

MARKETING MANAGEMENT ACTIVITIES IN BUSINESS ON PHYSICAL DISTRIBUTION

(With special reference to Johnson & Johnson Co.)

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ACKNOWLEDGEMENT

Johnson & Johnson Consumer Products Division is one of the leading fast moving consumer goods manufacturers in India. It is also among the most consistent and successful enterprises not just in the J&J world-wide group of companies, but also in India. Johnson & Johnson Consumer Products division has been growing steadily over the last few years, and is one of the few companies in the Indian market to grow at extremely healthy levels. Johnson and Johnson is the world most comprehensive and broadly based manufacturer of health care product and service for the consumer pharmaceutical and medical and diagnostics market. The Consumer Products Division owes its success to the strength of its brands, and the loyalty they enjoy from consumers, a strong sense of values driven from the Credo, and an environment, which sets the toughest standards of leadership.

Over the years Johnson & Johnson has grown substantially in part due to strategic acquisitions ranging from large ones such as Neutrogena in 1994 and DePuy in 1998, to many smaller ones. From 1989 to 1999, the company made 45 such acquisitions of companies and product lines. Today the firm can boast of revenues exceeding \$61,897 million during the financial year (FY) ended December 2009.

INTRODUCTION

In the year 1886, a public company was established by the name of Johnson & Johnson. This multi-national American company deals in *consumer goods* as well as *pharmaceutical goods*. Johnson & Johnson brand is today associated with qualitative products. In this health conscious world, the company has earned the trust of its consumers by supplying natural products that do not have any chemicals. This globally acknowledged brand has targeted every segment of the society with age being no bar. It has products for babies, children, teenagers and even adults

Johnson and Johnson founded in 1886 as a supplier of health care product in open market. The head quartered of Johnson and Johnson in New Brunswick, NJ. The company sell more than 175 product in 57 countries in the world. In 2003 the sale of Johnson and Johnson were 4.19 billion dollar. Johnson and Johnson have 110,600 employees over the world. More than US 280 billion Pa philanthropy. World leading health care supplier. Johnson & Johnson operates in both developed and developing countries worldwide where the political situation in these countries is stable and encourages more Investments. Also legislations in these countries favours free market economy with no government intervention.

DEFINITION

Physical distribution is the group of activities associated with the supply of finished product from the production line to the consumers. The physical distribution considers many sales distribution channels, such as wholesale and retail, and includes critical decision areas like customer service, inventory, materials, packaging, order processing, and transportation and logistics. You often will hear these processes be referred to as **distribution**, which is used to describe the marketing and movement of products.

Accounting for nearly half of the entire marketing budget of products, the physical distribution process typically garnishes a lot of attention from business managers and owners. As a result, these activities are often the focus of process improvement and cost-saving initiatives in many companies.

IMPORTANCE OF PHYSICAL DISTRIBUTION

The **importance of physical distribution** to a company can vary and is typically associated with the type of product and the necessity it has to customer satisfaction. Strategically staging products in locations to support order shipments and coming up with a rapid and consistent manner to move the product enables companies to be successful in dynamic markets.

Physical distribution is managed with a **systems approach** and considers key interrelated functions to provide efficient movement of products. The functions are interrelated because any time a decision is made in one area it has an effect on the others. For example, a business that is providing custom handbags would consider shipping finished products via air freight versus rail or truck in order to expedite shipment time. The importance of this decision would offset the cost of inventory control, which could be much more costly. Managing physical distribution from a systems approach can provide benefit in controlling costs and meeting customer service demands.

PRODUCTS IN THE MARKETING MIX

Johnson & Johnson is a well-established brand whose product portfolio is divided into three segments like consumer products, Pharmaceuticals and equipment related to medical industry. Its consumer division is one of the most important manufacturers of India and helped in the steady growth of the company. Most of its items are available in different colors and fragrances. Its product line includes

The roots for the Johnson & Johnson Company run deep. The company began in 1886. It incorporated one year later. By 1896 it had released its first major product of note – a sterilizing technique for catgut sutures.

PRODUCT

- Johnson and Johnson products are basically in three main categories: Pharmaceuticals, Medical Devices & Diagnostics, and Consumer Health care.
- The following are examples of the Johnson & Johnson product inventory: Feminine hygiene, Denture care, Contraceptives, Immunology, First aid, Family planning, Oncology, Nutritionals, Diabetes care, Neurology, Vision care, Allergy cold and flu treatment, Women's Health, Medical devices and diagnostics.

PRICE IN THE MARKETING MIX

The quality of every Johnson & Johnson product is very good and even then, the company has decided on an affordable pricing policy. Many times, its products also use psychological pricing by keeping the value of the product at multiples of 99 or 49.

The company for all its health care products has tried to retain their increased net prices inside the CPI or the Consumer Price Index. It is an index in use in USA and it considers the average purchase price of a product which the consumer can afford. As Johnson and Johnson is a consumer product, it takes care of its customers through its pricing policy.

Johnson & Johnson is aware of its responsibility to the society and for this; they have worked closely with the government to keep prices reasonable for medical items.

In order to determine the value of their product the company has a team of efficient members that analyses the various factors like the production cost, the targeted segment of the society, demand, supply and the ability to pay for the product. After proper evaluation, the prices for any product are determined.

In some cases, the prices are at a little higher rate, for instance on products like consumer goods and baby care products, where the consumer is willing to give out the extra money for the health of their family members. In cases of medical equipment, the prices are at affordably priced so that people can easily buy those products.

