

[Company name]

Bayer Today

A Company Overview

12-12-2019

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Introduction to the company/organisation (include sales performance data)

Greetings and welcome to Bayer! With a rich and long history there is a lot to cover from this German company. It all began in 1863 with chemist Friedrich Bayer at a time when mass production clothing companies were looking for cheaper ways to make clothing dyes. (A fellow by the name of William Perkin accidentally created the first purple dye when looking for a malaria cure in 1856!). Bayer made their way into the pharmaceutical industry with their most famous product, Aspirin in 1897, soon followed by the “cough suppressant” Heroin. During the world war eras in the 1940’s, Bayer found themselves contracted under Nazi Germany under the joined name IG Farben with several other companies, but were able to regain their independent company name after the war. Business was booming during the “Economic Miracle” until the 1970’s oil crisis. Even then Bayer began expansion around the globe and continued to climb the ladder of pharmaceutical importance and was gaining ground in crop protection research. On their 125th anniversary in 1988 they reached sales of 40 billion. In the 1990’s their most substantial purchase thus far in company history of Canadian based Polysar Rubber Corporation was made. They were now the world largest raw materials supplier in the rubber industry. In 2001, Bayer purchased Aventis, making them a world leader in crop protection science. 2016 brought along a merger agreement between Bayer and Monsanto company, which promised to make them the number one leader in agriculture science. (Bayer, 2019) In June 2018 Monsanto officially was owned by Bayer, but due to Monsanto’s lost legal cases shortly after this deal, stock prices dropped drastically. (see figure 1 & 2)

In the 2018 annual report (Bayer, 2019) group sales were a total of €39.6 billion. Pharmaceutical sales were higher with lower earnings, Consumer Health sales saw a

decline, but gains of crop sales were much higher from the Monsanto purchase, leaving a net income report at €1.7 billion. Share earnings were also higher than expected.

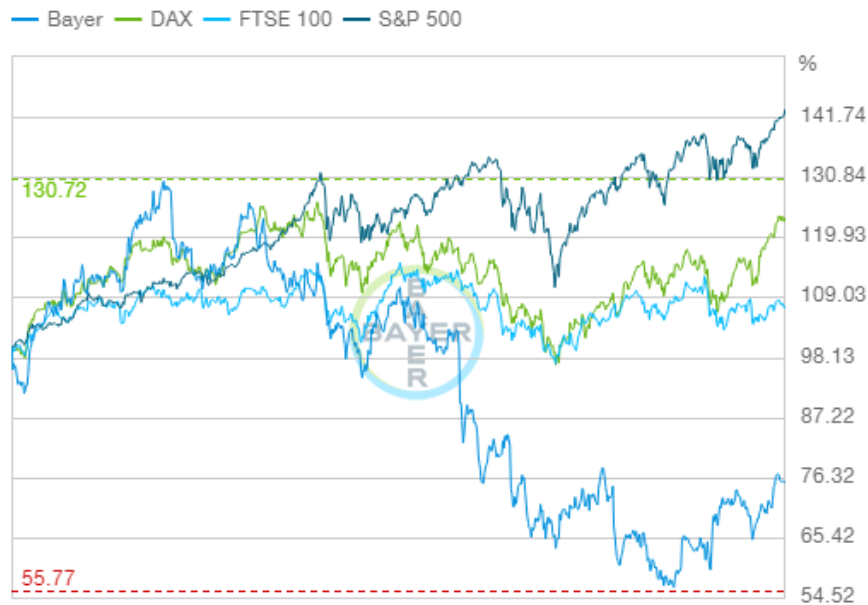


Figure 1 Bayer share sales comparison from November 2016 -November 2019 (Bayer, 2019)

Performance Comparison: 16/11/2016 – 16/11/2019

Exchange:	Bayer AG
Change:	-24.49 %
Open:	93.27
Last price:	70.43
High:	121.34
Low:	52.53

Figure 2 Bayer Stock exchange rates (Bayer, 2019)

Breakdown of main product/services and categories:



Bayer has four main ranges of products dealing in Pharmaceuticals, Consumer Health products (over-the-counter medicinal goods), Crop Science, and Animal Health, all based on the latest innovative practices of science and medicine in the name of creating advancements for life and the future.



