



Centre for Management  
and Economic Research

The State of Marketing in Leading  
MNC's and their Local Competitors  
in Pakistan: Findings of  
a Baseline Survey

Irfan Amir  
Farrah Arif



LAHORE UNIVERSITY OF  
MANAGEMENT SCIENCES

**Centre for Management and Economic Research (CMER)**

Lahore University of Management Sciences (LUMS)

Opposite Sector 'U', D.H.A, Cantt, Lahore, 54792

Pakistan

URL:<http://ravi.lums.edu.pk/cmer>

**Abid. A. Burki**

Director CMER

Professor Department of Economics

School of Humanities and Social Sciences

*CMER Advisory Committee*

**Rasul Bakhsh Rais**

Professor of Political Science

Social Sciences Department

School of Humanities and

Social Sciences

**Naim Sipra**

Director Case Development

and Publications & Professor

of Finance, Suleman Dawood

School of Business

**Ali Cheema**

Associate Professor & Head

Department of Economics

School of Humanities and

Social Sciences

*About CMER*

The Centre for Management and Economic Research (CMER) is a research centre of LUMS based in the Department of Economics. The mission of CMER is to stimulate, coordinate, and conduct research on major economic and management issues facing Pakistan and the region. CMER research and dissemination roles are structured around four inter-related activities: research output in the form of working papers; cases and research monographs; creation of data resources; and organization of seminars and conferences. LUMS-Citigroup initiative on corporate governance in Pakistan is a major on-going project of CMER.

**CMER WORKING PAPER No. 07-57**

---

**The State of Marketing in Leading  
MNC's and their Local Competitors  
in Pakistan: Findings of a Baseline  
Survey**

---

**Irfan Amir**

Associate Professor  
Suleman Dawood School of Business  
Lahore University of Management Sciences  
Lahore, Pakistan  
E-mail: amir@lums.edu.pk

**Farrah Arif**

Research Associate  
Suleman Dawood School of Business  
Lahore University of Management Sciences  
Lahore, Pakistan  
E-mail: farrah@lums.edu.pk

**CMER WORKING PAPER SERIES**

Copyright © 2007  
Lahore University of Management Sciences  
Opposite Sector 'U', DHA, Lahore Cantt. 54792,  
Lahore, Pakistan

All rights reserved  
First printing September 2007

**Editor: Abid A. Burki**

**CMER Working Paper No. 07-55**

ISBN 978-969-8905-61-3 (print)  
ISBN 978-969-8905-60-6 (online)

# The State of Marketing in Leading MNC's and their Local Competitors in Pakistan: Findings of a Baseline Survey

---

Irfan Amir and Farrah Arif

## 1. Introduction

This study examines the state of marketing in leading MNCs and their local competitors in Pakistan. A number of previous studies in the marketing literature have focused on understanding marketing processes and practices, using different geographical, industrial and various other settings. Some of these studies have focused primarily on gauging the level of marketing practices and activities undertaken by sample companies within a country-context. These studies include Ellis (2005); Wagner (2005); Lai et al. (2001); Brodie et al. (1997); McColl-Kennedy et al. (1990); Hooley and Lynch (1985). A study conducted by Greenley (1987) examined the current knowledge about marketing planning and practices in organizations. In his article he identified only seven empirical studies that aimed at *how* (emphasis added) companies do their marketing planning. He concluded that these few empirical studies were “in contrast to the majority of the marketing planning literature, which is prescriptive in nature and explains how companies *ought* (emphasis added) to do this planning.” (p. 3) Similarly, Siu et al. (2004) and Brooksbank (1991) emphasize the need to examine marketing practices both as a precursor to establish the marketing health of individual companies and as a basis to compare and contrast firms on different dimensions of interest such as, marketing practice-performance, consumer versus business-to-business setting, cross cultural context, and marketing practice-marketing orientation linkages. How marketing planning is done in Pakistan? What marketing processes and practices are followed by the MNCs and their local competitors? These and related questions have not been addressed by previous researchers. The present paper is a baseline study aimed at reporting on the state of marketing practices in Pakistan in a more comprehensive mode. Such a baseline study is considered necessary before embarking on research on different avenues of marketing, particularly within the context of Pakistan. More specific objectives of the paper are:

1. To prepare a marketing profile of leading companies in Pakistan with respect to their marketing planning, processes, and practices.
2. To compare and contrast the marketing profiles of MNCs and their local competitors.
3. To provide a benchmark for sophisticated marketing by show casing participating companies with very strong marketing profiles.

This study is expected to benefit marketing practitioners and researchers in a number of ways. Firstly, understanding will be developed of the way marketing is practiced in leading companies in the country. Secondly, it will highlight the differences in marketing practices across MNCs and local competitors. Thirdly, the findings will serve as a ‘benchmark’ for both participating and other companies with respect to marketing practices. Finally, this baseline study will open avenues for further scholarly and managerial research to achieve a higher level of sophistication in the execution of the marketing function.

The overall scope of the study entails covering about 100 leading companies in the country evenly split between MNCs and their local competitors. This paper presents the findings of the first phase of the study that covered forty-three multinational companies. The material is presented in four sections: methodology, findings, discussion, and conclusion.

## **2. Sample Survey**

To undertake this cross-sectional study on the state of marketing in Pakistan, a comprehensive research design was deployed. As stated in the introduction, the study endeavors to cover both MNCs and local companies. With these parameters, a listing of all MNCs operating in the country as reported in the Jamal's Yellow Pages online was obtained. The total number of MNCs was 175. **Table 2.1** and **Table 2.2** report breakdown of MNCs by location and industry.

**Table 2.1. Breakdown of MNCs by Location**

<i>Location</i>	<i>No. of Companies</i>	<i>%age</i>
<b>Karachi</b>	140	80
<b>Islamabad/Rawalpindi</b>	19	11
<b>Lahore</b>	16	9
<b>Total</b>	175	100

**Table 2.2. Breakdown of MNCs by Industry**

<i>Sr. no.</i>	<i>Industry</i>	<i>No. of Companies</i>	<i>%age</i>
1.	<b>Auto Manufacturers</b>	3	2
2.	<b>Banks</b>	21	12
3.	<b>Beverage Company</b>	1	1
4.	<b>Cement Manufacturer</b>	1	1
5.	<b>Chemical Manufacturers</b>	15	9
6.	<b>Cigarette Manufacturers</b>	2	1
7.	<b>Distributors</b>	2	1
8.	<b>Fast Food Company</b>	1	1
9.	<b>Food Products</b>	6	3
10.	<b>Health Care Products</b>	2	1
11.	<b>Industrial Equipment Manufacturers</b>	16	9
12.	<b>Information technology</b>	9	5
13.	<b>Insurance Companies</b>	2	1
14.	<b>Leasing Companies</b>	5	3
15.	<b>Oil and Gas Companies</b>	22	12
16.	<b>Pharmaceutical Companies</b>	25	14
17.	<b>Securities</b>	4	2
18.	<b>Shipping Companies</b>	7	4
19.	<b>Shoe Manufacturer</b>	1	1
20.	<b>Telecommunication</b>	4	2
21.	<b>Travel Agents</b>	2	1
22.	<b>Others</b>	24	14
	<b>Total</b>	175	100

It was considered appropriate to have a matched sample of MNCs and local companies. However, we made a conscious decision to target only those local companies that competed with MNCs in the served market(s). This necessitated a two-step process both with regard to sampling frame and sample selection, and data collection. The matched-sample design not only helped in aligning the research design, but also helped in focusing only on such companies that could be presumed to be sophisticated in their marketing profile. In other words, the assumption was that MNCs operating in Pakistan will to some measure develop and execute marketing practices as adopted in their global operations, and hence, will be at a high 'pedestal' with respect to marketing. Local companies competing with MNCs will also need to match the marketing sophistication of their MNC counterpart to compete effectively. The method adopted to develop a list of local competitors was to ask the participating MNCs to identify their three major local competitors.

All 175 MNCs were sent letters of invitation for participation in the survey (see Appendix 1). The survey method deployed was the personal interview. The interview method was preferred over mail survey for a number of reasons. First, it was thought that the top management could provide both a broad as well as in-depth perspective on marketing in their firms. It is difficult to solicit cooperation from top management to respond to a mail survey. Second, the data collection instrument (interview schedule) was a combination of both structured and open-ended questions. This also necessitated the use of personal interview method. Third, the researchers wanted to safeguard against a number of problems that could have negatively affected the validity of research findings. Some of the problems included the completion of research instrument by a respondent other than the respondent targeted by the researchers, superficiality of information provided, item non-response, and low response rate.

The interview instrument was developed by drawing from the stream of literature primarily focusing on marketing practices. Some of the key sources used included: Ellis (2005); Sui et al. (2004); Greenley & Shipley (1992); Brooksbank (1991). The previous studies helped in defining the scope of 'marketing practices.' We identified four areas that were commonly used in the studies that focused on marketing practices. These sections were marketing organization and planning, marketing research, marketing mix (product, price, promotion and distribution), and customer and competitor monitoring. After identifying these areas, using primarily an open-ended approach, information was sought from the target respondent under the different areas in the context of marketing practices. The rationale for deploying an open-ended format is discussed below. Most of the previous studies that focused on measuring marketing practices and other related constructs (such as market planning, market orientation) primarily used a structured approach to data collection. For the purposes of analyzing the interview data collected in the study, some of the previous studies also provided the framework for analyzing the open-ended responses. These studies included Greenley & Shipley (1992), and Brooksbank (1991).

In order to receive insights into the marketing profiles of the respondent companies, the use of an open-ended format was decided. The rationale was that such an approach will provide a more factual, and hence, more valid account of the existence and extent of various marketing related activities. An aided, more structured format might have resulted in an undesirable outcome where respondents reported existence of the marketing activity in order to 'demonstrate' more sophisticated marketing profile for their companies than the actual state of affairs. Such an outcome could have resulted in 'inflated' responses, negatively affecting the validity of the research findings. Additionally, this open-ended approach resulted in obtaining more rich information and insights with respect to marketing activities, where respondents were freer to report on how the different aspects of marketing were planned and implemented in their organization. Moreover, this approach helped in obtaining responses that were more relevant to the nature of operations of participating companies, given the cross-sectional nature of the sample.

The target respondent in this research was the head of marketing operations. In instances where such a job title did not exist, we ensured that the interview was administered either with chief executive officer or with a person designated by the chief executive officer. In the majority of cases, we were able to interview the top marketing executive. In other cases the respondent was also from the top tier of management.

The first draft of the interview instrument was piloted with four companies in Lahore, representing different industries. Several changes were suggested by the pilot interview respondents. Most of the changes were incorporated in the final instrument. (Appendix II).

A prior notification letter was sent to all companies in the sampling frame for MNCs. Of the 175 MNCs included in the sampling frame, 43 finally agreed to participate in the field survey. The final sample was arrived at after an initial request for participation, followed by two reminders.

The first phase of field interviews, covering MNCs, was carried out by the authors during the period of August to November, 2006. The field interview exercise deemed to be successful in terms of the level of access, quality of information provided, and the desired target respondent. In a few cases, some additional information/clarification was sought through e-mail and telephone after the interviews. A total of 43 completed interview instruments were on hand by the end of December, 2006. The list of companies interviewed appears in Appendix III. This final sample of MNCs represented a cross-section of companies with regard to industry sector, geographical location and company size. With respect to company size the total head count ranged from 5,000 to 5, with a median of 380 employees.

