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MARKET INVESTIGATION FOR A PRINTING HOUSE

Case: St Michel Print Oy


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DESCRIPTION

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Abstract <p>Market intelligence is the must-have skill for all organizations in the 21st century. This is the key to success in every sphere of business. The purpose of this study was to investigate the topic of market intelligence and market intelligence strategies for companies as well as cover foreign market entry modes. The main research problem was to identify whether the proposition of thin paper printing for pharmaceutical companies would be relevant on the market of St Petersburg. The objectives of the study were to evaluate the readiness of Russian market to work with a foreign supplier and determine the most appropriate market entry strategy for the case company.</p> <p>The research was mainly focused on the investigation among pharmaceutical organizations in St Petersburg and finding out potential customers for the case company. Secondary data was focused on market intelligence and market entry, and information on those topics was found using various sources such as internet, books, previous researches and surveys. Primary data was collected by using qualitative data collection methods.</p> <p>Qualitative methods include four interviews with sales managers and manufacturing staff members of pharmaceutical organizations in St Petersburg. Additionally, the interview with the CEO of the printing house was held. The data that was received from the interviews was carefully analyzed and relevant conclusions were drawn.</p> <p>Results and conclusions were made in the end of the study. Conclusions were based on the careful analysis of the secondary and primary data. As a result, the most appropriate market entry strategy was identified and justified. The interviews with pharmaceutical organizations revealed the reasons of them being unwilling to collaborate with foreign supplier. The interview with the printing house revealed interesting and useful information concerning printing processes, which can be used by the case company. Additionally, suggestions for the case company, such as opening the representative office in St Petersburg and participating in the exhibitions for printing houses in St Petersburg were discussed in the end of the thesis.</p>		
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1 INTRODUCTION

The topic of the thesis is market intelligence and market investigation for a printing house, concerning the issue of thin paper printing in pharmaceutical industry enterprises. The main emphasis of this work will be market intelligence topic in general and its history, how it is segmented and implemented. Additionally, this paper will develop an idea of Russian market entry, covering market entry modes, requirements and obstacles. Since the paper is written according to company's requirements, it is essential to make audience acquainted with the case company, its background and objectives.

The commissioning party of the bachelor's thesis is the company called *St Michel Print Oy*, which is the leading company in printing on thin paper. The main office of this company is located in Mikkeli and it was founded in 1889 as a part of Länsi Savo group. The assortment of St Michel Print varies from producing books and leaflets to binding the books using different methods. St Michel Print states their three biggest competitive advantages of their company as follows 1) *High quality*, 2) *Reliability* and 3) *Personalized use*.

St Michel Print is willing to expand its operations to the city of St Petersburg. To differentiate the offering of St Michel Print from other printing houses, they print the medication instructions, which are put inside the boxes on the thin paper, and that is what St Michel Print wants to propose to the St Petersburg market. Consequently, the main *aim* is to figure out whether the proposition of St Michel Print will be relevant on the pharmaceutical market in St Petersburg.

In order to accomplish general aim of the thesis, three objectives are highlighted:

1. Evaluate the readiness of Russian pharmaceutical companies to work with a foreign supplier
2. Determine the most appropriate market entry strategy for St Michel Print
3. Provide the list of companies who will be ready to collaborate

To fulfill the research more effectively and narrow it down, the following research questions were drawn from the aims and objectives of the bachelor's thesis:

RQ1: Who are the main pharmaceutical providers in St Petersburg area?

RQ2: What are the possible ways for St Michel Print to enter the market in St Petersburg?

RQ3: Is there a need for pharmaceutical companies to collaborate with foreign supplier?

RQ4: What are the main competitors of St Michel Print in St Petersburg?

As an outcome of the thesis, organizations in St Petersburg which are willing to undergo the change for thin paper printing are identified through semi-structured interviews with company representatives. As well as literature review is taken into consideration while making the conclusions about pharmaceutical industry market in St Petersburg.

The structure of the thesis is the following. The theoretical framework is divided into 2 major parts. The first part is covering the concept of Market intelligence, its characteristics, analysis and programs. The second part is dedicated to the market entry topic with a profound information gathering about the market entry modes, strategies and factors that influence the market entry. The practical part of the thesis is comprised of interviewing the pharmaceutical company representatives in St Petersburg as well as a representative of a printing house to get deeper understanding of their opinions about thin paper printing. Face-to-face semi-structured interviews are undertaken with the administrative and manufacturing staff of the organizations. As an outcome of the thesis, taking Market entry literature review into account, the most effective way to enter Russian market is identified for St Michel Print as well as number of companies willing to undergo the change in the direction of thin paper medical instruction printing is identified. Additionally, the suggestions for the case company are discussed together with ideas for future research in the end of the thesis.

2 MARKET INTELLIGENCE

Theoretical framework of this paper is divided into 2 major chapters. First chapter is going to deal with the concept of Market intelligence, its main objectives and characteristics. The role of market intelligence in strategic and marketing planning is discussed

2.1 Nature of market intelligence and its characteristics

As it was described earlier, Market intelligence is a basis for any type of business to make wise and effective decisions profitably. It would be a great help for the reader to once again provide the exact definition of this concept given by professionals. Fredrick Nauckoff (2008)

described market intelligence in the following way: “The purpose of market intelligence is to provide management with the facts, information and insights it needs to rapidly make the best, most efficient business decisions.”

Market intelligence is an inseparable and valuable part of all operations. Before introducing new innovative goods into the market, the plan, stating what has to be done and how, has to be drawn first. The research of a particular field/market is undergone next to find out whether company proposition is relevant. (Harwath, 2006.) Organizations need knowledge in order to operate successfully and grow globally, and knowledge equals with market intelligence. The number of market players is constantly growing and it draws a complex operating environment. Figure 1 below demonstrates the complex and multidimensional operating environment for a global company. It consists of various market players, might be old or emerging ones, industries, strategic trends and geographical areas. Nowadays, businesses grow and information flow becomes bigger, therefore organizations need to put sufficient effort in order to get needed information which will be valuable for future decision making. Taking into account the dimensions depicted in the Figure 1, not only the information and knowledge about other companies is required nowadays. Additionally, knowledge about customers, suppliers and competitors should be gathered. In this case, an organization is fully equipped with right information and can draw a future strategic plan for future operations. (Hedin et al. 2011, 5.)

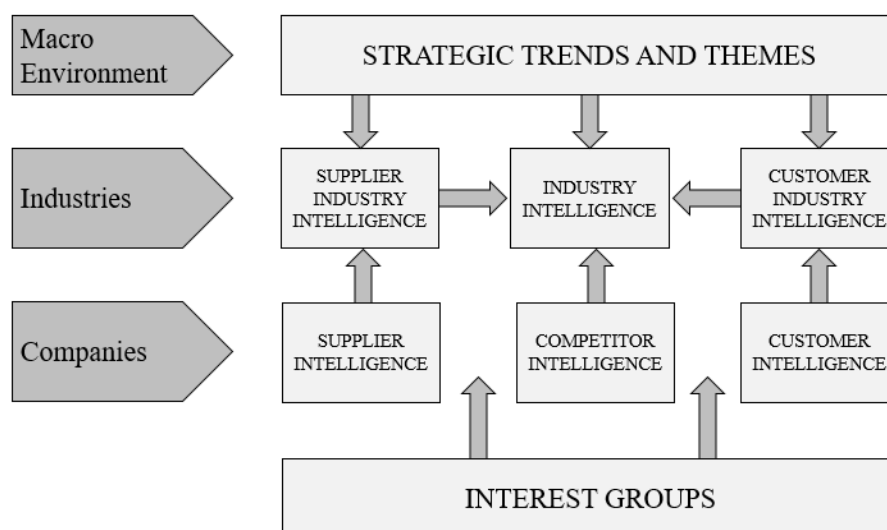


FIGURE 1. Multidimensional operating environment of global organizations. Adopted from Hedin et al. (2011, 5)

2.1.1 Members of decision making unit

This subchapter is going to cover the aspect of who is responsible for making a particular decision and what is the hierarchy of members if such exists.

Firstly, it has to be noted that decision making units (further as DMUs) is the group of people who might be working in the same department of a company and specialize in the same area, or they can be spread around the departments. This particular group of people are the ones to make final buying decisions in an organization. (Hollensen 2014). Additionally, DMUs are addressed as a buying center of the organization. As Philip Kotler (2010, 86) defines the DMU is “all individuals and groups that take part in the decision-making process relating to the negotiation of products”.

The concept of buying centers was introduced decades ago when in 1970s two professors of marketing studies, named Frederick Webster and Yoram Wind, launched this concept. The reason of introducing buying centers into organizations was to balance and then structure the company's sales. Webster and Wind identified five main roles for the decision-making process, however, 10 years later another researcher Thomas Bonoma (1980) has added the sixth element to the previous model. Until nowadays this model of six buying roles is used for describing the buying decision process in an organization.

Similar to Bonoma, professor Philip Kotler has also put in use six major roles of DMU, which are distributed among team members. It was noted that, more than one role can be carried by one person as well, therefore it is not necessary to have one particular person assigned only to one title. (Kotler 2009, 124). As the Figure 2 below demonstrates, the roles are the following: 1) initiator; 2) influencer, 3) decision-maker (or decider); 4) buyer; 5) user; 6) gatekeeper. The element of *initiator* was added to the main model in 1980.

Initiator

Initiator is counted as being the most significant part of the decision making process. The reason of the high level of significance is that the initiator is the person, who recognizes the need of the good or service being purchased. As any purchase for the organization has to be considered carefully, and the necessity and importance of the purchase need to be estimated prior to the action, the initiator evaluates the situation as a whole and claims whether or not

the purchase is necessary. However, initiator might not have direct influence on the final decision, but it will greatly help the whole process. (Cooper 1978.)

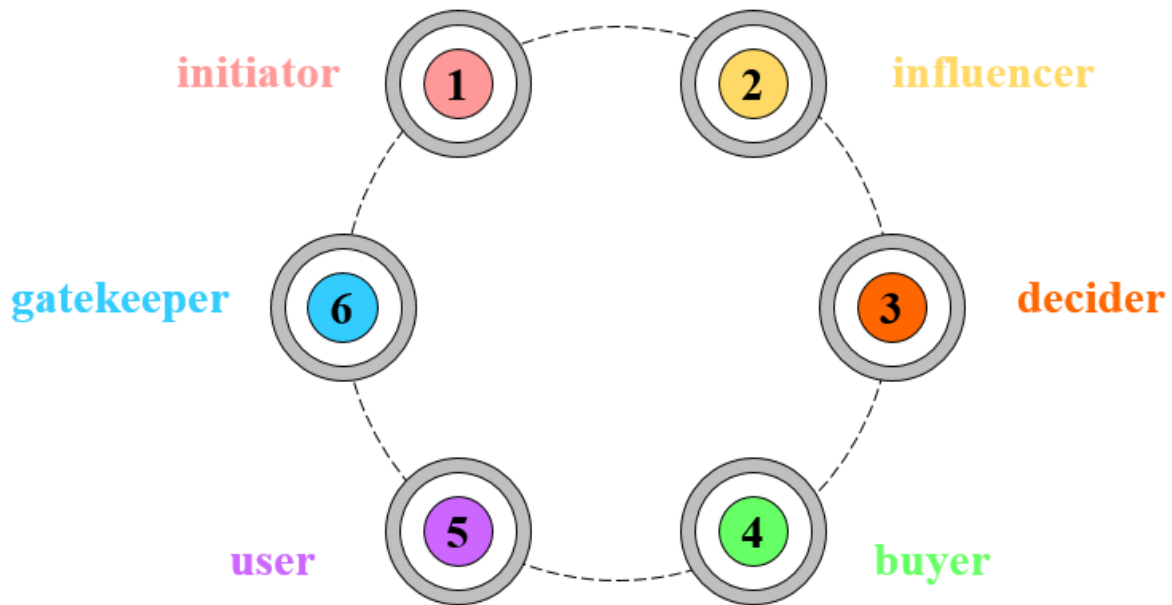


FIGURE 2. Model of decision-making unit members. Adopted from Bonoma (1980)

Influencer

People who belong to this role do not usually possess decision-making power in a team. Nevertheless, their role in the group counts as a very persuasive one. After the need is recognized, the influencer can provide various reasons for choosing a particular good or service among similar ones during the selection process. In other words, they have the power to provide their opinion and have an effect on the decision by telling the facts. (Kotler & Armstrong 2010.)

Decider

As the name says, this person possesses the most responsible role. He makes the final decision what to buy, where, how, who are the suppliers etc. The purchase is needed to be approved by the deciders and most importantly, it should be totally beneficial for the company, otherwise the only person guilty for the approval will be *decider*, since he is the one to say the last word.

Buyer

Logically this is the person making the actual purchase, however he or she might not have the decision-making power in this situation. According to Kotler (2010, 198) all the legal work is managed by the buyer and he or she is collaborating with the suppliers which were already chosen by the decider. Necessary terms and conditions of a certain purchase are settled between the buyers and suppliers. On the other hand, claimed by another researcher Bavister (2014), if several suppliers have gone through a selection process and have been approved to be dealt with, the purchasing department i.e. *buyers* are the decision-makers, if the situation is viewed from this perspective.

User

Generally, those are the organizations or users, which are using your product. It can be manufacturing, service or any other type of a company as well as individual representatives. User department is significant to keep in touch with for the reason of providing the feedback about the product that they have been provided with. The selling organization is in need of holding the relationship and collaboration with the user of the product in the future as well as helping with exploitation of the purchased product. (Bavister 2014.)

Gatekeeper

Gatekeepers are usually associated with football. The main purpose of this player in the game is to fully protect the gates from the ball trying to reach it. Having this comparison in mind, Kotler (2010, 198) identifies that gatekeeper in the buying center is the person who controls the information flow to other decision-making unit members. He or she can accept or prevent the information being told to particular roles of people.

2.1.2 B2B buying process

After having the roles in B2B buying sorted out, the following subchapter will make clarifications on the topic of the process and the particular steps which have to be undergone in order to make the purchase.

The main difference of B2B buying is the purchases which are done between organizations. Since this thesis paper is concentrated on B2B market, the stages of buying should be understood. B2B market targets small and focused market. Additionally, it makes an emphasis on creating, maintaining and maximizing the relationship between the organizations. Usually, bundles purchased are bigger than for B2C market. Emotions do not play as significant role in buying as in B2C, where rational buying takes place, basing the final decisions on the reputation of the organization and knowledge about it. (Kotler 2009, 275.) Below, Figure 3 shows the B2B buying process.

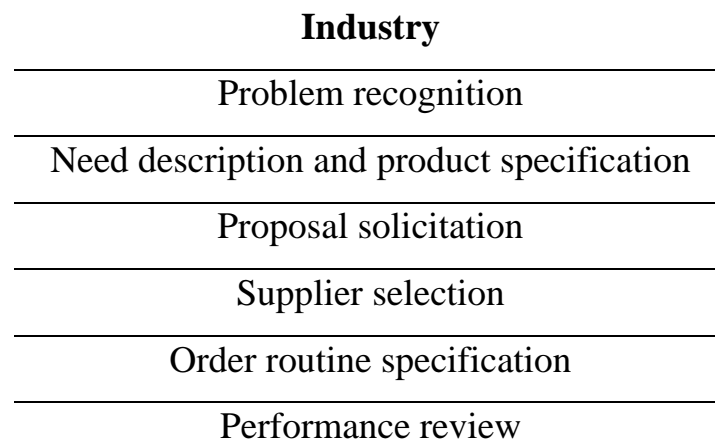


FIGURE 3. Stages in B2B buying process. Adopted from Kotler (2010)

Various roles are assigned to people in the process. Buying center is in charge of all the operations, which are going to be undertaken. There are six steps in the process and it is slightly more complex than customer buying process discussed earlier.

The first step is always the same regardless of which type of buying we are talking about – ***problem recognition***. This stage is about whether the collaboration with particular organization is needed and whether the good is highly in demand for future operations. (Hutt & Speh 2010, 47.)

Secondly, in B2B buying the stage is to describe the need and specify the product that is needed. Since the process is going between organizations, the buying side has to write product specifications in order to be satisfied with the end product. (Hutt & Speh 2010, 47.)

Proposal solicitation is the third step of the process, meaning that the buying company is requesting offers and proposals from trustworthy and qualified professionals. Sometimes sup-

pliers just send the catalog with various proposals, on the other hand in case of item being quite complex, the buyer requires written descriptions or presentations of the product. As a notice, the marketer organization should stand out from competition, therefore their performance has to be confident and convincing, so that the client chooses particularly their production line. (Citeman journal, 2006).

After the proposals are introduced by the marketer organization it is time for *supplier selection*. It is the stage where the buyer makes the final decision, concerning the item. After competitor comparison, the buyer chooses the item that mostly suits the settled requirements. (Citeman journal, 2006).

Step number five in B2B buying is called *order routine specifications*. This staged is managed between the buyer and the seller. As soon as the final decision is made, the buyer writes a complete description of the chosen supplier, time of the delivery, product specifications such as quantity, warranties, agreements on maintenance and return policies are discussed.

Final step is *performance review*. Since we are dealing with purchasing organization, the buyer is responsible for gathering the feedback from the end user, to whom the item(s) were transferred after arrangements and purchases from suppliers. This step will settle whether the buyer will continue, adjust or end the relationship with particular supplier. (Murphy 2007.)

2.2 Market research as a tool to get market intelligence

Market research is a crucial tool for a companies in order to operate with business in a successful way. As the concept with a life long story and development, it is becoming more and more significant in the 21st century as the information gathering method for companies. The “market research” concept itself was introduced by the manager of Curtis Publishing Company *Charles Coolidge Parlin*, who has been nominated as the “Father of Market Research”. Parlin (1911) defined this phenomenon as the process of collecting valuable information about the target group and target market, with the primary purpose of helping businesses function better, and improve their decision making and marketing processes. What if new product/service is about to be released and it is considered to be sent to the market. Alternatively, already existing business is willing to expand its territories to another country. First and foremost what needs to be undergone is the market research and market testing. This is done in order to avoid mistakes from the company side, which can be costly to fix if some-

thing is done incorrectly. Therefore, an enormous step of conducting the research before releasing your product/service to a new market should be undertaken in order to make profitable and wise solutions. (Parlin 1911.)

