



JES's college of Pharmacy, Nandurbar

# Pharmaceutical Marketing Channel

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## Distribution:

- A distribution channel is the path or route decided by the company to deliver its good or service to the customers.

or

- Philips kotler defines channel of distribution as “ a set of independent organizations involved in the process of making a product or service available for use or consumption.



# Functions of Distribution Channels

- **Sorting:** *it obtain the supplies of goods from various suppliers and sort them out into similar groups on the basis of size, quality.*
- **Accumulation:** ensure a continuous supply of goods and maintain a large volume of stocks.
- **Allocation:** Packing of sorted goods into small marketable lots like 1kg,500gms etc.
- **Assorting:** Variety of goods from different manufactures.
- **Promotion:** Special displays of many products.
- **Physical distribution:** Transporting and storing goods.
- **Negotiation:** *Negotiate with the producer and customer*
- **Risk taking:** Assuming the risks of carrying out the channel work (e.g. storing).



# Distribution Channels

- A **channel level** is each layer of marketing intermediaries that performs some distribution work.
- The *number of intermediary levels* indicates the *length* of a marketing channel. (see next slide...)
- Based on the number of levels, a channel can be *Direct* or *Indirect*:
  - **Direct marketing channel** has no intermediary levels; the company sells directly to consumers (direct marketing).
  - **Indirect marketing channel** contains one or more intermediaries.
- From the producer's point of view, a greater number of levels mean less control and greater channel complexity.

## MARKETING CHANNELS FOR CONSUMER PRODUCTS



# Designing Marketing Channel

1

Analyzing  
customer  
needs

2

Establishing  
channel  
objective

3

Identifying  
major channel  
alternatives

4

Evaluating  
major channel  
alternatives



# Channel Design Decisions (cont'd)

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**Establishing channel objectives:** Objectives are stated in terms of targeted levels of customer service.

- ü **Channel objectives are influenced by:**
  - Ø Cost of customer-service requirements.
  - Ø Nature of the company.
  - Ø The firm's products.
  - Ø Marketing intermediaries.
  - Ø Competitors.
  - Ø Environment.







Direct marketing is Required



The products are that are colossal in size  
need channels that will reduce the shipping  
distance



Product sold directly by sales representative  
of the company

# Channel Design Decisions (cont'd)

**Identifying major alternatives:** *A firm should identify the types, number, and responsibilities of channel members available to carry out its channel work.*

- **Types of intermediaries:**
  - Retailers, “value-added” retailers, independent distributors, dealers, ...etc.
- **Number of marketing intermediaries to use:**
  - (1) Intensive,
  - (2) selective, or
  - (3) exclusive distribution.
- **Responsibilities of channel members, include:**
  - Price policies, conditions of sale, territorial rights, and specific services to be performed by each party.

## Channel Design Decisions (cont'd)

4. **Evaluating major alternatives:** involves comparing each alternative in terms of:

✓ **Economic criteria**, a company compares the likely sales, costs, and profitability of different channel alternatives.

✓ **Control issues** means deciding how much control to give, and to whom.

**For example**, the level of control a company will maintain over its product in the channel depends on its marketing strategy.

➤ Giving the channel some control over the marketing of the product can be preferable.

➤ Some intermediaries may take more control than others.

## Designing International Channels

- Channel design for international markets can be very challenging, because:
  - Each country has its own unique distribution system, which is sometimes hard to penetrate.
  - Distribution systems can be very complex with many layers and a large number of intermediaries.
  - Distribution systems in developing countries may be scattered or inefficient.
  - Customs and government regulation can restrict distribution in global markets.

# WHOLESELLING INTERMEDIARIES

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## WHOLESALEERS -

- Wholesalers are independently owned firms that take title to the merchandise they handle. The wholesalers own the products they sell. Wholesalers purchase product in bulk and store it until they can resell it.
- Wholesalers generally sell the products they have purchased to other intermediaries, usually retailers, for a profit.
- *Wholesaling is concerned with the activities of those persons or establishments that sell to retailers and other merchants and / or industrial, institutional and commercial users but do not sell in large amounts to consumers.*





# WHOLESALE'S ROLE

Wholesaler acts as a middleman in the channel of distribution as he buys goods in large quantity from the manufacturer and sells these to retailers in small quantities.