The response rate worked out to be 26% (43 companies responding out of 163). Of the 175 MNCs originally listed in the sampling frame --- Jamal's Yellow Pages Online



--- 12 companies needed to be excluded for reasons of local companies erroneously included in the listing and returned-mail due to wrong address. Therefore, the actual sampling frame was 163 companies. With regard to companies that did not cooperate in the study, the following categories could be listed as reasons for non-response:

1. Returned correspondence (wrong address)
2. Relevance of the study. Here companies, primarily in oil and refinery section stated that scope and context of the study did not fit with their business activities.
3. Regrets. Mainly on account of time constrains of executives.
4. Regrets. Mainly on account of confidentiality of information.
5. No response to any of the correspondence sent out by the authors.

Table 2.3 gives the profile of the participating companies.

**Table 2.3. Profile of Participating Companies**

<i>Particulars (n=43)</i>	<i>No.</i>	<i>%age</i>
<b>Job Title of the Respondents:</b>		
Managing Director	2	5
Business Unit Head	5	12
Country Representative	1	2
Director Marketing and Sales	5	12
Director Marketing	14	33
Director Sales	1	2
Brand/Category Manager	15	35
<b>Nature of Business Activity:</b>		
Pharmaceutical	12	28
Financial Institutions	8	19
FMCG	8	19
Industrial Goods	6	14
Industrial Services	4	9
Consumer Durables	1	25
Broadcast Media	1	2
Cellular Industry	1	2
Fast Food Service Industry	1	2
Petrol & Lubricant Industry	1	2
<b>Company Size (No. of Employees):</b>		
Large-sized	20	47
Medium-sized	18	42
Small-sized	5	12

The total number of employees was taken as the basis for categorizing companies on account of size. Three arbitrarily established categories were as follows:

Large-sized companies	more than 450 employees
Medium-sized companies	between 100 to 450 employees
Small-sized companies	less than 100 employees

The starting point of data analysis was developing a template (in Excel) to input the field interview data. Within each field, subfields were generated to comprehensively cover the information pertaining to the major sections (fields). The basis for data analysis template was the main sections, together with the constituent operational variables used in a selection of previous studies.

The data was analyzed along three dimensions: industry category, company size, and company profiles. In the first two dimensions chi-square test was deployed with the help of SPSS. Chi-square analysis helped in identifying statistically significant variables under the two dimensions, across four segments of data collection: marketing planning and organization; marketing research; marketing mix; customer and competitor monitoring.

With respect to company profiles, the practices and processes for each of the four stated study segments were narrated for the 'top' organization in the chosen industry sectors. The top organization by industry sector and the number of industry sectors were selected on the basis of 'level of sophistication' of marketing activities and processes (based on authors' judgment) and the number of organizations, respectively.

### **3. Findings with Respect to Marketing Activities and Processes**

The detailed findings are reported using two dimensions of industry category and company size. Tables 3.1 through 3.8 provide a snapshot of marketing activities and processes of responding companies for each of the four sections (marketing organization and planning; marketing research activities; marketing mix activities; customer and competitor monitoring activities) of the interview instrument, broken down by the stated dimensions. These sections cover a broad range of marketing activities as documented in the received literature on marketing practices.

Table 3.1 D Marketing Planning and Organization by Industry Category and Company Size

Activity	Industry Category						Company Size						Total (n=43)			
	Pharmaceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small-sized Companies n=5		Medium-sized Companies n=18		Large-sized Companies n=20		Total (n=43)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Formal Marketing Planning</b>	12	100	7	88	8	100	12	80	4	80	17	94	18	90	39	91
<b>Stages of Marketing Planning:</b>																
Objectives	12	100	7	88	8	100	14	93	5	100	17	94	19	95	41	95
Environmental Appraisal	12	100	7	88	8	100	13	87	4	80	17	94	19	95	40	93
Marketing Strategy	12	100	7	88	8	100	13	87	4	80	17	94	19	95	40	93
Marketing Tactics	8	67	6	75	7	88	14	93	3	60	15	83	17	85	35	81
Planned Documentation	12	100	7	88	8	100	15	100	5	100	18	100	19	95	42	98
Planned Implementation <sup>1</sup>	1	8	1	13	5	63	5	33	0	0	3	17	9	45	12	28
Marketing Control	7	53	4	50	5	63	9	60	2	40	9	50	14	70	25	58
Participation of Top Management	10	83	7	88	7	88	9	60	4	80	14	79	15	75	33	77
Participation of Middle Management	11	92	6	75	7	88	10	67	3	60	13	72	18	90	34	79
Participation of Other Departments	4	33	4	50	7	88	5	33	3	60	8	44	9	45	20	47
Formal Marketing & Sales Structure	12	100	8	100	8	100	14	93	5	100	17	94	20	100	42	98
Separate Managers for Marketing and Sales <sup>2</sup>	9	75	7	88	8	100	10	67	2	40	14	78	18	90	34	79
Separate Managers for Other Marketing Functions (Research, NPD, PR, É) <sup>3</sup>	5	42	3	38	7	88	7	47	1	20	6	33	15	75	22	51
All Marketing and Sales Functions Reporting to CME/Marketing and Sales Head	5	42	4	50	2	25	6	40	1	1	9	50	7	35	17	40

<sup>1</sup> Planned implementation is significantly different across industry categories ( $\chi^2 = 8.2$ ;  $p = 0.04$ ) and company size ( $\chi^2 = 6.0$ ;  $p = 0.05$ )

<sup>2</sup> Separate managers for marketing and sales is significantly different across company size ( $\chi^2 = 6.1$ ;  $p = 0.05$ )

<sup>3</sup> Separate managers for other marketing functions is significantly different across company size ( $\chi^2 = 8.8$ ;  $p = 0.01$ )

With respect to marketing planning and organization, **Table 3.1** reveals only 91% of the companies engaged in formal planning. Of the various stages of formal marketing planning, more emphasis was placed on 'planning and documentation' compared to implementation and control. Only 28% of the responding companies engaged in planned implementation; 58% had some arrangement with regard to marketing control and measurement as part of the formal marketing plan. However, of all the listed stages of marketing planning, planned implementation was found to be statistically significant with regard to different industry categories (Pharmaceuticals, Financial Institutions, FMCGs and Others) ( $\chi^2 = 8.2$ ;  $p = 0.04$ ) as well as for the company size dimension (small-sized, medium-sized, and large-sized companies) ( $\chi^2 = 6.0$ ;  $p = 0.05$ .) Relatively a high percentage of FMCGs (63%) and large-sized companies (45%) were more particular about planned implementation of their marketing programs.

In the formulation of marketing plans mostly the top and middle management was involved. However, only 47% of the responding companies stated involvement of other functions/departments in the preparation of marketing plans. No significant difference was found with regard to participation of different levels of management in the preparation of marketing plan across industry and company size dimensions.

With regard to organization for marketing, a majority (98%) of companies had a formal marketing and sales structure, with 79% of the companies having separate managers for marketing and sales. Fifty one percent of the companies had separate managers for different marketing functions, such as marketing research, new product development, and public relations. However, 40% of the companies reported that all key marketing activities and functions were under the control of one executive, such as marketing director or chief marketing executive. Separate Managers for Marketing and Sales and Separate Managers for Other Marketing Functions was found significant ( $\chi^2 = 6.1$ ;  $p = 0.05$ , and  $\chi^2 = 8.8$ ;  $p = 0.01$  respectively) with respect to company size. A high percentage of medium- and large-sized companies had separate managers for marketing and sales, 78% and 90%, respectively. Moreover, 75% of large-sized companies had separate managers for different marketing functions.

Table 3.2 – Marketing Research by Industry Category and Company Size

Activity	Industry Category								Company Size						Total (n=43)	
	Pharma-ceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small -sized Companies n=5		Medium -sized Companies n=18		Large -sized Companies n=20		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
<b>Different Sources Used For Marketing Research <sup>1</sup></b>																
Use Only In-house Marketing Research	4	33	2	25	0	0	7	47	4	80	6	33	3	15	13	30
Use Only Outside Agency Research	0	0	1	13	5	63	3	20	0	0	3	17	6	30	9	21
Use Both Sources (In-house & outside agency)	8	68	5	63	3	38	5	33	1	20	9	50	11	55	21	49
<b>Focus for Marketing Research:</b>																
Customer	9	75	6	75	8	100	14	93	4	80	14	78	19	95	37	86
Competition	11	92	5	63	7	88	11	73	4	80	12	67	18	90	34	79
Product <sup>2</sup>	12	100	4	50	8	100	10	67	2	40	15	83	17	85	34	79
Business / Economics and Corporate Research	7	58	5	63	6	75	7	47	2	40	9	50	14	70	25	58
Advertising <sup>3</sup>	4	33	2	25	7	88	5	33	0	0	7	39	11	55	18	42
Distribution	2	20	0	0	4	50	4	28	0	0	3	18	7	35	10	23
Pricing	2	17	0	0	2	25	2	13	0	0	4	22	2	10	6	14

<sup>1</sup> Different sources used for marketing research is significantly different across industry categories ( $\chi^2 = 15.3$ ;  $p = 0.02$ )

<sup>2</sup> Focus for marketing research with respect to product is significantly different across industry categories ( $\chi^2 = 10.8$ ;  $p = 0.01$ )

<sup>3</sup> Focus for marketing research with respect to advertising is significantly different across industry categories ( $\chi^2 = 8.6$ ;  $p = 0.04$ )

All participating companies were engaged in marketing research in developing their marketing programs as shown in Table 3.2. While 30% of the companies had some in-house capability with regard to marketing research, 21% of the companies engaged outside marketing research agencies and 49% of the companies deployed both sources. Statistically, all the three sources of marketing research were significant across the industry category dimension ( $\chi^2 = 15.3$ ;  $p = 0.02$ .) Among the three industry categories, pharmaceutical firms and financial institutions relied heavily on both in-house and outside research agencies, 68% and 63%, respectively. Whereas, FMCGs emphasized upon outside research agencies (63%).

The main areas of focus for marketing research activities by the companies were customers (86%), competition (79%), product (79%), business/economic and corporate research (58%). A relatively low emphasis was placed on marketing research with respect to advertising (42%), distribution (23%), and pricing (14%). Marketing research on only Product and Advertising were found to be statistically significant on account of industry category ( $\chi^2 = 10.8$ ;  $p = 0.01$ , and  $\chi^2 = 8.6$ ;  $p = 0.04$  respectively.) Across industry category, 100% of the responding pharmaceuticals and FMCGs focused on marketing research with respect to product. Similarly, research on advertising was heavily emphasized by the FMCGs (80%).

Tables 3.3 to 3.6 report activities with regard to marketing mix. Of the total 43 companies participating in the survey, only 14 (33%) had their own new product development department as shown in Table 3.3. Of the 14 companies that had in-house new product development capability, due emphasis was placed on formal stages of new product development process. However, a relatively less emphasis was given to concept screening (43%). Fifty seven percent of these companies adopted a cross functional approach in developing new products. With regard to the company size dimension, only *concept testing and business analysis* were found to be statistically significant ( $\chi^2 = 6.9$ ;  $p = 0.00$ , and  $\chi^2 = 3.8$ ;  $p = 0.05$  respectively.) Large-sized companies put more emphasis on the aforementioned two stages of NPD, 100% and 89%, respectively.

With respect to product, respondents were also asked to state features that they considered as important 'selling points' for their products. The response in this context was 'product related' features (86%); price (47%); brand (47%); customer service (47%); distribution (16%); and promotion related (7%). Of all the important product features listed, only *customer service* was statistically significant across industry category, with  $\chi^2$  of 11.0 ( $p = 0.01$ ). Among the industry categories, financial institutions accorded the highest importance to customer service (75%).

