

# [Johnson and johnson](https://assignbuster.com/johnson-and-johnson/)

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## Description

Johnson and Johnsonis one of the largest healthcare firms in the global market. It has been in operation for the last 125 years and continues to expand to more countries as it breaks new ground.

This company specializes in the sales of pharmaceuticals, medicals services and administration of diagnostics. Pharmaceuticals make up almost 30% of its sales while the rest is split between the medical and the diagnostics segments in proportions of 36% and 25% respectively. The company provides employment to different people in the world through employment opportunities and profit margins gained from the sales of its products.

### History

The company was founded by Robert Wood Johnson, James Wood Johnson and Edward Mead Johnson in New Jersey, US, in 1886. It pioneered and greatly contributed to the use of sterile surgery and commercial first aids kits.

Moreover, it introduced other projects in the market, such as sanitary napkins and maternity kits before the end of the nineteenth century. By the start of the twentieth century, the company began its social responsibilities by helping hurricane survivors in Galveston, Texas. 1920 saw the introduction of its legendary product BAND-AID that was used in the dressing of minor wounds. Four years later, the company opened its first overseas company in the UK. The years that followed saw the company expand to different countries, such as Mexico, South Africa and India, eventually spreading to more than fifty countries (Gaudet, 2008).

James Wood Johnson took over the management of the company in 1910, and was succeeded by his nephew, Robert Wood Johnson II, in 1932. Robert Wood Johnson coined the phrase ‘ Our Credo’, which has acted as the company’s guiding philosophy to date. Under the leadership of capable leaders and talented researchers, such as Dr. Phillip Levine, who discovered the Rh factor, the company changed the perception of such diseases as HIV AIDS, diabetes, schizophrenia and many others. Presently, the company is traded on the New York Stock Exchange (NYSE) and is under the leadership of William Weldon, who plays the roles of chairman of the Board of directors and Chief Executive Officer (Gaudet, 2008).

### Mission and Core Values

The company believes it has a responsibility to fulfill before medical practitioners, patients and parents.

The satisfaction of the needs of each party requires the offering of high quality services and products. It works to ensure that product prices are affordable to their customers, while offering a fair profit margin to their suppliers and distributors. Moreover, the company ensures it maintains the appropriate level of responsibility to its employees. This it achieved by treating them with utmost respect, rewarding them for their efforts, guaranteeing job security and ensuring that remuneration is adequate. This is complemented by ensuring that their working environment is safe, clean and organized. The employees are encouraged to freely express any complaints or advance suggestions for the benefit of both the organization and the employees.

Moreover, it shows concern in how employees fulfill their family responsibilities, while ensuring that job opportunities are based on qualification and equal opportunity for all. In addition, the company has a social responsibility to ensure they give back to the community they operate in through participation in charitable events and payment of taxes. Lastly, the business has a responsibility to make sound profit as a compensation to the shareholders for their capital investment in the company. This is achieved through experimenting with new ideas, innovative programs and purchase of new equipment. A contingency fund should also be set up for emergency situations.

### Brand Perception or Corporate Reputation

According to Reputable Pulse analysis, which measures the corporate reputation of large U. S. companies, Johnson and Johnson has consistently eerged as the best company in the past several years. The study analyzes the reputation based on the customer trust, high regard, admiration, and appreciation for what the company does for the community. Johnson’s products have been in the market for a longer period of time than a majority of competitor products, and thus consumers tend to trust them more.

Whenever there is an anomaly in the product, the company recalls all the products to its processing plant, irrespective of the cost involved, to avoid damage to its image. Such moves have helped the company remain a consumer favorite, particularly in the sale of medical and baby products. Moreover, the extent of social responsibility also determines the reputation accorded to a company. Johnson and Johnson was recently ranked the third best socially responsible company in the United States. Customers who value a company’s social responsibility prefer to buy the company’s products (Kapferer, 2012). In addition, the company holds a two-third share of the sales of baby products in the U.

S. market, a position it has maintained for many years. Its products are used by large hospitals in different countries and are appreciated for their quality and consistency. The company is treated as a heritage brand, a fete accorded to few firms in the same industry. However, the company took time to react to the recent customer complaints of mould-infested products. This may have negatively affected its reputation in the pharmaceutical industry and could consequently affect its sales (Temporal, 2011).