- Buying and Assembling
- Selling and dispersing
- Transportation
- Storage
- Packing and grading
- Advertising and Sales Promotion
- Financing
- Risk taking



# WHOLESALE ADVANTAGES

- Bring efficiencies to selling process
- Assist small organizations in selling
- Specialist role on selling so that manufacturers can focus on production
- Bring economies of scale
- Give / make assortment of products
- Important link between manufacturers and retailers

## WHOLESALE - FUNCTIONS

Selling – Push products / services

Promotion – Pass on schemes

Bulk breaking – eg. steel, wires

Assortment building – wide range – FMCG

Warehousing – Intermediate storage

Transportation – Quicker delivery

Financing – Credit to retailers

Risk bearing – Damage, loss, theft, spoilage, obsolescence

Market Information – Competition activities, price trends

Management Services – Technical services, layouts





## RETAILERS ROLE

- Retailers buy goods from wholesalers and sell them directly to consumers. Thus he acts as a direct link between the wholesaler and consumers.
- Wide choice to Consumers
- Availability of goods in small quantities and at convenient locations
- Home Delivery
- Assurance of regular supply
- Credit Facility
- Close Interactions with Customers



# Retail Type

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- Store retailers
- Non-store retailers
- Other retailers
- Retail organizations

# STORE RETAILERS - TYPES

## 1. Specialty stores

- Few lines but deep assortment
- e.g. Mobile shops, Camera shops

## 2. Department stores

- Many product lines
- e.g. Westside, Shoppers Stop

## 3. Super Markets

- Many product lines – large stores and chains
- e.g. Big Bazaar, Walmart, Reliance Fresh





## STORE RETAILERS – TYPES

### 4. Convenience Stores

- Well located – convenient
- Few FMCG type lines
- E.g. Kirana shops, Petrol pump stores

### 5. Discount Stores

- Limited / broad product lines
- Low prices, limited service
- E.g. Dollar Stores



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#### 7. Warehouse stores

- Large stores with large size packs
- E.g Vegetable Market

#### 8. Showrooms

- Franchise outlets
- Company brand promotion
- E.g. Titan, Tanishq, Samsung, Sony

#### Service / Facilities / Assistance

- Self service
- Limited Assistance / facilities
- Full assistance / facilities / service



# NON STORE RETAILERS - TYPES

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- Mail order catalogues
  - Direct mail
  - Telemarketing
  - TV marketing
  - Internet retailing
  - E-shopping
- **OTHER RETAILERS - TYPES**
    - Direct selling – Door to door
    - Multi-level marketing
    - Through Machine
    - Automated Vending Machines ATMs

# MARKETING DECISIONS FOR RETAILERS

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## 1. Target market

- Which consumers? Who are the buyers?

## 2. Product Assortment

- Which product lines / products to take on?

## 3. Pricing

- Margins, ROI

## 4. Services / facilities

- What level of services / facilities to provide?

## 5. Store formats / layouts

- Convenience, premium, discount

## 6. Promotion

- How to reach consumers?
- Print media, in-store promotions, POPs
- Campaigns, schemes, discount coupons / sales



## **CHANNEL CONFLICT**

- Channel conflict is generated when one channel member's actions prevent another channel from achieving its goal.
- Channel conflict is a disagreement between two channel members, where each channel member trying to gain acceptance of its views or objectives over the other.



## **TYPES OF CHANNEL CONFLICT**

- **HORIZONTAL CONFLICT** :- Horizontal conflict occurs between channel members at the same level.
- **VERTICAL CONFLICT** :- Vertical conflict occurs between channel members at different levels, within the same channel.
- **DIAGONAL CONFLICT** :- Diagonal conflict occurs between channel member of one channel with a channel member of another channel, at a different level.