**Table 3.3 – Marketing Activity (Product) by Industry Category and Company Size**

Activity	Industry Category						Company Size						Total (n=43)			
	Pharma-ceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small -sized Companies n=5		Medium -sized Companies n=18			Large -sized Companies n=20		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		No.	%	
<b>Separate New Product Development Department</b>	30	25	1	13	4	50	6	40	0	0	5	29	9	45	14	33
<b>Stages of New Product Development (NPD) Process (n=14):</b>																
	Pharma-ceuticals n=3		Financial Institutions n=1		FMCG n=4		Others n=6		Small -sized Companies n=0		Medium -sized Companies n=5		Large -sized Companies n=9		Total (n=14)	
Concept Search	3	100	1	100	3	75	6	100		5	100	8	88.9	13	93	
Concept Screening	0	0	1	100	2	50	3	50		2	40	4	44	6	43	
Concept Testing <sup>1</sup>	2	67	1	100	4	100	4	67		2	40	9	100	11	79	
Business Analysis <sup>2</sup>	2	67	1	100	4	100	3	50		2	40	8	89	10	71	
Product/Service Use Testing, Field Testing and/or Market	2	67	0	0	3	75	4	67		3	60	6	67	9	64	
Commercialization	0	0	1	100	3	75	4	67		2	40	6	67	8	57	
Involvement of Departments	1	33	0	0	3	75	4	67		2	40	6	67	8	57	
<b>Important Features Considered by Managers as the Selling Point of their Products/Services</b>																
	Pharma-ceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small -sized Companies n=5		Medium -sized Companies n=18		Large -sized Companies n=20		Total (n=43)	
Product Related	12	100	5	63	7	88	13	87	3	60	16	89	18	90	37	86
Price Related	4	33	5	63	5	63	6	40	4	80	7	39	9	45	20	47
Brand Related	5	42	4	50	5	63	6	40	3	60	9	50	8	40	20	47
Customer Service <sup>3</sup>	3	25	6	75	1	13	10	67	3	60	10	56	7	35	20	47
Place/Distribution Related	3	25	0	0	1	13	3	20	1	20	2	11	4	20	7	16
Promotion Related	1	8	0	0	2	25	0	0	0	0	2	11	1	5	3	7

<sup>1</sup> Concept testing is significantly different across company size (6.9; p = 0.00)

<sup>2</sup> Business analysis is significantly different across company size (χ² = 3.8; p = 0.05)

<sup>3</sup> Importance feature – customer service is significantly different across industry categories (χ² = 11.01; p = 0.01)

**Table 3.4 – Marketing Activity (Price) by Industry Category and Company Size**

Activity	Industry Category						Company Size						Total (n=43)			
	Pharma- ceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small -sized Companies n=5		Medium -sized Companies n=18		Large -sized Companies n=20		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Pricing Methods Used</b>																
Target Profit Margin	4	33	2	25	2	25	7	47	2	40	6	33	7	35	15	35
Competition-Based	3	25	4	50	2	25	2	13	1	20	5	28	5	25	11	26
Government Regulation-Based <sup>1</sup>	8	67	2	25	0	0	1	7	2	40	6	33	3	15	11	26
Cost Plus	2	17	25	2	4	50	3	20	1	20	3	17	7	35	11	26
What the Market Can Bear	0	0	2	25	2	25	4	27	0	0	4	22	4	20	8	19
Value for Money <sup>2</sup>	1	8	3	38	1	13	3	20	0	0	1	6	7	35	8	19
Premium Pricing	2	17	0	0	0	0	3	30	0	0	5	28	0	0	5	12
Global Pricing	3	25	0	0	0	0	0	0	1	20	1	6	1	5	3	7

<sup>1</sup> Government regulation-based pricing is significantly different across industry categories ( $\chi^2 = 16.2$ ;  $p = 0.01$ )

<sup>2</sup> Value for money is significantly different across company size ( $\chi^2 = 6.7$ ;  $p = 0.04$ )



Of the different pricing methods used by respondents, the most commonly used pricing approach was 'target profit' or the breakeven method (35%) as shown in Table 3.4. The oft-mentioned pricing method in the marketing literature, called the 'value for money,' was deployed by only 19% of the companies. Of the pricing methods used, government regulation-based method was statistically different across industry category ( $\chi^2 = 16.2$ ;  $p = 0.01$ ) while value for money was statistically significant in case of company size dimension ( $\chi^2 = 6.7$ ;  $p = 0.04$ .) Among the industry categories, government regulation-based was the most used method in the pharmaceutical industry (67%). Whereas, the value for money had relatively the highest usage in large-sized companies (35%).

A number of distribution channel were deployed by the responding companies. These included multiple channels (58%); distributor/dealer only (21%); direct company sales force only (21%) as shown in Table 3.5. Channels being used by different companies were significantly different across industry category with  $\chi^2 = 12.6$  and  $p = 0.05$ . Most pharmaceuticals and financial institutions deployed multiple channels, 67% and 63%, respectively. While 63% of the FMCGs used distributors exclusively.

Of the 34 companies distributing through single or multiple intermediaries (excluding companies using their own sales force), 22 companies (65%) provided different types of incentives to the channel members. There is a significant difference among the different industry categories with respect to incentives provided to their dealers ( $\chi^2 = 13.9$ ;  $p = 0.00$ .) All FMCGs and 80% of the financial institutions provided incentives to their dealers. This compared to only 20% of the pharmaceutical firms providing such incentives.

In descending order, these incentives were discounts (86%); promotional support (55%); incentives (lucky draws, gifts, sponsorships for trips) (32%); financial support (27%); structural support (renovation and retrofit of premises, and racks and other equipments) (27%); and technical training (18%). No statistical significance was found with respect to types of incentives provided to the trade across the two dimensions.

Companies used a blend of above-the-line (ATL) and below-the-line (BTL) promotional activities. A large percentage of companies (86%) used a host of BTL activities including seminars, conferences, social events, promotional materials, and gifts. With respect to above-the-line promotion, companies mainly focused on three media, namely, print (82%), personal selling (67%), and broadcast media --- television and radio --- (44%). Among the industry categories, personal selling and broadcast media were found to be significant ( $\chi^2 = 17.0$ ;  $p = 0.00$  and  $\chi^2 = 12.5$ ;  $p = 0.01$ .) Moreover, broadcast media was also significant in case of company size ( $\chi^2 = 8.3$ ;  $p = 0.01$ .) With respect to industry category, pharmaceuticals and financial institutions placed heavy emphasis on personal selling (100% and 75% respectively); whereas broadcast media was heavily emphasized by FMCGs (88%). With respect to company size, broadcast media was used mostly by large-sized companies (65%).

The activities with regard to the last of the four main sections (customer and competitor monitoring) of the interview instrument are summarized in Tables 3.7 and 3.8.

**Table 3.5 – Marketing Activity (Distribution) by Industry Category and Company Size**

Activity	Industry Category						Company Size						Total (n=43)			
	Pharma-ceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small -sized Companies n=5		Medium -sized Companies n=18		Large -sized Companies n=20		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
<b>Companies Using Different Distribution Channels<sup>1</sup></b>																
Through Only Distributors	2	17	0	0	5	63	2	13	1	20	3	22	4	20	9	21
Through Own Sales Force	2	17	3	38	0	0	4	27	2	40	3	17	4	20	9	21
Multiple Channels	8	67	5	63	3	38	9	60	2	40	11	61	12	60	25	58
Companies Provide Incentives to Dealers (n=34) <sup>2</sup>	2	20	4	80	8	100	8	73	2	67	8	53	12	75	22	65
<b>Types of Incentives Provided to Support Trade :</b>																
Discounts	Pharma-ceuticals n=2		Financial Institutions n=4		FMCG n=8		Others n=8		Small -sized Companies n=2		Medium -sized Companies n=8		Large -sized Companies n=12		Total (n=22)	
	1	50	3	75	7	88	8	100	1	50	6	75	12	100	19	86
Promotional Support	1	50	1	25	7	88	3	38	1	50	3	38	8	67	12	55
Incentives (Lucky Draws, Gifts, Sponsorships for Trips)	1	50	0	0	4	50	2	25	0	0	2	25	5	42	7	32
Financial Support	0	0	0	0	5	63	1	13	0	0	2	25	4	33	6	27
Structural Support	0	0	0	0	5	63	1	13	0	0	1	13	5	42	6	27
Technical Training	0	0	0	0	0	0	4	50	0	0	3	38	1	8	4	18

<sup>1</sup> Channels being used by different companies are significantly different across industry categories ( $\chi^2= 12.6$ ;  $p = 0.05$ )

<sup>2</sup> Companies provide incentives to dealers is significantly different across industry categories ( $\chi^2= 13.9$ ;  $p = 0.00$ )

**Table 3.6 – Marketing Activity (Promotion) by Industry Category and Company Size**

Activity	Industry Category						Company Size						Total (n=43)			
	Pharma- ceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small -sized Companies n=5		Medium -sized Companies n=18			Large -sized Companies n=20		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		No.	%	
<b>Different Modes of Advertising and Promotion:</b>																
BTL Activities (Seminars, Conferences, Social Events, Use of Promotional Material, Distribution of Gifts etc.)	10	83	6	75	8	100	13	87	3	60	14	78	20	100	37	86
<b>Media Used for ATL Activities:</b>																
Print Media	9	75	7	88	7	88	12	80	4	80	12	67	19	95	35	82
Personal Selling <sup>1</sup>	12	100	6	75	1	13	10	68	4	80	12	67	13	65	29	67
Broadcast Media <sup>2</sup>	1	8	4	50	7	88	7	47	0	0	6	33	13	65	19	44
Telephone Marketing	0	0	3	38	0	0	1	7	0	0	0	0	4	20	4	9
Direct Mail	0	0	2	25	0	0	1	7	0	0	1	6	2	10	3	7

<sup>1</sup> Personal selling is significantly different across industry categories ( $\chi^2 = 17.0$ ;  $p = 0.00$ )  
<sup>2</sup> Broadcast media is significantly different across industry categories ( $\chi^2 = 12.5$ ;  $p = 0.01$ ) and across company size ( $\chi^2 = 8.3$ ;  $p = 0.01$ )

**Table 3.7 – Customer Monitoring Activity by Industry Category and Company Size**

Activity	Pharmaceuticals n=12				Financial Institutions n=8				FMCG n=8				Others n=15				Company Size						Total (n=43)	
	No.		%		No.		%		No.		%		No.		%		No.		%		No.		%	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
After Sales/Service Department	9	75	5	63	3	38	8	53	2	40	10	56	13	65	25	58								
Sales Reports from Sales Representative	6	50	1	13	6	75	6	40	1	20	8	44	13	65	22	51								
Customer Satisfaction Surveys	3	25	4	50	5	63	7	47	2	40	7	39	10	50	19	44								
Special Researches to Highlight the Needs and Requirements of the Customers	4	33	0	0	4	50	5	33	1	20	4	22	8	40	13	30								
Toll Free Number for Customer Complaints	0	0	2	25	2	25	2	13	1	20	0	0	5	25	6	14								
Evaluation of Customer Buying Periodically	1	8	0	0	2	25	2	13	0	0	2	11	3	15	5	12								
Suggestion Box: Mail in Card	1	8	1	12	1	12	1	7	0	0	2	11	2	10	4	9								