### Brand Personality

This is a description of a product as if it were a person in seven to nine adjectives. Johnson and Johnson products are trustworthy, since they have been in use for the last 125 years and still enjoy voluminous sales. They are beautifully packaged, reliable, appealing, admirable and unique. This makes them popular with customers around the globe. Moreover, they meet the purposes for which they are intended, and are, therefore, considered relevant and service-oriented. Despite products such as baby powder being some of its earliest products, the company has innovatively changed their appearance and composition to suit the time (Kapferer, 2012).

Lastly, its employees are recruited and trained to depict the brand personality of the company. This likeable personality explains the increased sales of the company in the different location over the years.

### Market Forces Affecting the Company

Customer preference and consumption: Johnson ; Johnson has introduced various new first-time products to the market and thus often has the advantage of attracting the first customers who maintain their royalty to the company. Over the years, its tested products, such as first aids kits, have continued to gain popularity with customers in different parts of the world. Through expansion to different countries the country has won a large number of additional customers. Its largest markets include China and India (Form 10-K, 2010).

In the United States, the company has a large customer base despite huge competition from Proctor ; Gamble and Kimberley Clarke. It is famed for taking up more than half of the sales on baby care products. However, the recent instance of mould-infested products may alter the good reputation customers have of the company. The defective products which the company later recalled were said to cause nauseating, stomachache and vomiting complications. Pricing of the products: The pricing strategy used by the company is cost-based. The price is intended to meet the research, manufacturing, education and marketing costs.

Moreover, it is also meant to ensure that investors are compensated for their investments while availing innovative medical advances to customers. The net prices of the company’s products are below the Consumer Price Index (CPI). Such price levels are maintained through continuous enhancement of the company’s processes for effective production, reduced costs and advanced productivity. Distribution: Johnson ; Joohnson has devised a holistic programme to ensure there is continuity from the manufacturing point to customer administration. It has designated wholesalers who regularly distribute mixed shipments of temperature-sensitive goods and ordinary products. These wholesalers are audited regularly to ensure that they follow the company guidelines as speculated.

The temperature regulation is vital for the inhibition of the mutation of the components of the drugs. For instance, vaccines and insulin should be transported in a frozen form to prevent dilation of the protein components, which results in increased pain during injection. The products are then distributed to different retailers in various parts of the world. Here, they are preserved as stipulated until purchase by the customers. Any faulty products are returned to the company’s manufacturing point for re-evaluation.

### Regulation

Due to the diversity of operation in Johnson & Johnson businesses, their operations are often affected by different level of governmental regulation in different countries the company operates.

The regulations have the general tendency of increasing over the years. For instance, in the United States there are numerous federal and state agencies’ policies that are meant to monitor product safety, efficacy, manufacturing of the health care products. The FDA testing of new drugs and devices often results in increased costs of the tests and the documentation process. Other markets in different parts of the world also indicate the same trend. In the United States, more emphasis has been laid on the drug pricing, profits and strategies intended to encourage doctors to make prescriptions for a large number of drugs being used by patients.

The regulations within which the company works have the power to impose restrictive actions on the company’s products. Such restrictive actions include withdrawals, recalls, or other criminal sanctions. In certain instances, Johnson and Johnson was compelled to recall their products whenever they contravened the regulations of a country. Despite, the stringent restrictions, the company has managed to operate within the rules, while ensuring its customers and shareholders are satisfied.

### Nature of the Industry

The company manufactures products for use in the international market, and, therefore, operates in the global industry.

It faces competition from the companies in countries it operates, as well as other international players. The restrictive forces include different taxation procedures used that may make the product more expensive. Such measures are meant to encourage the growth of local industries in the countries concerned. Other forces include political factors and customer perspective of the foreign products that may influence the sale of the products in the country.

### Technological Innovations

Johnson & Johnson has experienced technological changes since its incorporation in the year 1887. Among such technological advances that have proved useful to the company is the advertising of the company’s products through its website, www.

jnj. com. This creates a virtual office in all countries of the world, which enhances the popularization of the company’s products. In addition, the invention of better manufacturing equipment and advanced storage systems enables the company to distribute temperature-sensitive products to different parts of the world. This has gone along way in improving the reputation of the company in different countries. Moreover, different health care products are invented by companies around the world, thus causing increased competition in the industry.

### Other Factors

Johnson & Johnson faces the problem of substitutes. The Food and Drug Administration (FDA) demands that generic products have biological composition similar to their counterparts. With the advent of patent expiry, generic products can be restricted and sold at half price, thus affecting the future sales of the company (Form 10-K, 2010).