## Types of Channel Conflict

```
graph TD; A[Types of Channel Conflict] --> B[Vertical Channel Conflict  
(Different levels in the same channel)]; A --> C[Horizontal Channel Conflict  
(Same level within the channel)]; A --> D[Multichannel Conflict  
(Different market channels)];
```

### Vertical Channel Conflict

(Different levels in the same channel)

E.g.-  
Manufactur -  
wholesaler

### Horizontal Channel Conflict

(Same level within the channel)

E.g.-Retailer-  
Retailer

### Multichannel Conflict

(Different market channels)

E.g.-one channel  
Retailer –one  
channel  
wholesaler

## **REASONS OF CHANNEL CONFLICT**

**GOAL  
INCOMPATIBILITY**

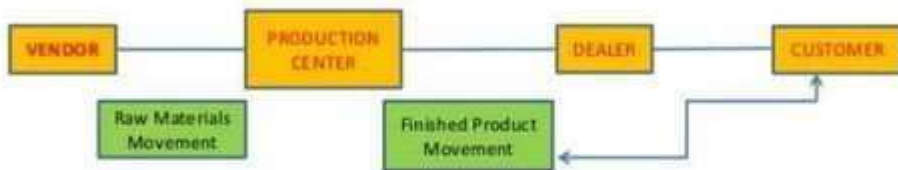
**DIFFERENCE IN  
PERCEPTIONS**

**AMBIGUITY IN  
ROLES**

**OTHER REASONS**

## MEANING OF PHYSICAL DISTRIBUTION MANAGEMENT (PDM)

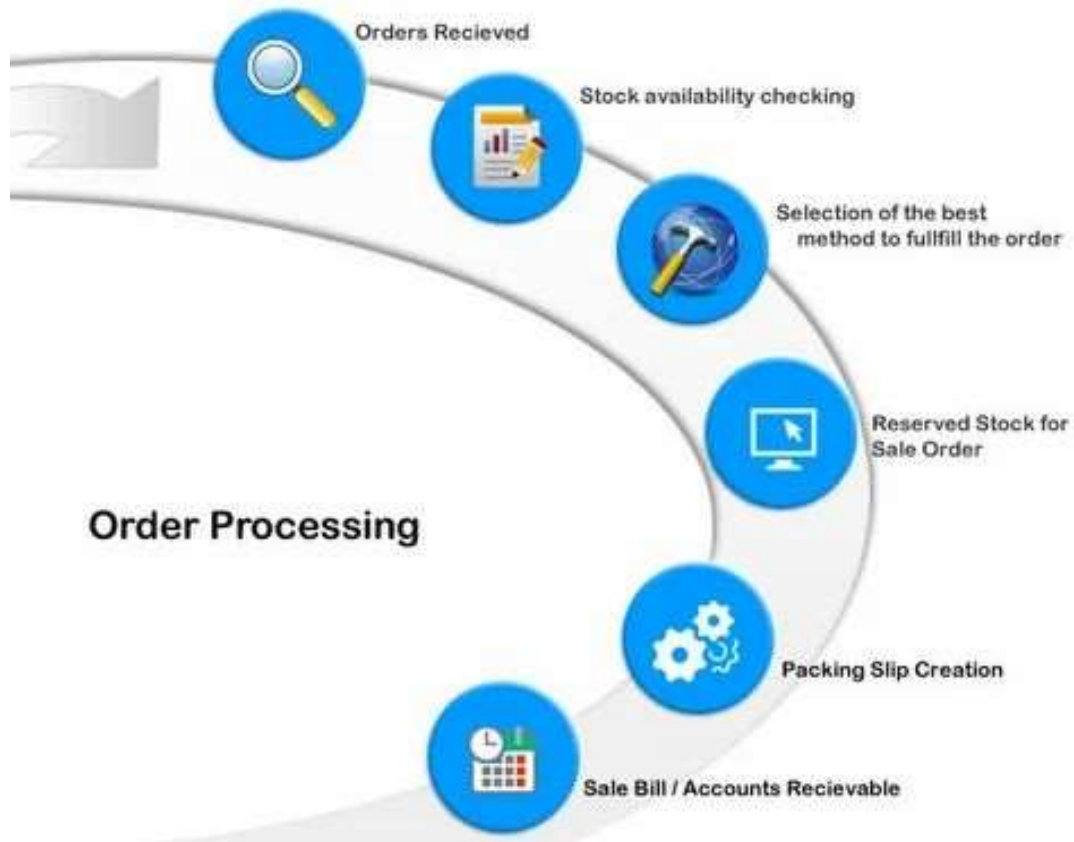
*“(Physical distribution management) is the planning, organizing and controlling of all move –store activities that facilitates product flow from the point of raw material acquisition to the point of final consumption and of the attendant information flow for the purpose of providing a sufficient level of customer service (and associated revenues) consistent with the cost incurred for over – coming the resistance of time and space in providing the service.”*



