groton research, based in Connecticut. It is engaged in the discovery, development, manufacturing, and global human and animal prescription drug market, currently sells the second-largest pharmaceutical company.

Its main products include devices for blood, high blood pressure and cardiovascular events Caduet Pfizer's Lipitor cholesterol levels. Pfizer and its subsidiaries employ approximately 116, 500 people worldwide. The company is among the world top 500, ranking No. 40 in 2010, and the most recent dollar price of 68. 0bn acquisition of Wyeth Pharmaceuticals Company. In 2009, Pfizer reported revenues of 50. 0bn and an operating profit of £12. 1bn and £7. 8bn was invested in R&D.

## **GlaxoSmithKline SWOT**

### **(S)trengths**

- Reputation management
- large market share
- large highly skilled work force
- Globally positioned
- 2nd largest in the pharmaceutical industry

**(W)eaknesses**

- No online presence
- Inconsistency of attractive promotions
- High dependency on only several products
- Strong focus on UK market

**(O)pportunities**

- New drug development
- Organic growth
- Licensing

**(T)hreats**

- Rising drug cost
- Drug side effect
- competition

SWOT stands for strength, weakness, opportunity and threats. The rationale for conducting a SWOT analysis before proceeding to the development of the strategic plan is to know whether the organization's plan is a good fit for its internal and external situation or not. An organization's internal situation is defined by its strengths and weaknesses. An organization's external situation is defined by its opportunities and threats that exist in the business environment.

**Pfizer SWOT analysis****(S)trengths**

- Strong sales and marketing infrastructure
- Strong R&D departments



- Marketing strength in major geographical and therapeutic areas

### **(W)eaknesses**

- Very limited penetration of biologics market
- Discontinuation of products in the latter stages of development
- Co-marketing agreements can limit Pfizer's global presence

### **(O)pportunities**

- Funding available to facilitate product
- Biologic market expansion
- Emergence of integrated global markets and globalisation for new products
- Strengths, providing Pfizer with strong products and therefore revenue growth

### **(T)hreats**

- which is Lipitor, due to lose patent exclusivity in 2011
- Further large scale M&A activity could further decline Pfizer's profitability
- An increase in the number of safety issues surrounding Viagra
- Economic downturn influencing consumers' purchasing power

For the price of the microprocessor produce by Intel and AMD, the difference of the performance actually not very big there is just a small different of the performance, but AMD able to sell their product with a cheapest price compare to Intel but at the same AMD having a very big problem which is their product quality is not that stable, it might not be long lasting compare to Intel and Intel having a partnership with Microsoft company and this is

another advantage that the buyers of Intel processor would not need to purchase operating system for their computer compare to AMD which the buyers need to purchase another operating system from Microsoft or Mac by themselves. The opportunities of Intel actually is the dominance of the market share in the market, they having a lots of different customer around the world unlike AMD which only having a little section of the market share while they lost a little of the customer will having a difficulty of the company operating due to the lack of financial power, but at the same time AMD having a growth on the market share and they might grab some of the market share due to the unstable demand of the market towards microprocessor and while they grab the market share will lead to the loss of Intel market share in microprocessor market.

## **Smart objectives**

### **Objective for branding and promotional**

#### **Specific**

- Increase more healthy drinks like Horlicks and Ribena that has no artificial colour, flavour and sweetener
- Having more outlet to sell the healthy product in hypermarket
- Create more advertisement about GSK healthy drinks product

#### **Measurable**

- sells more than 120 million bottles of drinks each year
- by the year 2013, become one of the largest healthy drinks company in market

### **Achievable**

- Services developed and developing countries to improve people's quality of life
- enabling people to do more to improve the quality of life of people

### **Realistic**

- provide the good service and the high quality of product
- increase public trust and to let consumers feel that it is worth and they are willing to buy the product

### **Timely**

- In 3 years time, recognize by community as providing the healthy product company

## **Environmental**

Objective for growth

### **Specific**

Become the environmental friendly company

Have more advertisement about recycle and educate the consumer and make resources available for them.

### **Measurable**

- Having 0% of industrial waste
- Producing 100% recycle product from company

### **Achievable**

- Let public and user know more about recycle product
- Research and develop more recycle and reuse product

**Realistic**

- Become one of the best and largest product recycle company in the world

**Timely**

- In year 2012, company are fully environmental friendly

**Financial****Specific**

- Increase and improve the sales in UK
- Having an improvement in total revenue and profit of the company

**Measurable**

- Increase 5% of sales compare to the previous year

**Achievable**

- Producing new product to influence and increase the purchasing of consumers of our product

**Realistic**

- Facing so many competitors, product packaging and convenient of having the product, good services should be there to attract customers. So, an increment of 5% in revenue should not be a problem.

**Timely**

- In year 2012, increase the sales and revenue by 5% and remain increase 5% year by year.

GSK is focused on delivering three strategic priorities to transform into a company that delivers more growth that has less risk and an improved long-term financial performance. To be a successful and sustainable business,

GSK also fulfils the social responsibilities. By doing this GSK is seen like more responsive, more flexible and more open.

### **Three Strategic priorities**

The first priority of GSK is “growing a diversified global business”. GSK diversifying its business to create a balanced product portfolio, in the same time move away from reliance on traditional like white pill or western markets. Besides that, GSK also investing in key growth areas such as Emerging Markets, Japan, Vaccines and the Consumer Healthcare business.

Next, the second priority is “delivering more products of value”. It aims to sustain in an industry leading pipeline of products, this is to ensuring that they demonstrate value for healthcare providers. The R&D strategy is built around to focusing on the best science which diversifying through externalisation of research and also improving the returns on investment.

The last priority is “simplifying the operating model”. GSK is a large and complex organisation which is transforming the operating model to reduce the complexities, to improve efficiency and also reducing the costs.

The marketing mix strategy which need 4P (Product, Price, Place, Promotion) to make the market decision, actually is the best strategy to be used on the company in the industry.

### **Marketing Mix**

#### **Product**

Horlicks is considered one of GSK's main brands in the health food segment.

Due to slow profit made in health products of Horlicks, the company has come up with strategies to push the flagship of the brand. Horlicks has

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previously target old people as a nourishment health drink for, but now they are re-launching its brand and targeting children in the market. GSK is expecting Horlicks to have an increase in turnover of health food sector.

Horlicks has relaunched new products that are now available in the market such as Chocolate, Creamy Vanilla and Honey Buzz varieties in package that not only tickles the taste bud of children but also providing nutrients for the health and growth of children such as Vitamin A, Proteins, Carbohydrate and so on.

A fresh new image for Horlicks

### **Price**

Horlick has white and brown drinks, where the white drink is for entire family and the brown drink focuses on children. White drink has a faster growth rate and this has added the benefits of enhancing the healthy image of Horlicks.

This does not mean the target market of children has left unattended.

Horlicks now positioned as a nourishment drink targeting children of age group between 8-14. Children nowadays have huge influence on things that family members buy, and therefore Horlicks prefer children to purchase their health drinks. Horlicks has also come up with products that target kids between one and three.

### **Place**

In UK, Horlicks already is a very famous product which able to found in every hypermarket, mini market in UK. Other than that, it also can be found in all the convenience stores. Besides that, the main wholesalers distribute products, so small shops within easy reach of local grain through the cash and carry.

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**Promotion**

In order to increase consumer awareness of the brand of Horlicks, GSK can promote the product through TV advertisement, radio advertisement.

Besides that, it also can advertise in the cinema before a movie or having a banner on the internet. On the other hand, we can also having free gift of Horlicks product by giving through the radio when the audience answer one question about Horlicks.