Pharmaceuticals:

These products are focused on prescription type drugs with strong markets in cardiology, women's healthcare, and specialty therapeutics in oncology. They also are involved in the production of radiology mechanical equipment for diagnostic imaging and other mechanics making them more than just a drug company.

Consumer Health:



This range comes in the form of non-prescription and over the counter products Bayer provides several types of products in dermatology, nutritionals, analgesics, digestive health, allergy, cough and cold, cardiovascular risk prevention and many more everyday medicinal uses.

Crop Science:

Products of this type are focused on high value bio-engineered seeds, chemical and biological pesticides and herbicides, as well as "extensive customer service for modern and sustainable agriculture." Bayer was mainly involved in plant genetic structuring prior to 2018. This portion of the company was expanded to being the global leader in crop science by the purchase of Monsanto.



Animal Health:



This area focuses on livestock and pet care disease control, prevention, and treatment. Many of us are familiar with the common flea, tick as well as other parasite treatments for our household pets of which Bayer is highly involved and curator for, but they are also involved in agriculture stock immune defence products, anti-biotic, and parasitic treatments giving them a wide variety of customers.

What is the main commercial strategy of the organisation?

Currently Bayer is focusing its efforts on trends such as Health and Nutrition. By investing in valuable, relevant business markets, they aim to create strength within the company and worth amongst the world markets with their products and technologies. Through this long-term business growth strategy, they strive to maintain their global status in the chemistry industry by meeting the challenges of the consistently changing world today. With several different segments of business to choose from, Bayer guarantees a product for many of the scientifically driven needs on the market. This is also further enhanced by their global presence and reach and development.

The Bayer Strategy

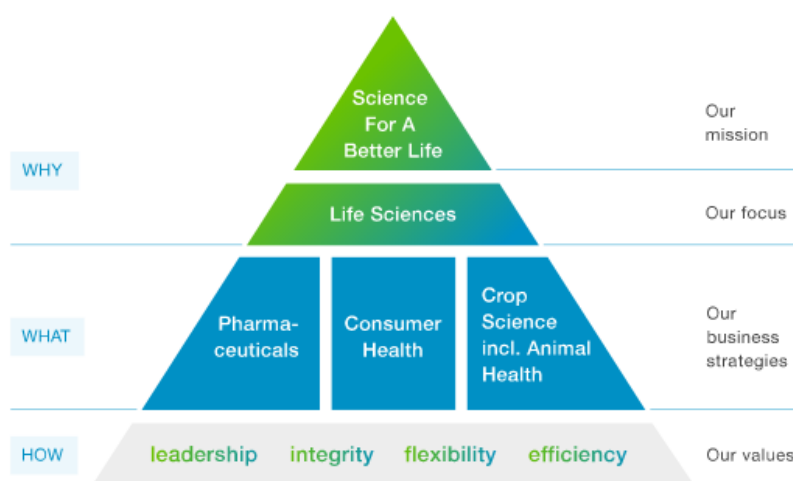


Figure 3 Bayer Strategy Pyramid (Bayer, 2019)

“The steadily growing and aging global population presents fundamental challenges in health care and nutrition. How will we feed up to ten billion people by 2050 while contending with the impact of climate change? How will we ensure quality of life for an

ever-increasing number of elderly people?” (Bayer, 2019)

What are the features and benefits of the main product/service?

If we look back into what made Bayer famous back in 1899, the features and benefits of Aspirin are very clear and changed the world of medication as we know it. As far back as 1500BC people had been using Willow Leaf for pain relief. Hippocrates began administering Willow Leaf tea to women as a way to reduce the pain of childbirth. This was Aspirin's main natural component, and when Joseph Buchner discovered how to extract the active ingredient Salicin in 1828, it led to synthetic creation in 1853 by Charles Frédéric Gerhardt. The main problem with Salicin at the time was the severe internal gastric irritation it caused when consumed. Bayer chemist Felix Hoffmann discovered that adding an Acetyl group to Salicylic Acid greatly reduced this internal irritation making it more readily available to the public. This created the global phenomenon that we know today. Aspirin even won a Guinness World Record for the most frequently sold pain killer in 1950. (Connelly, 2014) Today Aspirin comes in several different forms to target specific areas, mainly used for headaches, fevers, acute back, muscle and joint pain, and in cases of suspected heart attack to reduce initial heart damage. Combined all these targeted areas help in creating a pain free and active lifestyle. (Bayer, 2019)

Describe why you believe it is important for an organisation to have fully integrated sales and marketing functions. Based on your research/observations, is this evident in the company you have chosen?