2.2.1 Market research: from the past the present

Let us go back a little bit to understand the background of market research, when it first emerged and how it has been developing until now. The first mention of this phenomenon was in 1820 when street surveys in the United States were launched in order to gather opinions of people on a certain topic. After several years passed, in 1900 market research industry created a bigger emphasis for advertising testing, meaning to start to know the target audience which will be affected by the advertisement (Crowley 2007). Therefore, depending on whether target consumer basis was researched before or not, agencies could have measured the advertising success and afterwards, perhaps advertising appeals could have been rethought if something went off track. Twenty years later, market research concept moved to the United Kingdom, and it started its penetration into business decision making there. In 1995, when World Wide Web was already introduced by Tim Bernes-Lee, online surveys encompassed the Internet since it is a way faster process to gather information about your customers or target markets online. Finally, until nowadays, market research has been under the number of various experiments. In 2007 Facebook launched its public poll system which is a great tool for gathering external data. As the result of market research concept being fully developed, it jumped to the next curve and became market research 2.0 (Wiley 2008, 44).

2.2.2 Needs for market research

Whenever a businessperson is planning to implement market research, he will face the challenging, important and perhaps risky decision. First question that should arise in the head of the researcher is *whether the market research itself will lead to a better solution* and *whether it will benefit the company* (Callingham 2004, 51). Company managers identify three levels of the decision characteristics that should be taken into consideration before conducting a research (McQuarrie 2016, 3). The characteristics are

1. Decision should be *significant* as well as *sufficiently big* in order to have a cost justification. It is a well-known fact that conducting market research can be quite costly; therefore, finances must be counted during the process.

2. Decision should have *long time frame* in order to gather as much information about the market as possible.
3. Decision should be beneficial from data gathering about customers.

Edward F. McQuarrie (2016) determines factors which can be the significant reasons for market research. If managers do not know the following, market research has to be considered to be held. The reasons for conducting market research are as follows:

1. More information is demanded to be demonstrated about customers
2. To know the customers deeper, meaning what types of the customers company has and what is their behavior in various situations
3. To find out what is the reason of customers' happiness or unhappiness and ask feedback about the product/service
4. Company is lacking the data on what drives the purchasing decisions and how much people are ready to pay for the product or service they are provided with
5. Lastly company is willing to know how customers actually explore the options, where they search for advice and how they decide where to make purchases.

After the *decisions* part has been covered, the question that can appear in the reader's mind is "Who is making these decisions in a company?" It comes from the historical times, when market research was just developed. A special department in the organization has been assigned to deal with these issues, as this would create stability in the company. Stability, well-being and success of the organization itself is built because many smaller departments still work in synergy, bringing generally good results to the company's operations. Back to the beginning of the 20th century, the department was called *Market research department*, as simple as it is. However, nowadays the name of the department is being slightly adjusted and now it is called *consumer insight group*. Nevertheless, the genuine idea is still the same and functions of the department remain the same regardless of the name change (Callingham 2004, 55.)

2.2.3 Functions of market research

As it was recently mentioned, the main function of the market research is to ensure better decision making by providing more trustworthy data, concerning particular issues (Karren & Tibbals 2012). One of the functions of this department is to manage the research process from

the beginning till the end as well as keep the records of the result and make it available for the whole organization, to be prepared to any uncertainties. It is essential to conduct surveys and customer interviews to achieve better understanding of their needs. Additionally, consumer insight department is liable for valid explanations to the rest of the company on how vital the market research is and demonstrate all pros and cons (Callingham & Martin 2013).

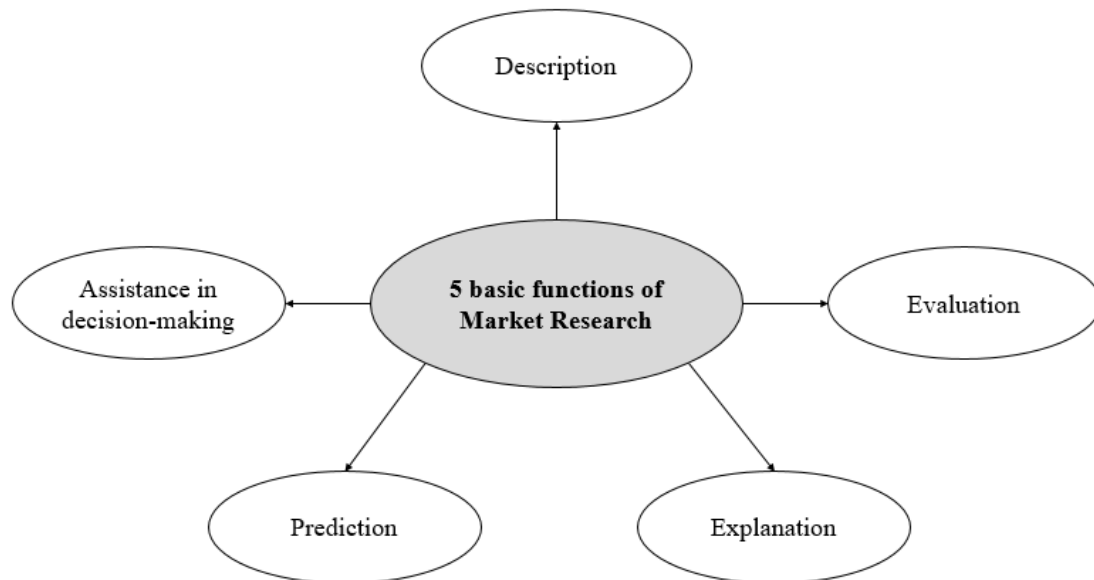


FIGURE 4. Five basic functions of the Market research. Adopted from Akrani (2013)

Continuing the discussion about market intelligence functions, Figure 4 demonstrates five basic and the most crucial functions of research. Undoubtedly, in the scientific books and magazines, researchers and writers highlight more functions; however, the general idea remains the same. Five main functions include: 1) description, 2) evaluation, 3) explanation, 4) prediction, 5) assistance in decision-making. To understand it deeper, Gaurav Akrani in his paper provided explanations on what each of the functions could mean.

Description

MR (Market Research) depicts fully the portrait of the customer. It describes such aspects as age, sex, education, level of income, employment and so forth. In addition, it describes market as a whole in the particular industry and existing competitors. This step helps to solve challenging marketing problems and offer ways to solve them (Akrani, 2012)

Evaluation

MR assesses how the company is perceived in general and what is its performance among customers. Along with performance, MR evaluates the policies of the organization in both production and marketing. Consumer reactions to the company's operation are as well under the assessment: whether prices and packaging is appealing for the target audience. If customer reactions are being noticed as inappropriate or bad, organization must revise and change the approach and the policies. (Akrani, 2012)

Explanation

MR is an inseparable tool in order to answer all the questions that arise in an organization. Why company has drops in revenues? Why is the productivity of employees decreasing? MR provides all the reasons and causes of the problem. Additionally, it offers possible solutions that can help in the particular situation. (Akrani, 2012)

Predictions

Undoubtedly, MR gives predictions concerning market trends, future level of sales, and what can increase the sales, what can be the consumer reaction, what are possible obstacles for the business, how risky is it, and what opportunities are opened on the market for the organization. Nobody promises that the assumptions MR gives are of 100% certainty. Future forecasts simply help a business to plan future operations, perhaps evade from risks and just take advantage of future possibilities. (Akrani, 2012)

Assistance in decision-making

MR is a tool for final corporate decisions. It helps marketing managers to choose the right action plan as well as to be more determinant when selecting between two or more alternatives. Market research provides all gathered credible and up-to-date information, which can be utilized to make final decisions and adjustments. MR helps managers in terms of task delegation, distribution, promotion channels, advertising appeals etc. It helps with the implementation process as well as it helps to make rapid yet effective solutions. (Akrani, 2012)

2.3 Analysis process

The following chapter is about how to deal with the analysis part of the whole market intelligence concept. There are three types of analysis which are carried out after data gathering by the organizations. Figure 5 below shows those three types: industry analysis, company analysis and intelligence analysis. Intelligence analysis is as well-known as *competitor analysis*.

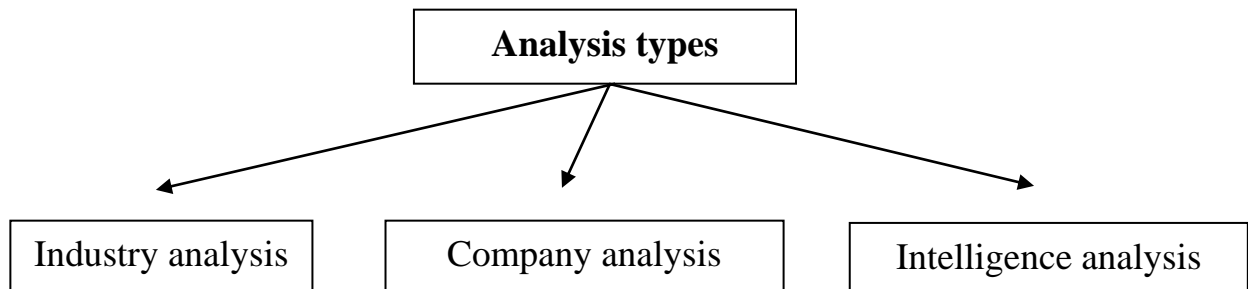


FIGURE 5. Three types of analysis for market intelligence. Adopted from Jenster et al. (2009)

For the reason of this thesis paper being concentrated on introducing the product of the company, St Michel Print, to a foreign market, the analysis of the industry, company itself and competitiveness is necessary to be undertaken to understand the capabilities.

2.3.1 Industry analysis

As Jenster et al. wrote in their book, called “*Market Intelligence: Building Strategic Insight*” (2009) before undertaking the competitive analysis, it is crucial to have “fundamental understanding of the industry in which the firm is engaged”. This is the very first step to conducting any other analysis. Two layers from which the industry analysis is comprised of are the *market environment*, meaning the direct surrounding of the company’s operations, and *macro environment*, meaning the external factors which affect the direct operating environment of a firm. (Jenster et al. 2009, 55.)

Industry analysis, in other words, is called as the *five forces analysis*. This is the framework which was created by an economist Porter in 1975-1980s. The main purpose of this analysis is to realize and determine how attractive a certain industry is on the market. This analysis

makes the foundation of profound understanding of the landscape of company's operations as well as it helps with strategic proposals and plans. Porter has created this model after well-recognized SWOT analysis model and it is based on the structure-content-performance paradigm (SCP). This sophisticated name of the concept was introduced by two economists Chamberlin and Robinson in 1933. Further development particularly into the model was done later by Bain and it was mostly used in *industrial organization economics*. (Faccarello & Kurz 1982, 297).

Talking about the five forces analysis, according to Porter, the comprising parts are:

1. Internal or industry rivalry
2. Threats of new entrants or barriers to entry
3. Threat of substitutes
4. Bargaining power of suppliers
5. Bargaining power of buyers

Figure 6 below graphically shows how the elements are related. The reason why Industry rivalry is located in the middle of the scheme is that it can be affected by any of four mentioned elements. (Faccarello & Kurz 1982). The model is represented on the micro environmental level, later the macro environment adjustments in the model will be covered.

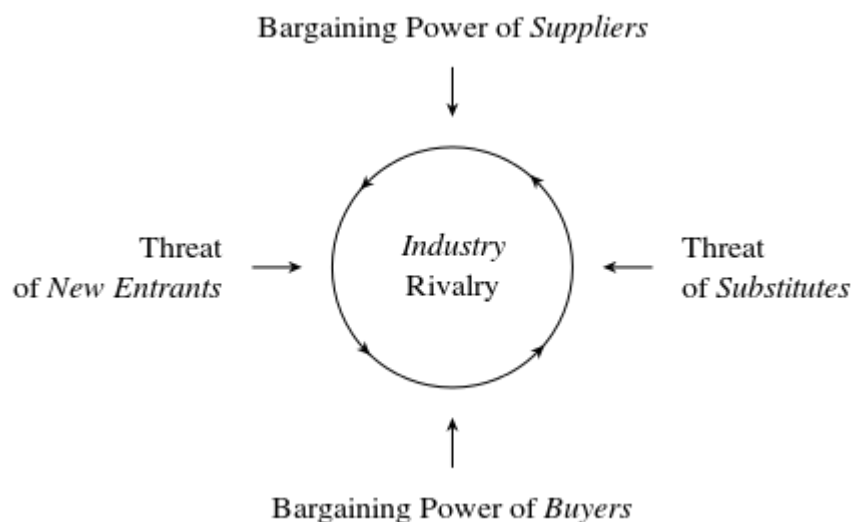


FIGURE 6. Five forces model. Adopted from Porter (1998, 3-5)

Industry rivalry

This force in the model, as it was mentioned before, stands in the center for the reason of being influenced by any other force. Internal rivalry means the competitiveness situation within the number of firms operating in the same industry. It is a well known fact that the more competitors there are on the market, the less can be the profit margin for the company if the competitive place of the company is not the strongest. The firms are fiercely competing for the market share in a particular industry. However, if there is a market leader, the competition seems to be less violent as long as the organizations possess a part of market share, ferocity in competition can be reduced (Porter 1979, 360.)

Another factor that greatly describes internal rivalry is the organization's growth rate. The sequence of how it all happens is that the company is less competitive on the market if the growth rate is being maintained over a time period. In this case, the main efforts should be put into the maintenance of the achieved results and do not let them to be reduced due to certain reasons. On the other hand, in the instance of entering a market, a company is becoming more competitive in order to occupy a sustainable position among the competitors in the industry and get a part of the market share. Third situation with the growth rate factor is when the organization has grown enough and became mature, logically the profitability and the market share slightly going down, therefore according to statistics, the organizations whose growth rates changed from 10% to 1% can be becoming competitive in the comparison with the firms whose growth rate remained the same over time. (Jenster et al. 2009, 59.)

Third factor that needs to be covered in order to measure the competitiveness and the chances for the organization to be competitive is the level of product differentiation. As long as the offered product is more or less common on the market among the firm, the competition becomes more fierce. On the other hand if the level of differentiation of the product is being high and the firm produces something unique, so called "substitute opportunities" are low, therefore the need to be aggressively competitive is absent for the organization and it can just sustain its flows and operations until there is a company in the industry will similar product specifications. (Jenster et al. 2009, 60.)

Threats of new entrants

To start with, an industry with high levels of established profitability will already create a desire for new companies to enter it, have part of the market share, and make profits out of it. One important aspect taken into consideration is called the entry barrier, in other words how difficult or easy for an entrant it is to be a part of the industry. If the barriers are low and the new market player can easily access the market, this will lead to a higher levels of competition among already existing and competing companies. If the competition is higher in the industry, as a result fewer profits will be distributed around the firms. If the production of the industry is common, standardized and commoditized, therefore new entrant can again easily become a new member in the industry. On the other hand, the factors that prevent new players to step into the market are highly recognized brands, customer loyalty and trust to the brand and the product they are provided with. As well as differentiated non-commoditized offering. These factors mean that the barriers are too high to handle for the new entrants, and it can be costly to deserve a certain place among the market players, meaning that the threat is decreased. (Porter 1979, 44)

Threat of substitutes

As explained, the substitution can be a major reason for increased levels of competitiveness inside an industry as well. Substitutes are the products of the other organizations which provide the customer with similar benefits in the product usage. As a result, substitutes can steal the business of a certain company with its identical production (Wilkinson 2013). The aspect of the company which is affected when the substitution plays on the market is profitability of the company, for the reason that the customer has a freedom to choose something else to the industry product. Additionally, if the similarity of the industry offering and the substitute is too high, this also reduces the profits. Oppositely, if the industry proposition is way to unique competition is decreased by the reason of substitutes being absent from the industry. (Porter 1979, 20).

Bargaining power of suppliers

When it comes to providing customers with raw materials or any other materials, we get to suppliers. Those are the ones delivering materials to companies. Similarly to other aforementioned aspects, the bargaining power of suppliers allows to determine the industry level of

competitiveness. There are several factors that can influence the competition between the firms. First, if there is limited number of suppliers on the market and the high demand on their supplies, the power of suppliers is high. They can determine and adjust prices, adjust the quality of the product, knowing that there will still be a demand for their services due to a small amount of providers on the market. (Pagoulatos & Sorenson 1986, 237-250.)

Secondly, due to high buyer switching costs, buyers are intended to stay with the supplier they have been working recently, so not to lose the part of their profit by changing the supplier. As a result the bargaining power is again high, because they know that the buyer will still be working with them no matter of the consequences. (Pagoulatos & Sorenson 1986, 237-250.)

Thirdly, it is worth to mention that if the proposition of the supplier is unique and differentiated enough, it will also bring more power towards the buyer's purchases. (Wilkinson 2013.)

Bargaining power of buyers

This concept is analogous to the previously described power of suppliers. As a last stage of the five forces model of Porter, it bears a meaning of the pressure that can be given to the industry by the buyers of their products or services. If the buyer is strong and knowledgeable enough, he or she creates competition around organizations, in the same time being able to have an influence on the price levels, product qualities and other arrangements. Thus, it can reduce the profitability of the company. On the other hand, if the weak buyer is handled with, who can accept everything he/she is offered by the supplier, this makes the environment less competitive and can increase the profits of the seller. (Porter 1998, 24-27.)

Previous explanations were done on the micro environment level and it was depicted how the competition is created in the industry, what are the factors influencing the competition and how the Five forces model introduced by Porter can be explained as a tool to industry analysis. Subsequently, there is a concern on how it all looks on the macro environment level. Figure 6 below reflects the topic of the elements of the industry, which were covered earlier, with the aspect of macro environment, which embraces all the elements.

As it is seen from the Figure 7, there are seven macro spheres: demographic, legal, ecological, infrastructural, technological, social and political. Undoubtedly, all outside areas are broad in

expertise, for example economical sector is subsequently related to unemployment rates, gross domestic product, inflations and so forth. As it is clearly seen, everything is interrelated for the reason that, say, demographics can have an influence on social opinions and discussions. In return, social discussion can be causing some political issues to be raised. (Hussey, 1998).

