

Competitive advantages of johnson and johnson commerce essay



Johnson & Johnson (J&J) was founded more than 120 years ago on a revolutionary idea that doctors and nurses should use sterile sutures, dressings and bandages to treat peoples' wounds. Ever since, J&J has brought to the world, new ideas and products that have transformed human health and well-being. Johnson & Johnson has more than 250 companies located in 57 countries around the world involving specially in to three main businesses ; medical devices and diagnostics, pharmaceuticals, and consumer health care.

J&J has experienced astonishing growth through global expansion, innovative products and processes, R&D, services and quality that make a difference in people's lives. Johnson's Baby is the most trusted brand of skin care products for mothers all over the world. Like - Diaper rash care, baby powders, baby hair care, baby bath products and many more. They offer products and information targeting baby care, skin and hair care, nutritionals and so on. Creating meaningful innovation in health care within the consumer business franchise depends on a research strategy deeply involved in technology and consumer insight. This takes into consideration J&J's vision: Bringing Science to the Art of Healthy Living!

Major competitors

Although the Consumer Health Care division is the smallest of the company's three segments, it includes some of the company's most recognizable brands such as Tylenol, Neutrogena, and Band-Aid. The major competitors of J&J are Novartis and Procter and Gamble in baby care products.

Table 1: sales of Major Consumer Franchise in USD Millions

Company Name

Johnson & Johnson

(Baby Care)

Novartis

(consumer health)

Procter & Gamble

(BABY CARE AND FAMILY CARE)

2007

1, 982

NA

1, 440

2008

2, 214

1, 125

1, 728

2009

2, 115

1, 118

1, 770

Table 1 and graph 1 shows the greater sales figure of baby care products of J&J than its competitors which also includes family health care products.

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From this, we can see the highest market share of J&J in the industry. In baby care, they compete primarily in diapers, training pants and baby wipes, with approximately 35% of the global market share.

Graph 1: chart showing sales of table 1.

COMPETITIVE ADVANTAGES

PRODUCTS

The first competitive advantage for JNJ lies in its product itself which has “NO MORE TEARS®” formula patent. Safety, comfort, and gentleness have always been a top most priority in its products. Instead of soap or alcohol it uses various harmless chemicals, and its products go through rigorous clinical testing to ensure the highest standards in baby care. Johnson’s baby shampoos and soaps has been a trusted product for the parents which rinses very quickly and cleanly, and doesn’t cause irritation to skin, eyes and scalp unlike other’s products. They have got most number of patented products.

BRAND

J&J has a history of 120 years of operations which has been trusted by doctors, nurses and parents around the world, now operating across 57 countries with more than 250 operating companies. In 2008, its brand value was worth of \$3, 582 millions, ranking 92 in the world. The company has been involved in many CSR activities like – supporting International Youth Foundation for HIV/AIDS prevention program in Africa, child center in India, educating the people and providing handful tips regarding healthy and safety living, caring babies, and healthy environment.

INNOVATION

It is interesting to see innovation in terms of its products and processes as well in J&J, and every year it comes up with innovative products. Recently they have introduced new night time product which has been clinically proved to help babies fall asleep well and throughout the night. J&J has strong and well-equipped R&D network, state-of-art technology, huge investment capacity, world-class research facilities, highly productive small team settings, and sound scientific methods. Every year J&J invests billions of dollars in R&D, in 2008, it had invested 11.9% of its total sales (total sales figure was \$7,577 million), ranking 7 in the world's top companies spending in R&D, and topmost in its industry.

EXTENSIVE COLLABORATIONS

J&J has been exclusively involved in selective licensing, acquiring and forming joint ventures for growth and expansion. Every year they enter in to 100's of strategic alliances and they have acquired more than 35 companies through the world so as to share best practices, acquire and develop cooperative talent, share research initiative, group purchasing and others. For example, in 2006, it acquired consumer section of Pfizer Consumer Healthcare (PCH), which added diverse portfolio in nine additional categories. In same year, it acquired Groupe Vendome, a reputed company in France involved in adult and baby skin product, and now J&J is selling product in their brand name in market of France.

The ability to work across company and countries has helped J&J to produce most comprehensive and broad health care products, which has made them unique in the market. Their diversification is within the industry has made <https://assignbuster.com/competitive-advantages-of-johnson-and-johnson-commerce-essay/>

possible for cross business collaboration to address unmet health care needs.

CORPORATE CULTURE

Driven by the company's vision and support from top management, employee diversity has become one competitive advantage for J&J supported by various programs and activities like affinity groups, mentoring programs, diversity university, etc. Employees are encouraged to work in different divisions and roles so as to develop broadly. The business model adapted by J&J fundamentally uses the adaptation of entrepreneurial values. The decentralized corporate structure results in different people with different skills, thoughts, and ideas coming together and collaborating to develop products and technologies. The company has received various awards and recognitions for its best practices.

‘ We have the people, proprietary technology and capabilities of many diverse, entrepreneurial companies, this enables us to innovate at the intersections of our businesses. That's an important competitive advantage and why we're truly more than the sum of our many vibrant businesses.’

Johnson & Johnson's Vice Chairman Christine Poon

Sustainability and conclusion

J&J enjoys sustainable competitive advantage mainly due to corporate culture and brand name. Innovation has become possible because of its resource capabilities, extensive collaboration strategies and its business model. It would be surprising to see J&J possessing more core competencies which they

have created from 120 years of operations. It has created more value to customers from benefit and cost advantage thorough increasing return rather than economies of scale Thus, we strongly believe that it will make them to stand out in the market in days ahead too.