Complete cooperation and integration between sales and marketing in today's world is of the utmost importance. With the progress that is possible on the technological and data driven side, a sales team could target locations and demographics based on marketing data and research. The sales team could also easily benefit off the feed back from the marketing team as well as to what types of potential customers marketing and advertising tactics attract. If a certain marketing scheme is getting more attention, or a certain demographic is being targeted, the sales team may have a better understanding of how and who to approach when looking to close the deal. As a small business owner with studies in Digital Marketing, and one who's seen the benefits of data collection first hand, combining these two groups in an age of online sales and marketing is crucial to better knowing your future customer.

Bayer seems to have taken advantage of this digital age with their use of Social Media from the use of Facebook, Pinterest, and many more social sites. Television advertisements are also tailored to each country, often having their own separate account for each creating a more personal interaction with their followers. A YouTube search showcased several Berocca supplement advertisements that were specific to different countries and their needs in daily life. (Berocca 50+, 2012) (Be More Berocca Ad, 2017) The Bayer US YouTube channel, showcases several crop science developments targeting farmers in the agricultural sector. (Miller Family Farms Ohio, 2019) There is even Bayer Career and recruitment channels to promote their employees and show case the talents they hire. In my opinion, these advertising techniques prove that marketing and sales research was joined together to benefit both sectors in the sales and marketing departments because of the precision of the targeted audiences as well as the sales data that was used in order to target those individuals.

Describe the importance of effective customer relationship management for this organisation. What are the negative consequences for poor customer relationships?

With several segments to work with, Bayer has different ways of handling customer relations. Their main goal among all is to continuously bring in new clients and retain existing ones for the creation of long term business success. They do this mostly through whole sale, specialist retail, and direct sales organisations with individual monitoring programs and analysis of customer satisfaction or complains in each segment. This is then directly related to the performance in each sector, before working on ways to optimize and improve their tactics. With so many customers in the business to business and business to consumer range, one poor rating or loss of business would have an impact on the number of customers lost through that region. The strict regulations of prescription drugs or government crop and pesticide use brings forth a new sector of relationship management on its own. With varying customers across the board, it would reflect poorly on the company for one branch to perform poorly, ultimately causing mistrust and loosing future progress. (Bayer, 2017)

One may be able to relate this type of relationship effect through the activity within Bayer and the Monsanto branch in 2018, when court cases were ruling against Bayer's claims of glyphosate safety. This shortly after, resulted in poor stock performance as well as pay-out to the defendant(s) at large, ultimately causing mistrust from a wide range of customers in the Bayer brand when the company continued to defend its products.

For the organisation you have chosen, describe the main selling skills and methods that should be utilized.

For Bayer, each segment of their market is going to require a different sales technique, but all will require the seller to be adequately knowledgeable about their product. From a business to business perspective, the seller will most likely be trained in medical techniques as well as sales skills. This would be such the case in the Pharmaceutical sector when dealing with the sales of their radiology and imaging equipment. Many of the highly regulated drugs, as well as animal products, would need highly trained pharmacists or professional veterinarians to help with the operation and explanation of the inner workings of the product in order to be credible and answer all relevant questions, and potentially even training for the B2B customer on administering or using the product. The sales personnel on the B2B level would need to excellent speaking and listening skills to communicate the product message clearly, as well as a sense of drive and tenacity to overcome obstacles, questions, or their internal fears in the process. Complete competition product knowledge and sales insights, quick thinking and flexibility skills, and excellent presentation skills. Closing skills to finalize the deal, along with excellent follow-up skills being crucial for feedback and building report with the conjoined company.