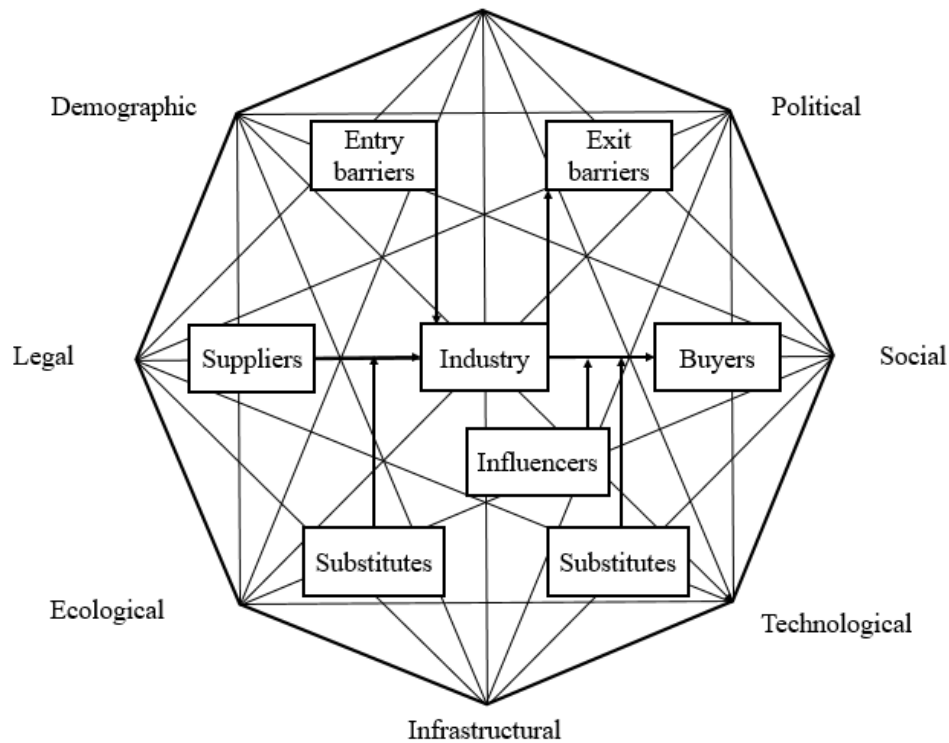


FIGURE 7. The industry and the Macro environment. Adopted from Jenster et al. (2009, 67)

2.3.2 Company analysis

This chapter will be dealing with the inner analysis type – the company analysis. After covering the aspect of the industry analysis, understanding the competition creation and reasons together with factors, it is turn to move to the inside analysis. Company analysis is all about understanding how competitive the company can be on the market and what it is capable of. This chapter will discuss the reasons to perform the company analysis as well as the way to implement it.

The previously described in detail *industry analysis* and *company analysis*, which will be covered in this chapter, are done with one clear purpose – to set the strategy of the company. Basic elements, which are counted as being an obligatory part, are identified as company’s mission and vision statements, future perspectives and goals, provided production or services etc. Companies without clear strategic plans do not last long on the markets and can die under tight competition. The main strategy of the company should be determined beforehand, however once it is done and settled, it can be easily adjusted in further development. Market is never standing on one place, it is a constantly changing phenomenon, and therefore companies have to be following the main trends and be on top of the awareness and, undoubtedly, be proactive (Jenster et al. 2009, 86). Another purpose of conducting this analysis is to understand the company compatibility to the industry, its competitive advantages and its relation to the external environment. In order to get the profound understanding of what the firm really stands for and what are its real capabilities, both the industry and company analysis are mandatory to be carried out. (North Atlantic Treaty Organization 2001).

The reasons and purposes are coherent now. Next step about the company analysis is the way to implement it. Table 1 below is a clear illustration of various aspects being used to analyze the company from the inner perspective. Not only the financial part of the analysis is included but also other spheres of the company’s operations.

TABLE 1. Company analysis. Adopted from Jenster et al. (2009, 87)

Plans and Strategies	Efficiency Parameter	Responsible Department
Financial	Capital, People, etc.	Accounting/Finance
The Marketing Plan	Sales, Market Share, etc.	Marketing and Sales
Production Plans	Production, Service Level, Quality	Production
HRM Strategies	Staff Turnover, Salary Level	HRM
IT Plans	Infrastructure, Security, Uptime	IT
Facilities Contracts	Office Space, Off Balance Sheet Risks	Legal
Research & Development	Technology, Projects, Timeliness	R&D
Acquisitions	Capital, Strategic Fit	Business Development

As it is seen from the table, various reports can be used to analyze company's overall performance from all sides: financial, marketing and sales, production, human resource management, IT and others. Company analysis is usually carried out also by investors, to understand the history of the company, how it has recently performed in the market, what is the production line and how profitable and demandable it is. (Davis 1995, 38.)

Moving on to the ways to implement the company analysis. Firstly, it is worth mentioning, that some researchers suggest doing two analysis simultaneously (industry + company), which will create easiness in comparing the results of both and making conclusions. This is supposed to be *the best technique* of conducting the analysis. (Heuer 1999.)

SWOT analysis

Many companies usually start their analysis with a SWOT (Figure 8), analyzing strengths, weaknesses, opportunities and threats of the company. For a long time, this type of analysis has been identified as being the main part of the strategic process. The concept of SWOT matrix analysis was introduced in 1982 by Weirich. What he offered was planned strategic process steps, consisting of external environment analysis together with organization's strengths and weaknesses. (Clardy 2013.)

	HELPFUL	HARMFUL
INTERNAL ORIGIN	S Strengths	W Weaknesses
EXTERNAL ORIGIN	O Opportunities	T Threats

FIGURE 8. SWOT analysis framework. Adopted from Dadhe (2014)

Due to the SWOT matrix model being used in all industries, it can be criticized and perhaps sometimes cannot be as realistic as it is desired to be. Sometimes company managers go too deep inside the company analyses and therefore fail to pay attention to the outer world. Therefore, to solve this problem, the SWOT analysis can be combined with another type of analysis, called Devil's Advocate, which in return creates the extended SWOT matrix (Table 2). What this table allows the reader to notice is that the opinions about a company are gathered from inner and outer perspectives. This way, the company is able to match the opinions, notice points of parity and similarity, and make sufficient conclusions. (Adopted from Jenster et al. 2009, 91.)

TABLE 2. Extended SWOT (+ Devil's Advocate). Adopted from Jenster et al. (2009, 91)
ANSOFF Product-Market Expansion Grid

Effects	Today	Future
Positive	Strengths from our perspectives	Opportunities from our perspectives
	Strengths from their perspectives	Opportunities from their perspectives
Negative	Weaknesses from our perspectives	Threats from our perspectives
	Weaknesses from their perspectives	Threats from their perspectives

Igor Ansoff, known as being the pioneer in a strategic management has invented a model called ANSOFF Product-Market Expansion Grid, as it is demonstrated in Figure 9. (Loganathan 2015). The grid essence is the identification of the company's growth, which the company can pick by using new product in new or existing markets, on the other hand using existing product in new or existing markets. This model is mainly concentrated on choosing the route with different levels of intensity. (Spenser 2015.)

	EXISTING MARKETS	NEW MARKETS
EXISTING PRODUCT	Market Penetration	Market Development
NEW PRODUCT	Product Development	(Diversification)

FIGURE 9. ANSOFF Product-Market Expansion Grid. Adopted from Archana Dadhe (2014)

Market penetration is the activity to get bigger market share of the existing product in the existing market, according to the model. The promotion can go by means of sales, more advertising or discounts. Compared to the market penetration, market development means introducing the existing product but dealing with new market. This can be achieved by entering the new geographical area for the business, for instance.

The lower left corner says product development, meaning to get more market share in the existing market but with a new product. This can be achieved by improving product quality, extend the product line or improve product's separate elements or specifications.

Diversification is claimed to be the most challenging strategy because it requires to enter the new market with a completely new product. In this case company should be 100% sure about their offering, competitive advantages and have a very serious reason to implement this strategy. Otherwise, companies are not advised to use this type of strategy.

Value chain analysis

This analysis is also used if we are talking about the company analysis in general. Firstly, the reader should fully understand what is “value chain analysis” in order to get a profound understanding and how is it applicable.

This model was first created by Michael Porter in 1985 and Chad Brooks identifies it as all activities that company undertakes, including design, production, marketing and distribution (Brooks 2005). As Porter claims, the competitive advantage of the company cannot be settled if the company is looked over as a whole. The range of activities inside the firm should be taken into consideration to truly understand the insights. Value chain analysis is the most convenient way to identify company’s activities and later on highlight the most significant ones in the process. Analysis is depicted in Figure 10.

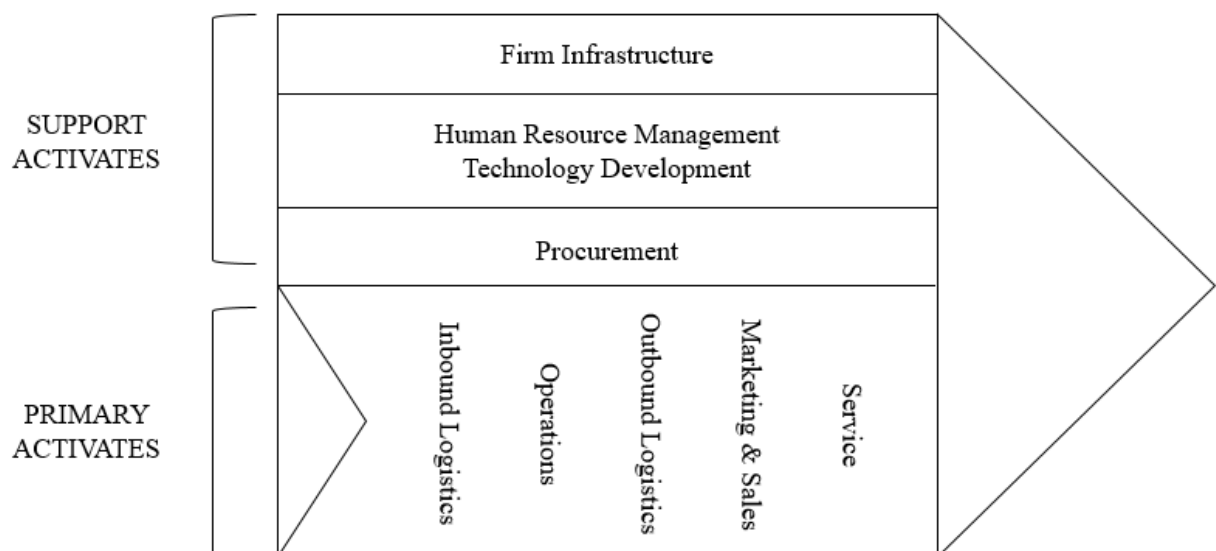


FIGURE 10. Porter’s 1985 value-chain analysis framework. Adopted from Dadhe (2014)

Porter has divided the company’s activities into two groups: primary activities and support activities. As it was discussed by Michael Porter (1985) primary activities include: 1. Service; 2. Marketing and sales; 3. Outbound logistics; 4. Operations; 5. Inbound logistics. Those are the activities closely interrelated with construction and distribution of a product or service. Alternatively, the support activities include the following elements: 1. Firm infrastructure; 2. HRM; 3. Technology development; 4. Procurement. Those activities are not directly linked to production, however they cover the aspect of company’s development as a whole. Undoubt-

edly, organization physically is not able to concentrate on all elements of value chain analysis model, as a result, the most significant elements should be taken into account according to the company's competitive advantage (Hussey 2001).

To finalize the part of various inner analysis types, Jenster et al. in their publication have offered a table for a company which will allow the correct choice of a concrete analysis, depending on a particular situation (Table 3). What this table shows to the reader is the various analysis types, depending on what technique is to be used by the company and what exactly is to be analyzed, which sphere of business, whether it is production, marketing or finance.

TABLE 3. Choosing an analysis. Adopted from Jenster et al. (2009, 92)

Type of analysis / Company Function	Qualitative	Qualitative / Quantitative	Quantitative
Marketing	Focus Groups Trend Analysis SWOT Rational Choice Theory KSF Deep Interviews	Questionnaires Benchmarking	Forecasting Game Theoretical Approaches
Finance	SWOT Rational Choice Theory	Questionnaires Benchmarking	Ratio Analysis Cost Analysis
Production	SWOT KSF	Questionnaires Benchmarking	Cost Analysis

As it is clearly seen from the Table 3, according to a desired method of conducting the research, appropriate tool to analyze the company can be picked. Type of analysis is as well divided into marketing, finance and production departments, and basing on this together with research methods, it will be guaranteed to have sufficient results with chosen techniques.

2.3.3 Intelligence analysis

This chapter is the last concerning the analysis processes. Industry analysis and company analysis were discussed earlier and intelligence analysis, or in other words, competitive analysis, is the last part. The following chapter will be covering the concept of the competitive analysis, what it includes and why it should be carried out.

The most significant part of the competitive analysis to be considered is *competitor analysis*. According to the definition competitor analysis is the process of identifying your company's competitors and their strategies in business. Additionally, identifying their strengths and weaknesses concerning the product/service they produce/provide (Gomez 2013). Competitor analysis is an inseparable part of company's marketing strategy. Competitors' activities, propositions and strategies must be analyzed, so that the company understands the uniqueness of their offered product. Key competitors for a company are identified through this type of analysis as well as competitor profiles are composed. The firms with systematic approach to the competitor profiling, usually end up having more *competitive advantages* over others. (Cuellar-Healey & Gomez 2013.)

Only specially assigned departments will analyze the given aspects to them, as Figure 11 below shows. Particular departments are examining the field with using special tools, such as The key performance indicators, management and production reports etc. For instance, the reason why executives do not read long reports in order to evaluate business metrics is that it is more preferable for them to stick to KPIs, which are in other words "executive summaries". Through this, the performance (financial as well as non financial) of the competitor can be analyzed and recorded. (Jenster et al. 2009, 136.)

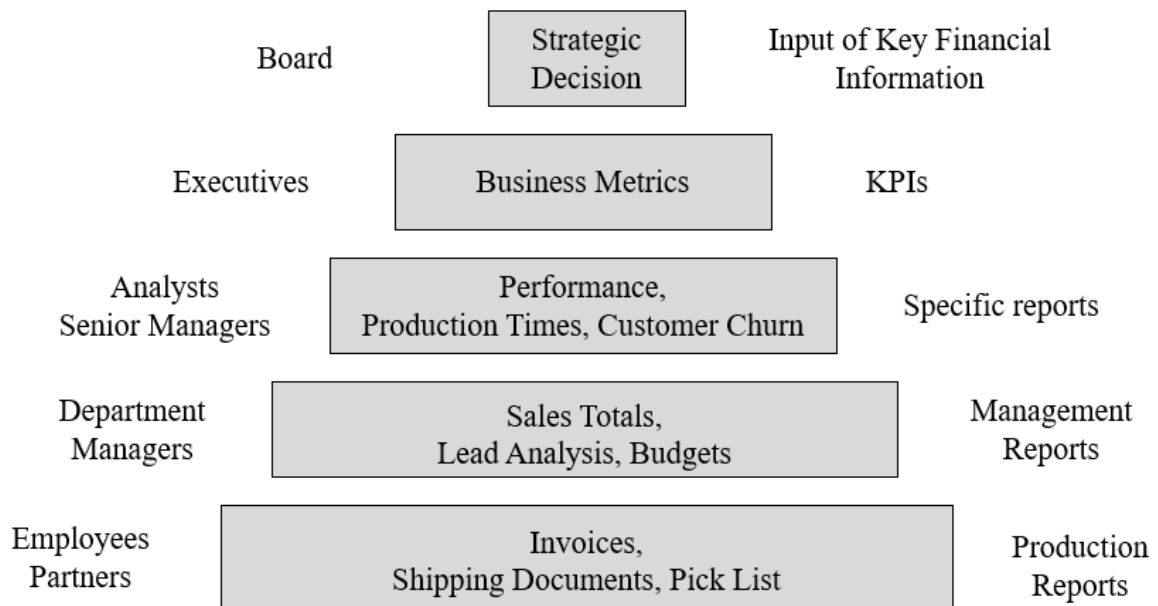


FIGURE 11. Hierachy of business intelligence needs. Adopted from Jenster et al. (2009, 136)

Competitor profiling

This is the way to start evaluating who is the company is dealing with in the industry. There is a series of aspects to follow while doing profiling. Usually, everything that is described below fits on A3 paper, all needed information is recorded, and then the general picture can be seen. (Jenster et al. 2009, 105.)

- 1) ***Financial indicators*** – the objective is to have recorded the most important and meaningful financial results of the competitor. The recent activities and history of the competitive company can be evaluated with numeric figures. Unfortunately, some enterprises make this information unavailable for the public.
- 2) ***Product analysis*** – the competitor is evaluated according to the product it offers to the market. In this case, it is suggested that up to 8 products are being under analysis of the competitor firm, however if needed, the amount can be extended. Such information as market share, direct costs, contribution and others.
- 3) ***Sales and marketing activity*** – what place company occupies on the market and how it influences it, this is the main aim of this part of profiling. The following aspects can be taken into consideration: the number of outlets, product promotions and the average

duration of the promotion events, information on size of the sales force and discount opportunities.

- 4) **Sources of competitive advantage** – the main basis of this part is the Porter's value chain analysis which has been discussed earlier in the chapter about Company Analysis. The main objective here is to know how exactly does the competitor provide value for its customers and what are the particular products which carry this value.
- 5) **Key factors** – the aim here is to record sufficiently important information, which can vary from industry to industry. Amongst something that can be noted here is the management board, how frequently does it change, the number of outlets etc.
- 6) **Apparent strategy** – competitor has to be monitored on the aspect of the strategy. The company who is analyzing the competitor has to predict what the strategy can be over the time and keep monitoring its changes and inconsistencies.
- 7) **Strengths and weaknesses** – evaluating competitor's strong and weak sides.
- 8) **Organizational philosophy** – it is important to know how the company behaves itself in every day situations, how the management board sees the company on competitive market, how accounting department evaluates the company costs etc This will be valuable material in assessing the strategic plans of the competitor.
- 9) **Personnel policies** – this point does not need much of the explanation. Undoubtedly, as long as you treat your employees well, they will be dedicated to your company and will work for remarkable results. This is effecting the strategy of an organization. Conversely, low incentive and reward policy will decrease employee retention and the overall quality of work. (Jenster et al. 2009, 105-109.)

Competitor profile can be created by using the aforementioned nine points as the basis. Using this, the analysis will be systematic, organized and comprehensive. As a result the general picture of the competitor can be viewed. Figure 12 below demonstrates the approach to competitor analysis, taking into consideration everything that has been examined before in the chapter. Competitor analysis is a complex process with variety of steps to be attached to. If it is done according to the rules, the competitive advantage of the company is formed. Who owns the information, that owns the world.