**Different Modes Deployed for Customer Monitoring:**

**Table 3.8 – Competition Monitoring Activities by Industry Category and Company Size**

Activity	Industry Category						Company Size						Total (n=43)			
	Pharmaceuticals n=12		Financial Institutions n=8		FMCG n=8		Others n=15		Small-sized Companies n=5		Medium-sized Companies n=18		Large-sized Companies n=20		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
<b>Different Aspects Monitored and Analyzed:</b>																
Product	11	92	8	100	6	75	14	93	5	100	17	94	17	85	39	91
Price	10	83	6	75	5	62	9	60	4	80	10	56	16	80	30	70
Place/Distribution <sup>1</sup>	7	58	5	63	7	88	9	60	3	60	7	39	18	90	28	65
Promotion <sup>2</sup>	8	67	6	75	6	75	7	47	1	20	9	50	17	85	27	63
Performance/Share of Market	4	33	4	50	6	75	4	27	2	40	5	28	11	55	18	42
Customer Service	7	58	5	63	3	38	4	27	2	40	8	44	9	45	19	44
Brand	6	50	3	38	5	63	3	20	1	20	6	33	10	50	17	40
Human Resource	0	0	3	38	2	25	3	20	0	0	2	11	6	30	8	19
<b>Sources for Getting Information:</b>																
Company and Competitor Staff	12	100	5	63	7	88	15	100	4	80	16	89	19	95	39	91
Research Reports <sup>3</sup>	9	75	7	88	7	88	4	27	2	40	9	50	16	80	27	63
Distribution Channel <sup>4</sup>	3	25	0	0	5	63	3	20	0	0	4	22	7	35	11	26
Customer	0	0	2	25	2	25	3	20	1	20	2	11	4	20	7	16

<sup>1</sup> Place/Distribution is significantly different across company size ( $\chi^2 = 11.0$ ;  $p = 0.00$ )

<sup>2</sup> Promotion is significantly different across company size ( $\chi^2 = 9.4$ ;  $p = 0.01$ )

<sup>3</sup> Research reports is significantly different across industry categories ( $\chi^2 = 13.3$ ;  $p = 0.00$ )

<sup>4</sup> Distribution channel is significantly different across industry categories ( $\chi^2 = 8.7$ ;  $p = 0.03$ )

Different modes were deployed for monitoring customer-related activities. Fifty-eight percent of the respondents had after sales/service department, 51% of the companies used sales reports from sales representatives, and 44% conducted regular customer satisfaction surveys. Other customer monitoring activities used included special researches for customer need analysis, use of toll free numbers, evaluation of customer buying pattern and *suggestion boxes/mail in cards*. None of the above mentioned activities was found significant with regard to the two dimensions.

The survey revealed that the companies monitored *their competition very closely*. Different aspects were covered. These included product (91%), price (70%), place/distribution (65%), promotion (63%), *customer service (44%)*, performance/share of market (42%), brand management and other brand initiatives (40%), and human resource (19%). Place/distribution and promotion were statistically significant in *the case of company size dimension* ( $\chi^2 = 11.0$ ;  $p = 0.00$ , and  $\chi^2 = 9.4$ ;  $p = 0.01$ , respectively). Compared to small- and medium-sized companies, *large-sized companies placed a higher emphasis on place/distribution and promotion (90% and 85%, respectively)*.

The different sources used to monitor competitor activities included company and competitor staff (91%), research reports (63%), information from the trade (distribution channel) (26%), and customers (16%). Research reports and distribution channel were significant across industry category ( $\chi^2 = 13.3$ ;  $p = 0.00$ , and  $\chi^2 = 8.7$ ;  $p = 0.03$ , respectively). Financial institutions and FMCGs focused more on research reports (88% of the firms in each of the two industry categories), whereas FMCGs also emphasized on distribution channel to monitor competitor activities (63%).

#### **4. Company Profiles with Respect to Marketing Sophistication**

In this section, profiles are provided of the ‘most sophisticated’ companies with respect to marketing. Of the ten industry categories identified for the participating companies as shown in Table 2.3, five industry categories were chosen for company profile development. The chosen industry categories are:

1. FMCGs
2. Pharmaceuticals
3. Industrial Products
4. Banks
5. Cellular Communications

We used our judgment to identify the ‘best’ company in each of the above industry categories. This judgment was based primarily on the breadth and depth of marketing activities and processes reported.

The profiles of top companies in each of the above-stated industry sectors are developed using the four sections of personal interview instrument --- marketing planning and organization; marketing research; marketing mix; and monitoring customer and competitor activities. The profiles appear in the following sections.

#### **4.1. Profile of an FMCG Firm**

##### *Marketing Planning and Organization*

Long-term strategic and annual brand plans are prepared. The annual brand plan includes, detailed marketing mix strategies and plans, competition, and most importantly, the financial implications of various activities included in the plan. Marketing planning is a continuous process at the company. The company has a large number of brands; each brand is a business. Comprehensive short- and long-term marketing strategies and plans are prepared for each brand. Each brand's profit performance targets cover sales volume, profits, and brand image (equity). The progress of each brand on the set objectives is closely monitored. Annual review is made of the performance of each brand (what worked; what did not). And also an assessment is made of how the brand marketing team could have improved delivery of different activities planned for the brand. A continuous, parallel exercise of gauging the changes in the business environment with regard to customers, markets, and competition helps in developing the next year's plans for each of the brands. A bottom-up approach is adopted for marketing planning. The company strictly follows market orientation --- where profits are sought through customer satisfaction. A multi-functional team is involved in marketing planning, as marketing planning and implementation are deemed to be a multi-functional responsibility. Other departments involved in the marketing planning process include finance, sales, and production. The CEO in Pakistan is also directly involved in marketing strategy and planning. The key strategic focus is on achieving multiple targets set for each brand through customer satisfaction. Another important aspect in strategic planning is to ensure that maximum possible marketing support is provided in the form of required budgets and different marketing support activities needed. Another aspect of marketing strategy adopted by the company is to 'offer more for less.' Marketing and finance work closely together to ensure that both marketing and financial goals are achieved. The plans are forwarded to several regional headquarters as well as to the global headquarters for feedback and subsequent approval.

The senior most marketing executive is the 'marketing director,' to whom brand and assistant brand managers report.

There is a separate set-up for marketing and sales. The marketing set-up manages different company brands as well as conducts consumer research. The sales activities are managed through 'customer business development organization,' headed by the business development manager. Reporting to the business development manager are recruitment, training, and development manager; marketing, sales and planning manager (who, in turn, oversees several marketing, sales and planning managers for different 'product categories' --- such as hair care; laundry/soap); and district managers north and south. Under district managers are several managers covering major cities.

### **Marketing Research**

Strategic thinking about marketing plans is done in-house. Then an outside agency is commissioned to provide monthly tracking reports on several marketing aspects including brand awareness, product usage, brand image (equity), and price sensitivity (elasticity of demand), company and competitor advertising activities (advertising research). Brand managers are engaged in extensive pre- and post-launch product research (through outside marketing agency) to actively monitor the progress of their brands. A close eye is kept on competitive activities by brand managers and assistant brand managers. In this marketing intelligence activity, outside research agencies are not engaged. Price sensitivity research is part of the monthly tracking reports.

The company however, does not seem to engage in macro- and micro-environment (company competencies) assessment. It also does not engage in any research with regard to distribution channels.

### **Marketing Mix**

A very strong emphasis is placed on new product development. There is a 'new business development team' with representation from different departments (marketing, sales, production, and finance). The team extracts new ideas, which are sent to the top management, based in Pakistan, the regional office as well as to the global headquarters for approval. In the new product development process all stages of new product development are covered --- concept search, concept screening, concept testing, business analysis, field testing, and commercialization.

Value to customer (product superiority), offering the product at the right price (through cost control and stripping non-value added costs), and marketing mastery (focusing on winning the minds and hearts of customers by adopting a logical --- as opposed to an emotional approach -- to convince customers about superior brand value) were the three unique selling points mentioned by the company as drivers of its success.

With respect to price, two aspects were considered: 'what the customer will bear,' and achieving long-run profit objectives set for the products.

The products are distributed through a distributor that has sub-distributors covering the entire country. Moreover, the company's own sales force monitors distributor activities and provide support to distributors sales staff. The financial support provided to the distributor includes commission, and other financial and non-financial incentives. The structural and promotional support provided include equipment support, joint advertising, merchandising support, and literature and posters.

A host of Above-the-Line (ATL) and Below-the-Line (BTL) promotional activities are used. The company claims that it is probably amongst the top five spenders with regard to advertising and promotion. BTL includes 'one-on-one education,' where



different brands are promoted at customers' doorstep. An example of a recent campaign covered 5,000 schools to promote a brand of soap by emphasizing cleanliness and good hygiene; similarly other institutions are personally approached to promote company brands.

### **Monitoring Customer and Competitor Activities**

The emphasis on customer care is manifested in company's philosophy of achieving its financial and other objectives through customer satisfaction. Customer complaints are taken very seriously and remedial measures are taken as early as possible. A large database is maintained of all customer and trade complaints. A summary report of such complaints is regularly sent to the regional office abroad. End-user and trade customer feedback is obtained from company's sales officers and assistant brand managers who constantly monitor the market. Furthermore, the marketing team proactively taps any marketing opportunities for meeting customer needs. The company also regularly commissions customer satisfaction surveys.

As stated earlier, the sales officers, assistant brand managers, and brand managers keep a close eye on competitor developments. Competitor feedback is also sought from distributors and the trade (retailers and wholesalers). The competitor intelligence include monitoring caliber of marketing and other personnel (human resource competencies), marketing planning, product development and testing, media tracking --- covering advertisements across different TV channels, BTL promotional activities, and trade activities.

## **4.2. Profile of a Pharmaceutical Firm**

### *Marketing Planning and Organization*

The company deploys both long-term (5-year) and a short-term (annual) marketing strategy and plans. In the long- and short-term marketing strategy plans a detailed analysis is done of the macro and micro environment facing the company. These plans cover all elements of the marketing mix, with specific resource allocation for each element. Yearly objectives are set by market segments, products, market share, media, and profitability. The plans are formally documented for ease of reference and monitoring purposes. Constant monitoring of the plans is done to spot any variances and plans are fine-tuned with respect to a host of performance indicators in the light of variations from yearly targets. With respect to the process for developing the marketing plans, a 'bottom-up' approach is adopted. Specifically, a team initially develops the marketing plan; it comprises members from brand management, finance, marketing, HR, and the top management (CEO); in the second phase of the marketing plan development the CEO and the head of marketing review the plans; after review, the documents are sent to the regional office for feedback; the heads of marketing and brand management make a presentation to the regional office, and respond to queries raised. Once the regional office gives its approval the final marketing plan is ready for each product

category. The marketing planning documents are normally referred to as 'budgets' in the company. A sophisticated software 'stratplan' is also used in developing marketing plans. The marketing planning process involves various iterations before the documents ('budgets') are ready for review and approval by the regional office.

With respect to organization of marketing and sales, parallel positions exist for marketing and sales. Primarily a product management structure is used. The heads of marketing and sales departments report to the CEO. As the active ingredients for almost all medicines supported by the company are imported, there are no organizational positions for new product development or R&D. The marketing head is responsible for product management whereas distribution manager looks after sales throughout the country.

### **Marketing Research**

The company meets its marketing research requirements through relying primarily on three sources: the International Medical Statistics (IMS), Switzerland, feedback from the company's large sales force, and informal marketing intelligence activities. The IMS manual is used to monitor the local and international industry trends as well as information on competitors. The company's sales force provides feedback with respect to efficacy, side-effects, and other aspects of the company products. The informal marketing intelligence channel involves executive networking and, company and competitor's sales staff. The marketing intelligence provides the pulse on competitor's performance and activities. The information gleaned through this source includes share of market, information on Decision Making Units (DMUs), consumption patterns, and product innovation activities.

### **Marketing Mix**

With respect to product, the active ingredients of all categories of company medicines are imported. Therefore, there is no formal new product development (npd) or R&D departments in the company. However, some local npd activities include giving 'body' to the active ingredients --- a process referred to in the company as adding 'expedients' --- such as, lactose, fructose, coating materials, and size (grammage) of the medicine. In order of importance the company reported quality, price, and customer care as the three most important selling points for company's products and services.