## Meaning and Tasks of Physical Distribution :

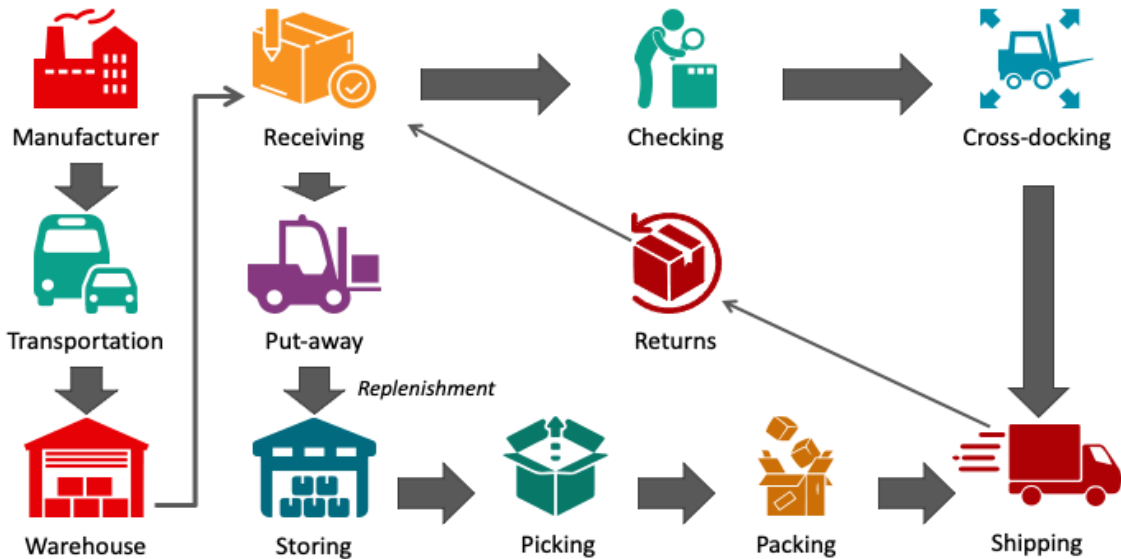
- **Physical distribution** refers to the actual physical flow of products
- In contrast, **physical distribution management** is the development and operation of processes resulting in the effective and efficient physical flow of products
- Effective **physical distribution management** requires careful attention to five interrelated activities:
  1. Order processing
  2. Inventory control
  3. Inventory location and warehousing
  4. Materials handling
  5. Transportation