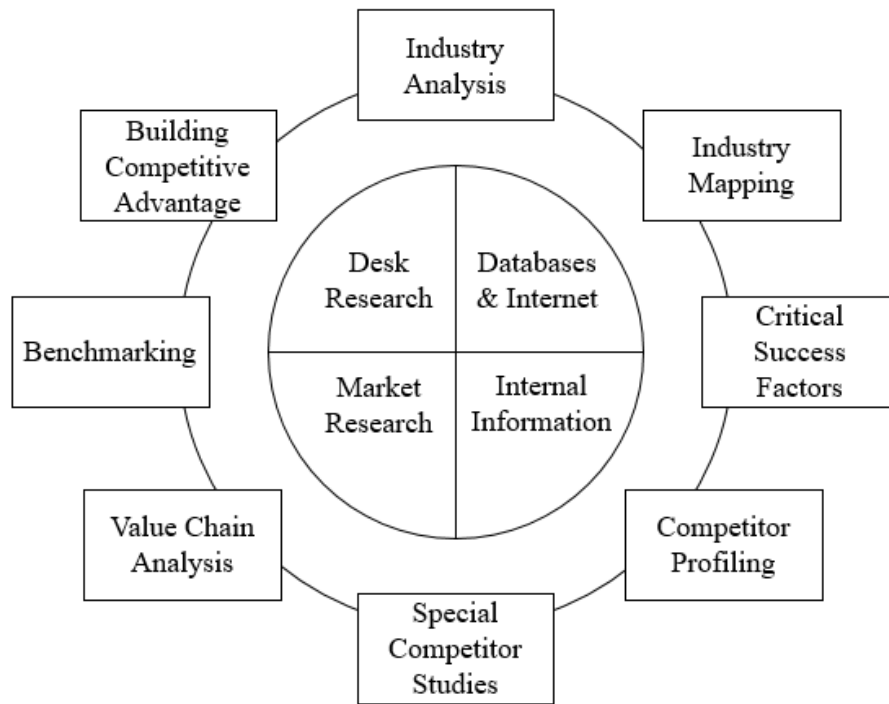


FIGURE 12. Approach to the competitor analysis. Adopted from Jenster et al. (2009, 197)

To conclude the topic of the chapter 2.2 *Analysis processes*, the ways to gather data on industry and company levels were discussed. Competition is never ending phenomenon on the market. As long as companies function and operate successfully, competition will be always somewhere around. Therefore, in order to be effective and be able to turn competition to your side, it has to be managed accordingly, using appropriate methods. Know your competitors before they know you.

2.4 Market intelligence development program

This chapter will contain the essential information to be considered about so called market intelligence (MI) development program, its components and ways of realizations.

As Hedin et al. (2011) wrote in their book about the market intelligence, the complexity of the MI process itself always frightens the management board, if there is any unclearness about the future steps and plans. A great tool to clarify the doubts and picture the organized way to act is so called *MI Development Roadmap*. (Hedin et al. 2011, 200.)

MI development roadmap features six significant key success factors (KSFs), according to which the roadmap is constructed. Each component bears a significance in accordance to

which the MI program has to be implemented. The six KSFs of MI roadmap are: intelligence scope, process, deliverables, tools, organization, culture. (Hedin et al. 2011, 202.)

Intelligence scope

The following questions should be answered on this stage. What are the particular questions to be clarified and goals to be achieved? Which kind of intelligence is mostly appropriate to achieve those set goals? Who is going to benefit from the intelligence research?

Intelligence process

It consists of six subsequent stages. First stage is the need of analysis to be performed. After identifying that the analysis is necessary for the results, the second step is to examine the secondary data and sources. With the solid and profound theoretical knowledge about the problem, next goes the empirical research or primary data gathering. The fourth step in the process is the analysis of gathered data, then delivering it to the management board who has requested the data from the beginning. As the last step, feedback takes place, to find out whether the data was useful. In the end it all leads to conclusions, implications and future decisions being made. (Hedin et al. 2011, 203.)

Intelligence deliverables

This KSF is about how frequently and by what means information is delivered to the employees to keep track of the current market changes. Employees can be getting systematic market signals in the form of news, for instance. The access to organizational *profiles* and competitor profiles is given to the company people. The reports of the intelligence analyses should be beneficial for the departments with the intention to make better decisions. (Hedin et al. 2011, 217.)

Intelligence tools

Software, databases or just people who are storing concrete information about various intelligence topics –are all tools of MI. Software usually is the way to sort, visualize, find, and analyze the information, which makes the whole MI process more organized and systematic. (Hedin et al. 2011, 218.)

Intelligence organization

It evaluates how well the leadership is developed and which internal and external sources are to be utilized. In addition, MI advisors help the managers with beneficial decisions by providing them with the network of MI team, who are the experts in their field. (Hedin et al. 2011, 204.)

Intelligence culture

The final key success factor is the culture, meaning that the information is shared and distributed among others within an organization as well as help is provided by MI users if requested. Additionally, aforementioned intelligence deliverables are better to have their own identification sign, so that it can be recognized easily and quickly. (Hedin et al. 2011, 205.)

As proposed by Hedin (2011) in Handbook of Market intelligence, setting the MI program is a multi-leveled and complex procedure, which can be illustrated in Figure 13.



FIGURE 13. Setting an MI program. Adopted from Hedin et al. (2011, 204)

The scheme gathers everything explained in earlier paragraphs, starting with the analysis of the need to carry the intelligence program. In other words, the Figure 12 is an illustration of KSFs brought to practice and action, Culture, tools, process, organization and deliverables provide a solid base for future procedure, strategies and decisions. As it is seen the inner layer is the process, meaning to thoroughly plan the steps to be undertaken. As well in the inner layer there is also an organization analyzing and creating the networks. Outer layers are tools,

culture and deliverables, something essential for the whole program to be considered. If all the components in the program are combined, this will lead to successful conclusions and further procedures.

3 MARKET ENTRY

The following chapter will be dealing with the market entry modes to the Russian market, discussing the most relevant for St Michel Print. Despite market entry concept, the concept of international marketing and internationalization of business will be covered, since the case company is intending to introduce itself in the foreign market.

3.1 Statistical evidence of Russia-Finland relationship

Russia and Finland have been in close relationship between each other for several decades. Coming from the historical events, these two countries have been sharing the territory, which then has been separated accordingly between them on the basis of certain agreements. Currently, Russia and Finland are having strong economical interrelations. According to the statistics, approximately 3 million Russians (usually with touristic purposes) are crossing the Russian-Finnish border annually, correspondingly improving the economy of Finland by making various purchases. These two countries are increasingly developing the trading relationship.

According to the official Russian statistics (Federal service of Russian state statistics 2016), in recent years, Finland has imported 15% to and exported 8.3% from Russia. Import percentage makes Russia the first country in the list of Finnish imports, with the total of 8.7 billion euros imported in 2015. Exporting to Russia however, takes third place among the countries from which Finland exports, with the total amount of 4.6 billion euros exported. The country from which Finland exports the most is Germany (6.7 billion euros; 12%) and the second important country is Sweden (6.2 billion euros; 11.1%). (Alho, 2015.)

As it is seen from statistics above, import and export for play a significant role in the trading relationship between Russia and Finland. What is imported from Russia to Finland? Figure 14 below demonstrates the products which are imported from Russia. The major part is taken by the oil and other oil products (65%, decreased by 22% since last year.) The next product im-

ported is gas (11 %) followed by chemicals (9%, increased by 6% since last year). Other imported products make almost an equal part of a whole chart, those are electricity, forestry materials, metal and metal products. The overall amount of imports from Russia was 8.7 billion euros with the decline of 18%.

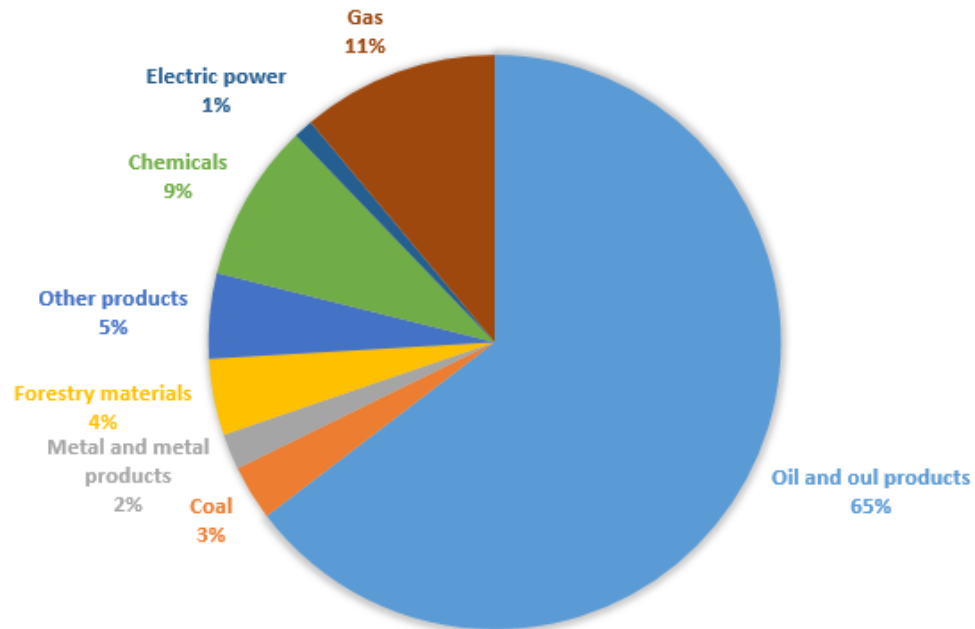


FIGURE 14. Products imported from Russia to Finland. Adopted from Alho (2015)

Exported products also make up a huge part of the economy. As it is stated in the Figure 15, at least seven types of goods are exported to Russia.

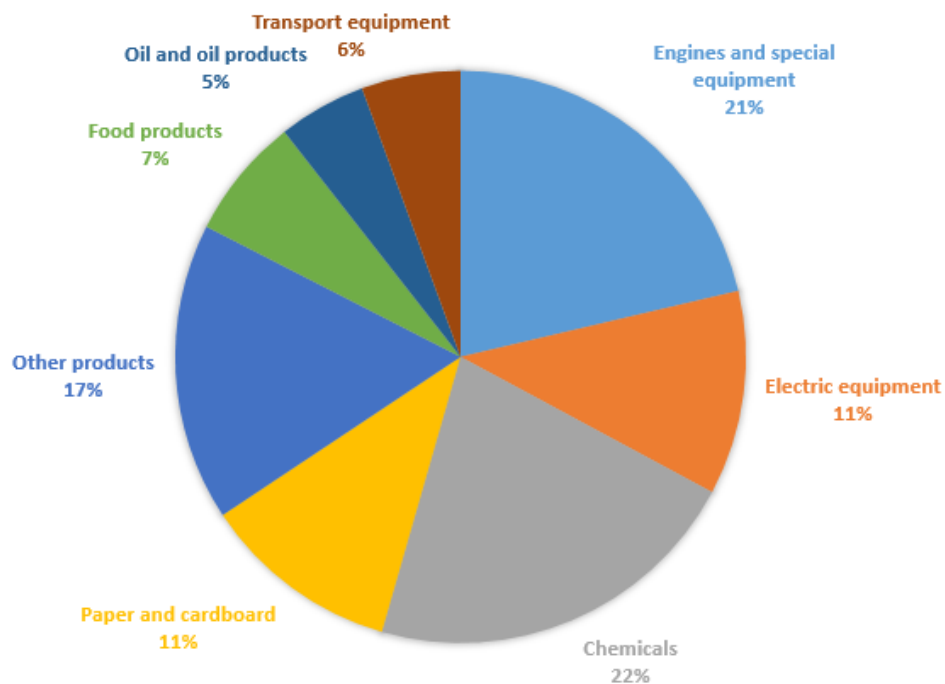


FIGURE 15. Products exported to Russia from Finland. Adopted from Alho (2015)

First and foremost, there is no clearly distinct part in percentages. All product parts in the chart are distributed more or less equally. The bigger part is taken by exporting engines and other equipment, building 21% of export. The second biggest aspect comprising the export chart is chemicals with 22%. Almost equal parts are dedicated to the export of paper and electric equipment, both taking 11% of export. Other minor aspects such as means of transport, aliments, metal and oil are being a part of exporting system to Russia. All the spheres were under the recession.

Taking into consideration previously discussed statistics, it can be claimed that Russia and Finland are trying to maintain their trading relationship and it was noticed by foreign secretary of Russia, Sergey Lavrov, the relationship between Russia and Finland can be a good example of collaboration for other countries.

3.2 Market entry modes

As the desire of growing internationally grows for businesses, it is time for them to consider the right entry strategy, with which they will hit the new foreign market. There is no ultimate strategy that will be suitable for all various entry situations. Despite having in mind the entry mode in mind, the inseparable part of entering foreign market is, undoubtedly, marketing strategy. Because of the variety of market entry modes, this can seem as quite a challenging task for a firm to pick the most suitable mode. Several factors can make a huge influence on the choice of the right market entry mode. Such factors as:

- ✓ competition on the market,
- ✓ risks that are ready to be undertaken by the firm,
- ✓ organizational, financial and technological resources,
- ✓ the amount of control to be gained using a particular mode etc

The market entry modes are separated into three main groups:

1. export modes,
2. intermediate modes, and
3. hierarchical modes.

Export modes are usually comprised of direct and indirect exporting, meaning that the goods are manufactured in the home country of the organization and then exported to the chosen foreign market using direct or indirect exporting. Additionally, the third type of export modes exists being named as cooperative exporting. (Hollensen 2008, 215-216.)

Talking about the second group of modes, *intermediate modes*, they are about agreements, such as franchising, licensing, contract manufacturing and joint ventures. According to Hollensen, those modes are primarily utilized as “vehicles for the transfer of knowledge and skills”, which creates difference with export modes mentioned above. A parent company does not fully possess the ownership, however the control can be shared between the parent firm and a foreign partner company. (Hollensen 2008, 228.)

The last group, *hierarchical modes* or in other words direct investment mode, is when the parent firm possesses the full ownership of the foreign entry mode. The newly established setup in the foreign country is the totally controlled subsidiary by the parent company. It generates revenues in the foreign market as well. Hollensen divides hierarchical mode into five more sub groups which are: 1) domestic-based sales representative, 2) foreign sales branch/subsidiary, 3) region centers, 4) acquisition and 5) Greenfield/Brownfield investment. (Hollensen 2008, 242.)

3.2.1 Export modes

When the company is about to start its internationalization process. exporting is considered to be the most commonly used way to enter new foreign market. The reasons of it being utilized the most is its high flexibility, low level of control needed as well as the expenses, risks are way smaller if to compare it, for instance with joint ventures or foreign direct investment. (Cavusgil 2012, 407.)

The reason of low expenses is that the manufacturing is held in the domestic market of the company's origin. Moreover, market knowledge does not require deep analysis in this case. Other activities such as sales, marketing and distribution are dealt with in the foreign exporting country. During the process of deciding the export channels, organization has to prior make a decision which activities will be held by the company itself, and which will be given to the intermediate organizations to handle.

Three major groups are identified in the export entry modes: direct exporting, indirect exporting and cooperative exporting. They will be discussed in depth in the following chapters. (Hollensen 2008, 216.)

Direct exporting

It is as clear as it sounds. Direct exporting allows selling directly to the intermediary located in a foreign market. The producing firm takes care of all the documentation, pricing strategies and the product delivery. Figure 16 visually depicts the model of direct exporting. (Hollensen 2008, 222.)



FIGURE 16. Direct exporting model. Adopted from Mukund (2012)

The intermediary in the foreign market could be either the distributor or the agent, both are independent intermediaries. However, they should not be confused between each other for the reason of being different concepts. A *distributor* is the one who purchases the goods of the exporter, puts them in the stock and then decides on pricing levels, which will be beneficial for them. On the other hand, an agent is usually either a sole proprietor or a small exporting organization, however, they are getting commissions from the deal with the exporter. (Salzano 2012.)

To elaborate on this topic, more differences have to be identified between the agent and the distributor. Agents are usually connected directly to customers, they are fully responsible for selling the product, finding the right target customers and maintaining the negotiation process with them. Agents are not connected with companies and they do not purchase the goods from the companies. Additionally, agents are not responsible for after sales services or the delivery. The last word concerning the sale is not said by the agent but by the company and the agents are only getting their commissions for fulfilled work. *Distributors* on the other hand, possess

almost opposite traits. As it was mentioned, they buy and stock the goods. They are fully connected with the company because they buy and resell the goods. Unlike agents, distributors perform only the reselling part, they are not responsible for customer negotiations, Nevertheless, they are obliged to help with the delivery and after sale services. (Salzano 2012.)

In order to make the right decision on which intermediary would be better to use, the exporter should assess the candidates and how effectively the exported product will be sold and promoted. Additionally, as a factor to choosing the right intermediary, might be the target audience and the present knowledge of the market and margins required. Hollensen draws several ways to find an agent or a distributor according to the exporter's needs. (Hollensen 2008, 222-224.) The sources are:

- ✓ Chamber of Commerce (for instance in Finland it is FINPRO)
- ✓ Advertising in trade magazines
- ✓ Asking the customers to recommend an agent
- ✓ Trade fairs
- ✓ Commercial agencies etc

Indirect exporting

Indirect exporting is when the manufacturing company gives the responsibility to export the goods to another independent domestic firm. Therefore, the exporting international processes are handled without the participation of the manufacturing company. Figure 17 demonstrates the indirect exporting model.

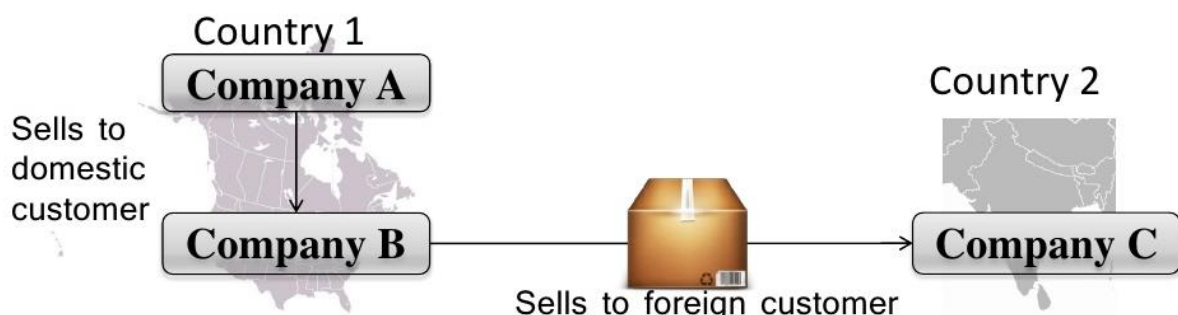


FIGURE 17. Indirect exporting model. Adopted from Mukund (2012)

Organizations which are willing to use indirect exporting, perhaps, do not possess many resources to go international, however are still thriving to enter foreign market. In this case, the intermediary in their own country will be dealing with products and documentation and all international activities. To put it otherwise, this type of exporting for the company is a perfect way to use the experienced companies to go international, without much of the risks and commitment. (Hollensen 2008, 218.)

