



# **Marketing plan for Pharmacare product line in the Moscow region**

Case Oriola-KD

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Degree Thesis  
International Business  
2012

DEGREE THESIS	
Arcada	
Degree Programme:	International Business
Identification number:	
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Title:	Marketing plan for Pharmacare product line in the Moscow region Case Oriola-KD
Supervisor (Arcada):	Peter Milden
Commissioned by:	Oriola-KD
<p>Abstract:</p> <p>The thesis was commissioned by Oriola-KD. It deals with a marketing plan for a product line called Pharmacare. The product line will be launched in 2012 in the Moscow region in the Russian Federation. The purpose of this thesis was to acquire useful information about the Moscow market for the target company and produce a marketing plan that they can implement. The research question was how to create an effective marketing plan and what it entails.</p> <p>The literary review consisted of the theory of the different steps a marketing plan. It began with a description of a marketing plan and the macro environment. It proceeds by explaining competition and the marketing mix and end with controls. The empirical section consisted of the marketing plan for the case company's product line Pharmacare. The marketing plan was created by conducting secondary research. The competitors for the product line in the Moscow region were obtained by exploring pharmacies in the target region as well as from electronic sources.</p> <p>The thesis can be used by the case company as a marketing plan for the Pharmacare product line in the Moscow region and as a source of information in what to consider when launching the product line.</p>	
Keywords:	Oriola-KD, Pharmacare, Marketing, Marketing plan, Moscow, Russia
Number of pages:	48
Language:	English
Date of acceptance:	

OPINNÄYTE	
Arcada	
Koulutusohjelma:	Koulutusohjelma:
Tunnistenumero:	
Tekijä:	Peter Mashkilleyson
Työn nimi:	Marketing plan for Pharmacare product line in the Moscow region Case Oriola-KD
Työn ohjaaja (Arcada):	Peter Milden
Toimeksiantaja:	Oriola-KD
<p>Tiivistelmä:</p> <p>Opinnäytetyön toimeksiantajana toimi Oriola-KD. Siinä käsiteltiin markkinointisuunnitelman laatimista Pharmacare tuotteille Moskovan alueella. Pharmacare tuotteet lanseerataan vuonna 2012 Moskovan alueella Venäjällä. Opinnäytetyön tarkoituksena oli saada hyödyllistä tietoa Moskovan alueen markkinoista, jotta kohde-yhtiölle voi laatia markkinointisuunnitelman ja, että he voivat toteuttaa sen.</p> <p>Kirjallisuuskatsaus koostui markkinointisuunnitelman teorian eri vaiheista. Se alkoi kuvauksen markkinointisuunnitelmasta ja makrotaloudellisesta ympäristöstä. Se etenee selittämällä kilpailua sekä markkinointimixiä ja päättyy valvontaan. Empiirinen osa koostui markkinointisuunnitelmasta kohdeyrityksen Pharmacare tuotteille. Tutkimusmenetelmänä on käytetty laadullista tutkimusta ja valtaosa tutkimuksesta oli laadittu käyttämällä kirjoituspöytä tutkimusta. Tiedot kilpailijoista saatiin kiertämällä apteekkeja Moskovan alueella sekä saatiin tutkimalla sähköisiä lähteitä.</p> <p>Työtä voidaan käyttää yhtiön markkinointisuunnitelmana Pharmacare tuotteille Moskovan alueella Venäjällä.</p>	
Avainsanat:	Oriola-KD, Pharmacare, Marketing, Marketing plan, Moscow, Russia
Sivumäärä:	48
Kieli:	Englanti
Hyväksymispäivämäärä:	

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# 1 INTRODUCTION

## 1.1 Background

The preparation of a marketing plan for a business is a vital help in overseeing the marketing strategies for their products. The marketing plan works as an instrument for the management to follow if the agreed upon strategies are being implemented. It also gives the management something to compare the results to after a certain amount of time. (I-trepreneur 2008).

The thesis highlights the company Oriola-KD's product line called Pharmacare. Oriola-KD is a Finnish pharmaceutical retail and wholesale company. Oriola-KD has been looking for possibilities for growth abroad and in 2008 they branched out to Russia. In 2012 the Pharmacare product line will be launched in the Moscow region market. The region consists of the capital of Moscow itself and the surrounding area called Moscow oblast. The Pharmacare product line consists of various quality products that include basic wound care, cooling products treatment and personal well-being products. The thesis will not focus on all of the products that are in the Pharmacare line, instead the focus is on thermometers, cooling products, plasters and bandages.

Pharmacare products are sold widely in Finland as low-end products in pharmacies and bigger supermarkets and they have been successful. Oriola-KD already has products in the Moscow region that have performed well in Finland, but are not selling as planned in Russia. Implementing a marketing plan can help find the strengths and weaknesses of selling the product in the Moscow market and helping in understanding the market and its consumers. (Bixhelp 2009).

To create a marketing plan, literature within marketing and strategy will be studied and evaluated. The price of Pharmacare products in Finland and the prices of its competitors in Russia will be compared. A marketing plan will then be conducted based on the best strategies for the market. Oriola-KD's own database will give important and useful information about various aspects that will help write the marketing plan. The

marketing plan will be reviewed and potentially some or all of the strategies in it will be taken into practice by Oriola-KD.

Myriad marketing plans have been written in the past as thesis studies. Marketing plans differ, so the use of these studies as references will not be applicable because the variation between products, times or places in the study can change the direction of the marketing plan completely. For this reason it is essential that a marketing plan be written to accommodate the specific needs of Oriola-KD's product line Pharmacare in the Moscow region market.

## **1.2 Aim of thesis**

A marketing plan is essential, when conducting business abroad. The thesis will contain a marketing plan for the Pharmacare product lines launch in pharmacies in the Moscow region. The empirical part of the thesis will motivate the decisions made in the marketing plan. The aim of the thesis is to be a guide that will be used by Oriola-KD for this purpose. There are differences in the current environments of where Pharmacare is sold compared to Moscow region. The company has committed to launching the product line in the Moscow region. Now the step is to find out the social and cultural factors that might influence the success of selling the product as well as the local availability alternative products from competitors and the difference in purchasing power of locals. (Unzco 1998).

Ideally the marketing plan will make the transition to the Moscow region market as uncomplicated as possible. A composed plan helps to demonstrate the possible advantages and disadvantages the product line has when expanding to the foreign market. It requires less effort to forget or overlook a plan that is not written down and thus not carrying through with it. A composed plan makes it less difficult to have misunderstandings in communication and in what is required from the management. (Unzco 1998).

The desired outcome of the result of the thesis is to have a plan that can be executed. The research task was how to create an effective marketing plan and what it entails. The



thesis should aid in introducing the Pharmacare product line in to the Moscow region market. Mullins defines a marketing plan as a “written document detailing the current situation with respect to customers, competitors, and the external environment and providing guidelines for objectives, marketing actions, and resource allocations over the planning period for either an existing or a proposed product or service”. (Mullins.J &Orville W & Laréché J-C 2005:20)

“The planner is attempting to manage the future by deciding what to do about the possible different trading environments. To best anticipate, influence and exploit future markets requires dedicates marketing planning” (Ryals, L 2000:231).

### **1.3 Structure of the thesis**

At the beginning of the thesis there is an introduction and a short description of Oriola-KD, Pharmacare product line and the situation of the Moscow region market. The author carries on to theories that are implicated in the different parts of the actual marketing plan. The results of the research will be applied in the marketing plan that will be the next and central part of the thesis. The marketing plan will consist of five parts:

- An executive summary
- An estimation of the current situation. It will be a summary of the competition, the potential customers, the Moscow environment that influences the sale of the products, an analysis of the strengths and weaknesses of the product line (this section typically also includes forecasts estimates of sale potential, and other assumptions underlying the plan, which are especially important for proposed new products or services. Based on these analyses, the manager may also call attention to several key issues-major opportunities or threats that should be dealt with during the period.
- A marketing strategy
- Implementation controls

(Kotler & Keller 2009a:96-97)

The empirical part of the thesis will follow in the manner of motivating the reasoning in the choices made in the marketing plan for the company. The thesis will conclude with a discussion relating to the thesis and marketing plan.

### **1.3.1 Limitations**

The limitations in the thesis were that the case company did not have a clear budget for the Pharmacare product line in the Moscow region. Without a budget, financial projections cannot be conducted. The second limitation was that the research is not conducted only taken in mind the specific parapharmaceutical market due to the scarcity of information. Information has been gathered in regards to the pharmaceutical market and the parapharmaceutical market. In the authors opinion it gives a valid perception of the situation that Pharmacare product line faces.

## **2 COMPANY BACKGROUND**

### **2.1 General**

Oriola-KD is Finland's second largest pharmaceutical distributor. Their partners include pharmacies, convenience stores, hospitals, pharmaceutical companies, veterinarians, healthcare shops and staff.

Oriola-KD principals consist of over 100 pharmaceutical manufacturers such as Janssen-Cilag, Roche, AstraZeneca, Orion Pharma and Boehringer-Ingelheim.