On a Business to consumer level, sales assistants would still need to be highly trained, but to a lesser degree as the consumer is being advised by a local pharmacist or nurse and are usually (but not always) searching for a benefit rather than the specific features of the product. The B2C sales person would have a much more hands on and sympathetic, personal approach. As the final consumer may be needing different product comparison advice they would need to be trained in the features and benefits of Bayer's product as well as the alternatives, but from a more personal and simply explanative way for the average consumer to understand. This approach would be best done with some knowledge of human behaviour combined with excellent

active listening and verbal and non-verbal skills. Closing skills would be less intensely focused as consumer product choices are often left to the opinion of the consumer.

Based on your research/observations, how does the company manage its relationship with the final consumer?

Bayer seems to be highly involved with certain areas of the final consumer, continuously taking in feedback from the various help centers, contact centers, and various other pages. From an agricultural perspective they monitor and talk to supporting farmers about their production and problems they currently face. Pharmaceutical feedback is monitored to help assist with the growing health issues in every day consumer health. Reports across Bayer's website showcase several different people, each in their own category, that all give positive reports supporting the company. (Bayer, 2019) Bayer takes a great deal of time and knowledge to make sure feedback and data is dealt with relevantly all throughout the branches of the company. They make claims of having a feedback culture with their career page stated as using questionnaires for employee's to give their opinions. This follows through to their consumer campaigns and public outreach programs like Bee Care, aimed at teaching children about pollinators and agriculture. (Bayer, 2019) They also are involved in the critical world of sports and athletics, with their Material Science team working closely with companies such as Adidas, to create sports equipment as well as clothing to create more accuracy in the game, and comfort to the players. (Business, 2006) While they appear to maintain an air of professionalism, the majority of their public social sites, articles, and research findings are closed for comments and appear to be highly monitored.

Outline the differences in buyer motivation from a business to business (B2B) perspective and from a business to consumer (B2C) perspective.

Buyer motivation of the business and consumer categories are vastly different. A business to business perspective is looking for quality products that they can use to promote their own brand awareness with, as well as make a profit from. A poor product purchased by a business is in costly to replace and maintain, not to mention the unhappiness of the final customer which may lead to loss of business sales. Be it resale products or business use products, quality will be at the heart of the deal. Purchases for resale are likely to be in-line with the buying companies' values or needs. Products may be of the same attitude or style that they want to portray, like clothing, or fulfil an ethical value, like compostable coffee cups in a fair-trade store. Need based purchases are likely to be highly technological, such as Bayer brand radiology equipment and likely to be upgraded regularly or compatible with other current equipment.

Buyer motivation of the consumer is usually purchased to fulfil a conscious or unconscious personal need that improves value of livelihood or desires. Personal use products are possibly purchased for material use and satisfaction, like household items and décor, or habitually bought with a likeliness to fill sentimental feelings as well, similarly to the case of food brands and eating habits of a family. In Bayer's case, their consumer products, take Aspirin for instance, are purchased on a needs and benefits basis with the final consumer looking for fulfilment of a need through the product benefits. If the consumer remembers taking Aspirin as a child for an ailment, they may retain the benefits of the product and try it years later as an adult, combining several buyer motivations at the same time.

Based on your research and observations, is this company a commercial success and are they positioned for future growth and sustainability.

From a business expansion perspective, Bayer has continued to defy the odds of time and continued to grow and develop their presence around the world for centuries. With their global reach and scientific advantage, they will most likely continue to see segmented growth for several years to come in the areas of changing technology, the pressure from climate change, human health, and increasing disease factors.

Some of their branches I would predict are likely to be dissolved from expenditure or production losses, as this is already happening with some sectors of the company in order to focus production. (Loh, 2019) With the purchase of Monsanto and the continually incoming court cases and pay-outs (Gillam, 2019), Bayer may have accidentally set themselves up for financially tough times in the future and in order to maintain profit gains will have to keep production highly concentrated in order to compensate for the losses. This idea may be backed by a statement in the second quarterly report of 2019 stating, “Net income €0.4 billion (- 49.1%), held back by special items for restructuring and impairments”, as well as the development of an individual management group to deal with the oncoming glyphosate cases. (Bayer, 2019)

Conclusion and recommendations

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