Since a domestic company is used as an intermediary for the manufacturing company, the transaction between organizations can be counted as domestic as well. There are several types of exporting intermediaries, which were highlighted by Hollensen and Cullen. Those types are: export commission house, or ECH, export buying agent, export management company or EMC, export trading company (ETC), own representative office and piggyback (origin of this is coming from “pick a back”) (Hollensen 2008, 219.)

Export management companies, also called export houses, are organizations which have contracts simultaneously with several manufacturing companies. They have expertise in exporting products to a foreign market and due to big shipment amounts, they are minimizing their shipment expenses. (Hollensen 2008, 220.)

Export buying agent is representing the manufacturing company for foreign buyers. The buying agent can be located in the home country of the manufacturer. Agents are getting the sales commission from the manufacturing company for performing the services. The main responsibility is actually to find the target customers as well as investigate the market with the offered product. Afterwards the market specifications are sent to the manufacturer. The reason to use the export buying agent is its simplicity for the export, since the only thing that has to be done from the side of an agent is the fulfillment of the order. (Wach 2014.)

Export trading companies have a various range of operations they are doing on the international market. Even though ETC is quite similar to the export management company, ETCs are more driven for the demand performed from the manufacturer or customer side. They should search for buyers in a particular territory requested by the manufacturer, and then put the seller and the buyer together for further procedures. (Wach 2014.)

The own representative office means the branch of the manufacturing company in the targeted foreign market. Obligations and rights of the manufacturer company are transferred to the

office and therefore all the orders taken from the customers in the foreign market through the office are sent directly to the company. (Wach 2014.)

Last but not least is *piggyback*, which is defined as using another organization for self-promotion purposes. Let us say the manufacturer uses the supplier firm in order to promote and sell its products. Usually the products are not competitive and the manufacturer can be paid a commission. (Albaum 2011, 458.)

Cooperative exporting

Hollensen defines cooperative exporting as the collaboration of manufacturing companies who are willing to enter the foreign market, however are unable to do it on their own due to limited resources and tiny size of the organization. (Hollensen 2008, 27.) Cooperation for the manufacturing companies will lead to better economies of scale and the concept of the product will be enlarged. The main advantage of the cooperative export mode is the collaboration and synergy between the organizations and even if there is lack of particular knowledge about something, other collaborators might help. The costs are as well divided between the companies. The downside of this export method is the high level of dependency between the firms.

3.2.2 Contractual modes

As the name says, contractual modes are made through signing various agreements between one or several organizations.

Licensing

Licensing is the method of contractual or intermediate mode, the main aspect of which is the signed agreement and settled conditions. Licensing can be explained as the method of entering the foreign target market, where the domestic company transfers to a foreign company the right to use technologies, the production of goods (services), know-how, trademarks and other objects of industrial or intellectual property in exchange for royalties and other payments stipulated in the special international licensing agreement. Cavusgil argues that licensing only allows to transfer intellectual property to a foreign organization with the condition of having something in return as a compensation. This could include royalties, know-how or products. To put it simply, if the entrepreneur purchases the licensing of a certain company, he/she is

able to provide same services or produce goods as the former company does (Cavusgil 2012, 464).

Intellectual property refers to the ideas, creations and inventions as well as some literary works and artistic works. An example can be designs, names, symbols and images. Intellectual property should be protected legally by law, so that the owner can get the recognition and benefit financially from it. The way it can be protected is by patenting, copywriting and doing the trademarks for the created idea (Cavusgil 2012, 464).

Franchising

Talking about franchising, it is a slightly more developed model of licensing. Franchising allows the franchisee (it can be an entrepreneur or an investor) obtain the business model, idea and concept, brand strategy and goodwill of the organization. Additionally, what a franchisee can be using is the trademark, operating systems or support system (for example, advertising, training of employees and other). Usually it is followed by the compensation to the franchisor, which again can be royalties as in licensing, however most frequently it is compensated by giving a certain percentage of revenues back to franchisor. (Jimenez 2012, 165.)

Franchising is separated into two major subdivisions. The subdivisions are *name and trade franchising* and *business format franchising*. The name and trade franchising explains the concept of suppliers collaborating with certain dealers in order to purchase or sell the goods. With this type of franchising what a dealer is able to utilize is the trade name, mark and the established product line. Another type of franchising is called the business format franchising. This is all about when franchisor gives the whole business concept to the franchisee, in return expecting a percentage from the sales. The business format franchising is frequently being called a “package” and this package can include trade marks and names as well as designs, copyright and all the needed elements for proper business operations. (Hollensen 2008, 233.)

It is vital to clearly differentiate licensing and franchising. In licensing the licensor is giving the permission to another organization to use its intellectual property and expecting in return the compensation in various forms. The owner of the intellectual property is only able to control it, however is totally helpless in having a control over the licensee business. Talking about franchising, the owner (franchisor) gives the whole business model to the franchisee, and franchisee has the right to create a business as an independent branch in a particular coun-

try. Unlike licensor, franchisor possesses a great level of control over the business operations of the franchisee. (Cavusgil 2012, 467.)

The main advantages of using franchising as an entry mode is very well presented in the following quote: “Owning a franchise allows you to go into business for yourself, but not by yourself.” If the company/investor/operator owns a franchise, he/she already owns the existing brand with certain reputation on the market and a certain level of recognition. The so-called pre-sold customer base can be possessed by the franchisee in this case, people who appreciate the brand and will be ready to pay for the product. Franchisees are normally provided with ongoing supervision and support in the operations. (Cavusgil 2012, 470.)

As a disadvantage of a franchising mode, it is not fully independent for the reasons of being obliged to obey to already established rules of the enterprise. The well-known example of a franchising chain can be Mc Donald’s, the company policy and rules stay the same throughout the countries and cities of operation, therefore all employees should stick to them. (Cavusgil 2012, 470.)

Joint venture

The third method of a contractual entry mode is a joint venture. Joint ventures are the way to establish a new company by the means of connecting two or more organizations from different countries, usually one of the organizations is the local one. The reason of one organization to be local at the targeted market, is already established connections within the country (Albaum & Duerr 2011, 550). The joint venture usually equals with shared ownership, shared revenues, expenses and risks.

Figure 18 below shows the concept of the joint venture according to Hollensen. Some people consider entering a new foreign market with the joint venture mode a problematic, complex and a very tangled process. Especially if the company-companion is located in the foreign country, which is usually involved in international entry mode. However, Hollensen, proves that even if it seems hard to collaborate jointly with someone else, it has its own benefits.

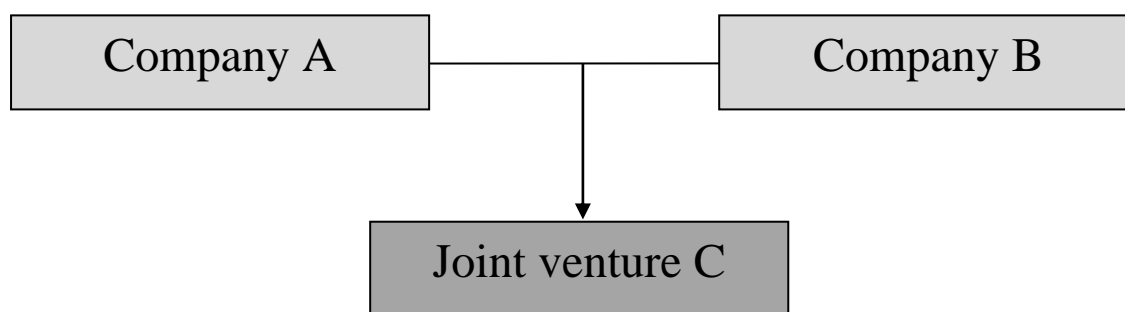


FIGURE 18. Joint venture model. Adopted from Hollensen (2012, 238)

Joint ventures are identified as being quite a profitable way to enter a new market. It allows the foreign company to expand its market opportunities by connecting the business with the local firm. Even if the revenues are shared between the companies, the risks and everything else is shared, therefore it brings business to the balanced way of operation and it gives a huge support for the new comer to the market. (Hollensen 2012, 238.)

3.2.3 Hierarchical modes

When the moment to enter the new market and transfer all operations to this market comes, the organization undertakes several internationalization processes. There are four main internationalization stages: 1) ethnocentric orientation; 2) polycentric orientation; 3) regiocentric orientation and 4) geocentric orientation.

Ethnocentric orientation describes the stage when an organization is being represented by a domestic-based sales representative. The essence in this is that the company representative is usually located in the home country and travels abroad to the target foreign market to sell the products or services. The second stage is ***polycentric orientation*** represented by the country subsidiaries. This comes from the intention to have a greater success abroad since markets and countries can vary significantly, and the only choice to succeed could be to establish company's own sales subsidiary. Subsidiaries substitute the home based sales representative as being more convenient: they can be in form of a branch office in the target market or full sales subsidiary. (Hollensen, 2008, 242-249.) ***Regiocentric orientation*** emphasizes company's desire to pick a particular region in the world and operate there. Finally, regiocentric orientation is referred by transnational organization. As described by Ibrahim Sirkeci (2013, 5) "companies attempt to coordinate and integrate operations across national boundaries so as

to achieve potential synergies on a global scale”, meaning that all operations such as marketing, sales, production, R&D are transferred to the foreign target market. (Sirkeci, 2013, 5.)

Hierarchical mode is considered to be the most challenging out of all entry strategies for a domestic company. This mode should be used if the company is willing to obtain full control over its operations in the foreign market. Undoubtedly, it requires more financial and other needed resources as well as proactiveness during an unexpected risk or obstacle, however it can promise to bring more profit and control.

Acquisition

Normally acquisition is a fast route to get into the foreign market. As Cavusgil explains, acquisition is the form of direct investment arranged by the organization who is targeting in buying an existing company or a facility (Cavusgil, 2012, 444). The reason why acquisition is considered to be a rapid method to enter a foreign market is that the acquirer will be able to use the existing resources of the acquired firm, including HR, customer base, facilities and equipment. In the world saturated with variety of firms, specialized in many field, there is no always an empty space for a new market player, therefore an acquisition could be an ultimate solution to enter the foreign market.

Greenfield investment

Another type of hierarchical entry mode is a Greenfield investment, which describes the situation of the firm “starting from the scratch”. This is usually the case, when an organization is experiencing difficulties in finding the right acquisition and it would be a better solution to start from the ground up, especially if the main emphasis of the company are manufacturing and logistics. However, it can be more costly to establish a wholly-owned subsidiary, as well as a high level of risk is involved, but it gives the company greater flexibility as they can shape the plant as it is comfortable for them and do not try to benefit others. The latest technology can be used as well and needed equipment. (Hollensen 2008, 364.)

3.3 Internationalization of businesses

The twenty first century is the century of the globalization. Businesses keep on growing, expanding their markets and their customer groups. Companies nowadays are concerned with

dividing the labor internationally. As Paraschivescu and Radu (2005, 11) claim that the labor division has become a global phenomenon. This is the age of establishing the connection while producing or trading the goods. The participation in the process of the international labor division will lead to elevation of economic progress in the country, therefore it is crucial to bear in mind the internationalization of all businesses nowadays, hence it brings new growth and development opportunities for organizations.

Internationalization is defined as the synergy of tools, methods and techniques applied to the strategy of a company with the purpose of functioning and operating abroad. The economy's globalization is evoked by constant intentions and a desire to create an international community with various organizations as well as the expansion of international network connections. Globalization of the world economy is the future of the economy. It can be explained as the enlargement of the connections between national organizations and widening the links with various national economies on the global market. (Dumitru, 2001.)

All the definitions lead to the conclusion that the organization has to be willing to expand its territories of operation, for the reason of the economies being globalized and businesses are moving internationally. There are three stages of the internationalization of the firm, which are depicted in the Table 4.

TABLE 4. Three stages of organization internationalization. Adopted from Popa (2009)

Internationalization of marketing	International commercial operations ✓ Export/import of goods
Internationalization of production	Alliances and international corporations ✓ Licensing, under production, joint societies
Internationalization of enterprise	Implement abroad ✓ Direct investments in production and marketing

The first stage is the goods trade. By this it is meant that the organization is selling its goods to a foreign market by means of exporting/importing. Nevertheless, company still stays domestic, even if the products are sold to another country. (Ball & McCulloch Jr, 1996.)

The second stage of the internationalization process is the internationalization of production. The organization's offering is brought to another country by means of licensing, franchising

or joint societies. In this case, company stays half domestic, half international, since its production is moved to a foreign market. (Ball & McCulloch Jr, 1996.)

Last and third stage of the process, as the table 4 says, is the internationalization of the whole enterprise. The company becomes multinational, therefore it should change the strategies of operating in business. Since, organization left its familiar and comfortable domestic location, the main strategy will be an adaptation to the new market. This stage is all about the organization building its own branches in the country they have chosen for the operations. It has to be noticed that a company which is going global, has to choose one of two suggested strategies: it is either *global marketing strategy* or *global sourcing strategy*. Combination of both will not lead to success therefore they cannot be synergize. (Ball & McCulloch Jr, 1996.)

Global marketing strategy means that company emphasizes international markets prior chosen for their operations, and they source from home country or any other single country chosen for sourcing purposes. Alternatively, ***global sourcing strategy*** is about making an emphasis on a domestic market; however bring the supplies from abroad. Company has to decide for itself which strategy from these two will be more beneficial. (Ball & McCulloch Jr, 1996.)

4 CASE COMPANY PRESENTATION

The commissioning company of this bachelor's thesis is a company named St Michel Print Oy, which is headquartered in Mikkeli, Finland. St Michel Print is the leading company in Europe, which specializes in printing on thin paper as well as on ultra-thin paper. The company was founded in 1889 as a part of Länsi Savo group. As mentioned on the company's website, the main focus of St Michel Print is "to provide tailored services based on a genuine understanding of our customers business and their needs." (Company's website 2016).

The company possesses approximately 70-80 employees working permanently, 7-8 employees are in the offices doing the paper work and another part of employees is responsible for the manufacturing process. Businesses are the main customer target group of St Michel Print Oy. They collaborate with over 30 countries all over the globe and export about 90% of their production to these countries. Table 5 gathers the most important general data about St Michel Print.

TABLE 5. St Michel Print in a nutshell. Adopted from company website
www.stmichelprint.fi.

Denomination	St Michel Print
Juridical form	Limited liability company
Customer catchment area	More than 30 European countries
Annual turnover	90 000 000 euros
Year of foundation	1889

The main emphasis of the company's operations is to print on thin paper. St Michel Print Oy has started printing on thin paper since 1984. The reason why company specializes particularly on thin paper printing is that it does not turn yellow, it is economical and environmentally friendly way to print (since trees are not taken into consideration for printing) and this paper is more durable and strong than usual paper. Special chemicals added during the production evidence its durability and strength. The choice of printing on thin paper is directly connected with the production line of the company. The assortment of St Michel Print varies from producing books and leaflets to binding the books using different methods. To be more precise, the assortment of the company includes:

- ✓ Dictionaries
- ✓ Legal publications
- ✓ Religious publications
- ✓ Professional publications
- ✓ Calendars
- ✓ Leaflets

Usually those types of books are quite thick, therefore usage of the normal wood paper makes them inconvenient while exploiting. Thin paper reduces the size of the book three times. Apart from producing the book, they also *bind* their publications according to customer preferences. Their binding styles include:

- ✓ Soft cover options
- ✓ Polyurethane (PU) covers
- ✓ Hard cover options

- ✓ Leather covers

As the sales manager of St Michel Print Oy emphasized, they mainly have three types of the books:

- ✓ Sewed books – normally a bit more expensive
- ✓ Glued books – the cheapest editions
- ✓ Luxury books – for instance books with golden pages or with in-book inserts.

St Michel Print states three biggest competitive advantages of their company: 1) *High quality*, 2) *Reliability* and 3) *Personalized use*. According to the words of Sales Manager, Elisa Vesanen, the company has competitors, which are located in Belarus, Holland and other countries. These companies are the same size and produce absolutely the same product. However, St Michel Print has its own trustworthy customer bases in Spain, Italy, France and Norway. Meanwhile, France and Spain are the major suppliers for St Michel Print. In addition, the supplier of thin paper to St Michel Print is the paper mill called Tervakoski, which belongs to DelfortGroup.

St Michel Print continuously operates in the industry of thin paper printing with having customers in more than 30 countries. Russia is not an exception for this company; therefore they would like to expand their market to the St Petersburg area. They already have the representative in Moscow, but not yet in St Petersburg. To differentiate the offering of St Michel Print from other printing houses, they print the medication instructions which are put inside the boxes, on the thin paper and that is what St Michel Print wants to propose on St Petersburg market. Therefore, the main *aim* is to figure out whether the proposition of St Michel Print will be relevant on the pharmaceutical market in St Petersburg.

5 RESEARCH PROCESS AND DATA COLLECTION

Research is a significant part of the bachelor's thesis. It is impossible to make any relevant conclusions without analyzing and researching both theory and practice. Therefore, a separate chapter of the thesis is dedicated to the research topic.

To put it simply, research is the way to “search the knowledge and move from the known to unknown” (Kothari, 2004, 1). Kothari names it a voyage of discovery since we all conduct a certain type of research to find the answers to particular question. The same phenomenon was explained scientifically by Mory and Redman and they define research as “systematized effort to gain new knowledge”. Dictionary explains research as “a careful investigation or inquiry specially through search for new facts in any branch of knowledge”. Considering the above-mentioned definitions, the main characteristics and objectives can be clearly identified. Research is a scientific and systematic investigation, which aims at revealing the hidden truth using the scientific procedures (Kothari, 2004, 1).

5.1 Research methods

After discussing the approaches and designs of the research to be chosen, it is important to choose an appropriate research method. Two research methods are usually used: *qualitative* and *quantitative*. Qualitative research is non-numeric research and, therefore, the information is presented using words. Alternatively, quantitative method uses numbers to explain the data and the relationship between variables. Above all, researcher can use the *mix* of those two methods if the purpose of the study requires the data gathered using both methods.

5.1.1 Qualitative methods

Mark Saunders (2009, 125) defines qualitative research as “non-numeric data or the data that have not been quantified and can be a product of all research strategies”. The results of the qualitative research can be a simple short list of responses, on the other hand responses can be collected from the open-ended questions in the survey. It is crucial not to just collect data and have a bundle of the findings, but all the results should be interconnected and analyzed to see the dependencies and draw the future actions. (Lewis 2009.) Qualitative researcher is interested in the observations of every-day behavior of humans and their reactions. Researchers as well consider the meaning that people attach to their belongings and situations. (Steven, 2015.)