With respect to pricing, the company deploys extensive resources in seeking price approval from the Ministry of Health, Islamabad. This effort is necessary given the closely regulated nature of the pharmaceutical industry. The company relies mostly on target pricing method. Essentially, for the different products in different product categories the company sets a particular profit target, which, then, becomes the basis for setting the price. However, the competitor prices are also factored in the pricing decisions.

The company deploys a direct channel of distribution. Consequently, it supports a large network of sales and distribution staff. Furthermore, the direct channel necessitates a heavy investment in logistical support, such as maintenance of warehouses throughout the country. Through deploying its own sales force, the company has been successful in achieving a sales split of 70% to 30% across the retail and wholesale trade segments.

Due to the adoption of the direct distribution channel, the main emphasis is on personal selling as a promotional tool. As a promotional strategy, the company endeavors to create a 'pull' for its products. The company deploys the AIDA (attract, interest, desire and act) approach. This is done through different means, including professional detailing to doctors, detailing aids (brochures, fee samples, and product literature, giveaways to doctors and key members of the trade --- chemist and wholesalers), sponsoring medical seminars and events, sponsoring trips to local and international conferences, and ads in medical journals. To cover these activities, the company allocates about 60% of its annual marketing budget to the above-stated promotional activities.

### **Monitoring Customer and Competitor Activities**

The company commitment and its policies and procedures with regard to customers and competition truly reflect a dual orientation towards customers and competitors. Specifically, with respect to customers, the company has an elaborate mechanism for seeking customer feedback and handling grievances. A rich database is maintained by both product managers and the sales staff to monitor customers buying pattern. The company also maintains a large database of doctors, patients and chemists to monitor the condition of over ten thousand patients across the country. These patients are administered life saving drugs that require constant monitoring. The company deploys significant resources to this initiative as part of its deep rooted philosophy of customer care. The company is committed to providing the state-of-the-art products to all its stakeholders --- doctors, patients, and the trade. As part of the commitment to customers, the company policy requires that the head of marketing spends 10% of his time every month with company's sales staff on their visits to the doctors. Additionally, all members of the top management are required to spend at least 5 days in a month in the field meeting doctors and members of the trade. Furthermore, there is an elaborate customer grievance procedure in place. Whenever a complaint is registered either by a doctor, patient or trade, it is immediately passed on to a specially setup department, called the 'medical department.' For example, in case of an untoward side-effect of a medicine, the medical department formally reports the issue to the company international headquarters. The headquarters and the medical department then work closely together to redress such a problem as early as possible. Other activities undertaken for monitoring customers include customer satisfaction surveys and suggestion box.

The company also very closely monitors competitor activities. The competitors' market share, share of mind --- brand awareness, media profile, product features and prices are monitored to devise strategies and plans to combat competition. Both product managers and the sales staff are required to collect market intelligence. The intelligence with regard to competitors' products is collected from brochures.

### **4.3. Profile of an Industrial Goods Firm**

#### *Marketing Planning and Organization*

The company deals in specialized construction materials and specialized technical advice and service. The products cater to the requirements of different industry sectors including water supply and environmental protection. The prime focus of company's marketing strategy is on achieving growth. For this purpose, the company deploys the 'product-growth' matrix, with its component elements of product development, market development, market penetration, and diversification. Two planning documents are prepared --- one is a short- to medium-term business plan (3-4 years), the other is an annual business plan. The annual business plan is derived from short and medium term business plan. The business planning process is a continuous one where the time frames of the two documents keep moving once the formal documents are prepared for each of the two time frames. In other words, once the annual business plan is prepared, the time frame for the short and medium term business plan 'moves up' to most recent 3-4 years. It is important to note that the company does not prepare a separate marketing plan for the company. The annual business plan contains sections for achieving stated goals and objectives by different industry sectors. The 'marketing aspects' and activities are stipulated within these sectoral plans. The business interest in each sector is primarily managed by a project team. This team comprises business development officer and representatives from technical and the finance function. Each project team has a project leader who is responsible for ensuring smooth execution of the business plan for their industry sectors in line with the corporate goals and objectives. The team leader directly reports to the managing director. With this organizational arrangement, the company monitors the effective and efficient utilization of company resources deployed in different sectors and ensures maximum possible alignment of different activities to achieve stated objectives. The annual business plan document includes sales forecast by different sectors, sales quotas for achieving sales, profits, and other goals and objectives for each of the industry sectors. Close liaison and follow up with key customers (corporate and individuals) is maintained by the management team in general and the business development managers and officers in particular. The draft annual business plan is prepared by a team comprising the managing director, business development manager, finance manager and team leaders (representing different industry sectors); the plan is finally approved by the board.

A detailed environmental analysis is undertaken. This primarily focuses on finding the market conditions and trends in the current and prospective industry sectors to assess the fit between the company's innovative lines of products with the requirements of specific industry sectors. Furthermore, extensive formal and informal market scanning is done to seek the adaptability and viability of a stream of existing and new products planned for introduction into the Pakistani market.

The implementation issues cover execution of various activities stipulated in the business/market plan for different sectors. Specifically, these activities include processing tender documents, contacting key decision makers, and improving customer relationship with the help of different promotional and other PR activities.

The company does not have marketing and sales departments. Reporting to the managing director are manager business development, manager finance, regional managers, and team leaders looking after different industry sectors.

### **Marketing Research**

Using outside agencies and in-house capabilities, the marketing research focuses on customer need/problem identification, competitor profiling (especially with regard to Key Performance Indicators (KPIs) ---- mainly share of market, and staff turnover. Technical/feasibility studies are prepared by the technical and professional staff working under different team leaders. Some technical studies involve multiple sectors. In such cases, the project leader requests technical staff from team leaders responsible for business in different industry sectors.

The company regularly commissions studies to monitor economic activity and trends in the relevant industry segments. Studies are also conducted to monitor the appropriateness of company prices with respect to bidding (tender) requirements as well as to assess the competitors' quote.

### **Marketing Mix**

The company provides technical services to different industry sectors; there is no product development activity undertaken in Pakistan. The company submits bids in response to tenders invited by prospective clients. The companies bidding for the tender are short listed, before the final selection of the vendor.

The quality of consulting service, brand equity, and pre- and post-contract customer service are considered to be the key factors in company's success.

Pricing involves preparing price quotes (bids) in response to tenders from prospective clients. In preparing price quotes, the company uses a blend of 'cost-plus' and 'value pricing' methods.

The company's own sales force performs the distribution function. The team leaders, assisted by other sales staff, are responsible for soliciting business in different industry sectors. The sales team (team leaders and supporting sales staff) are compensated through a combination of salary and incentive (commission) pay.

The main promotional method used by the company is personal selling by its sales force. Presentations to prospective clients, company and product brochures, calendars,

social events, dinner for foreign delegates are some of the other promotional tools used by the company.

#### **Monitoring Customer and Competitor Activities**

Technical studies are commissioned to identify market opportunities and customer needs in different industry sectors. Another key source for market and customer feedback is company's sales team. With respect to customer satisfaction, the business-to-business context necessitates the use of customer relationship management (CRM). This ensures that the project team has a good handle on the extent to which the service/solutions provided to customers have adequately met their expectations. To execute a job, the company's professional staff provides solutions to clients with the help of upstream firms (such as architects) and downstream firms (such as construction companies); the company also offers its services on BOT (build, operate, and transfer) basis.

The competitor activities with respect to market share, bid prices, staff strength and staff turnover and PR activities are monitored. The company's sales team and PR activities are the two key sources to obtain competitor intelligence.

#### **4.4. Profile of a Bank**

##### *Marketing Planning and Organization*

The bank considers the customer the focus of its activities. Marketing planning entails a detailed analysis based on market segmentation, income, lifestyle, socio-economic, regional/and geographic, type of employment, behavioral patterns, and monitoring key competitor operations. Cross functional meetings are encouraged to develop key marketing strategies. The focal point for these strategies is fulfilling customer needs. The team develops an execution plan on the basis of a robust strategy. The annual marketing plan is finalized after a number of iterations, involving several brainstorming sessions by the bank's top management. The marketing plan contains a detailed analysis of bank's initiatives with respect to launch of value-added services to meet the requirements of customers in target segments. The marketing plan also contains a detailed account of budget allocation for all major activities planned for the year. The objectives and activities stated in the marketing plan are subject to close monthly scrutiny for effective and efficient implementation. There are regular review meetings to compare performance versus stated KPIs.

The top management involved in the preparation of the marketing plan include the country manager, heads of consumer and corporate banking, and heads of various departments, including operations, credit, and human resources.

The bank has three main businesses (credit cards, retail assets, and branch banking). In each of the three businesses there are brand, sales, and analysis teams. The heads of the businesses report to the Head of Consumer Banking. The bank has a separate section to cater for the banking needs of the corporate sector.

### **Marketing Research**

The main focus is towards customer oriented studies: income segmentation, segmentation by employment, profiles of customers, focus groups to understand the youth segment, need based studies to understand the inspiration of customers, and customer satisfaction survey. Marketing research studies are also commissioned for new product launches and for co-branding initiatives.

### **Marketing Mix**

Although there is no separate department for new product development; the bank management is constantly engaged in assessing market opportunities for launching value-added services for selected customer segments. The bank has pioneered many initiatives in providing state-of-the-art financial products and services. These include electronic banking (e-banking), auto loans, widespread introduction of 'plastic money' (credit cards), debit cards, Automated Teller Machines (ATMs), phone banking, drop-box facility for checks, personal loans, cash advance (against credit card), and co-branding.

The bank's management deems value for money, brand name, and customer service as its top three key success factors.

The bank's pricing model is a combination of bank's internal factors, market dynamics, bank's positioning in different market segments, and target profits.

The bank's own personnel represent the marketing channel. Personal selling is both the main channel for distribution as well as for promotion..

Promotional mix used include newspapers and magazines, selected TV and radio, personal selling (sales calls to potential clients), team-selling (sales team visits to clients), direct mail (with credit card bills), telemarketing, and sponsorship of events.

### **Monitoring Customer and Competitor Activities**

Customer service tools include a call center, telesales (telemarketing), and customer relationship management. There is a special problem resolving unit (PRU) at each branch, which takes care of customer complaints. First the complaints are logged in and then sent to the relevant departments. The PRU has introduced a procedure called 'aging' for handling customer complaints. According to this procedure a customer problem needs to be attended within 4 hours, solved within a maximum of nine days. Otherwise the issue is then automatically sent to the heads of various divisions and to the bank's headquarters.

Periodically, the bank also commissions market surveys that monitor various aspects of customer service and satisfaction, and other financial and non-financial performance indicators for the bank vis-à-vis its competitors.

#### **4.5. Profile of a Cellular Communications Firm**

##### *Marketing Planning and Organization*

The company follows a formal marketing planning process that includes both a long-term (10 years) strategic plan and a yearly plan, referred to as annual corporate plan. The vice president of marketing is primarily responsible for preparing the annual corporate plan in consultation with other departments. The VP marketing heads a steering committee, comprising director strategy and planning, director value added services, director marketing operations, and heads of various brands. A starting point in the preparation of annual corporate plan states the marketing objectives. A host of KPIs are considered in setting the marketing objectives. These include share of market, corporate profits, brand profits, and targets for new product development/value-added services. The overriding marketing objective is to be the industry leader on stated KPIs. Both external and internal (company) environments are analyzed in detail. The external environment assessment activities include market growth trends, competitive strengths, emerging opportunities and the political environment. Internal environment activities involve competencies with regard to human, financial, and other company resources to support the stated annual objectives. This assessment almost takes the form of a 'marketing audit,' where different aspects of marketing and sales are evaluated for strengths and weaknesses.