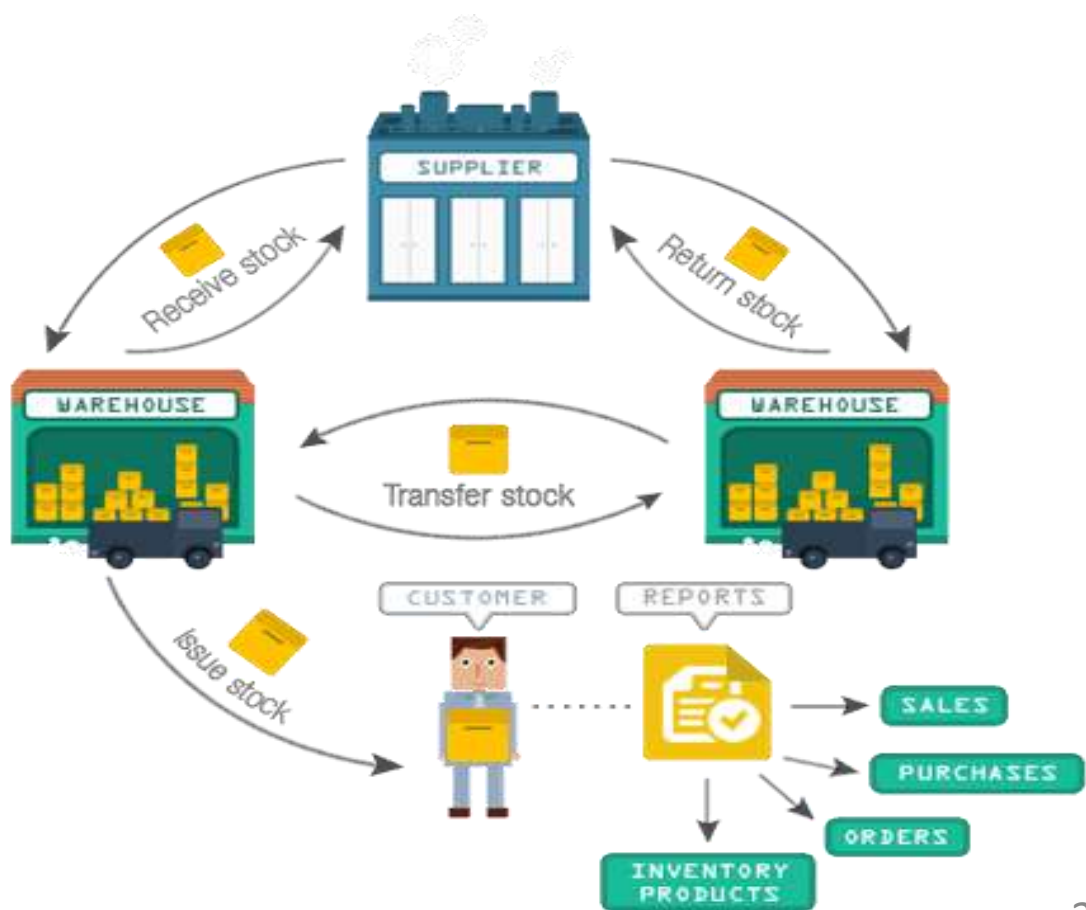




# LOGISTICS PROCESS FLOW

Enter your sub headline here







Level 0



Level 1



Level 2



Level 3



# Types of Distribution



Thank You



JES's college of Pharmacy, Nandurbar



# Professional Sales Representative (PSR)

Asst Prof : Manisha K.Gavit  
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# Pharmaceutical Sales Rep



# Professional Sales Representative (PSR)

- The field sales call was used in **direct marketing** in older times. In pharmaceutical companies, selling is the core function.
- A person having sufficient knowledge of a company's product or service and who is reaching directly to the consumers can bring a dramatic increase in sales for the company.
- Such persons are **professionally trained** and **represent** the company by selling a specific product or a service thus they are known as **Professional Sales Representative (PSR)**

# Duties of PSR:

- **Professional sales representatives (PSR)** should call or meet the customers at their convenience giving fruitful recommendations about the commerce/service.
- They need to manage important accounts, identify buyers' difficulties, and stay prepared to assist them in several methods, familiarizing and answering to different buyer requirements or circumstances.

## **Duties of PSR are as follows:**

- ✓ Attain set goals of sales by contacting targeted customers/prescribers.
- ✓ Teach customers about prescription benefits of products.
- ✓ Stimulate prescribing behaviors of customers through impactful sales presentations.
- ✓ Analyze customer queries and articulate them to sales of their desired products.
- ✓ Design and implement call plan every month to achieve stipulated sales as per action plan of the company.
- ✓ Work together with prescribers as regular customers and offer resolutions to their particular requests.
- ✓ Gain definite sales call as per company outlooks.
- ✓ Keep informed and bring about allocated company property fulfilling to company policies and actions.
- ✓ Warrant up keep of equipment and resources adequate to company policies and procedures.



