

# Pfizer, Inc., Animal Health Products Case



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Pfizer's customers from the cow/calf industry are experiencing various difficulties that resulted in significant demand decline in the industry. The negative changes in the cow/calf industry could undesirably affect Pfizer's animal health business as well; therefore, it is important to evaluate Pfizer's Cow/Calf Division current marketing approach in light of the industrial changes.

The primary problem hindering Pfizer is the firm's current approach to segmentation of the market. Instead of grouping consumers together based upon similar values or approaches to care for cattle, Pfizer has historically chosen to group ranchers by herd size. Whereas this approach is not totally without its merits, quotes recorded by the company's field sales representatives reveal deep divides among ranchers within the same segment of how they choose to care for cattle. For example, one traditionalist stated, "You can't cut corners on either [cow nutrition or herd health]," while another was quoted as saying, "We only do the bare minimum on health care... Our philosophy has been, if you don't need it, don't do it," (p. 4). The drastically different mindsets of these two ranchers, who hail from the same segmentation group, illustrate a major flaw of Pfizer's current segmentation strategy.

In addition to the primary problem, there are secondary problems in the cow/calf industry that negatively affect Pfizer's animal health business. These problems need to be resolved in order to keep the demand high for the beef products and preserve Pfizer's successful business presence. One of the secondary problem is that the market share of beef products is sharply declined, while other substitute meats, the poultry and pork had increased its share. One of the reasons of the lower demand for beef is the customers' concern about cholesterol and fat. Besides, the long cooking-preparation time reduced the demand as well, since many customers make dinner meal decision only a few hours before dinnertime; hence, they don't have enough time to cook beef

products. Another secondary problem is that NAFTA allows cheaper imports from Mexico and Canada, that resulted in a smaller beef product market and lowered the prices.

Our team has recommendations in order to resolve the primary and secondary problems the Pfizer's animal health business currently faces.

The primary reason why a firm practices market segmentation is to bolster the firm's marketing endeavors. By grouping consumers with similar preferences together, firms can develop specific marketing strategies to directly target those consumers. We do not believe that Pfizer's current market segmentation based upon herd size is an effective way to group consumers, as ranchers within those segments clearly hold different values. Therefore, our recommendation is to change the way Pfizer segments its ranchers, opting to group them based upon the ranchers' preference of care for the herd. Pfizer should work with the ranchers, packers, and veterinarians to create a robust understanding of each rancher's care style, considering vaccination schedules, grass management, and nutrition programs. Choosing to segment consumers based upon their values and preferences affords Pfizer an opportunity to enjoy much more success as it attempts to market its animal health products.

Our recommendation for the first secondary problem we listed, the declining customer demand, is the food industry's extension of the beef product line. In a marketing campaign, Pfizer should highlight the benefits of eating beef. The higher customer demand would force the food industry to offer beef products that people can quickly and easily prepare. We are recommending offering for example beef sausages, marinated beef products, and roasted beef dinner meals. Our recommendation for the import product's presence in the United States is a marketing approach that change the customer's perception of the local beef products. Pfizer should highlight the national products' higher and reliable quality standards against the imported products.