Oriola is part of the Oriola-KD group which turnover for 2011 was 2.15 billion Euros. Oriola-KD employs 4850 people of which 420 work in pharmaceutical whole sales. (Oriola-KD 2012).

### **2.1.1 Brief history**

The history of Oriola-KD begins with the establishing of KD which stands for Kronans Droghandelin 1907 in Gothenburg, Sweden. Oriola Oy was founded in Finland in 1948 as part of the Orion Corporation. The Finnish Orion Corporation acquired the majority of KD in 2002. In 2006 Oriola-KD was detached from Orion and was listed in the Helsinki Stock Exchange. Operations in the Baltic countries began in the early 1990's and in Russia in 1996. (Oriola-KD 2011b).

### **2.1.2 Pharmacare**

Pharmacare is a product line that consists of several home first aid supplies. These are for example plaster, bandages, thermometers, cooling products, antiseptic gels and medicine dispensers. In this thesis the focus will only be on bandages, plaster, cooling products and thermometers. (Pharmacare 2012a).

## **2.2 Market review**

Oriola-KD operates in a market whose market value is 16 billion euros. The market consist of Finland, Sweden, Russia and the Baltic countries. Oriola-KD's turnover in 2011 was 2.15 billion euros. The turnover for the years first three quarters was 1.58 billion euros. From this, 49% of the revenue was generated from the Swedish market, 31% from the Russian market, and 18% from the Finnish market and hence 2% was generated from the Baltic market. (Oriola-KD 2011c; Oriola-KD 2012).

Based on market share Oriola-KD was the second largest compared to local similar companies in Finland and Sweden. In Russia Oriola-KD has a relatively small portion of the market share with 7% of the commercial market. (Oriola-KD 2011c).

Table 1. Oriola-KD pharmaceutical market (Oriola-KD 2011d)

<b>Country</b>	<b>Market position</b>	<b>Market share</b>	<b>Size of pharma market</b>
<b>Finland</b>	No. 2	46 %	EUR 2 billion
<b>Sweden</b>	No. 2	40 %	EUR 3 billion
<b>Russia</b>	No. 6	7 %,commercial market	EUR 10 billion
<b>Baltic countries</b>	-	5-10 %	EUR 1 billion

### **2.2.1 Finland**

Oriola-KD is one of the two leading pharmaceutical wholesalers operating in Finland. Parapharmaceutical products are products that contribute positively to your health, but are not categorized as medicine. The distribution in Finland uses a single-channel distribution channel in which the manufacturers of the products concentrate their distribution to a single wholesaler. At the end of 2010 there were about 800 pharmacies in Finland. 80 percent of sales consisted of prescription pharmaceuticals, 10 percent consisted of over-the-counter pharmaceuticals and 7 percent of the pharmacies' turnover consisted of sales of traded goods. (Oriola-KD 2011c).

### **2.2.2 Russia**

Russia has the largest market of the 16 billion euro pharmaceutical markets that are in Oriola-KD's area of operations. Russia's market value of it is 10 billion euros. In Russia the whole sales distribution operates using a multi-channel model, where the pharmaceutical manufacturers distribute to multiple wholesalers.

Oriola-KD operates in Russia as a wholesaler and a retailer. In the Moscow region Oriola-KD is the second largest distributor to pharmacies. As a pharmaceutical wholesaler Oriola-KD's wholesale company is the sixth largest in Russia. (Oriola-KD 2011c).

The retail and wholesale sales in 2011 was 689.4 million euros and the operating loss excluding non-recurring items was 12.6 million euros. The Russian pharmaceutical market grew by 12.4 percent and at the same time Oriola-KD's net sales increased by 24.9 percent in Russian. (Oriola-KD 2012).

### **2.2.2.1 Moscow region**

Moscow has a population of 10.5 million people and over 20% of Russia's GDP is generated from the city. The official average salary is about 1070 euros per month, which is almost twice the amount of the national average of 560 euros. Moscow accounts for 17% of all retail sales and a Russia-based expert rating stated that Moscow offers the most favorable potential for investment in Russia. (BOFIT Weekly 2010). Moscow's surrounding region is called Moscow *oblast*. Its population is 7.1 million people. (Gks 2010).

### **2.2.2.2 Retail**

Oriola-KD owns over 249 pharmacies in the Moscow region. 181 pharmacies operate with the name "Stary Lekar" and 68 operate with name "03 Apteka". (Oriola-KD 2012). Oriola-KD's objective is to become profitable in the pharmacy business in the Moscow region. Growth will be pursued by establishing a stronger market position in the Moscow region. Their aim is to gradually add to the product range one of which will be the Pharmacare product line in 2012.

### **2.2.2.3 Wholesale**

Oriola-KD's wholesale company is the sixth largest in Russia with 7 percent market share. Oriola-KD's market position is especially strong in the Moscow region. Oriola-KD's pharmaceutical wholesales company operates under the name OOO Oriola. (Oriola-KD 2011e).

## **3 LITERARY REVIEW**

### **3.1 Basis for the marketing plan**

By conducting a marketing plan a company establishes prerequisites for accomplishing basic marketing tasks. These tasks are for example: creating and fulfilling demand and building and developing customer relationships.

Marketing planning must be a continuous and systematic activity. Its aim is to make reaching marketing objectives possible. An applicable and carefully thought out marketing planning process will help in targeting, distribution and scheduling various tasks.

There is no one fixed approach in which the marketing should be planned. The planning process is influenced by the industry, company size, by the market itself and by experience in planning. The plan is intended to influence the future course of events in such a way that benefits the company as well as possible. (Rope & Vahvaselkä 1994:24–26; Anttila & Iltanen 2001:344; Vahvaselkä 2004:116.)

A marketing plan is needed to determine the course of the company's brand and product. A good plan clarifies the work process and the division of labor. A marketing plan is more limited than the extensive business plan that focuses on all the activities of the company. The company's marketing plan portrays the company's position in the market now and then. It defines the marketing opportunities and threats as well as provides clear and realistic objectives. The marketing plan determines the strategy needed to achieve the company's objectives as well as the budget, schedule and control measures. (Kotler 2003a:114-117).

#### **3.1.1 Situation Analysis**

It is useful for the company to conduct a situation analysis so that the company can adequately answer the consumers' needs. The analysis aids the company to acknowledge its internal and external position. (NetMBA 2010).

With situational analysis the company analyses macro forces, the environment and the parties that affect the company in the situation the marketing plan is conducted for. The macro forces consist of socio-cultural, political-legal and technological aspects. The parties consist of the company, competitors, distributors and the suppliers. A TOWS analysis provides the external information. The TOWS analysis consists of the same elements as the SWOT analysis which are: strengths, weaknesses, opportunities and threats. The difference is that in the TOWS analysis the emphasis is on external factors and the ordering happens from the outside, whereas in the SWOT analysis the ordering is from the inside out. (Kotler 2003b:112-113)

The situation analysis examines the current state of the company as well as the factors that will affect the company in the future. The analysis includes important information for the company that describes the direction to where the operating environment is evolving to and what opportunities and challenges they will bring to marketing. (Raatikainen 2004:61).

The company's marketing environment includes the factors and forces that impact on the company's markets and marketing. The marketing environment affects the ability to develop and maintain successful transactions as well as good relationships with target customers. The marketing environment can be divided into the microenvironment and the macro-environment. The company's macro-environment consists of a more extensive array of social factors that affect the micro-environment.

### **3.2 Macro-environment**

The macro-environment refers to the company's operational environment that the company itself cannot influence. Macro-environmental factors contribute to the opportunities and threats that the company faces and they are largely similar for all companies in the industry. (Armstrong & Kotler 2008:67; Anttila & Iltanen 2001:67).

Environmental factors can be grouped into a framework known as the PESTE analysis, which stands for: political, economic, social, technological and environmental factors. (Kamensky 2000:115). According to Bergström and Leppänen (2004:83) a macro-

environment analysis also includes demographic factors as well as international factors.

A macro-environment analysis presents the following points:

- demographic factors: size, distribution and structure political factors: political environment, legislation, regulations, rules, EU decisions
- economic factors: income levels and its changes, business cycles, inflation, changes in the structure of consumption, availability of labor, labor costs, willingness to invest
- the social and cultural factors: basic values, beliefs, norms, customs
- technological factors: technology development, inventions, innovations
- ecological factors: natural resources, climate, consumer values, environmental legislation
- international factors: multiculturalism, globalization, global competition

(Bergström & Leppänen 2004:83–89; Raatikainen 2004:62).

### **3.2.1 Segmentation**

Segmentation refers to the dividing of the market into clearly distinguishable parts based on the customers' needs and purchasing behaviors. The purpose is to divide the customers into groups that have similar needs within the group. The aim of segmentation is to find target groups that deliver the best results possible corresponding to the company's resources and know-how.

Segmentation does not by itself produce success for the company; it merely improves the company's efforts to manage its customers. (Rope 1998:57).

### **3.2.2 Market Demographics**

A company itself cannot produce value to the customer. It needs other micro-environmental factors to be successful. Micro-environment factors are close to the company and affect its ability to serve its customers. These factors consist of the company itself, suppliers, customers, competitors and other stakeholders. (Armstrong & Kotler 2008: 64–65).