- ✓ Handle product samples as per company sales policies and procedures and region practices.
- ✓ Calculate and examine sales figures drifts to see dynamics within assigned territory.
- ✓ Regulate department performance using feedback, productivity control, mobile surveys and monthly predictions.
- ✓ Keep on eye and uphold professional sales patch-up order drifts.
- ✓ Sustain sales reporting systems required by dealers and factory.

# Purpose Of Detailing, Selection And Training, Supervising

- Sales force includes diversity of tasks and is **heart** of the marketing.
- In current scene, customers expect number of desired characteristics in salesmen like, good product. Knowledge, interesting talk about operations in case of service call, and a reliability of the company.
- These qualities of sales force need companies to **detail, select, train and supervise** all members of channels and companies invest a lot in this area.
- Pharmaceutical companies have to comply with regulatory guidelines and products are not sensitive for human use so they try to focus on better **selection, training, supervision, motivation, and compensation for improving sales force productivity.**

## **Handling the Sales Force:**

- Different strategies and processes help the company in recruiting, selecting, training, controlling, encouraging, and appraising sales representatives to manage its **sales force**.

## **Recruiting and Selecting Representatives:**

- Recruitment of selected representatives is deciding factor for successful **sales force suitably**.
- There will be wastage of **time and money to recruit** the wrong people. Almost 20% is the average yearly revenue of sales reps in all trades.

## Training and Supervising Sales Representatives:

- As per customers' expectations, sales persons are supposed to have profound product information, give their ideas to enhance operations, and be competent and trust worthy.
- These qualities in sales people are taught in training in companies and it requires a large investment.
- This training may range from **few weeks to several months**.
- In case of pharmaceutical companies, the average training period is **28 weeks**.
- Training time depends on the intricacy of the marketing job and the nature of recruitment.

# Norms For Customer Calls

- Any person or legal entity engaged in telemarketing has to register itself with **Telecom Regulatory Authority of India (TRAI)** and should follow the **guidelines stated below**:
- As per [schedule-I](#) of "**Telecom Commercial Communications Customer Preference Regulations, 2010**", it should be assured that the promotional SMS belonging to a defined category shall contain information only related to specified class and shall not mix any other information with it.
- There shall be security of the data downloaded from the **National Customer Preference Register portal**.
- There shall not be unwanted use of the telecom Resources **i.e.** use only for telemarketing calls and PSR shall be solely answerable.
- No commercial communication should be done to any subscriber belonging to **National Customer Preference Register**, except for subscribed service.

- Proper caption of promotional or transactional message should be given as per the consent from Access Provider.
- Database should be updated and synchronized time to time as per guidelines and Orders/Directions issued by TRAI in due course.
- There should not be any commercial communication in between 21:00 Hrs to 9:00 hrs to any subscriber in any case.
- Documents (i.e. accounts, returns and reports, etc.) **should be maintained and provided on demand from TRAI as per the rules/ orders on following grounds:**
  - ✓ In person availability, accessibility for technical inquiry.
  - ✓ Assurance to avoid safety hazard as per rules.
  - ✓ Ready to provide the call data records with indicated periodicity.
  - ✓ TRAI may call for any investigation whenever it thinks fit on its own (Suomotu) or on complaint in any suspicion.

## **Prohibition of certain Activities by the Telemarketer:**

- ✓ The Telemarketer shall not engage on the strength of this registration in the provision of any Service other than telemarketing and/ or requiring separate **License/permission.**
- ✓ Telemarketer will not infringe on the jurisdiction of Licensed Telecom Service Providers and they shall neither provide switched telephony nor use telecom resources as **Public Call Office (PCO).**

# Motivating, Evaluating, Compensation And Future Prospects Of The PSR

## Motivating Sales Representatives:

- There is always need to encourage sales representatives and offer special incentives.
- It is believed that the motivated sales people give better **efforts, performance, rewards, and satisfaction.**
- **In research**, it is observed that highest reward to an employee was salary, followed by promotion, individual growth, and feeling of achievement. Other less important factors were taste and admiration, safety, and credit.
- Firms set yearly sales allocations, based on the yearly marketing strategy, for buck sales, unit volume, margin, selling strength, or product type.