The prime focus is on brand management. This focus translates into brand portfolio analysis, which, in turn is the basis for developing the marketing mix for different brands in line with their intended positioning in the targets markets. For each brand, tactical plans are drawn for each of the four elements of the marketing mix. Marketing and sales departments work in close harmony to execute marketing mix activities in order to achieve the stated objectives for a particular brand. The marketing and sales activities are closely monitored to ensure that they are in line with brand objectives. These activities include customer satisfaction surveys to enhance understanding of customer needs and wants, feedback on new service features from both customers and trade. Such monitoring and review process is an integral part of the annual corporate planning that not only ensures achievement of annual objectives but also helps in preparation of future marketing plans.

The marketing and sales have separate organizational structures. Reporting to the senior-most marketing executive (VP-Marketing), are director strategy and planning, director value-added services, director marketing operations, and heads of various brands. The sales operations are headed by VP-Sales, who is essentially responsible for managing the distribution channel through a company sales team.

##### **Marketing Research**

Commissioning mostly outside marketing research agencies, the company is engaged in extensive marketing research related to different aspects of marketing-related decision



making. Marketing research covers assessment of macro- and micro-environment (used for long-term and annual strategy and marketing planning), customer (for designing new products, customer satisfaction surveys, and monthly 'brand health' tracking studies), product (consumer research prior to designing new products/features), advertising (regular telephone surveys to gauge the awareness and usage of various offerings), and competition (periodic qualitative and quantitative research on image, perception, and usage of different operators and various service features). The company, however, does not engage in any research endeavors with regard to pricing and distribution channels.

### **Marketing Mix**

Product and brand development is an involved process at the company. Working in cross-functional teams, the company's new product development activities include: need identification, tracking marketing pulse (with respect to customer and competitor profiles), product design (covering various dimensions of anticipated customer experience, and involves various stakeholders including customers, brand managers, and distribution and franchise representatives --- in an effort to deliver a 'customized offering'), commercialization (focusing on distribution, best possible use of media in line with the target segment's lifestyles and other steps to ensure desired customer experience), and post-launch activities (on-ground activations, periodic feedback from all relevant quarters; customer support, and continuous visits to the 'drawing board' for product augmentation). The company, however, does not place much emphasis on business analysis, and test marketing, as two of the various stages of new product development.

The company reported that the three most important factors emphasized in the product offering were: value for money, scale of operations (coverage), and brand equity.

With regard to pricing, the policy is to set prices in view of market forces (the competitive environment), as well as the company's long-term business plan.

The company deploys two different distribution channels: Prepaid SIM and Scratch Card (retailers are reached through a network of service centers and franchisees), and Post-paid SIM (customers reached through service centers, corporate sales team, and franchisees). The distribution network is supported through attractive sales commissions, performance recognition through shields and certificates, international trips for top-performing franchisees and service centers.

There is a heavy emphasis on advertising and promotion. A blend of direct (personal selling, telemarketing, and direct-mail, on-ground activations, trade shows, public relations) and indirect (advertising and outdoor promotional activities) promotional method is used. Mass media (television, radio, and print) is heavily used to introduce products and to build corporate image. Personal selling component of the promotional mix is particularly used in post-paid service category, where company sales teams approach institutional and individual clients. Personal selling is also deployed in trade shows and (mobile phone) fairs.

### **Monitoring Customer and Competitor Activities**

The company deploys extensive mechanisms for handling customer complaints. It employs over 1,000 personnel to manage round-the-clock call center to register complaints and to provide other customer services. Every complaint is logged and tracked to ensure a pleasant customer experience --- supported by a vigilant monitoring process to ensure excellent customer service. Other methods used to monitor customers include regular customer satisfaction surveys and special surveys to gauge the needs and requirements of customers with respect to various components of company offerings.

Competition is monitored using a number of criteria including scale of operations (network expansion), growth in customer base, service usage tracking, tracking competitor offerings both in terms of new and existing products as well as monitoring seasonal promotions. In competitive intelligence, extensive use is made of information contained in the elaborate data warehouse (which covers detailed information on various aspects of customers and competitors). Data warehouse reports are frequently produced and used for marketing decision making. Other sources of information on competitors include reports prepared by the regulatory authority, namely, Pakistan Telecommunications Authority (PTA). Furthermore, claims made by competitors with respect to different performance-related indicators are also considered.

### **5. Discussion**

Corresponding to the section on findings, discussion is developed on marketing activities and processes, and benchmarking marketing practices.

Several points emerged with respect to marketing planning and organization. Although a large majority of companies engaged in formal marketing planning and placed strong emphasis on the different stages of marketing planning, implementation and control were not given due emphasis. This could be termed as a major weakness as the overall effectiveness of formal marketing planning could be adversely affected if there is a lack of emphasis on implementation and control. Lack of such emphasis could have implications for marketing productivity and could also decrease the bargaining power of the marketing department to demand for more corporate resources for the marketing function. However, FMCGs and large-sized companies placed significantly higher emphasis on planned implementation compared to other industry categories and small- and medium-sized companies. More emphasis on implementation by large-sized companies could be attributed to more elaborate marketing strategies and plans which necessitate a relatively more planned implementation. Furthermore, these companies have the necessary human and financial resources to ensure proper implementation of their marketing plans. With regard to industry category, FMCGs' emphasis on implementation is, perhaps, a reflection of a higher level of marketing sophistication. One could argue that FMCGs were the pioneers in developing and practicing modern marketing concepts and tools. Several industries have followed the lead of FMCGs in developing marketing plans and activities for their line of business.

Although top and middle marketing management was involved in formal marketing planning, several companies did not formally involve other functions in developing marketing plans. This lack of interaction has implications for developing a comprehensive marketing plan as well as for its smooth implementation. Market oriented companies involve several departments in the preparation and execution of their marketing plans.

While a large majority of companies had a formal setup for marketing and sales, most of the companies had separate managers for marketing and sales. In a significant number of companies marketing and sales related functions were not under a single marketing head. Companies with one executive in-charge of all marketing and sales functions have higher chances of developing more integrated and comprehensive marketing plans. Moreover, if sales is not reporting to the marketing head, there could be problems of effective and efficient implementation of marketing plans as marketing and sales heads may not operate in harmony. As expected, medium- and large-sized companies had separate managers for marketing and sales. In case of large companies, there were also separate managers for different marketing functions.

All responding companies engaged in marketing research, deploying either in-house or outside agencies. 'Global emphasis' on marketing research is in line with modern marketing thought and practice in that the development of effective marketing plans require thorough marketing research. FMCGs relied more on outside research agencies. This is perhaps because of the scope and sophistication of marketing research required by these companies.

Various aspects need to be covered in the marketing research activities including company specific and external environmental factors. The findings revealed that overall the responding companies placed relatively low emphasis on research with respect to advertising, distribution and pricing. This perhaps is an important issue with respect to quality, depth and scope of marketing research deployed by some of the responding companies. Low emphasis on marketing research on the three elements of marketing mix mentioned could have a major implication for marketing planning and implementation. For example, a relatively low emphasis on marketing research with respect to advertising could not only affect the overall impact of company's promotional policy but also could be indicative of negligence in monitoring and control of the advertising expenses. Analysis on account of industry category revealed that while all pharmaceuticals and FMCGs emphasized marketing research on product, FMCGs also heavily deployed advertising research. A somewhat low emphasis on advertising research by pharmaceuticals may be a function of the nature of industry and personal selling as a main promotional method. However, low emphasis on product and advertising research by financial institutions is somewhat surprising, given the recent growth in financial products and competition.

The research found that only a small percentage of companies supported an in-house new product development (NPD) department. Most participating MNCs had their R&D and NPD activities based at their regional offices and/or headquarters abroad.

Concept screening was identified as a low-emphasis stage of the NPD process in the participating companies. This seems to be a major weakness as the concept screening is a critical step. Omission or less emphasis on this stage may turn out to be very costly as the company may be spending significant resources on product concepts with very low chances of commercial success. Of course, after concept screening each of the NPD stages consume precious company resources at an increasing rate. Concept testing and business analysis were emphasized more by large-sized companies. This is understandable given the elaborate systems, and financial and personnel resources usually available to large companies.

Product related features were by far the number one selling point for the sample companies whereas promotion was stated as the least important selling point. Companies emphasize product related features (this includes quality, performance, reliability, safety, and convenience) as they, perhaps, lend themselves to a wide range of innovation and improvements that are deemed to be more value-added for the customer as well as may provide a more sustainable basis for companies to differentiate their offerings. Product differentiation, in turn, can help companies to uniquely position themselves in the market place. Very low emphasis placed on promotion by responding companies may be due to management belief in promotion to be less significant in differentiating company products and services. Some companies may believe that extra emphasis on promotion may not be a good return on investment and in some cases, could lock the competitors into the promotional wars. Financial institutions' emphasis on customer service is understandable as financial services would require higher levels customer service and relationship.

Target profit method was the most used pricing method while global pricing was the least used method. The high emphasis on target profit method may reflect companies' tendency to focus on the achievement of a predetermined level of profit from operations. However, the finding of target profit as most commonly used pricing approach is at odds with a strong support in the marketing literature for value for money pricing method. While target profit is primarily based on management's desire to earn a fixed level of profit, the value for money pricing method is customer oriented approach to pricing and is primarily based on the notion of 'more for less.' However, large companies did emphasize on value for money pricing method. Minimal use of global pricing method probably indicates that it is very difficult for MNCs not to adapt the global, standardized pricing method to meet the local market requirements with respect to economic conditions, government regulations, competition, and customer expectations. With regard to industry category, the pharmaceutical firms had to use mostly government regulation-based pricing. The pharmaceuticals have to set their prices within the price range provided by the Ministry of Health.

The participating companies mostly used multiple channels. With respect to industry category, the deployment of multiple channels was more pronounced in case of pharmaceuticals and financial institutions. FMCGs, however, tended to rely on only one mode of distribution. The use of single channel of distribution i.e., distributors by

FMCGs is primarily a function of a very large customer base and geographical coverage. A large number of responding companies provided incentives to channel members. FMCGs and financial institutions placed a high emphasis on trade incentives. In the case of pharmaceuticals, trade incentives were sparingly used. The sole reliance of FMCGs on distributors necessitated providing various incentives to motivate distributors to push the product. Minimal emphasis on trade incentives in case of pharmaceuticals is, perhaps, due to a significant allocation of selling expenses on companies' direct sales force that focus on the doctors as the main decision making unit (DMU). This may leave fewer resources to provide incentives to other channel members. Of the various types of incentives provided by the participating companies, discounts and promotional support were the two main incentive methods used. More emphasis was placed on these two incentives across both industry and company size categories.

It is interesting to note that BTL activities are becoming increasingly popular. This trend is relatively new. Say, a decade ago the incidence of BTL activities such as seminars, social events, road shows, and sweepstakes were used only by a few large companies. Presently, we see the use of various BTL activities by a large number of companies irrespective of industry and company size categorization. Heavy reliance on print media by responding companies is, perhaps, due to cost and relatively more precise targeting benefits offered by this medium. Significant difference in the use of personal selling and broadcast (electronic) media by industry category could be attributed to a number of factors including the nature of product, DMU, and size and dispersion of customer base. For example, FMCGs would require heavy outlays on broadcast media to promote their products to a large number of customers present in a vast geographical expanse. Whereas, pharmaceuticals would approach their carefully chosen target markets and DMUs (doctors and hospital administrators) through personal selling and would require minimal use of electronic media. With regard to company size, broadcast media was deployed mostly by large sized companies because of high cost associated with this medium.

The top three methods for customer monitoring were after sales service, sales reports, and customer satisfaction surveys. Given the need for a constant and close monitoring of customers for development and execution of marketing plans, a relatively low percentages of each of the listed methods for customer monitoring is somewhat surprising.