### **3.2.3 Geography**

The term geographics refers to where people live. The variables in geographic segmentation are to do with location. These are such as countries, cities, regions and streets. (Proctor, T. 2003:87).

The company may agree to work in various geographic segments or they may concentrate on just one or two segments. (Kotler 1991:268).

### **3.2.4 Demographics**

Markets are made up of people. For this reason population is an environmental aspect that is of interest to the company. (Kotler 1991:135).

Breaking down the market into segments is the principal of demographic segmentation. Variables used are often such as age, income, nationality, sex and education. The buyer's wants and preferences are frequently in a marked degree correlating to these variables. For this reason they are favored by market researchers. (Kotler 1991:269).

### **3.2.5 Behavior Factors**

Behavior segmentation is based on factors that respond to questions on how a product makes the customers behave. These factors are such as attitude, response to a product, attitude. (Kotler 1991:272).

## **3.3 Market Needs**

When purchasing a product the customer does not want to buy a product. They want to meet a need they have. Based on the needs of the customer the company establishes their product range and communicates it to the customers. (Doyle 1994:43).

The customers' needs can be provoked by an internal or external stimulus. Internal stimuli are basic needs that people have. These are for example hunger, the need for shelter and sex. These types of needs can be stimulated to a more elevated level with internal stimuli to make the needs become a drive. External stimuli may also be used to stimulate the customer's needs by using advisements and word-to-mouth communication. (Armstrong & Kotler 2001:194).

### **3.4 Market Trends**

Analyzing the market trends gives a valuable component to the external analysis of the company. Examining market trend has two underlying features. The focus is on change and it has a tendency of recognizing significant issues. (Asker & McLoughlin 2010:72).

### **3.5 Market Growth**

A growing market benefits the company. While not increasing the market share, a company can increase their profit and sales. The company should be aware of possible risks in the market and what forces drive the market. By analyzing historical material the company can discover what has affected the market in the past and attempt to forecast the future from that, but concurrently acknowledge that incidental variation or short term conditions might be the explanations for growth in the market (Petshnig 2008:28).

### **3.6 SWOT Analysis**

The SWOT analysis is an examination of the strengths, weaknesses, opportunities and threats that a company has. It is suggested in a column by Sarah Simoneaux and Chris Stroud called "Business best practices: SWOT Analysis: The Annual Check-Up for a Business" that a SWOT analysis is conducted in combination with the original inception of a marketing plan for a launch of a new product line. A SWOT analysis encourages

adjusting to situations preeminently rather than as a response to already existing condition. (Simoneaux & Stroud, 2011:75)

### **3.6.1 Strengths and Weaknesses**

The evaluation of the company's strengths and weaknesses comprise of an examination of internal aspects of the company such as their resources, ability to perform, competence and structure. The strengths ought to recognize positive attributes that provide the company favored position in comparison to its competitors. Aspects that lead to negative outcomes, if not revised, can be considered as weaknesses.

The aim is to retain and work on the strengths to further improve the company and to maintain and leverage strengths in ways to benefit the company and to establish which weaknesses require fixing in pursuance of enhancing the position of the company. (Simoneaux & Stroud, 2011:75-77)

### **3.6.2 Opportunities and Threats**

An evaluation of the company's opportunities and threats gives a look to the external forces that possibly affect the company. These forces can be such as laws and regulations, political conditions, technology, competition, situations in the industry and the market.

The opportunities in the SWOT analysis characterize possibilities, where the company can achieve growth in performance of profitability. Unlike opportunities, the threats are made up of forces that might result in a disadvantageous situation for the company.

A company cannot act on all opportunities and threats so the company should evaluate carefully which are the most crucial strategies for a favorable outcome. (Simoneaux & Stroud, 2011:75-77).

### 3.7 Competition

The company must know how to define and identify the competitors that are companies in the same line of business and in the same market segment. (Raatikainen 2004:64).

To achieve a relative advantage or competitive edge the company needs to have extensive knowledge of the dynamics of competition and of the current competitor's goals and strategies. It needs to understand the possibility of alternative products and future prospects in the market. (Kamensky 2000:133).

The critical flaws in drafting a competitor analysis are that the company has established too narrow borders for the industry and the lack of identifying a competitor. In identifying the competition first and foremost the obvious question is which companies are the key competitors. According to Pirttilä 2000:25–26) there are two main competitor definitions that are used to defined competitors: a market-based and industry-based definition.

The industry-based definition means that that the companies compete with each other, when they have a similar technology and similar products. This limits the competitors to companies within the same industry. When competing within the same market, the companies' products fulfill the same needs of the customers and so they can substitute one another. This definition is broader than the first and it exceeds industry lines.

Raatikainen states that (2004:64) the elements that are taken into account in the competitor-analysis are:

- The size and names of the companies
- Competing products
- Competitive measures used by competitors
- Competitors' market position
- Characteristics of competition
- Notoriety of competitor
- Competitors financials
- Competitors marketing strategy

The most straightforward variant of competition is brand competition. In addition, competition can exist among alternatives and brands of product types. Companies do not typically compete directly with every company in the industry. For that reason it is imperative to recognize the companies that can be distinguished as key competitors. An analysis of key competitors generally includes these aspects:

- An assessment of every competitor's strengths.
- Current market share and former trends
- Financial strengths and management competence
- Technical and operating benefits

(Cravens 1991:145-146).

### **3.8 Marketing Strategy**

Marketing strategy is concerned with strategic and operational marketing issues that arise in response to continuing growth in trade. It also involves the availability of new products and services, the dramatic increase in mobile foreign investment, the widespread move of people and the pervasiveness of international competition at the level of the firm. (Bradley 2005:29).

Marketing strategies should build an advantage over competitor's principle of marketing. (Ferrell & Hartline 2010:47). Marketing strategy is inherently people-driven and it is never stagnant. It is about people finding ways to deliver exceptional value by fulfilling the needs and wants of other people (customers, shareholders, business partners) as well as for the needs of the organization itself. (Ferrell & Hartline 2010:15).

#### **3.8.1 Mission**

The company's primary reason for existing should be indicated in the mission. It states what the company is, its values and the consumers it hopes to attend to. It supplies the

management with indication on how to cultivate their strategies onwards. (Berkowitz 2010:43).

### **3.8.2 Marketing Objectives**

Realistic and specific marketing objectives should be established by the management. They should be coinciding with overall goals and objectives of the company. The objectives should be possible to measure. Otherwise it becomes difficult to know if the strategy achieved its goal. (Haas 1992:316).

## **3.9 Target Markets**

Defining the target market accurately is essential for the company. It is easier to produce a product that some will than a product that everyone will want. Consequently the company defines and forms specific groups who may favor or desire or require certain product mixes by analyzing psychographic, behavioral and demographic differences between customers. The company then determines the segment that offers the best potential for profit. The segments are the target segments. (Kotler & Kevin 2009b:29).

## **3.10 Positioning**

Positioning a product successfully can contribute by placing it in a diacritic and desirable spot in the minds of the customers the company wants to target. The positioning aims to differentiate the product from its competitors and thus give an advantage. The company will have to determine if they are going to have one or multiple differentiating factors for the product. Once the desired position has been established the company has to communicate the chosen position to the target customers. (Armstrong & Kotler 2011:234; Kotler 2003b:122).

### 3.11 Strategies

The strategy is a plan of the organization's activities and events. It comprises of thoughts, choices and actions with what the company aims to achieve the goals that have been defined in their vision. The company's marketing strategy is an operational action plan that the company uses to work towards achieving its strategic marketing visions in practice and providing value to customers and owners, but also to other network partners. (Tikkanen, Aspara & Parviainen 2007:57–60).

Competitive strategy refers to a search in the industry for a favorable competitive position for the company. With a competitive strategy the company aims to achieve a viable and permanent position against the forces that define the competition within the industry. A pivotal part of a competitive strategy is the question of competitive advantage. (Porter 1991:13; Kamensky 2000:199).

The company has three generic competitive strategies to work with. The strategies are, cost leadership, differentiation and market segmentation. Marketing segmentation has a further two options: cost leadership and differentiation based strategy. The choice of which strategy to choose is affected by the market scope of the target market and the choice between uniqueness, competency and low cost competency. (Porter 1991:25).

A company that chooses to go with a cost leadership strategy aims to offer the lowest prices in the target market. Cost leadership typically sells a standard product and focuses on the advantages it receives - economies of scale or the absolute costs. In order to succeed in the business the company will need to maintain its prices at mid-range or close to it. In addition, the product must be equivalent or at least comparable with its competitor's product. When executing a differentiation strategy the company justifies its higher price point on the fact that they offer something that adds value to the product which makes the customer willing to pay more. Differentiation can be based on the product, the product distribution system, marketing or various other factors. A company that chooses to follow a segmentation strategy by determining a segment or segments, and constructs its strategy that serves the targeted segments. (Porter 1991:25–28; Kamensky 2000:216).