## Evaluating Sales Representatives:

- Evaluation of sales looks into feed-forward aspects **i.e.** communication between management and the sales reps.
- To have good feed-forward, there should be good feedback.
- Source of information in this case is sales reports and salesperson own-reports, personal opinion, consumer reviews, consumer analyses, and dialogues with other reps.
- Companies require representatives to create a yearly territory-marketing plan for proper work-flow to bring forth new accounts and raise commercial gains from existing accounts.

- Sales representatives prepare various documents such as, call reports, expense reports, and reports on local business and economic situations, etc. that provide raw data to analyze sales performance based on:
  - 1) Average number of daily sales calls
  - 2) Average contact time of sales call,
  - 3) Average returns gained from each sale call,
  - 4) Average expenditure of sales call,
  - 5) Amusement expense of a sale call,
  - 6) Ratio of orders to sales calls,
  - 7) Number of new and lost consumers in a specified time, and
  - 8) Sales force budget as per total sales. **Sales performance can also be evaluated on the basis of internal factors** (effort, ability, and strategy) and/or external factors (task and luck).

## Sales Force Reparation (Compensation):

- To attract top-quality reps, the company must develop an attractive compensation package.
- The company has to estimate different factors of sales force reparation.
- **Fixed amount i.e.** a salary that should be sufficient to fulfill the needs and offer income stability, the variable amount in terms of commissions, bonus, or revenue sharing to motivate and recognize the effort.
- Expense allowances assist sales representatives to compensate the expenses of **travel and entertaining on behalf of firm.**
- Profits like salaried **vacations offer more economic security and job contentment.**

## Future Prospects of the PSR:

- Internal sales include the sale of products and services by representatives working remotely.
- It relies on the contact by phone and online, rather than meet.
- At present, the internal sales market is budding 300 percent more rapidly than traditional sales.
- Technological advances have remodeled the face of sales.
- Mobile devices now facilitate connection of representatives with prospects anytime, anywhere.
- Digital technology is going to bring more revolutions in channeled sales.
- Industries will need to build more digital touch points to take part with buying assessment cleverly.
- Inbound calls into contact centers are going to increase in near future.

- Click-to-call buttons on mobile regulated sites are easing the process to make inquiries using the phone.
- Upcoming new era is of personalization. To become successful, companies will translate prospect data into sales reps.
- Technology is going to be crucial factor in coming time.
- Customer relationship management (CRM) software helps in the process of dealing inside sales and record significant future benefits-related data.
- PSR should be having prospective capabilities:
  - 1) The ability to see the bigger picture,
  - 2) The ability to build an online brand,
  - 3) The ability to 'de-educate' prospects,
  - 4) The ability to ask good questions and
  - 5) The ability to understand data.

# Questions

1. What are pharmaceutical marketing channels and what are their primary functions?
2. How are marketing channels designed?
3. Discuss the channel design process in pharmaceutical marketing.
4. Give an outline of channel implementation in pharmaceutical marketing.
5. How do you select an appropriate channel and why is it important?
6. What are channel conflicts? Explain possible reasons of these conflicts.
7. What are the ways to manage channel conflicts?
8. Why is physical distribution management important for sales productivity?
9. How do companies manage physical distribution for better sales outcome?
10. Discuss the tasks of physical distribution.
11. What do you understand by professional sales representative in relation to pharmaceutical marketing?

12. Describe the duties of professional sales representatives (PSR).
13. Discuss the need of detailing and selection of sales force in marketing.
14. Why do companies require to train and supervise their sale force members?
15. What are norms for calling customers?
16. Explain motivation and evaluation of sales representatives.
17. How are sales representatives given compensation?
18. What is future scope of professional sales representatives (PSR)?