Among the methods included in the survey to monitor competition, the four elements of the marketing mix revealed the highest usage. The significant difference in case of place and promotion with respect to company size can be explained as follows. Considering distribution, it appears that small- and large-sized companies relied more heavily on distribution compared to the medium-sized companies. In order to survive, the small-sized companies need to emphasize on distribution to increase their market share. The large-sized companies, with their financial resources as well as their likely goal to dominate the market will deploy their resources for wider distribution. However, in case of medium-sized companies, there might be an issue of being 'stuck in the

middle,' with pressure from both small and large companies. Furthermore, a relatively low emphasis on distribution by medium-sized companies may be due to difficulty in both deciding the channel design as well as the allocation of resources across different distribution channels. The emphasis on promotion by company size is intuitive, with large companies deploying more resources on promotion compared to medium-sized companies. Correspondingly, medium-sized companies deployed more resources on promotion compared to small companies.

The significance of research reports and distribution channels as sources for monitoring competition with respect to industry category could be explained as follows. In case of research reports all the three main industry sectors placed a high emphasis on this source compared to all other companies categorized as 'others.' With respect to distribution channel, the difference could be attributed to channel design. For example, both pharmaceuticals and FMCGs will tap their channels of distribution (personnel selling and distributors, respectively) compared to financial institutions where conventional/formal channels of distribution might not be in place.

With regard to benchmarking marketing practices of 'top marketing' companies in the five industry sectors, the marketing practices of these companies do not reflect any high degree of commonality. In other words, a firm's emphasis on and method for each of the four major dimensions of marketing practices appear to be industry-specific. For example, with respect to marketing planning and organization, an FMCG firm profiled in this study carefully prepared both strategic and annual plans for all major brand categories and individual brands. Moreover, this firm had in place strong monitoring and review processes for an effective execution of marketing plans. Furthermore, multifunctional-teams were deployed in developing and monitoring marketing plans. Another feature was the use of 'a bottom-up approach' in developing plans. With respect to organization, there was a separate setup for managing marketing and sales activities.

An industrial goods firm (primarily dealing in specialized construction material), prepared two planning documents, namely, a short-to-medium term business plan and an annual business plan. These plans were essentially the corporate plans with sections outlining objectives, resource allocation and execution plans for different business functions, including marketing. The draft business plans were prepared by the top management, for subsequent approval from the board. It is interesting to note that this (industrial goods) firm focused more on the industry sectors and segments compared to its product portfolio. In contrast, FMCGs focused on brand categories and individual brands for their marketing planning. This is because the firm will emphasize on consumer segments with a view to increase market share through both expanding the segment and increasing frequency of consumption. Whereas, the specialized nature of the industrial firm in question will focus on the industry sectors to provide customized solutions. In a nutshell, one could say that a major reason for different mode of marketing planning in the two companies is the need for 'mass marketing' versus 'customized marketing.' The company did not have a marketing and sales department. This again could be attributed to the nature of the product and market.

Another example, reinforcing the issue of industry specific marketing profiles is the new product development activities (within the marketing mix.) While a cellular communication firm in the study placed strong emphasis on product and brand development, carefully following all key activities in new product development, a pharmaceutical firm did not support in-house new product development function. All active ingredients for different activities of medicines were imported with minimal product development activities performed in-house (restricted to mainly adding few ingredients to give 'body' to the medicine, coating, size, labeling, and packing.) The five company profiles, however, did show commonality with regard to emphasis on sophisticated processes for the development and execution marketing plans and activities.

## **6. Conclusion**

This paper presented the findings of the first phase of a detailed study that aims at assessing the state of marketing in leading MNCs and their local competitors. The findings were reported using a framework drawn from the stream of literature that focuses on gauging marketing practices and processes in different geographical and industry, product, company and other settings. The framework encompasses four main areas: marketing planning and organization, marketing research, marketing mix, and customer and competitor monitoring. Using these four areas, the findings were reported under two sections: marketing activities and processes, and profile of companies engaged in 'sophisticated' marketing. The first section of the findings provided an overview of the state of marketing practices and processes in the 43 multinational companies participating in the survey. This section reported the incidence of marketing-related activities and examined their statistical significance across industry sector and company size categories. The second section profiled the companies that were judged to be very sophisticated in their marketing practices and processes. The company profiles provide a comprehensive account of how marketing is planned and implemented. The findings are then discussed, offering plausible explanations for the outcome.

With respect to marketing planning and organization, although a large majority of companies engaged in formal marketing planning and placed strong emphasis on different stages of marketing planning, implementation and control were not given due emphasis. This could be termed as a major weakness as implementation and control are integral part of the planning process. However, FMCGs and large-sized companies placed significantly higher emphasis on planned implementation compared to other industry categories and small- and medium-sized companies. Top and middle marketing management was involved in formal marketing planning in a majority of companies. However, several companies did not formally involve other functions in developing marketing plans. The lack of involvement of other functions in marketing planning could adversely affect the quality and implementation of marketing plans. A large majority of companies had a formal setup for marketing and sales. Most of the companies had separate managers for marketing and sales. In a significant number of companies marketing and sales related functions were not under a single marketing head. This has implications for a possible friction between sales and marketing, which in turn could

be detrimental to effective and efficient execution of the marketing plan. As expected medium- and large-sized companies had separate managers for marketing and sales. In case of large companies, there were also separate managers for different marketing functions.

All responding companies engaged in marketing research, deploying either in-house or outside agencies. Overall, companies placed a relatively low emphasis on research with respect to advertising, distribution, and pricing. This could affect the quality and, therefore, the effectiveness of strategies and plans for the above-mentioned three elements of the marketing mix. Furthermore, a low emphasis on marketing research will have implications for effective and efficient use of marketing resources deployed on these elements. Analysis on account of industry category revealed that while all pharmaceuticals and FMCGs emphasized marketing research on product, FMCGs also heavily deployed advertising research. A somewhat low emphasis on advertising research by pharmaceuticals may be a function of the nature of industry and personal selling as a main promotional method. However, low emphasis on product and advertising research by financial institutions is surprising, considering the recent growth in financial products and competition.

Only a small percentage of companies supported an in-house new product development (NPD) department. Most participating MNCs had their R&D and NPD activities based outside Pakistan at their regional offices and/or headquarters. Concept screening was identified as a low-emphasis stage of the NPD process in the participating companies. This seems to be a major weakness as the concept screening is a critical step in the new product development process. Concept testing and business analysis were emphasized more by large-sized companies. Product related features (that include quality, performance, reliability, safety, and convenience) were by far the number one selling point for the sample companies whereas promotion was stated as the least important selling point. Products lend themselves to continuous innovation and improvement, offering more value to the customer as well as providing a more sustainable basis for companies to differentiate and position their offerings. The reasons for very low emphasis placed on promotion may include management's belief in promotion to be less significant in differentiating company products and services, low return on investment in advertising, and the risk of costly promotional wars. Financial institutions emphasized on customer service, in line with the need for higher levels of customer service and relationship in this sector.

Target profit method was the most used pricing method while global pricing was the least used method. The large companies placed emphasis on value for money pricing, which is based on the philosophy of providing 'more for less.' Minimal use of global pricing method points towards the need for MNCs to adapt the global, standardized pricing method to meet the local market requirements. With regard to industry category, the pharmaceutical firms had to use mostly government regulation-based pricing.



Most of the participating companies used multiple channels for distribution. With respect to industry category, the deployment of multiple channels was more pronounced in case of pharmaceuticals and financial institutions. FMCGs, however, tended to use a single channel of distribution i.e., distributors. This was perhaps due to a very large customer base and geographical coverage. A large number of responding companies provided incentives to channel members. FMCGs and financial institutions placed a high emphasis on trade incentives. In case of pharmaceuticals, trade incentives were scarcely used. FMCGs needed to provide various incentives to distributors to motivate them to push the product. Minimal emphasis on trade incentives in case of pharmaceuticals is, perhaps, due to a significant allocation of selling expenses on companies' direct sales force that focus on the doctors as the main decision making unit (DMU). Of the various types of incentives provided by participating companies, discounts and promotional support were the two main methods used. More emphasis was placed on these two incentives across both industry and company size categories.

It is interesting to note that BTL activities are becoming increasingly popular. We see the use of various BTL activities such as seminars, social event, road shows, and sweepstakes by a large number of companies irrespective of industry and company size categorization. Heavy reliance on print media by responding companies is, perhaps, due to cost and relatively more precise targeting benefits offered by this medium. Significant difference in the use of personal selling and broadcast (electronic) media by industry category could be attributed to a number of factors including the nature of product, DMU, and size and dispersion of customer base. For example, FMCGs would require heavy outlays on broadcast media to promote their products to a large number of customers present in a vast geographical expanse. With regard to company size, broadcast media was deployed mostly by large sized companies.

The top three methods for customer monitoring were after sales service, sales reports, and customer satisfaction surveys. However, the study found low percentages for each of the listed methods for customer monitoring. This was unexpected, given the need for a constant and close monitoring of customers for the development and execution of marketing plans.

With regard to methods for monitor competition, the four elements of the marketing mix revealed the highest usage. A significant difference was found in case of place (distribution) and promotion with respect to company size. It appears that small- and large-sized companies relied more heavily on distribution compared to the medium-sized companies. The small-sized companies need to emphasize on distribution to increase their market share. The large-sized companies also need to emphasize on distribution in order to dominate the market through wider distribution. However, in case of medium-sized companies, there might be an issue of being 'stuck in the middle,' with pressure from both small and large companies. The emphasis on promotion by company size is intuitive, with large companies deploying more resources on promotion compared to medium- and small-sized companies. With respect to industry category, research reports and distribution channels were significant sources for monitoring

competition. In case of research reports all the three main industry sectors (pharmaceuticals, financial institutions, and FMCGs) placed a high emphasis on this source compared to all other companies categorized as 'others.' With respect to distribution channel, the difference could be attributed to channel design. For example, both pharmaceuticals and FMCGs will tap their channels of distribution (personnel selling and distributors, respectively) compared to financial institutions where conventional/formal channels of distribution might not be in place.

With regard to benchmarking marketing practices of 'top marketing' companies in the five industry sectors (FMCGs, pharmaceuticals, industrial products, banks, and cellular communications) the marketing practices of these companies do not reflect a high degree of commonality. In other words, a firm's emphasis on and method for each of the four major dimensions of marketing practices appear to be industry-specific. For example, with respect to marketing planning and organization, an FMCG firm profiled in this study carefully prepared both strategic and annual plans for all major product categories and individual brands. Moreover, this firm had in place strong monitoring and review processes for effective execution of marketing plans. Furthermore, multifunctional-teams were deployed in developing and monitoring marketing plans. Another feature was the use of 'a bottom-up approach' in developing plans. With respect to organization, there was a separate setup for managing marketing and sales activities.

An industrial goods firm prepared two planning documents, namely, a short-to-medium term business plan and an annual business plan. These plans were essentially the corporate plans with sections outlining objectives, resource allocation and execution plans for different business functions, including marketing. The draft business plans were prepared by the top management, for subsequent approval from the board. It is interesting to note that this (industrial goods) firm focused more on the industry sectors and segments compared to its product portfolio. In contrast, FMCGs focused on product categories and individual brands for their marketing planning. This is because the firm will emphasize on consumer segments with a view to increase market share through both expanding the segment and increasing frequency of consumption. Whereas, the specialized nature of the industrial firm in question will focus on the industry sectors to provide customized solutions. Another example, reinforcing the issue of industry specific marketing profiles is the new product development activities (within the marketing mix.) While a cellular communication firm in the study placed strong emphasis on product and brand development, carefully following all key activities in new product development, a pharmaceutical firm did not support in-house new product development function. All active ingredients for different medicines were imported with minimal product development activities performed in-house. The five company profiles, however, did show commonality with regard to emphasis on sophisticated processes for the development and execution marketing plans and activities.