According to Armstrong and Kotler (2008:527) the content for a marketing strategy depends on the company's market position. On the other hand Bergström and Leppänen (2004:76) state that companies may also have a variety of competitive roles with which they aspire to survive in the market. Based on Kotler (2003a:254) the company's role may be the market leader, the challenger, a follower or a niche marketer.

The market leader in its segment has the largest market share; it has a good image and well-known products. The market leader's strategies are market growth by defending and increasing market share. The challenger is a company with a highly visible and often aggressive marketing practice. The challenger tries to increase its market share by attacking other companies. Suitable challenger attack strategies are for example price reduction, product profiling or improving service. The follower generally does not have the resources to compete and for a company with a follower strategy it may be more profitable to imitate a competitor's product rather than increasing cost with innovation. A niche marketer is a company that invests in an original and narrow market niche. The company selects a small segment of the market, which by focusing on it can achieve a good status in this target group. (Kotler 2003a:269; Bergström & Leppänen 2004:75–77).

### **3.12 Marketing Mix**

The marketing mix is a set group of functions and linked tools implemented by the company to provoke consent of the products services and intentions. When evaluating the optimum marketing mix for a product you encounter a multitude of different options. This is where you have to take a strategic focus to narrow down the alternatives. (Dalrymple & Parsons 1995:12).

The four P marketing mix was introduced by Edmund McCarthy in 1960. It has been used for the marketing of tangible products. The four Ps of marketing are:

- Product. The product has to be what the customers expect it to be. It should carry out the function that it promises to do.
- Place. The product should be sold in locations where the target segment would expect to find it in.



- Promotion. All tools of communicating the company's message of the product should be within the parameter of the area of advertising for the companies target group of customers and the message should be appealing to that group.
- Price. The product should exhibit good value for money. If the product works well the customer may be willing to pay more. Price does not always mean that the cheaper the product is the more appealing it is for the consumer. (Blythe, 2008:9-10).

### **3.12.1 Product**

A product may be anything that satisfies a possible want or need and that can be offered in the market. Marketable products can be physical goods, services, experiences, events, places, properties, organizations, information and ideas (Kotler 2003a:407). According to Mäntyneva (2002:52) the product is the central competitive factor in marketing, because the existence of the product brings forth the possibility for applying other competitive factors.

Kotler (2003a:407) states that there are five levels that increase the value of a product for the customer. These values form a customer's value hierarchy.

The innermost layer is the core benefit which means the very fundamental service or benefit that the customer is really buying. In the second level is the company's need to convert the core benefit into a basic product, which is the physical product or the service.

A third level is composed of the expected product that is the set of characteristics and circumstances that the customer typically expects to receive when they purchase the product. The fourth level is the augmented product with which a marketer strives to exceed the customer's expectations. This level is currently where a bulk of the competition occurs however every augmentation adds costs and quickly stops being a change expected by the customer. The fifth level holds all possible differentiation and augmentations that the product may be subjected to in the future. In this level the company looks for new ways to serve its customers and distinguish themselves from their competition. (Kotler 2003a:408).

### 3.12.2 Price

The price serves multiple functions in achieving commercial success. The price measures and generates the value of the product; it is a basic element in competition and positioning. Price competition parameters consist of the price and price variations as well as discounts and payment terms. (Rope 1998:93–94).

A number of factors affect the price of the product (Mäntyneva 2002:92). The company needs to be familiar with their costs, so that they will be able to price their products profitably. The competitive situation affects pricing, because when competition increases so does the supply of the market thus causing the prices to decrease. The entry of new competitors may drop the prices at least temporarily. Product properties have a significant impact on pricing. Standard products, which are identical to competing products, have a low price range. The pricing range can be broadened by adding differentiating characteristics to the product.

The target groups impact the pricing of the product. This implies that the company is capable of selling the same product at different prices to different customers. In some industries government regulation may affect pricing significantly, although a growing number of industries have moved up to compete freely. Lastly the available resources affect the company's capacity to produce a product of a service. (Mäntyneva 2002:96–98).

The company has three general pricing methods from which to choose from. These are cost-based, competition-based and value-based pricing. Cost-based methods are for example cost-plus pricing, target profit pricing and break-even pricing. Cost-plus pricing is the easiest method. It is adding a fixed mark-up to the cost of the product. When defining a price for break-even or for a target profit, the company predetermines a profit percentage, which they want to achieve.

Value-based pricing is establishing the price based on how the customer perceives the value of the product instead of basing it on the seller's cost. (Armstrong & Kotler 2004:357-361).

### **3.12.3 Place**

Place refers to the actions the company takes to make their product available to the target groups. (Armstrong & Kotler 2008b:50).

The company has three possible distribution channel systems: a direct marketing channel, an indirect marketing channel and a multichannel system. In the direct marketing channel the company sells its product straight to the customer without intermediaries. Direct marketing is often more preferable to the indirect marketing channel when the need for information is high, quality or the customization of the product is important or when transportation and warehousing of the product is difficult. Direct marketing is often more preferable to the indirect marketing channel. (Armstrong & Kotler 2004:400-408).

Direct marketing channels provide the company with the most control over the customer relationships as direct marketing channels allow for instant customer service with the customer. Direct marketing channels consist of face-to-face selling, telemarketing, television and other media, online marketing catalogs and direct-mail marketing. The challenges for direct marketing channels are the lack of resources or lack of expertise. (Kotler 1999:533; Kotler 1999:725).

In the indirect distribution channel the product reaches the customer through intermediaries. The benefit of it is the relatively cheaper price, which makes it possible for the company to attend to the needs of customers, who do not buy small amounts. The indirect channel is applicable when multiple product purchases at one time and accessibility are important. Indirect marketing channels are more complicated than direct channels due to the fact that they include external parties.

The company does not receive full control on what the distribution channel offers the customers. The distribution channel may also include competing products. The existence of intermediary companies between the company and the end users also filter out market information, which the company could take advantage of, for example in

product development. In some cases, the best option is to use direct and indirect channels in combination, for example if the company sells its products outside its home market. (Mäntyneva 2002:137–138; Lehmann & Winer 2003:404-406).

### **3.12.4 Promotion**

Promotion helps to point out information that should influence the target group to carry out the desired purchase decisions. Promotion contains all possible communication that should provide positive interaction among the company and the customer. Promotion covers a wide range of methods and functions and also a large number of target groups. Promotion is the most visible of all marketing activities and often a significant amount of, money, time and human labor are invested in it. The most important means of promotion are advertising and personal selling. In addition there are other possibilities with which the company can affect the promotion objectives. (Vuokko 2003:17–19; Isohookana 2007:90-91).

## **3.13 Marketing Research**

All the companies that operate in a market economy are affected by various aspects of market. Understanding the nature and intensity of the market forces will help businesses to adapt to the macro environment and to control their operations in it. (Beljavski 2004:8).

In order to succeed in the market the company will need to have current information about the market. The company needs to monitor market developments, so that it is able to predict possible market changes and adapt to them. The company receives needed information by performing market research (Soimakallio 1995:9-10). Marketing research offers information concerning the market, the consumers, the distributors, the competitors, and other elements of the company's environment. Marketing research aims to determine the need for information and subsequently provide the management with all the necessary information they need to base their marketing decisions. The obtained data is used to identify and define the opportunities and problems and to create, refine and evaluate marketing efforts. (Mäntynevä, Heinonen & Wrange 2008:9).

International market information regarding the global environment is however more and more unstable and less predictable. An increasing variety of things should be taken into account in a single target market. In addition, with globalization, competition will intensify considerably, which will lead to an increasing need of market information. (2001 Vaarnas & Virtanen: 23).

### **3.14 Financials**

The financial projections include a break-even analysis, a sales forecast and an expense forecast. On the revenue side, the projections show the forecast sales volume by month and product category. On the expenses side, they show the expected costs of marketing, broken down into finer categories. The break-even analysis shows how many units the firm must sell monthly to offset its monthly fixed costs and average per-unit variable costs. (Brady, Goodman, Hansen, Keller, Kotler 2009:110).

#### **3.14.1 Break-Even Analysis**

To help the company establish how many goods they should sell to cover their expenses, a break-even analysis can be conducted. The break-even point is when the company's total sales equal total costs. The break-even point is the point at which total revenue equals total cost. (Boone & Kurtz 2011:626).

### **3.15 Controls**

The marketing plans final segment features the controls for keeping track and adapting the implementation of the plan. Generally they define the budget and the goals for upcoming months. This allows the management to assess each period and if necessary they can alter their strategies. It is possible to incorporate contingency plans in the case of having to respond to environmental changes. These may be such circumstances as price wars or workers strikes. (Boone & Kurtz 2011:626-627).

### **3.16 Summary**

The empirical part of the thesis consists of the marketing plan for Oriola-KD's product line Pharmacare in the Moscow region. Oriola-KD is planning on launching the product line in 2012, which presented the need for a marketing plan.

The target company decided to expand its product range in the Moscow region with the Pharmacare product line, and the Oriola-KD determined that a marketing plan should be created. The situation analysis is based on knowledge acquired from marketing literature as well as information acquired from the target company's web pages. The competitor names required for the competitor analysis were attained by visiting pharmacies in the Moscow region in Russia as well as scanning Russian pharmacies' websites.