Steven (2015) identifies three mainly used methods of data gathering, which are 1) *observation*, 2) *interviews*, 3) *focus groups*. The result of the data gathering might be written, it can be also done using audio and video equipment and further should be analyzed.

Interviews

Interviews are divided into three main groups: structured, semi-structured and unstructured or in-depth interviews. Firstly, *structured interviews*, according to Krishnaswami and Satyaprasad (2010, 103-104) are prepared in advance, the questions of the interview are followed in the particular order, additional questions and discussions are to be avoided. The data gathered with the structured interview can be compared easily for the reason of containing only relevant information.

Semi-structured interviews are not as strict as structured interviews. There are determined themes and questions to be covered during the interview, however the interview can adapt to various situations and skip the questions if they are not necessary in this context. Interviewer can change the order of the questions as well as can add some more new questions to explore the topic more. Interviews are usually useful if the span of information to be received is broad and the interviewee will have a freedom to express his or her opinions. (Saunders et al. 2009, 320.)

Semi-structured interview, as it was mentioned, involves the pre-determined set of questions so that the researcher has a clear idea by means of which questions he/she will be exploring the topic. This is the most commonly used qualitative research technique. The main *advantages* of semi-structured interview are, firstly, that the trustworthy and valuable information is given to the interviewer from the managers, stakeholders or CEOs. Since there are open ended questions in the interview to enable continuous communication between the interviewer and interviewee, the interviewee can elaborate on the topic and as a result useful and valuable information can be gained for the research. The second advantage is that by the means of using pre-determined set of questions, interviewer has something to stick to during the interview as well as can go off topic, by asking additional questions, which will broaden the topic more. (Clough & Nutbrow 2007.)

Alternatively, there are also disadvantages of using this method. First and foremost is that the data collection process might be quite time consuming. Additionally, it is more difficult to analyze qualitative data, compared to quantitative data, where the survey results can be placed in a statistical software and correlation will be shown automatically. Qualitative data requires more effort to be analyzed. (Clough & Nutbrow 2007.)

The sample for the interview must be defined in advance and it depends on the research topic. The sample for the research should be manageable in order to be able to analyze the received data afterwards and make relevant conclusions. As it was mentioned, it is challenging to analyze interview data. Normally, during the interviews the audio-recording software is used in order to record the details of the interview. Audio-recording helps not only in having all interview data, but as well it helps to notice the way interviewees react to the questions, willingly or not. The most time consuming process of the interview analysis is transcribing the recording. Interviewer should put audio material into words, compare and analyze it afterwards. (Saunders et al. 2009.)

Lastly, *unstructured interviews* do not possess any structure, as the name says. The interviewer does not have prepared questions for the interviewee, therefore an interviewee is given the freedom to speak and describe the events, situations or whatever is needed. The interviewer, however, should have a clear idea of the purpose of the interview and desired outcome. The downside of the unstructured interview is that the information gained is not suitable for comparisons and it is a challenge to analyze it and further use in the surveys. (Saunders et al. 2009, 321.)

5.2 Data collection

A well-known fact is that the data collection is the most essential part of the research. Multiple literature sources, define the data collection as “search for the answers to the research questions.” The research itself is based on the gathered data, therefore if data does not exist, the research cannot be conducted. The data sources can be either *secondary* or *primary*. Both sources were used to get the profound understanding of the theory concept, which afterwards helped with answering to the research questions of the thesis and find solutions for the case company – St Michel Print.

5.2.1 Secondary data

Secondary data is the data collected from already existing sources. It cannot be omitted when conducting any type of research, because it provides a sufficient base for further assumptions and background for the research. Particularly for this research, secondary data was collected in order to, firstly, get the insights of market intelligence topic and, secondly, to describe sev-

eral possible market entry modes which can be helpful when answering the research questions. The following sources were used as secondary data for this research:

- ✓ Written material – essays, books and online journals
- ✓ Non-written material – such as online videos which were used for the particular research
- ✓ Survey data – conducted surveys with statistical conclusions
- ✓ Government/semi government publications – such as demographic information, economic forecasts and labor surveys

In the 21st century, data can be easily gained from the Internet. However, the information can be unverified or even false. Therefore, the researcher needs to spend additional effort in finding credible sources, in which information is checked and can be trusted upon. (Krishnaswami & Satyaprasad 2010, 87-88.)

5.2.2 Primary data

Primary data collection has to be planned considerably and carefully. It is gathering the first-hand information, therefore the process of doing it should be taken seriously. It allows to find out something that is still unknown and investigate the problem that was not covered in the secondary sources. The main ways to gather primary data are *questionnaires* and *interviews*, which demonstrate quantitative and qualitative data gathering techniques.

The main source of the primary data for this particular research was five interviews, conducted with the enterprises in St Petersburg. In order to gain relevant data about the desired questions from the case company, St Michel Print, four representatives from pharmaceutical organizations were interviewed and additionally one interview with the CEO of the printing house was conducted.

In the beginning, the interview questions were created, however since the interviews were semi-structured, several additional questions occurred during the interviews in order to broaden the topic. The questions of the interview are related with the research questions and objectives and they aim at finding the answers to the questions and cover the investigated topics. The researcher has contacted twenty pharmaceutical organizations via email, stating the purpose of the research and asking for the possibility to have an interview with one of the staff

members of the company. Additionally, the certificate of studies from XAMK was attached to prove to the company that the research will be done for studying purposes. The companies were chosen as being the most discussed in the web services of St Petersburg. The major pharmaceutical organizations were contacted for the research, however there are more than 200 pharmaceutical organizations of various sizes in St Petersburg.

Unfortunately, only four out of twenty pharmaceutical companies replied to the emails, offering to come to the company and to do the interview. Low response rate was expected therefore only the sample of four companies was used for research purposes. The following companies replied to the email and further were interviewed:

1. Verteks,
2. Pharmaceutical Factory of St Petersburg (or Galenofarm)
3. Medpolimer
4. Farmproject

Apart from the pharmaceutical organizations, one printing house ProntoPrint was taken into consideration. The researcher contacted the printing house by calling, making an introduction of the research and whether it is possible to have an interview.

All the interviews were held inside the pharmaceutical or printing organization. The company managers were willing to provide the information on the asked questions and the interview was going in a friendly and non-stressful atmosphere. The average duration of the interviews was 20-30 minutes. Beforehand, it was asked a permission to record the interview using the recording tools and as it was allowed by the managers, the interviews were recorded. Additionally, notes were being taken throughout the interviews. The transcript of the interviews can be seen in Appendices.

Table 6 clearly and briefly describes the interviews with pharmaceutical organizations and a printing house. Table 6 states the names and specializations of the companies, additionally it highlights the duration of each interview and with whom it was conducted.

TABLE 6. Main information about the interviewees. Made by author

	Verteks	Galenofarm	Medpolimer	Farmproject	ProntoPrint
Description of the company	One of the leading pharmaceutical companies, production of which includes medications, as well as cosmetic products.	One of the oldest pharmaceutical factories, making medication and cosmetic products which are exported all over Russia.	Organization which specializes on the production of medical solutions, glassware and polymeric products. Counted as the leading company in Spb in this sphere of production.	Relatively young company, founded in 2001, has 20 production units and exports its production to other Russian cities.	Printing house, based in St Petersburg. It was founded in 2009. It specializes in printing and post-printing procedures.
Main production	Medication and cosmetic product lines	Medication and cosmetic product lines	Glassware, polymeric products and medical solutions	Medical pills	Books, leaflets, business cards, calendars, instructions etc.
Type of interview	Face-to-face	Face-to-face	Face-to-face	Face-to-face	Face-to-face
Interviewee title	Sales and manufacturing manager	Manufacturing manager	Manufacturing manager	Sales manager and CEO	CEO
Duration of the interview	30 minutes	30 minutes	20 minutes	20 minutes	25 minutes

5.3 Data analysis

A struggle of all amateur researchers – how to analyze what you have collected. There are usually certain ways to be utilized when analyzing your results. Since, the research of this thesis does not use quantitative techniques, they will not be discussed. During the interview, the researcher usually should take notes or record the interview. Researcher should understand the value of information he is getting, and eliminate the information if it is redundant.

There are three steps in analyzing the data according to Miles and Huberman (1994, 10-12):

1. Data reduction – elimination of irrelevant data for the research
2. Data display – the second step is to represent the data visually to notice the trends (using diagrams, tables and charts)
3. Conclusion drawing or verification – this is the final stage when conclusions are to be made

The conducted interviews were carefully analyzed by, firstly, going through the recording and then written transcript was made. The interviews were compared with each other, concerning interviews with pharmaceutical organizations. Redundant and repeated data was eliminated from the conclusions. Conclusions were drawn from the interview transcripts after the careful analysis. Interview results are mostly comprised of the facts given by the company representatives, therefore results show the summarized data about the pharmaceutical companies and a printing house.

6 RESULTS

This chapter consists of the research analysis of the secondary and primary data which was collected throughout the research process. To help the reader visualize the research results, tables and graphs are used as well as a written analysis. The secondary data results review the investigations done in the same field and its connections with the current particular research for the thesis. The primary data results feature the interview results with the staff members.

6.1 Results of secondary data

The secondary data is derived from the previously conducted investigations as well as from theories. As the main task of the thesis was to investigate the pharmaceutical industry market in St Petersburg and check the relevance of the case company proposition in St Petersburg area, the secondary data helps to identify the ways how the printing market is to be analyzed. It has been mentioned that there is a specific approach to competitor analysis in the research process and there are primarily nine steps, according to which the competitor profiling can be created. Those nine steps include:

1. Financial indicators
2. Product analysis
3. Sales and marketing activity
4. Sources of competitive advantage
5. Key factors
6. Apparent strategy
7. Strengths and weaknesses
8. Organizational philosophy
9. Personnel policies

Taking into account the described theory, it is possible to identify the biggest rival of St Michel Print (if one exists) on the market of St Petersburg. This can help in answering to the research question #4 *What are the main competitors of St Michel Print in St Petersburg?*

Generally speaking, the printing industry in St Petersburg is well developed. There are plenty of printing houses, which print for various purposes, such as newspaper printing, or the ones which print in bulk for different enterprises.

According to the Russian statistics (Federal service of Russian state statistics ROSSTAT 2016), there are approximately over 1000 printing houses in the St Petersburg area and suburban area. The size of the printing enterprises might be large and, oppositely, may be quite small with a few staff members. Taking into account the variety of printing houses, they all compete for any single order and additionally try to retain the existing customers. To identify the strongest competitor of St Michel Print, four main questions should be answered:

1. How many houses do thin paper printing?
2. What is their general assortment?
3. Where the instructions are printed?
4. Do pharmaceutical companies target local or national market?

The graphs below depict the analysis graphically.

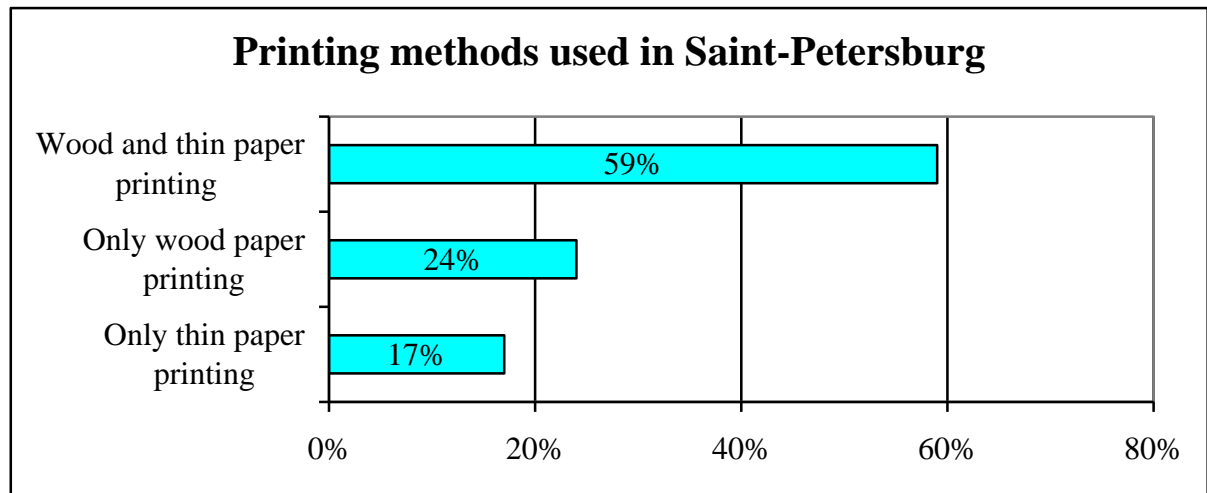


FIGURE 19. Main printing methods used in Saint-Petersburg printing houses. Adopted from Federal service of Russian state statistics ROSSTAT (2016)

As Figure 19 demonstrates, the majority of printing houses in St Petersburg print on both types of paper (59%), and more or less an equal amount print only on wood or thin paper, 24% and 17% respectively. This dynamics can already show that for St Michel Print, the situation can be quite competitive on this market.

The second question to be answered while choosing the strongest competitor and creating competitor profiling, is the identification of their value propositions and how they are differentiated. It has been identified that the assortment of the printing houses is absolutely different and mainly depends on the order and the size of the house. Usually, all printing houses try to cover as much printing as possible, and can print everything, alternatively some houses can do only certain printing. (Figure 20)

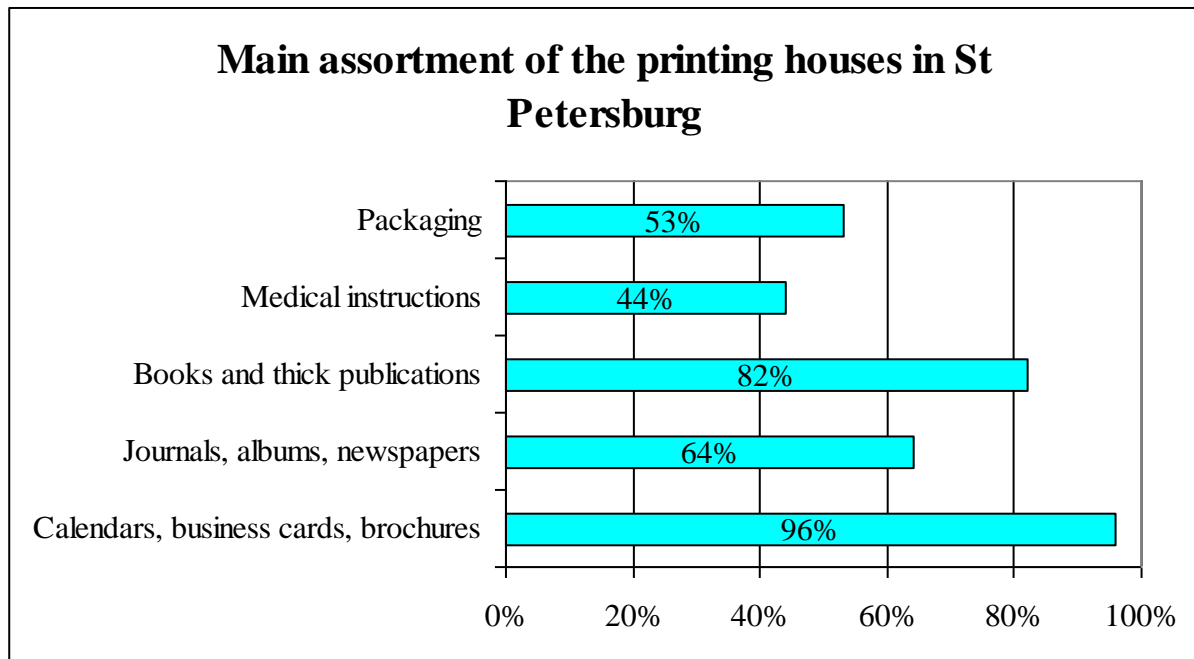


FIGURE 20. Main assortment of the printing houses in St Petersburg. Adopted from Federal service of Russian state statistics ROSSTAT (2016)

Unlike Figure 19, where the total amount of printing houses was taken as 100% and then the percentages were separated between different types of printing, Figure 20 takes each aspect as 100%. Printing houses which print only medical instructions take the smallest part. Packaging printing is done in more than 50% of the printing houses. Books and thick publications are printed by a bit over 80% of all printing houses, separately journals and albums are printed by 64 percent and lastly almost each printing house (96% out of 100%) takes the small orders for calendars, posters, brochures etc.

It has to be mentioned that there are major pharmaceutical enterprises in St Petersburg, therefore they might just print the medical instructions inside their factory and do not make any collaboration with the printing houses. Another researched situation is that there are branch of international companies in St Petersburg, such as Novartis. Since this is the Swiss organization, the Russian instructions are delivered from the original country and therefore no printing house is involved.

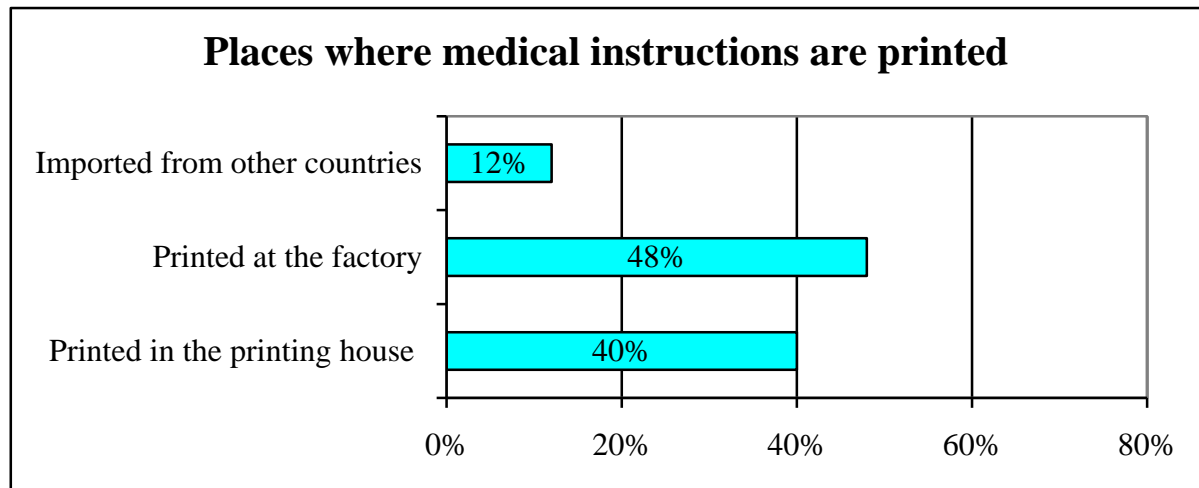


FIGURE 21. Places where medical instructions are printed. Adopted from Federal service of Russian state statistics ROSSTAT (2016)

In the Figure 21, all the places where instructions are invented are taken as 100%, therefore the percentage is distributed among imported instructions, printed at the factory and in the printing house. As it is seen, mostly major organizations do not the printing services as they possess their own places to print in the plant. A sufficient amount (40% out of 100%) is made through a collaboration between the company and a printing house and lastly 12% is imported from the original countries, therefore it is a ready product to be sent to the pharmacies.