It is hoped that the findings of the second phase of the study, using a matched sample of local competitors of MNCs participating in the first phase will help in providing a comprehensive assessment of the state of marketing in leading companies in Pakistan.

## References

- Brodie, R. J., Coviello, N. E., Brookes, R. W. and Little, V., "Towards a Paradigm Shift in Marketing and Examination of Current Marketing Practices," *Journal of Marketing Management*, no. 13, 1997, pp. 383-406.
- Brooksbank, R.W., "Successful Marketing Practices: Literature Review and Checklist for Marketing Practitioners," *European Journal of Marketing*, vol. 25 no. 5, 1991, pp. 20-29.
- Ellis, Paul, D., "Market Orientation and Marketing Practice in a Developing Economy," *European Journal of Marketing*, vol. 39 no. 5/6, 2005, pp. 629-718.
- Greenley, G. E. and Shipley D. "A Comparative Study of Operational Marketing Practices among British Department Stores and Supermarkets," *European Journal of Marketing*, vol. 26 no. 5, 1992, pp. 22-35.
- Greenley, G.E., "Exposition of Empirical Research into Marketing Planning," *Journal of Marketing Management*, vol. 3 no.1, 1987, pp. 83-102.
- Hooley, G. J., and Lynch, J. E., "Marketing Lesson from the UK's High-flying companies," *Journal of Marketing Management*, vol. 1 no. 1, 1985, pp. 65-74.
- Lai, W. B., Huang, J. Y., Hooley, G. J., Lynch, J. E. and Yau, O., "Effective Marketing in Taiwan – Profiles of the Top Performers," International Marketing Effectiveness Research Group Report, Eston Business School, Eston University, Birmingham, and School of Management, University of Southern Queensland, Queensland, 2001.
- McColl-Kennedy, J. R., Yau, O. and Kiel, G., "Marketing Practices in Australia: A Comparison across Company Type," *Marketing Intelligence & Planning*, vol. 8 no. 4, 1990, pp. 21-29.
- Siu, W-S., Fang, W. and Lin, T., "Strategic Marketing Practices and the Performance of Chinese Small and Medium-sized Enterprises (SMEs) in Taiwan," *Entrepreneurship & Regional Development*, vol. 6, March, 2004, pp. 161-178.
- Wagner, R., "Contemporary Marketing Practices in Russia," *European Journal of Marketing*, vol. 39 no. 1/2, 2005, pp. 199-215.

**Appendix I: Invitation Letter for Participation in the Survey**

Date

The Chief Executive  
[Address]

Dear Sir/Madam

**Marketing Practices --- MNCs Vs Local Competitors**

Suleman Dawood School of Business at the Lahore University of Management Sciences (LUMS) is embarking on a significant research initiative to assess the state of marketing practices in leading companies in the country. The MNCs and their key local competitors are covered in the study.

This pioneering research initiative will benefit marketing practitioners and researchers in a number of ways including:

- ∞ Understanding the way marketing is practiced in leading companies in the country
- ∞ The differences in marketing practices across MNCs and local competitors
- ∞ The research findings will serve as a 'benchmark' for both participating and other companies with respect to marketing practices
- ∞ The study will provide the authors a basis to identify areas for further improvement in marketing practices
- ∞ Lastly, his baseline study will open avenues for further scholarly and managerial research to achieve a higher level of sophistication in the execution of the marketing function.

Your participation is critical to make this research initiative a success. The authors plan to conduct personal interviews with the senior most marketing person in your company. If marketing function is not elevated to a senior level, we would then request interview with the CEO. The personal interview will take about 1 hour of valuable executive time.

Dr / Mrs. ----- will be visiting Karachi starting -----, 2006. He/She will contact you over the phone before his visit to firm up the appointments.

Yours truly,

Dr. Irfan Amir  
(Associate Professor Marketing)

Mrs. Farrah Arif  
(Research Associate Marketing)

## **Appendix II: Personal Interview Questionnaire**

### **MARKETING PRACTICES – MNCs VS LOCAL COMPETITORS**

---

#### **Section A: MARKETING ORGANIZATION AND PLANNING**

---

- A-1. Does your company deploy a formal or informal marketing planning process? (formal means a written comprehensive marketing plan)
- A-2. Please explain the formal or informal marketing planning process deployed in your company.
- A-3. Please list the senior executive(s) who participate in the preparation of your marketing plans.
- A-4. Please draw a detailed marketing and sales organizational chart of your company.

---

#### **Section B: MARKETING RESEARCH**

---

- B-1. Please list the marketing research activities undertaken by your company either through in-house or outside research agency (e.g., survey of consumer trends, research on advertising expenditure, product pre-testing, ...)

---

#### **Section C: PRODUCT, PRICE, DISTRIBUTION AND PROMOTION**

---

##### **PRODUCT**

- C-1. Do you have a separate npd department? Yes ! No !
- C-2. Please explain the npd process deployed in your company.
- C-3. In order of importance, what are the three most important features that you normally consider the selling point of your products/services (e.g., quality, price, ...)

##### **PRICE**

- C-4. Please list the different pricing method(s) you normally use to price your products/services (e.g., cost plus, target profit, ...)

##### **DISTRIBUTION**

- C-5. Please sketch the distribution channel(s) that your company uses.
- C-6. Please list the incentives that you normally provide to support trade (distributors, wholesalers, retailers, etc.) activities.

##### **PROMOTION**

- C-7. Please explain different modes of advertising and promotion that you employ to sell your products/services.

---

#### **Section D: CUSTOMER & COMPETITION**

---

##### **CUSTOMERS**

- D-1. Explain the customer complaint handling process that you normally deploy in your company.

##### **COMPETITION**

- D-2. What aspects you focus on while monitoring and analyzing your competition?
- D-3. How do you get the information about your competitors?

---

#### **Section E: DIRECTORY INFORMATION**

---

*(Ask for the visiting card to cover Q E-1 and Q E-2)*

- E-1. :  
Your name:  
Name of company:  
Address of company:  
Telephone number:  
Fax number:  
E-mail address:

## ***CMER Working Paper Series***

### **2007**

No. 07-57

Irfan Amir and Farrah Arif:  
The State of Marketing in Leading MNC's and their Local Competitors in Pakistan: Findings of a Baseline Survey

No. 07-56

James F. Ragan, Jr and Mushtaq A. Khan:  
Dual-Career Couples in Academia: Does Wage Growth Suffer When One's Partner Works for the Same University?

No. 07-55

Abid A. Burki and S.M. Turab Hussain:  
Services Trade Negotiations in the Doha Round: Opportunities and Risks for Pakistan

No. 07-54

Nasir Afghan and Tayyaba Wiqar:  
Succession in Family Businesses of Pakistan: Kinship Culture and Islamic Inheritance Law

No. 07-53

Shazib E. Shaikh and Nikoley Mehandjiev:  
E-Business Process Negotiation: Formal Requirements for Strategy Support

### **2006**

No. 06-52

Richard Janda and Joseph Wilson:  
CSR, Contracting and Socially Responsible Investment: Opportunities for Pakistani Firms

No. 06-51

Rida Zaidi and Ahmad Aslam:  
Managerial Efficiency in Family Owned Firms in Pakistan - An Examination of Listed Firms

No. 06-50

Faiza Arshad Chaudary, Marc Goergen and Shoeb I. Syed:  
Corporate Governance in the Financial Sector of Pakistan

No. 06-49

Abid A. Burki and G.S.K. Niazi:  
Impact of Financial Reforms on Efficiency of State-owned, Private and Foreign Banks in Pakistan

No. 06-48

Farzad R. Khan, Kamal A. Munir:  
How the West Was Won? The Dark Side of Institutional Entrepreneurship

No. 06-47

Moeen Cheema and Sikander A Shah:  
The Role of Mutual Funds and Non-Banking Financial Companies in Corporate Governance in Pakistan

No. 06-46

Hammad A. Siddiqi:  
Is it Social Influence or Beliefs under Ambiguity? A Possible Explanation for Volatility Clustering

No. 06-45

Naim Sipra:  
Mutual Fund Performance in Pakistan, 1995-2004

No. 06-44

Abid A. Burki, Mushtaq A. Khan and S.M. Turab Hussain:  
Prospects of Wheat and Sugar Trade between India and Pakistan: A Simple Welfare Analysis

### **2005**

No. 05-43

Jawaid Abdul Ghani and Arif Iqbal Rana:  
The Economics of Outsourcing in a De-integrating Industry

No. 05-42

Ahmed M. Khalid and Muhammad N. Hanif:  
Corporate Governance for Banks in Pakistan: Recent Developments and Regional Comparisons

No. 05-41

Atif Ikram and Syed Ali Asjad Naqvi:  
Family Business Groups and Tunneling Framework: Application and Evidence from Pakistan

No. 05-40

Junaid Ashraf and Waqar I. Ghani:  
Accounting in a Country: The Case of Pakistan

No. 05-39

Rasul Bakhsh Rais and Asif Saeed:  
Regulatory Impact Assessment of SECP's Corporate Governance Code in Pakistan

No. 05-38

S.M. Turab Hussain:  
Rural to Urban Migration and Network Effects in an Extended Family Framework

No. 05-37

S.M. Turab Hussain:  
Migration Policy, and Welfare in the Context of Developing Economies: A Simple Extended Family Approach

No. 05-36

S.M. Turab Hussain:  
Combed Cotton Yarn Exports of Pakistan to US: A Dispute Settlement Case

No. 05-35

Waqar I. Ghani and Junaid Ashraf :  
Corporate Governance, Business Group Affiliation and Firm Performance: Descriptive Evidence from Pakistan

No. 05-34

Abid A. Burki, Mushtaq A. Khan and Faisal Bari:  
The State of Pakistan's Dairy Sector: An Assessment

### **2004**

No. 04-33

Syed Zahid Ali:  
Does Stability Preclude Contractary Devaluation?

No. 04-32

Syed Zahid Ali and Sajid Anwar:  
Trade Liberalization Under New Realities

No. 04-31

Sikander A. Shah:  
Mergers and the Rights of Minority Shareholders in Pakistan

No. 04-30

Abid A. Burki and Mahmood-ul-Hasan Khan:  
Effects of Allocative Inefficiency on Resource Allocation and Energy Substitution in Pakistan's Manufacturing

### ***Abstract***

The objective of this research is to assess the state of marketing practices in leading multi-national companies operating in the country and their local competitors. This paper presents the findings of the first phase of the study. These findings are based on personal interviews with forty-three MNCs. The findings reveal that companies varied significantly with regard to marketing practices and processes --- both in terms of engaging in different practices and processes but also in terms of the level of marketing sophistication. This difference was found in companies within as well as across industry sectors. While such differences were expected, the extent of such differences was deemed to be significant, given that the participating firms were leading MNCs. Based on the framework for documenting marketing practices and processes, profiles were developed for the 'best' company in each of the chosen industry sectors. The basis for identifying the top companies was the breadth and depth of marketing practices and processes reported. Five profiles of top companies (one from each sector) were developed. These profiles show the level of marketing sophistication and could represent a 'benchmark' for other companies.

***Keywords:*** Marketing Practices in Pakistan, Marketing Sophistication, Marketing Benchmarking, Marketing Practices in Multinational Companies (MNCs) in Pakistan.



**Centre for Management  
and Economic Research**

---

Lahore University of Management Sciences,  
Opposite Sector 'U', Defence Housing Authority,  
Lahore Cantt. 54792, Pakistan  
Phone: 92-42-5722670-9 (Ext. 4201)  
Fax: 92-42-5722591  
<http://ravi.lums.edu.pk/cmer/>