The SWOT analysis was drawn up based on the situation analysis and the latest available financial statement. The most appropriate strategy was chosen based on or the theoretical options presented in the literary portion of the thesis.

The competitive action plan and the follow-up were based on marketing literature reflected on in the theory part of the thesis and then analyzed based on the authors best ability to produce a viable solution for the target company.

## **4 MARKETING PLAN**

### **4.1 Situation Analysis**

The starting point for the micro-environment analysis includes the basis for the marketing plan, an analysis of the company, suppliers, distribution channel members, and customer and competitor analyses. Macro-environment analysis examines Oriola-KD's external environment. Finally, a starting point for analysis should be based on the assessment of the company's strengths, weaknesses, opportunities and threats in the SWOT analysis.

### **4.2 Market Summary**

Moscow is the center of international trade and the economic and political center in Russia. A large number of Russian corporate headquarters are located in the capital. Moscow's economy relies heavily on trade and services. The largest industry sectors in Moscow are the building machinery, food processing, oil and chemical industries. Moscow has market potential in virtually every field, and the market is also expected to grow further in the future. When considering the total population, it is important to note that in addition to the officially registered, there are about two million inhabitants, who are not registered in the city. In addition, two million additional people arrive to work in the city from all over Russia, Belarus and Ukraine. (Tiri 2007:56-57; Gks 2010)

Moscow has an official population of 10.5 million people and. (BOFIT Weekly 2010). Moscow's surrounding region is called Moscow *oblast*. Its population is 7.1 million people and covers an area of 46 058 km<sup>2</sup>. Moscow oblast has 74 cities. The largest cities in the oblast are Elektrostal, Lyubertsy, Kolomna, Podolsk and Mytishchi. (Gks 2010) The total population of the Moscow region is 16.1 million people.

#### **4.2.1 Geography and demographics**

Oriola-KD has set the Moscow region i.e. the city of Moscow and surrounding Moscow oblast as its geographic target area in Russia. In the next few years Russia's economy is projected to grow more than 4% and inflation should slow down, which means that the GDP per capita will continue to grow, and the Russian inhabitants' average standard of living will improve. (Bank of Finland 2010).

Moscow's economic growth has exceeded the average in growth compared to other areas of Russia throughout the last ten years. The capital has the lowest unemployment rate in the country. The average monthly salary in Moscow 2010 was 1070 € which is almost twice the national average of 560 €. (BOFIT 2010).

“Russian purchasers are generally sophisticated and highly educated. They are likely to be internet users and receptive to imported goods. Russian purchasers may be price sensitive, but are frequently willing to pay for quality, especially for recognized and reliable imported brands – another reason to invest in advertising” (US commercial service 2012:17).

Private consumption will remain a key factor in Russian production and imports in the forecast period. According to consumer confidence indicators, the financial situation is expected to improve but the pace has leveled in recent years. Consumption is expected to grow slightly this year and the following years. (BOFIT 2012:2)

Russia's economic growth is forecasted to grow in 2012-2014 by about a pace of 3.5 percent and Russia's imports are forecasted to increase by about 7% a year. Private consumption and investment are expected to drop somewhat this year due to external and internal uncertainties and they are expected to pick up again next year. Towards the end of the forecast period, economic growth is projected to slow down, because the price of oil is not expected to rise. (BOFIT 2012:3).



#### **4.2.2 Behavior Factors**

Consumers who are willing to pay more for a good product and who might prefer a Western product are the people who are likely to respond to the product line. Also consumers, who want to ensure that the products are not counterfeit, are people who will probably respond positively to the product line.

#### **4.3 Market Needs**

Oriola-KD provides a wide range of medical supplies. The company aims to answer the need for quality. Oriola-KD wants to provide products of high quality to customers, who want value for their money.

They also wish to have a brand which caters to all the different medical supply needs that consumers have, so that the supplies can be purchased from one place and one manufacturer.

#### **4.4 Market Trends**

Most products in the Pharmicare product line are available already in the market. What distinguishes the product line is that all the Pharmicare products are displayed in one stand in the pharmacies. The customer can easily find all the products at one location in the pharmacy while the other competing products are all located in separate places in the pharmacy.

The Pharmicare product line also includes cooling products that are not supplied widely in Moscow region pharmacies. This is seen as a fine opportunity for Oriola-KD, because that gives them an advantageous situation with no competition.

## **4.5 Market Growth**

According to the Russian Pharma Sector Forecast for 2013, the para-pharmaceutical market will grow with a compound annual rate growth of 13% during 2011-2013. (Rncos 2011).

## **4.6 SWOT Analysis**

The SWOT analysis has been constructed based on Oriola-KD's strengths, weaknesses, opportunities and threats in the parapharmaceutical market.

The analysis does not explain the situation in the company with regards to the company as whole. It focuses on issues that pertain to the launch of the product line in Moscow. The analysis is compiled from the possible strengths and weaknesses that emerged in the initial situation analysis. It also contains opportunities and threats that the company's external environment has created.

The SWOT analysis gives input on the chances of the product line's survival in the new market.

Table 2. Pharmacare SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Finnish products have a good reputation in Russia</li> <li>• The company owns pharmacies in Moscow</li> <li>• Very few cooling products in the market</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• The existence of cheaper products in the market</li> <li>• Brand not known currently in Russia</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• A large market offers potential for large profits</li> <li>• Large sales can lower production costs</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Competition and pricing</li> <li>• Corruption</li> <li>• Bureaucracy restrictions</li> <li>• Commitment of key personnel</li> <li>• Fluctuations in the ruble</li> </ul>

#### 4.6.1 Strengths

The company's strengths consist of the broad selection of quality products and the way they are presented in the pharmacies. The broad selection of products makes it possible to reach more consumers with different needs that contribute to a larger consumer base. Oriola-KD has their own set on pharmacies in the Moscow region that will ease the distribution of the product.

Within the product line it can be considered strength that there is a selection of cooling products that otherwise is not well represented in the Moscow market.

#### **4.6.2 Weaknesses**

There is a large amount of completion in the market for almost all of the products. It will be a challenge to stand out. The brand is not known currently in Russia and this is a risk factor for the company.

The simultaneous opening of new pharmacies with tight competition will have an impact on Oriola-KD's pharmaceutical business profitability in Russia. Changes in the Russian ruble exchange rate will increase the customer's credit risk and cause a possible change in the competitive situation and this may have an impact on the profitability of wholesale trade in Russia. (Oriola-KD 2012).

#### **4.6.3 Opportunities**

There are a number of opportunities in the marketplace. The Moscow region market is the largest market where Pharmacare is sold. This gives potential for large sales that could lead to a larger profit. If the product succeeds, the company can gain a better margin through economies of scale.

#### **4.6.4 Threats**

A downturn in the economy may have an adverse effect on people spending their income on more expensive products.

The forecast for Russia's economy is for the most part negative. Even if the world economies would decline less than anticipated, the still relatively high degree of confidence of Russian consumers may be affected negatively. (BOFIT 2012).

Based on a study by AEB (Association of European Businesses), foreigners consider corruption and bureaucracy to be the biggest obstacles for trade and investment in Russia. Additional challenges rise from the large amount of existing legislation and tax law as well as their interpretation.

The activities of Russian authorities complicate normal business transactions, financial management and long-term planning. Despite the new competition law reform in Russia the bureaucracy and corruption are increasing. (Granholm 2010:13).

## **4.7 Competition**

The competitor analysis examines the market and competitive situation of Oriola-KD's competitors. The data in the analysis is based on company websites as well as visits to pharmacies in the Moscow region. The analysis focuses on parapharmaceutical market competitors. Oriola-KD's key competitors are examined more thoroughly utilizing the competitors' company websites, whilst the more marginal competitors are examined more generally.

The parapharmaceutical industry is competitive. There are many companies that offer similar products to what is included in the Pharmacare product line. The competitors of Pharmacare are basically all industry-based. The competitors offer similar products and technology. Even though there is little market-based competition, there are several other products in the same industry. These competitors can be divided into core and marginal competitors.

Pharmacare offers a various different products. In the marketing plan the products are limited to plasters, bandages, thermometers and cooling products.

The key competitors of the Pharmacare product line are:

Thermometer market: Omron, AAD, Med, tvu 120, Little Doctor, Microlife

Plaster market: Sarepta-mediplast, Ukraine, Veropharm, Russia, Pharmline Ltd, UK/Everaid Co Ltd, South Korea, Laboratoires Uργο, France, P.Hartmann, Germany, Johnson&Johnson, USA (made in France), Plastod, Italy, Pharmaplast, Egypt

Bandige market: Rostbiomed, Kiev-Guma, Ugro, Fari-sfera OOO, Leiko, Tonus, Appolo

Cooling products market: Trichema AG, Switzerland and Müller/USA. (See Appendix 1 for competitors).

## **4.8 Marketing Strategy**

The key to the marketing strategy is to achieve visibility in the pharmacies that sell the Pharmacare product line. There is a huge deal of competition for the all the products except for the cooling products. It will be important that all of the products are stocked at all times, so that the brand can establish itself as having all the products in one place, and that the consumer can visit the Pharmacare stand and locate all needed products there. The more the products are purchased the more the knowledge of the brand will spread and this may account for enlarging the segment to whom the product appeals.