Additionally, it might be useful for the case company to know the number of pharmaceutical organizations located in St Petersburg and whether they are working for all-Russian or local market. The following Figure 22 shows what percentages of companies are producing for a complete Russian market and export to other cities and how many companies produce pharmaceuticals for local hospitals, medical institutions, schools etc. Overall amount of pharmaceutical organizations in St Petersburg, according to Referral service of St Petersburg, is 235.

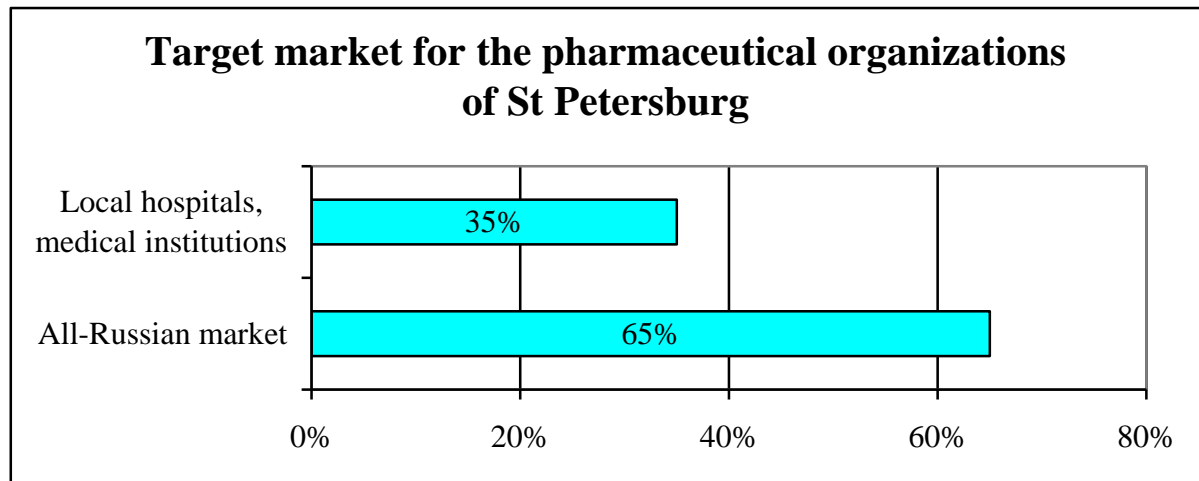


FIGURE 22. Target market for the pharmaceutical organizations of Saint-Petersburg.
Adopted from Referral service of St Petersburg (2016)

As it is seen from the Figure 22 majority of the companies are targeting Russian market and export their production to other Russian cities. However, some percent still produces only for local particular enterprises, such as schools, hospitals and other medical institutions.

Talking about *macroenvironment analysis*, it has to be noticed that Russia is experiencing crisis in all business spheres right now. Therefore, it is hard for businesses to function as they functioned before due to various uncontrollable reasons. The financial crisis in Russia started in 2014 and is still continuing in 2017. The reason for the crisis was a sharp collapse of the Russian ruble against foreign currencies, followed by the rapid decline in the world oil prices. One of the crisis sources were the sanctions, which were put on Russia after the annexation of Crimea and therefore Russian economy was destabilized. The main factor of the economic recession was complex geopolitical situation provoked by the largest scandal in the last decade, centered on Ukraine.

Another noticeable trend that is happening in Russia is *inflation*. Starting from the beginning of 2017, consumer prices have increased by 1.4% and it continues to increase. Salaries are remaining the same but the prices go up, therefore people are stressed out. However, the experts claim that Russia is confronting the crisis situation and is carefully planning its processes to get out of crisis. Firstly, imported products must be replaced by Russian products, which will lead to economization of the country's finances.

As a result of competitor analysis, on the basis of research secondary data about printing industry in St Petersburg, it is worth mentioning that the situation is very competitive on the market, existing printing houses try to survive by appealing new customers and catching any possible order. This research can be helpful in future reference to one of the research questions of the bachelor's thesis.

6.2 Results of primary data

In order to satisfy the commissioning company, firstly, interviews were conducted with the representatives of the pharmaceutical organizations. Some interviews were conducted with administrative and sales staff members, and part of the interviews was done directly with manufacturing managers. Transcript of the interviews can be found in Appendices.

6.2.1 Results of the interview with the pharmaceutical representatives

The first company in which the interview was held is called Verteks.

Interview with Verteks

First company was Verteks. A semi-structured interview with the sales manager and then most importantly, with the manufacturing staff member, was held. All interviews were done in person and the researcher arrived to the factories to meet the representatives. The company representatives firstly described the organization in a nutshell, however the main emphasis was on the creation of medication instructions, if there were there any specific rules which needed to be followed while printing and additionally, if this company wished to collaborate with foreign supplier.

The headquarters of Verteks is located in St Petersburg and they have functioned on the pharmaceutical market since 1999. Their production is distributed all over the country as well as in Kazakhstan, Kyrgyzstan, Armenia and Tajikistan. Their assortment includes more than 200 items of medications, cosmetics, dietary supplements and medical products.

Verteks production encompasses various spheres of pharmaceuticals, such as gynecology, cardiology, dermatology, stomatology, neurology, and rheumatology. Verteks possesses several daughter companies which are in charge of certain pharmaceutical sphere. These are:

- ✓ GINOKOMFORT – products for face creams,
- ✓ ALERANA – products such as balsams and shampoos for the hair,
- ✓ ASEPTA – products such as toothpaste,
- ✓ LA KRI – products for hair improvements
- ✓ NORMAVEN – products such as toning creams

Since this company encompasses not only pharmaceutical production but as well cosmetics production, according to the manufacturing manager of Verteks, approximately 50% of their production does not include separate paper instructions, because it is just not needed for certain products.

Concerning the question of printing the instructions, Verteks does not cooperate with the third-party organization for printing purposes. The company possesses 20 000 m² of working space, therefore they possess special printing department at their factory with the specialists responsible for printing the medication instructions. The reasons why Verteks does not collaborate with any printing house, is that they possess their own mini typography, where they not only print medical instructions for pharmaceutical production, but also the packaging for their products, documentation, medical brochures etc. It has always been like this, that large companies, regardless of their specification, can afford having a separate printing department with a number of specialists who take care of printing processes.

Production of medical instructions is regulated by special governmental documentation. Printing the instructions and other documentation goes according to the document №52550-2006 “Manufacturing of medical products. Organizing and technological documentation”. According to manufacturing manager of Verteks, they pay close attention to the quality of paper that the instructions are produced with. The density of the paper they print on is 35-60 g/m², the density varies according to produced goods. They say that this paper is very durable and can withstand numerous folding for various packaging.

Interview with Pharmaceutical Factory of St Petersburg

This factory is also called Galenofarm. This company is one of the oldest Russian pharmaceutical organizations, founded in 1935. It produces medical as well as cosmetic goods. The assortment covers a wide range of goods produced for all medical and non-medical spheres,

starting from pills and medical solutions for pharmacies and large hospitals and finishing with cosmetic production, which can be found in pharmacies.

Interesting information on general company statistics was gained during the semi-structured interview with the representative of the company. Interviewee mentioned that the general economic situation in the country had a huge influence on the development of the pharmaceutical market. Purchasing power has lowered. Production volumes have decreased by 4.2% in 2016, however the purchases of non-medical (cosmetic) production in the pharmacies has increased by 9.8% in 2016.

As well as in Verteks, since Galenofarm has a number of daughter companies, which are mostly cosmetic brands, not all production is provided with separate paper instructions. According to the manager, around 35% of the production is not filled with the instructions separately. Undoubtedly, complex medications for gynecology or pulmonology need a paper which states how to exploit the product.

The company has a long-lasting reputation not only in St Petersburg, but also on the Russian market, since the production is exported to other Russian cities. Therefore, the paper, on which the instructions are printed is given a close attention to. They value their customer base and take full responsibility for what they do. Paper instructions are printed at the factory, similarly like in Verteks, the size of the organization allows to have its own typography. It was also found out during the interview that thin and normal paper are used for medications, depending on the type of production. The approximate density of the paper is 35-60 g/m². It is both very thin and very dense. Such characteristics make it possible to use a large number of folds to fit the liner even in a small box of medicines. In this case, the paper has a high resistance to abrasion on the folds, which makes it possible to preserve the readability of the text. Printing is regulated by the Russian governmental standards.

Interview with Medpolimer

This organization was founded in 1937, for quite a long time it specialized in the production of medical products used in surgery, anesthesiology, urology, gynecology, dentistry, resuscitation. Currently, their assortment covers the following spheres: 1) polymeric products for medical use; 2) glassware; 3) infusion solutions in polymeric containers. Nowadays, Medpo-

limer is the leading company providing infusion solutions in polymeric containers, which is in high demand across various medical institutions all over Russia.

Interviewee gave also information about the company in numbers. The number of workers is around 500 in the factory, the production volumes grew last, and were approximately 15 million production units, the annual turnover counts as more than 360 million rubles (about 5.700.000 euros).

During the interview, it was identified that most of their production does not need separate instructions, because infusion solutions or medical glassware are delivered to hospitals and medical institutions. The only production line that needs small instructions is equipment for medical use, and again not even all the equipment needs to be provided with the instruction. Only the ones with complex rules to use. Therefore, as a solution, company uses the service of a printing house if something needs to be printed. They determine the density of the paper, usually they do not print on a thin paper, they print on a normal dense paper, approximately 45-60 g/m² and they stick to ISO (International Organization of Standardization) rules for printing.

As a result, it was said, that they address a third-party organization for printing purposes. As it was said, not much of the instructions are needed, however the packaging of their production is required. Therefore, they use printing houses for that. It was mentioned that Medpolimer collaborated with the printing organization PromUpack, which was in charge of printing the packaging and needed instructions. It was mentioned during the interview as well, that Medpolimer would rather collaborate with Russian printing houses than with foreign ones.

Interview with Farmproject

The fourth interview was with the company Farmproject. Farmproject is a private company, which is relatively young compared to other organizations and it was founded in 2001. Currently, they possess about 4500 m² of available space at their factory. The assortment of the company is comprised of 20 production units. Their production is only focused on making pills for different diseases.

This organization does not possess an enormous number of employees, currently there are 150 workers at the factory. Interviewee said that the main assortment is the pills. Each box has to

have instruction of how to utilize the pills. Since the company focuses only on the various pills production, 100% of their production need to have instructions, according to the manager.

Printing is regulated by the governmental standards and Farmproject collaborates with local printing houses to do the printing. Since it is impossible for them to afford having a printing department in the factory, they address printing organizations. They require to print on the thin paper with the density of around 40 g/m² and all the instruction should be printed according to the Russian law. The manager named several printing houses Farmproject had a connection with: such as AMS-Med, Great Print House and Polyprint Printing House. All these printing houses specialize in medical printing and are aware of the rules and regulations. Printing houses also have an opportunity to do thin paper printing if the pharmaceutical organization requires so.

Even though Farmproject requires instructions to be printed on relatively thin paper, they would not consider collaboration with foreign suppliers for the reasons of it being too problematic. Additionally, there are thin paper printing organizations within St Petersburg area, therefore manager sees the collaboration with foreign supplier as pointless, if the same service can be provided more easily on the same market.

The outcomes of those interviews were sufficient to provide the case company with practical information concerning the medical instruction printing, who is responsible for it on the St Petersburg market. The results of the semi-structured interviews will help in making the conclusions of the bachelor's thesis and further make the suggestions for St Michel Print.

6.2.2 Results of the interview with printing house representative

Interview with ProntoPrint

Apart from interviewing the pharmaceutical companies, printing house ProntoPrint was interviewed as well. The meeting was held with the CEO of ProntoPrint, who gave relevant information about the company. This is a relatively young enterprise, founded in 2009. They specialize in digital and screen printing. They position themselves as a quick printing house which will always stick to the deadlines given by a buyer.

During the interview, the CEO gave information on which equipment is used in order to complete their orders. The following machines are owned by ProntoPrint:

- ✓ Xerox C75 (colored) – provides accurate color reproduction and very high quality prints
- ✓ Xerox DC6060 (colored) – used to print “long” production
- ✓ Xerox 545 (monochrome)
- ✓ Ideal 7228 – high-performance trimming machine with a cutting width of 720 mm
- ✓ Screen printing machine

The assortment of the printing house is very wide, starting from business cards and calendars and finishing with thick publications, books and magazines. Additionally they print medical instructions for pharmaceutical organizations. They also handle post-printing processes such as gluing and doing final cuts for books. The density of the paper depends on the production unit. It varies from 40-200 g/m².

ProntoPrint collaborates with various organizations in St Petersburg. They print for pharmaceutical organizations, private companies and business organizations. They print in bulk as well as do separate orders if the buyer has particular requirements.

7 CONCLUSIONS

This part of the thesis is intended to provide the reader with the conclusions of the empirical research. Additionally this chapter is going to answer to the research questions, which were created to achieve the main objectives of the thesis. Furthermore, this chapter is aiming at providing suggestions for the commissioning party, connecting the theory and practice to provide as helpful suggestions as possible. Apart from the conclusions and suggestions for the commissioning party, some issues concerning future research will be included, taking into account the secondary and primary data.

The main aim of the thesis is to understand whether the proposition of the commissioning company, St Michel Print can be relevant on the St Petersburg market, and in order to achieve the aim, objectives specified the needs to be studied in more detail. The objectives are to determine the readiness of the Russian market to collaborate with foreign supplier and find the

most suitable way to enter the market of St Petersburg. To achieve the major aim of the thesis, several research questions should be answered and analyzed.

7.1 Answers to the research questions

As it was mentioned research questions were created to help in focusing the particular study and to help determine the topics for theory analysis as well as research questions helped during the primary data collection. This subchapter is going to answer to these research questions.

RQ1: What are the main pharmaceutical providers in St Petersburg?

This question is intended to identify who mainly provide pharmaceutical production in St Petersburg. As it turned out during the research, there are plenty of pharmaceutical factories in St Petersburg area (235 organizations). Some pharmaceutical organizations are located out of St Petersburg in other cities, and therefore there are representative offices of those companies in St Petersburg who deal with the delivered goods or the goods are sent directly to the pharmacies. Some organizations are located right in St Petersburg and they manage production and other issues themselves. Another situation is that there are branch offices of foreign companies, such as Novartis. The offices do not keep any production lines, therefore they are only closely connected with marketing tasks and receiving the final goods from the home country of the organization.

However, there are several major organizations who have massive plants in St Petersburg and they hold all production within their factory. As it was discussed in the chapter *6.2 Results of primary data* two out of four interviews were conducted with major pharmaceutical providers – Verteks and Pharmaceutical Factory. These are one of the most major organizations, which do the most necessary medication for Russian market. The production of these companies is well recognized throughout the country and can be found in each pharmacy.

Apart from interviewed organizations, there are several other providers which do similar products. There are three types of pharmaceutical organizations: the major organizations which do the medication for public use (such as Verteks), then other organizations, which provide the medical equipment for hospitals and everything is sold in bulk, and the third type of organizations are small factories, which also hold production, however the goods are dis-

tributed within the Leningrad region. As it was said before, the interviewed companies, Verteks and Pharmaceutical Factory distribute their production over the country to various pharmacies. They also do the medications for hospitals. So, as it is seen, these two companies are covering a massive geographic region as well as quite recognizable within St Petersburg area.

Other two interviewed organizations, Medpolimer and Farmproject, are the ones which correspond to more or less local recognition rather than the country recognition. They do the medication production as well as some equipment for pharmacies or medical institutions. The production volumes are smaller than other major organizations have. However, they are also one of the most recognized in St Petersburg and they also export part of their production to other cities. As pharmaceutical providers, there are local organizations which are of the smaller size, and therefore cannot afford having their own printing machines at the factory. As a result, the instructions are produced by the means of collaboration with local printing houses.

To conclude the answer to the first research question, there are some pharmaceutical organizations in St Petersburg which do the production of medications by themselves, however majority of well-known organizations are not founded in this city, but dispersed around the country and there are only offices in St Petersburg. Small organizations produce the medications as well, and the instructions are done through collaboration with printing houses.

RQ2: What are the possible ways for St Michel Print to enter the market in St Petersburg?

After careful analysis of *Chapter 3 Market entry* and the situation on the printing and pharmaceutical market of St Petersburg, it became clear that exporting is not the best way to enter the Russian market currently. Right now, the Russian economy is experiencing a harsh crisis, which started in 2014 and unfortunately is still going on. Crisis affects all areas of business, production volumes at the factories decrease, for the reason of unwillingness of people to spend amounts of money, they spent several years ago. Companies suffer and therefore are seeking the most effective and inexpensive way to survive nowadays. As a result, working with a foreign supplier by means of exporting is not profitable for companies. Russian Ministry of health ordered that the priorities in choosing a supplier will be given to the supplier of Russian origins. Therefore, it is simply challenging to find customers in St Petersburg for St Michel Print because of the whole market situation.

Printing houses compete on the governmental purchasing platforms, offering their prices and production volumes. As a result pharmaceutical organizations find the appropriate printing house to collaborate with. These purchasing processes are controlled by government (zakupki.gof – governmental purchasing platforms).

As the most appropriate way to enter the printing market in St Petersburg, taking into account the primary and secondary data, firstly can be a form of indirect exporting, by opening a representative office, which will put St Michel Print to the same level with other companies. Later *greenfield investment* should be considered, i.e. St Michel Print can open its own branch with manufacturing units. Undoubtedly, it is more expensive to do rather than exporting, for example, however this could be the most realistic and successful way to operate on the Russian market. With having its own production on the territory of Russia, St Michel Print will be having all royalties and privileges; it will be able to compete on governmental platforms and therefore be getting clients. By the means of using the governmental platforms, clients will be having all information about St Michel Print displayed and therefore the levels of trust will increase. St Michel Print in this case will be equal to all other companies and will have all rights to do successful business.

RQ3: Is there a need for pharmaceutical companies to collaborate with foreign supplier?