PRICE

- In the United States, Johnson and Johnson strives to keep their net price increases for health care products within the Consumer Price Index (CPI).
- Johnson and Johnson works with governments to develop differential pricing approaches to help more people access their medical products. Johnson & Johnson companies have agreements with the United Kingdom for VELCADE® (bortezomib), a treatment for multiple myeloma, and with France for RISPERDAL® CONSTA® (risperidone long-acting injection) a medication for the symptoms of schizophrenia. Companies and government agencies are also entering other types of risk-sharing agreements in order to help people gain access to new therapies sooner.

PROMOTIONS IN THE MARKETING MIX

Johnson & Johnson has realized the advantage of consumer awareness and hence has decided on promotional activities that are instructive with a strong message as well as are eye-catching. Good and sensible marketing is very important in order to increase the product visibility and so the ads are placed on the hoardings, magazines as well as newspapers so that they can be easily viewed. It is dedicated to the concept of natural and qualitative products and hence has made its packaging process environmental friendly.

Johnson & Johnson has been associated with promotions that inspire healthy living. Some of the famous campaigns are “*Having a Baby Changes Things*” and “*The Campaign for Nursing’s Future*”. Famous actor *Prachi Desai* has been associated with the company and its various campaigns. The new baby to be involved in the Johnson’s ads is “*Khiyaan Singhvi*”. The company has been showing delightful ads featuring babies and children in prime time slots of the various television channels. Popular cartoons like *The Little Mermaid*, *Pocahontas* and *Winnie the Pooh and Pals* have also been included in the ads for baby care products making them highly popular amongst the viewers.

One of the most loving part of Johnson and Johnson is the cute and absolutely delightful baby ads it shows on television. People love such ads. And as the baby is most important to mothers, the mother and baby connection is shown strongly in the ads by Johnson and Johnson. This is one of the reasons the company thrives because it has a strong emotional connect with its target audience.

Johnson & Johnson offers various schemes to its customers at regular intervals like soap free with every three purchases, hundred-milliliter bottle free with five hundred milliliter product. It also offers special discounted coupons on products like Stay Free Secure, Baby powder and Baby soap. Many hospitals have been giving out special baby product kits to the new mothers who leave the hospitals with their babies. This is a very smart scheme as the products gain the trust of mothers at an early stage and hence the mothers generally continue with the products of this company.

PROMOTION

- Johnson and Johnson offers special discount coupons on products such as baby care, and contact lens.
- Johnson and Johnson has run a “Beauty for All Ages” rebate promotion on Coupons.com and some of the campaign products are available at Walgreens and may also include buy one get one half off discount as well.
- Johnson & Johnson is involved with many causes and advertising campaigns that encourage healthy lifestyles. Key initiatives include: *The Campaign for Nursing’s Future*, *Having a Baby Changes Things*, and *Because We Care We Act (China)*.

PROCESS

- Johnson and Johnson employs what they call a “decentralized management approach”. Employees are encouraged to be “entrepreneurial” with the understanding that they will benefit from focusing on customer needs and providing solutions.
- Johnson and Johnson seeks to turn insights into innovative new products and sometimes whole new businesses. Their goal is to capitalize on scientific breakthroughs, marketing insights and manufacturing expertise easily across the full range their businesses. With more than 250 operating companies have a local window into emerging customer needs, scientific developments, and technologies throughout the world.
- The Executive Committee of Johnson & Johnson is the principal management group responsible for the operations and allocation of the resources of the Company. This Committee oversees and coordinates the activities of the Consumer, Pharmaceuticals and Medical Devices and Diagnostics business segments. Each subsidiary within the business segments is, with some exceptions, managed by citizens of the country where it is located.

The **customer service** function is a strategically designed standard for consumer satisfaction that the business intends to provide to its customers. As an example, a customer satisfaction approach for the handbag business mentioned above may be that 75% of all custom handbags are delivered to the customer within 72 hours of ordering. An additional approach might include that 95% of custom handbags be delivered to the customer within 96 hours of purchase. Once these customer service standards are set, the physical distribution system is then designed to attain these goals.

CONCLUSION

Johnson & Johnson is a company of enduring strength. We've been privileged to play a role in helping millions of people the world over be well and stay well through more than a century of change. As the science of human health and well-being has grown, we've been able to grow along with it. Even more important, we've helped shape and define what health and well-being means in everyday lives. Our products, services, ideas and giving now touch the lives of at least one billion people every day.

We credit our strength and endurance to a consistent approach to managing our business, and to the character of our people. We are guided in everything we do by Our Credo, a management document authored more than 60 years ago by Robert Wood Johnson, former chairman from 1932 to 1963, and by four strategic principles.

Johnson & Johnson Medical provides solutions to doctors, patients and nurses. Being a leading Medical Devices provider in almost every segment, what sets it apart is its constant focus on innovation. It offers an extensive range of high technology medical and surgical equipment, devices and services. The business is organized into franchises to focus on target customers and better service.

In the physical distribution system is an important part so proper decisions has to be made on the distribution system. It involves transaction cost both apparent & hidden. Risk includes destruction, negligence, non-payment, loss of transit etc. There are two components to this the physical (order processing storage/warehousing and transport) and the institutional aspects. The latter involves the choice of agents , distributors , wholesalers, retailers, direct sales or sales forces.