## **4.9 Mission and vision**

Oriola-KD has a mission that they describe with the slogan: "The Channel for Health".

Oriola-KD is a leading pharmaceutical retail and wholesale operator to pharmaceutical companies and consumers in northern Europe and Russia. Oriola-KD's mission and vision was determined in 2010. The mission and vision highlight the fact that the company wants to be the most preferred partner and channel in northern Europe and Russia between the pharmaceutical industry and the consumer by providing reliable access to the market for manufacturers and providing consumers with excellent and reliable service. (Oriola-KD 2011g).

## **4.10 Marketing Objectives**

Penetrating the market successfully is the objective for Oriola-KD. This can be achieved by forming a recognizable and positive brand image to the distributor and consumer. When customers have a positive image the sales can begin growing at a steady pace.

## **4.11 Target Markets**

The target markets are mainly the “Stary Lekare” and “Apteka 03” pharmacies in the Moscow region. After time the product line can be also sold in other pharmacies as well as well-equipped convenience stores.

## **4.12 Positioning**

The Pharmacare product line will be positioned as a higher end product line. It will not be able to compete with the cheapest products on price, but it is competitive with the other high-end foreign and domestic products.

## **4.13 Strategies**

Oriola-KD should acquire awareness for their new product line. This can be achieved by having the product line’s products on a unique stand in pharmacies. Other competitors are displayed on the shelves and in different spots dedicated to that particular medical supply. Plasters are placed next to other plasters, and so on. Pharmacare products will all be displayed in one place so that the customer can see the whole array of products in one glance without having to go around the whole pharmacy. This will show the customer the large selection of products and it gives an image of being in a class of its own and thus of higher quality.

The second step would be to begin providing the Pharmacare product line to well-equipped convenience stores and other pharmacies. This will be possible after gaining more awareness for the brand.

The message that Oriola-KD wishes to convey is that it offers products appealing to the eye and that its products give value for money.

## **4.14 Marketing Mix**

The marketing mix describes the current marketing factors that the Pharmacare product line has in the Moscow region.

### **4.14.1 Product**

The Pharmacare product line offers a vast array of medical products. There are fifteen different types of products and each type has different versions of the products, which vary in size and price. In the marketing plan the focus is on four products.

The first products are plasters. There are seven types of plaster in Pharmacare's product portfolio that vary from plastic plaster to waterproof plasters.

The second products are bandages. There are four different types of bandages: elastic, non-elastic and a highly elastic bandages as well as an adhesive bandage.

The third products are thermometers. There are two different thermometers: A basic digital thermometer and a digital thermometer that has a flexible tip.

The fourth products are cooling products. There are three different cooling products: a cold gel, an instant cold pack and cold-hot pack.

### **4.14.2 Price**

Russian consumers are interested in bargains, but are increasingly willing to pay for quality merchandise. Consumers in Russia are attracted to bargains, but they are also to a greater extent capable and ready to spend their earnings on quality goods. (US commercial service 2012:17).

A comparable pricing strategy would be most suitable for the Pharmacare product line. The pricing strategy consists of pricing the products comparably to the product selections of the competitors. The market leaders have already produced a perception of



the price for the customers. Thus the company then compares its prices to the products available.

#### **4.14.3 Place**

Oriola-KD has purchased a chain of pharmacies in the Moscow area called “Sary Lekar” and several other pharmacies. The product line would be initially sold in these pharmacies. The pharmacies are spread throughout the Moscow region (See Appendix 2 and 3). Pharmacies run online shops and the product will be sold there as well.

#### **4.14.4 Promotion**

Russia’s e-commerce in 2010 was valued at 9 billion dollars and internet marketing was 400 million dollars in sales. In the upcoming years internet usage is forecasted to grow considerably. (US commercial service 2012, 17).

Pharmacare will be promoted in the “Sary lekar” pharmacies website. The unique product stand will be placed in pharmacies, so that the products will be visible to incoming customers.

### **4.15 Implementation and controls**

The company will construct a detailed plan to achieve its objectives.

The company will at least once a year provide answers to the following questions:

- Where are you? (Progress report)
- Where do you want to go? (Objectives)
- How do you get there? (Strategies)
- When do you want to reach it? (Timetable for implementation)
- Who is responsible? (Organization and responsibilities)

- How much will the measures cost? (Budget)  
(Rope 2005:488-489).

## **5. CONCLUSION**

Marketing planning is a key element in structuring the company's business plan. The tangible end product of planning is a marketing plan, which in this case is used for an individual product line in the Moscow region in the Russian Federation.

The marketing plan is designed to determine the company's product, marketing direction and clarify the division of work and the schedule. A good marketing plan is simple, precise enough, challenging, realistic, practical and flexible. The objective of this study was to develop a marketing plan that will assist in the preparation of launching a new product line in the Moscow region for the company Oriola-KD.

The research question was how to create an effective marketing plan and what it entails. The theoretical portion of the thesis analyzed the different components of the marketing plan that were: the situation analysis, the market analysis, objectives, strategy, competition and control.

A marketing strategy was designed for the target company based on the information from the market analysis. The objective is to attain the target group effectively and profitably.

The result of this thesis is a marketing plan for Oriola-KD's Pharmacare product line for the Moscow region market in Russia that complies with the theory presented in the marketing plan requirements.

By facilitating the plan, the target company may take the measures set to achieve the objectives set for the product line.

In the opinion of the author the thesis is a success, because it achieved its objectives. The choice of the subject for the thesis was interesting and challenging, because the Pharmacare product line did not have specific financials established for the Pharmacare launch in the Moscow region. Acquiring information of the Moscow region market

proved to be more challenging than if the market would have been the local Finnish market. That is why the company's marketing had to be investigated broadly and all of the marketing plan areas had to be explored.

However, the author has tried to obtain new workable solutions for the specific product line in addition to finding out the purchasing behavior of the target group. The marketing plan is flexible and can be changed if new and effective marketing opportunities are found later. Oriola-KD should follow up on feedback from customers and keep up with competitors' actions and their progress, and if necessary, modify the market plan.

In the future, the company can use the marketing plan for the benefit of other products or product lines.

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## APPENDICES

Appendix 1. Products available in Moscow pharmacies as of March 20, 2012.

PRODUCTS AVAILABLE IN MOSCOW PHARMACIES AS OF MARCH 20, 2012	PIECES IN PACK	MANUFACTURER	PRICE (RANGE)
<b>1.Plasters</b>			
Water-resistant	24	Sarepta-medioplast, Ukraine	33,50-53
Travel set small	14	Sarepta-medioplast, Ukraine	41-82
Comfort pack	10	Sarepta-medioplast, Ukraine	34-60
Tourist pack	24	Sarepta-medioplast, Ukraine	38-71
Economy pack	24	Sarepta-medioplast, Ukraine	41-66
“Home pharmacy”	30	Sarepta-medioplast, Ukraine	75-99
“Detskij Mir” (Children’s world)	12	Sarepta-medioplast, Ukraine	45-60
Antiseptic plaster/stripes	24	36,6, Russia	49
Uniplast antiseptic/white 1,9 cm x 7,2 cm	8	Veropharm, Russia	39,83-42,50
Uniplast antiseptic/body color 1,9 cm x7,2 cm	8	Veropharm, Russia	48-55
Uniplast antiseptic/body color elastic 1,9 x 7,2	8	Veropharm, Russia	41-71,81
Uniplast antiseptic /invisible elastic 1,9 x7,2	8	Veropharm, Russia	52,17
Uniplast antiseptic water-resistant 1,9x7,2	8	Veropharm, Russia	55,20
Uniplast antiseptic/white 1,9x7,2	20	Veropharm, Russia	61,60
Uniplast antiseptic/body color fabric-base 1,9x7,2	20	Veropharm, Russia	62,50
Uniplast antiseptic invisible 1,9x7,2	20	Veropharm, Russia	80
Uniplast antiseptic water-resistant 1,9x7,2	20	Veropharm, Russia	75,92
Uniplast antiseptic (0,95x3,8 №5; 2,3x7,2№5;2,5x7,2№8;3,8x3,8№2)	20	Veropharm, Russia	83,25
Uniplast antiseptic elastic verodamp 1,9x7,2	20	Veropharm, Russia	91

Uniplast antiseptic elastic veroflex 1,9x7,2	20	Veropharm, Russia	102
Smart Aquastop 2x7	5	Veropharm, Russia	96
Smart Aquastop 2x7	8	Veropharm, Russia	127-149
Antiseptic /white	20	Novosibchempharm, Russia	58,53
Master Uni Travel pack 1,9x7,2	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	
Master Uni Classic 1,9x5,7	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	
Master Uni Sensitive polyester cloth-based 1,9x5,7	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	
Master Uni water-resistant 1,9x7,2 №10; 1,9x5,7 №5; 1x4 №5	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	47,60
Master Uni for kids 1,9x5,7	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	45
Master Uni Aqua for kids 1,9x5,7	10	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	66
Master Uni for kids water-resistant Smeshariki 2,7x5,7	10	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	56,40
Master Uni Home Pharmacy 1,9x7,2 №10; 1,9x5,7 №5; 3,8x3,8 №5; plasters for fingers polyester cloth-based №3; plasters for heel polyester cloth-based №2; rolls 2,5 m №2	26	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	
Master Uni Aqua 2,5x6,3 №10; 3,8x3,8 №5	15	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	93,81
Master Uni First Aid 1,9x7,2	10	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	
Master Uni “Dachnik” (summer cottager) 1,9x7,2 №15; 1,9x5,7 №5; 3,8x3,8 №5; round D 2,2 cm №5	30	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	
Master Uni Tourist 1,9x7,2 №10; 1,9x5,7 №5; 3,8x3,8 №5; plasters for fingers polyester cloth-based №5; plasters for heel polyester cloth-based №5	25	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	

Master Uni Glance <sup>1</sup> Classic 2x7	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	72-110
Master Uni Glance Sensitive	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	45,60
Master Uni Glance Aqua 2x7	15	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	67-110
Master Uni Glance Marine 3,8x7	5	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	93,50
Master Uni Glance Purpur (purple) polyester cloth-based 1,9x7,2 (for sensitive skin)	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	72
Master Uni Glance Silver 2x7 (antibacterial with silver)	20	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	110
Master Uni Glance Gold 1x7,3 (for dry corns)	6	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	110
Master Uni Glance Marine (for wet corns)	5	Pharmline Ltd, UK/Everaid Co Ltd, South Korea	93,50
Urgo Aquafilm antiseptic water-resistant	10	Laboratoires Urgo, France	50
Urgo Aqua	300	Laboratoires Urgo, France	600- 1050
Urgo elastic	10	Laboratoires Urgo, France	40,40
Urgo elastic	300	Laboratoires Urgo, France	900- 1200
Urgo transparent	10	Laboratoires Urgo, France	34- 45,20
Nimplast 1,9x7,2	20	Herbion, Pakistan	35,90- 40,40
Cosmos water-resistant/2 sizes	20	P.Hartmann, Germany	69
Cosmos water-resistant 6x10	5	P.Hartmann, Germany	61
Cosmos Kids/2 sizes	20	P.Hartmann, Germany	68-85
Band-Aid antiseptic water-resistant	20	Johnson&Johnson, USA (made in France)	109- 118
Band-Aid antiseptic absolute comfort	20	Johnson&Johnson, USA (made in France)	80
Band-Aid Comfort fit Sheer	20	Johnson&Johnson (made in France)	70

<sup>1</sup> Master Uni Glance – product line designed for women

Band-Aid antiseptic elastic	20	Johnson&Johnson, USA (made in France)	101
Luxplast ultra thin hypoallergenic water-resistant 1,9x7,2	10	Plastod, Italy	14,60-27
Luxplast perforated water-resistant transparent 1,9x7,2	10	Plastod, Italy	11,90-25
Luxplast perforated water-resistant body color 1,9x7,2	10	Plastod, Italy	11,80-22
Luxplast polyester cloth-based/elastic water-resistant body color	10	Plastod, Italy	12,80-30
Sanitaplast (set №4)	20	Betasan, Turkey	58,20
Silkoplast antiseptic standard	20	Pharmaplast, Egypt	78,40
Silkoplast antiseptic universal	20	Pharmaplast, Egypt	60,70-78,90
Silkoplast antiseptic sensi	20	Pharmaplast, Egypt	79,50
Silkoplast Kids	20	Pharmaplast, Egypt	60,70
<b>2.Bandages</b>			
Bandage non-sterile 5 m x7cm	1	Nika/Russia	7,30
Bandage non-sterile 7 m x14 cm	1	Nika/Russia	8
Bandage non-sterile 5x10	1	KPTF/Russia	14,40
Bandage non-sterile 7x14	1	KPTF/Russia	14,30-20
Bandage non-sterile 7x14	1	36,6/Russia	21,50
Bandage non-sterile 10x16	1	Medtex/Russia	13,20
Bandage sterile 5x7	1	Pharm-Global/Russia	9,60
Bandage sterile 5x10	1	Variant/Russia	15,10
Bandage sterile 5x10	1	Amelia/Russia	16-18,70
Bandage sterile 5x10	1	36,6/Russia	13,50
Bandage sterile7x14	1	36,6/Russia	20
Bandage sterile7x14	1	Amelia/Russia	16,57-25,20
Bandage sterile 10x16	1	Variant/Russia	34,20
Bandage sterile 10x16	1	Garant/Russia	30,50
Bandage sterile 10x16	1	Nika/Russia	29
Bandage elastic 3x12	1	Tonus Elast/Russia	129
Bandage elastic 3x10	1	Lauma/Latvia	165
Bandage elastic 3x8	1	Tonus Elast/Russia	82,50
Bandage elastic 2x8	1	Tonus Elast/Russia	76
Bandage extra elastic 2x8	1	Tonus Elast/Russia	63,5
Bandage extra elastic with clasp 3x10	1	36,6/Russia	99
Bandage elastic with clasp 3x8	1	Tonus Elast/Russia	74

Bandage elastic 3x8	1	Lauma/Latvia	159
Bandage extra elastic Peha-Crepp 4x4	1	Paul Hartmann AG, Germany	22,60
Bandage extra elastic Peha-Crepp 4x4	20	Paul Hartmann AG, Germany	238
Bandage extra elastic Peha-Crepp 4x6	1	Paul Hartmann AG, Germany	24
Bandage extra elastic Peha-Crepp 4x6	20	Paul Hartmann AG, Germany	253
Bandage extra elastic Peha-Crepp 4x8	1	Paul Hartmann AG, Germany	28,60
Bandage extra elastic Peha-Crepp 4x8	20	Paul Hartmann AG, Germany	302
Bandage extra elastic Peha-Crepp 4x10	1	Paul Hartmann AG, Germany	32,50
Bandage extra elastic Peha-Crepp 4x10	20	Paul Hartmann AG, Germany	342
Bandage extra elastic Peha-Crepp 4x12	1	Paul Hartmann AG, Germany	40,50
Bandage extra elastic Peha-Crepp 4x12	20	Paul Hartmann AG, Germany	428
Bandage elastic Lastotel 4x4	1	Paul Hartmann AG, Germany	21
Bandage elastic Lastotel 4x6	1	Paul Hartmann AG, Germany	27
Bandage elastic Lastotel 4x6	20	Paul Hartmann AG, Germany	387
Bandage elastic Lastotel 4x8	1	Paul Hartmann AG, Germany	31
Bandage elastic Lastotel 4x8	20	Paul Hartmann AG, Germany	530
Bandage elastic Lastotel 4x10	1	Paul Hartmann AG, Germany	37
Bandage elastic Lastotel 4x12	1	Paul Hartmann AG, Germany	55
Cohesive conforming bandage Peha-Haft 4x4	1	Paul Hartmann AG, Germany	78
Cohesive conforming bandage Peha-Haft 4x6	1	Paul Hartmann AG, Germany	90
Cohesive conforming bandage Peha-Haft 4x8	1	Paul Hartmann AG, Germany	109
Cohesive conforming bandage Peha-Haft 4x10	1	Paul Hartmann AG, Germany	123
Cohesive conforming bandage Peha-Haft latex-free 4x2,5	8	Paul Hartmann AG, Germany	683



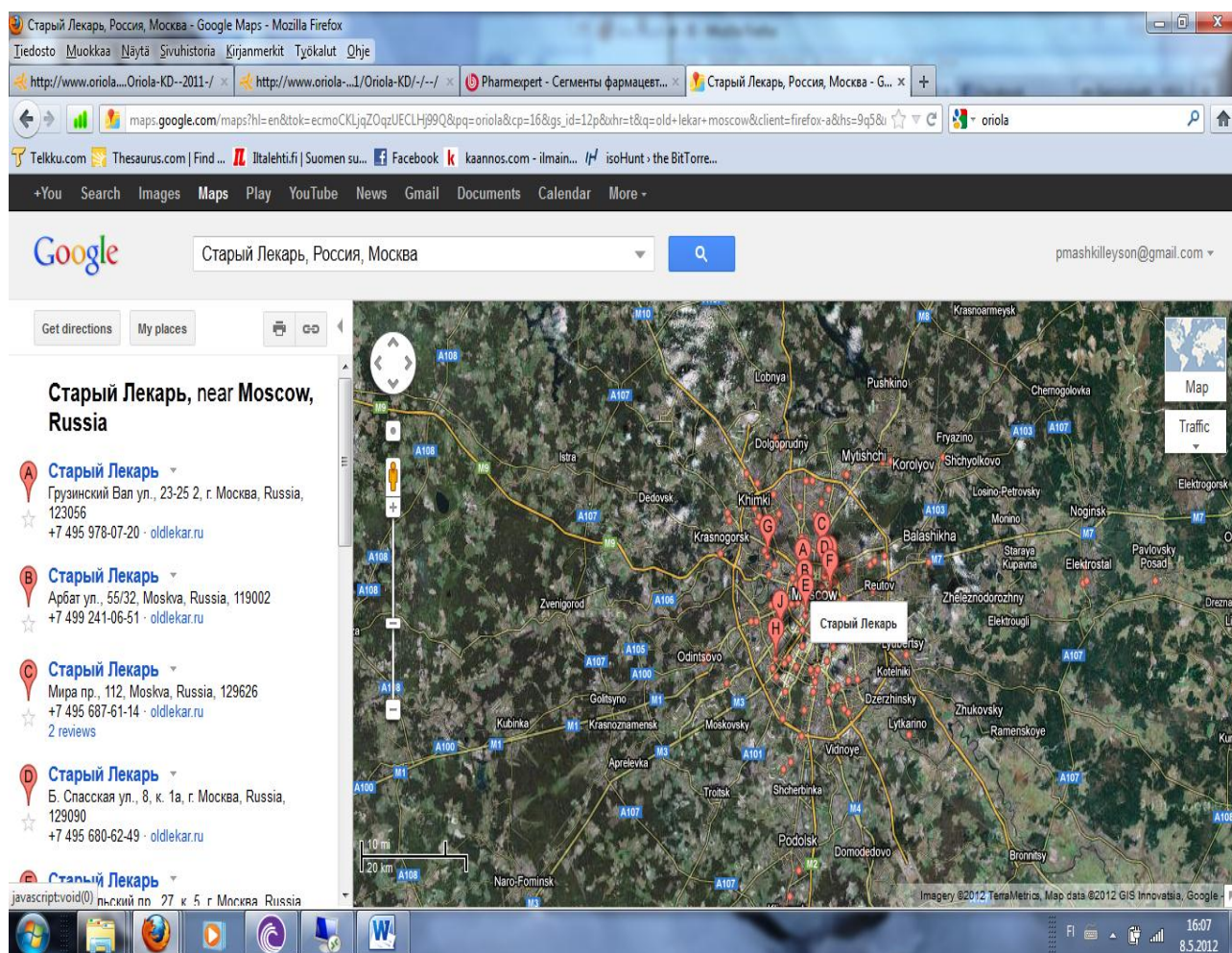
Cohesive conforming bandage Peha-Haft latex-free 4x4	1	Paul Hartmann AG, Germany	77
Cohesive conforming bandage Peha-Haft latex-free 4x6		Paul Hartmann AG, Germany	91
Cohesive conforming bandage Peha-Haft latex-free 4x8	1	Paul Hartmann AG, Germany	111
Cohesive conforming bandage Peha-Haft latex-free 4x10	1	Paul Hartmann AG, Germany	123
Cohesive conforming bandage Peha-Haft latex-free 4x12	1	Paul Hartmann AG, Germany	143
Cohesive conforming bandage Peha-Haft latex-free 20x4	1	Paul Hartmann AG, Germany	306
Cohesive conforming bandage Peha-Haft latex-free 20x6	1	Paul Hartmann AG, Germany	364
Cohesive conforming bandage Peha-Haft latex-free 20x8	1	Paul Hartmann AG, Germany	439
Cohesive conforming bandage Peha-Haft latex-free 20x10	1	Paul Hartmann AG, Germany	540
Cohesive conforming bandage Peha-Haft latex-free 20x10	6	Paul Hartmann AG, Germany	3212
Cohesive conforming bandage Peha-Haft latex-free 20x12	1	Paul Hartmann AG, Germany	681
Bandage elastic 4,5x15	1	Müller/USA	263
Bandage elastic tubular	1	Intex/Russia	5,50
Bandage elastic tubular	2	Intex/Russia	7,50
Bandage elastic tubular	3	Intex/Russia	11,50
Bandage elastic tubular	4	Intex/Russia	12,70
Bandage elastic tubular	5	Intex/Russia	13,70
Bandage elastic tubular	6	Intex/Russia	15,90
<b>3.Digital Thermometers</b>			
A&D DT-501	1	A&D Company, Japan (manufactured in China)	140-245
A&D DT-510	1	A&D Company, Japan (manufactured in China)	170-260
A&D DT-621	1	A&D Company, Japan (manufactured in China)	98-181
A&D DT-622	1	A&D Company, Japan (manufactured in China)	165-250
A&D DT-623 flexible	1	A&D Company, Japan (manufactured in China)	164-251
A&D DT-625 intelltronics	1	A&D Company, Japan (manufactured in China)	533,60
A&D DT-633 infrared	1	A&D Company, Japan (manufactured in China)	438-460
A&D DT-635 forehead/ear	1	A&D Company, Japan	515-

		(manufactured in China)	896
AMDT-10	1	Amrus, USA	79,10-110
AMDT-11	1	Amrus, USA	100,90-150
AMDT-12	1	Amrus, USA	113,82-133
AMDT-13	1	Amrus, USA	118,51
AMDT-14	1	Amrus, USA	112,84
CT-212	1	CBM Corporation, Japan	127
Citizen CT-461	1	CBM Corporation, Japan	78,30-130
Citizen CT-461C	1	Citizen, China	102,50-130
Citizen CT-513W waterproof	1	CBM Corporation, Japan	98,10-125
Citizen CT-561C	1	Citizen, China	91,84-128,50
Thermometer-soother for newborns NT-01C	1	LEB International, USA	219-290
Thermometer-soother for newborns LD-303		Little Doctor International, China	219-224,10
MT/3001	1	Microlife, Switzerland	103-185
MT/16B1	1	Microlife, Switzerland	126-230
MT/1931	1	Microlife, Switzerland	191-340
MT/1622	1	Microlife, Switzerland	165,70-288,30
MT/1671	1	Microlife, Switzerland	104,97-160
MT/1751 thermometer-soother for newborns	1	Microlife, Switzerland	285-485
MT/1951	1	Microlife, Switzerland	290-490
WF-1000 infrared	1	B.Well, UK	750-1022
WF-2000 infrared forehead	1	B.Well, UK	948-1515,50
WT-03 basic	1	B.Well, UK	80-125
WT-04 standard	1	B.Well, UK	130-140
WT-05 accuracy	1	B.Well, UK	165

WT-06 flex	1	B.Well, UK	126,50-265
WT-07 jumbo	1	B.Well, UK	215-339,50
WT-09 quick	1	B.Well, UK	280-320
Thermoval Basic	1	Hartmann, Germany	94-188
Thermoval Classic color	1	Hartmann, Germany	250-340
Thermoval Rapid	1	Hartmann, Germany	310-369
Thermoval Classic Disney	1	Hartmann, Germany	280-299
Thermoval Rapid Disney	1	Hartmann, Germany	330
Thermoval Rapid Kid 10 sec	1	Hartmann, Germany	327
Thermoval Rapid Flex	1	Hartmann, Germany	310-402
O-Temp II MC-204E	1	Omron, Holland	172-220
ECO-Temp Smart MC-341RU	1	Omron Healthcare, Japan (manufactured in China)	235-301
ECO-Temp Basic MC-246RU	1	Omron Healthcare, Japan (manufactured in China)	150-210
ECO-Temp MC-203E	1	Omron, Holland	150-220
ECO-Temp II MC-241 W-E	1	Omron Healthcare, Japan (manufactured in China)	185-220
i-Temp MC-670E	1	Omron Healthcare, Japan (manufactured in China)	499-600
i-Temp mini MC-271W-E	1	Omron, HealthcareJapan (manufactured in China)	293-425
Flex-Temp MC-205E	1	Omron, Holland	280-360
Flex-Temp II MC-206-E	1	Omron Healthcare, Japan (manufactured in China)	295-343,50
Flex-Temp Smart MC-343F-RU	1	Omron Healthcare, Japan (manufactured in China)	275-349
Gentle Temp MC-510-E2	1	Omron Healthcare, Japan (manufactured in China)	1655-1995
Digital thermometer flexible	1	36,6/Russia	235
Forehead thermometer infrared BD1100	1	Bremed, Italy	814,80-850
Ear thermometer infrared BD1190	1	Bremed, Italy	840-1270

Digital thermometer		Philips Electronics Ltd, UK	1199
Forehead thermometer 820 Thermotek	1	SAAT, Israel	770- 1099
Forehead thermometer	1	SAAT, Israel	1190
<b>4.Cooling products</b>			
Cooling spray Antistax 75 ml	1	Boehringer-Ingelheim, Germany	180- 699
Cooling spray Carmolis 300 ml	1	Trichema AG, Switzerland	333- 497
Cooling gel Carmolis pro-active 160 ml tube	1	Trichema AG, Switzerland	255- 337
Cold/hot pack 15x22,5 cm	1	Müller/USA	1450
Cooling gel-pack 15x27 cm, 500 ml	1	Koopman International, Holland	250 available in body shops only
Effol Ice-pack instant cooling compress 15x27 cm	1		260 available only in shops for horse- riding equipmen t
Instant cold pack disposable Snezhok	1	Fest/Russia	7-10
Instant cold pack for first aid disposable	1	Appolo/Russia	5-15

## Appendix 2. Locations of Stary lekar pharmacies in Moscow region.





Appendix 3. Locations of O3 Apteka pharmacies in the Moscow region.