Thin paper printing is not something that cannot be found on St Petersburg market, therefore the product is not unique. As it was mentioned before, over 70% of the printing houses in St Petersburg are able to print on the thin paper and the privilege in choosing the printing partner is given to the companies based in St Petersburg. Organizations, which need to collaborate with printing houses have a freedom to choose between various providers.

According to the interview results and secondary data analysis, it seems that currently companies in St Petersburg are not willing to do business with a foreign supplier because of several reasons, listed below:

- ✓ economic crisis in the country,
- ✓ suspicious attitude to foreign companies they have never dealt with
- ✓ additional costs and problems if the production is exported

Taking into account all observations, it can be concluded that if St Michel Print had their production on the territory of Russia, it would be easy for them to find customer base. However, currently, organizations are not willing to do business with foreign supplier, especially if the same product can be found on the home market.

RQ4: What are the main competitors of St Michel Print in St Petersburg?

The results of the secondary data analysis and interview analysis can determine that the situation on the printing market of St Petersburg is very competitive. There are about 1000 printing houses in St Petersburg area and over 70% do the thin paper printing. Additionally, it was mentioned that there were various types of printing houses, which can either be printing everything (calendars, books etc) or do only specialized printing.

In St Petersburg, there are organizations which print using the thin paper. The following organizations are considered as competitors in the field of thin paper printing: ProntoPrint, Pervopechatnik, Tipograf, Bart and many others. Additionally, there are certain printing houses, which only specialize in printing medication instructions, therefore can be direct competitors for St Michel Print on the market in Saint-Petersburg. Such competitors as: Typography Zvet, Typography A2, PromUpack, AMS-Med, Polyprint Printing House, Amigo Print etc.

To conclude, various factors determine that the situation on the printing market is very competitive. St Michel Print can compete on the same level only if it can be present on Russian market with the manufacturing office/plant. St Michel Print can be positioned among all competitors in the industry and can be successfully operating on the Russian market in this case, having clients not only from St Petersburg.

7.2 Recommendations for the case company

The commissioning company of the bachelor's thesis, St Michel Print, can benefit from the previous conclusion chapters, which outline the main results of the carried research. This subchapter will cover some recommendations for the case company. The following recommendations are written according to the research findings and the answers of representatives during the interviews:

1. *Participate in international fairs and exhibitions.* International fairs, which are held in St Petersburg or Moscow can be a great opportunity for St Michel Print to see the market from inside. However, for the fair participation, the minimum what is needed is to at least have representative office and be based in Russia. St Michel Print can participate as a foreign observer, but this will reduce the range of possibilities. By taking part in fairs and presenting the printing house will enable St Michel Print to get acquainted with the market itself as well as find potential customers. There are book fairs in St Petersburg in the place, called LenExpo, and companies take the chance of taking part in exhibition in order to show themselves to clients. There are upcoming events which can be interesting for St Michel Print (the events are held annually):
 - ✓ *Advertising and Information (Reklama i Informazyya)* – held in St Petersburg in LenExpo on 14th of October 2017 – 16th of October 2017. This is an international gathering event with advertising and PR companies, design studios, printing houses, and many others.
 - ✓ *International Book Salon of St Petersburg (Sankt-Peterburgskii Mezhdunarodnyi Knizhnyi Salon)* – held in LenExpo on 21st of May.2017 – 24th of May 2017. This is one of the most recognized fairs, where international companies also take part. Additionally, this is considered as the major fair in St Petersburg. There are various representatives of printing houses and book sellers.
2. *Clearly define your competitive advantage.* As it was said, there is an enormous amount of printing houses all over St Petersburg area. It was mentioned by St Michel Print that their competitive advantages are: 1) High quality, 2) Reliability and 3) Personalized use. However as it turned out these competitive advantages are not unique and the majority of the printing houses in St Petersburg promise the best conditions, quick and effective responses to the buyers. Therefore, to be more competitive, it is needed to clearly state what are the things that will make you stand out on the Russian printing market.
3. *Consider opening a branch office.* It was said, that making a branch office/plant will open a new world of opportunities with profitable clients. Firstly, the representative office can be created which will give an opportunity to research the market. The repre-

sentative office is a good solution when there is already a customer base in St Petersburg. Afterwards, the manufacturing processes need to be transferred as well. It requires a huge effort, however if St Michel Print is willing to do that, a branch office/plant will be a way better solution than exporting. The reasons of companies being unwilling to collaborate through exporting were mentioned, but the biggest obstacle currently is crisis which encompasses almost all business spheres.

7.3 Trustworthiness and limitations of the research

The following chapter deals with evaluation of research trustworthiness, based on credibility, transferability, dependability and confirmability. Limitations of the research are discussed as well.

7.3.1 Research trustworthiness

The evaluation of the research is an inseparable part which provides trustworthy information for the reader. The research trustworthiness can be evaluated on the basis of four main criteria: 1) credibility, 2) transferability, 3) dependability, and 4) confirmability. (Eriksson & Kovalainen 2008, 94.). It is important to understand that particular research could be trusted upon. This subchapter applies four aspects of the research trustworthiness on the conducted research.

Credibility

Credibility means that the researcher should be well acquainted with the research topic by the time of collecting primary data, to make the research credible. Credibility is ensured by careful investigation of the secondary sources, which are shown in the bibliography. The researcher was well-acquainted with the topic before conducting the actual research. The number of primary and secondary sources were utilized for the research and it is believed that the information gathered is sufficient to make conclusions. Collected data is interlinked with the conclusions, which makes them credible.

Transferability

Transferability is all about whether the results of the current research can be applicable to other researches and other contexts. Transferability of this research is identified by previously conducted researches. There was no such research connected with printing of medical instructions for pharmaceutical organizations, however some separate surveys and the data from previous researches was taken into consideration while conducting the research. It might be quite difficult to determine whether the information is transferable or not, because all researches are unique.

Dependability

This criteria of research trustworthiness stands for the overall clarity of the work of the researcher. The completed work is structured and well-written, for the reader it should be easy to follow. Dependability is believed to be achieved, since the right data collection methods were used and the right secondary sources were analyzed.

Confirmability

Confirmability deals with the objectives and aims of the research which the researcher should stick to throughout the whole research process. To ensure the confirmability, the researcher followed the pre-determined objectives and research questions. The links between data and results were presented in a clear and comprehensive way, so that the reader does not experience any problems while reading.

7.3.2 Limitations

Next, limitations of the research are presented. Considering literature review, only those topics which can help the research and the commissioning company were covered. B2C buying was excluded from the overview for the reason of being redundant and useless for the research. The market entry modes were not discussed fully either, only those which potentially can help the commissioning party. Talking about the data gathering techniques, only *semi-structured interviews* were used. Neither other qualitative nor quantitative methods were utilized. The interviews were conducted with the sales and manufacturing staff members of the

pharmaceutical companies in St Petersburg and only five organizations were interviewed. Companies were of Russian origin.

7.4 Suggestions for future research

The main aim of this subchapter is to provide some relevant suggestions for future research. Firstly, more interviews with companies can be conducted to make the collected data more precise and accurate. If a bigger amount of companies is interviewed, the results of future research can vary from the results of the current one. Interviewing representatives from the branches of foreign companies may also be a good suggestion (such as Bayer or Novartis). Another suggestion for practical part can be interviewing more representatives of printing houses, since it can bring new opportunities for case company, for example establishing joint venture or other outcomes can be taken from this. Additionally, more interviews with printing houses may bring up more details of the different printing processes, paper specifications and other details. These details might be helpful and valuable for the case company to see how companies in the same industry function in another country. Concerning the literature review, it might be deeper discussion of the research methods, which will be applicable to current investigation and more market entry modes could have been covered. More ways and techniques to gather market data can be discussed. Additionally, more market intelligence analysis tools can be included if they are applicable to particular research.

8 CONCLUDING REMARKS

This particular research was conducted for the purpose of collecting data about the Russian printing and the pharmaceutical market for the commissioning party, St Michel Print. It presented some up-to-date information about the current market situations. Hopefully, the findings of this research can benefit the commissioning party and St Michel Print can consider becoming a new foreign market player. The information was collected from professional staff members, therefore it can be trusted.

From my personal point of view, the process of doing the research was very interesting. I have obtained a lot of new knowledge in the sphere of the market intelligence and market entry strategies, and now it is even more exciting for me to walk through the streets and think whether this enterprise is a franchisor or whether this is a Greenfield investment. In the be-

gining, I was quite upset, because I did not fully understand what I should do, which literature to read and how to design the research. However, as it got further and further, it became interesting to discover various secondary sources and then to conduct the research. Interviews were quite stressful in the beginning, because I got many rejections from the companies, and only four replied positively and invited to the factory. As a result, this thesis was a great opportunity for me to deepen my knowledge about market entry and market intelligence topics and to develop my learning skills.

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APPENDICES

APPENDIX 1(1) Interview with Verteks Company in Russian

1. Выпуском каких видов и форм лекарственных средств занимается ваша компания?

Наша компания занимается выпуском лекарственных препаратов в виде таблеток, ампул, спреев, растворов. Другим направлением деятельности нашей компании является выпуск косметической продукции. Наша компания также экспортирует продукцию в разные города России, как медицинскую так и косметическую продукцию

2. Производите ли вы уникальную продукцию, не имеющую аналогов?

Наравне с общеупотребительными средствами мы производим специализированные средства. Некоторые из этих продуктов не имеют аналогов.

3. Вся ли продукция оснащается отдельной бумажной инструкцией?

Не вся, мы оснащаем только те лекарственные препараты, которые упаковываются в отдельную упаковку. Таблетки, выпускаемые на блистерах, выпускаются без инструкций по применению, и инструкция выпускается на партию товара, а не индивидуальная. Также косметическая продукция не оснащается отдельными инструкциями по применению. Некоторые из наших продуктов имеют инструкцию прямо на упаковке.

4. Печать инструкций вы осуществляете на своем предприятии или пользуетесь услугами сторонней организации?

У нас достаточно большое предприятие и мы можем себе позволить иметь свою собственную типографию, на которой печатается большинство полиграфической продукции такие как инструкции и упаковка. Также в нашей типографии могут размещаться заказы от наших партнеров для печати аналогичной продукции.

APPENDIX 1(2) Interview with Verteks Company in Russian

5. Какие особенные требования вы предъявляете к качеству бумаги, используемой для печати инструкций для вашей продукции? (плотность, толщина, химический состав)

Бумагу для печати инструкций мы заказываем на целлюлозно-бумажном заводе, плотность бумаги у нас должна быть 35-60 г/м². Выпуск бумаги и остальная лекарственная документация регламентируется ГОСТом №52550-2006.

6. Существуют ли определенные стандарты для выпуска инструкций по применению?

Производство инструкции в нашей компании регламентируется следующим нормативным документом - требования к инструкции по медицинскому применению лекарственных средств. Конечно же, существуют стандарты для выпуска медицинских инструкций. Исходя из документа, следующие аспекты должны быть в инструкции:

- ✓ Наименование/название лекарственного препарата
- ✓ Лекарственная форма с указанием количественного содержания или активности действующих веществ и перечень вспомогательных веществ.
- ✓ Описание внешнего вида.
- ✓ Фармакотерапевтическая группа лекарственного препарата (АТХ);
- ✓ Фармакологические свойства (фармакодинамика, фармакокинетика) или
- ✓ Показания к медицинскому применению.
- ✓ Режим дозирования, способ введения, при необходимости время приема лекарственного препарата, продолжительность лечения
- ✓ Возможные побочные реакции при медицинском применении лекарственного препарата.
- ✓ Противопоказания для медицинского применения.
- ✓ Меры предосторожности при медицинском применении.
- ✓ Симптомы передозировки, меры по оказанию помощи при передозировке.

APPENDIX 1(3) Interview with Verteks Company in Russian

- ✓ Срок годности / срок хранения и указание на запрет применения лекарственного препарата по истечению срока годности.
- ✓ Условия хранения.

Но документ перечисляет гораздо больше того, что должно быть включено в медицинские инструкции.

APPENDIX 2(1) Interview with Pharmaceutical Factory of Saint Petersburg in Russian

1. Выпуском каких видов и форм лекарственных средств занимается ваша компания?

В настоящее время наша компания выпускает лекарственные средства для терапии. Так как история нашей компании достаточно длинная, мы никогда не останавливаемся на достигнутом. Помимо лекарственных препаратов, мы также начали производить косметические средства, которые могут быть найдены в аптеках страны. Процесс производства отвечает международным и национальным стандартам в области фармацевтического производства.

2. Производите ли вы уникальную продукцию, не имеющую аналогов?

Наша фабрика стала первой, которая начала производство препарата, который является "Беклоспир", отечественным дозированным аэрозольным ингалятором с действующим веществом беклометазона дипропионат. Наша продукция также не имеет аналогов и экспортируется в разные города нашей страны. Наша фабрика производит лекарственную и косметическую продукцию в больших количествах, так как на нее очень большой спрос. Правда, по сравнению с предыдущими годами, спрос стал ниже, из за кризиса который сейчас в стране. Покупательская способность людей стала гораздо меньше. Исходя из статистики наше производственные объемы уменьшились на 4.2% , но покупка нашей медицинской и косметической продукции в аптеках увеличилась на 9.8%.

3. Вся ли продукция оснащается отдельной бумажной инструкцией?

Только часть нашей продукции не оснащается отдельной бумажной инструкцией. Около 35% продукции выпускается без инструкции, и это в основном косметическая продукция. Остальные медицинские препараты, которые выпускаются в отдельных упаковках имеют инструкции по применению.

4. Печать инструкций вы осуществляете на своем предприятии или пользуетесь услугами сторонней организации?

APPENDIX 2(2) Interview with Pharmaceutical Factory of Saint Petersburg in Russian

Мы печатаем медицинские инструкции на нашем заводе, так как нам позволяют возможности и свободное место иметь нашу собственную типографию. Мы также производим упаковку для нашей продукции, печатаем разную лекарственную документацию в нашей типографии. За все время нашей работы, мы не работали с другими отдельными типографиями, все печатается исключительно на нашем заводе, где специалисты следят за качеством.

5. Какие особенные требования вы предъявляете к качеству бумаги, используемой для печати инструкций для вашей продукции? (плотность, толщина, химический состав)

Мы уделяем много внимания, чтобы качество нашей бумаги было исключительным. Толщина 35-60 г/м², она тонкая, но в то же время очень прочная. Такая бумага может выдержать много сворачиваний без потери качества текста на ней. Все по-прежнему будет видно на инструкции.

6. Существуют ли определенные стандарты для выпуска инструкций по применению?

Печать медицинских инструкций у нас регламентируется ГОСТом и специалисты в нашей типографии делают все возможное чтобы все было идеально и чтобы инструкция была напечатана по закону. Также, в других отдельных документах прописано что именно должно быть включено в инструкцию по применению и как все должно быть оформлено.

APPENDIX 3(1) Interview with Medpolimer Company in Russian

1. Выпуском каких видов и форм лекарственных средств занимается ваша компания?

Наша компания является лидером по производству инфузионных растворов в северо-западном округе. Также, мы производим лабораторную пластиковую посуду и изделия медицинского назначения, такие как катетеры и другие медицинские инструменты. Также, мы производим медицинскую упаковку для препаратов.

2. Кто является вашими клиентами на рынке Санкт-Петербурга?

Мы поставляем нашу продукцию в основном в медицинские университеты Санкт-Петербурга, также в школы и больницы. Наша продукция пользуется большим спросом как в больницах так и в университетах. Также мы поставляем продукцию в некоторые аптеки.

3. Производите ли вы уникальную продукцию, не имеющую аналогов?

Мы являемся лидерами в нашей области и наша продукция проходит различные тестирования, чтобы удовлетворить клиентов. В Санкт-Петербурге есть несколько организаций, которые занимаются тем же видом деятельности что и мы, но предпочтения отдают нашей компании.

4. Вся ли продукция оснащается отдельной бумажной инструкцией?

Большинство нашей продукции не нуждается в отдельной печатной инструкции по применению, так как, согласитесь, посуда не нуждается в том чтобы писать как ее использовать. В основном некоторое оборудование оснащается инструкцией, но так как мы поставляем продукцию в медицинские учреждения, там уже знают как всем пользоваться.

5. Печать инструкций вы осуществляете на своем предприятии или пользуетесь услугами сторонней организации?

APPENDIX 3(2) Interview with Medpolimer Company in Russian

Объемы нашего производства не такие большие, как скажем у компании Байер, и к сожалению размеры компании не позволяют нам печатать на предприятии. Поэтому мы пользуемся услугами типографий Санкт-Петербурга. Мы сотрудничаем только с проверенными типографиями, так как дорожим нашей репутацией. Мы работали с типографией ПроУпак, которые производят упаковку и медицинские инструкции.

6. Какие особенные требования вы предъявляете к качеству бумаги, используемой для печати инструкций для вашей продукции? (плотность, толщина, химический состав)

Толщина нашей бумаги должна быть 45-80 г/м², мы озвучиваем наши требования типографии и они делают свою работу. Все регламентируется стандартами ИСО.

7. Согласились бы вы сотрудничать с иностранной типографией?

Я думаю что нет, почти с полной уверенностью могу сказать что мы лучше выберем нашу отечественную типографию, чем сотрудничать с иностранной. Это гораздо более проблематично и также включает дополнительные затраты. А мы знаем, что в России сейчас кризис.

APPENDIX 4(1) Interview with Farmproject Company in Russian

1. Выпуском каких видов и форм лекарственных средств занимается ваша компания?

Мы постоянно развиваемся и наша продукция развивается вместе с нами. Мы на рынке с 2001 года и за это время наш ассортимент значительно увеличился. В настоящее время у нас более 20 наименований лекарственных средств. Мы производим только таблетки для профессиональных медицинских целей. Никакой другой продукции в нашей компании не имеется.

2. Производите ли вы уникальную продукцию, не имеющую аналогов?

В нашем ассортименте есть уникальная продукция, которая не имеет аналогов. Наши таблетки пользуются спросом у покупателей, поэтому мы поставляем в достаточно больших количествах как в больницы так и в аптеки.

3. Вся ли продукция оснащается отдельной бумажной инструкцией?

100% нашей продукции оснащается отдельной инструкцией, так весь наш ассортимент состоит из таблеток, и не обычные от головы или от живота, а в инструкции которых должно быть четко прописано как их принимать и на что они влияют.

4. Печать инструкций вы осуществляете на своем предприятии или пользуетесь услугами сторонней организации?

Так как наша компания частная и площадь завода не такая уж и большая, около 4500 м², поэтому мы не можем позволить себе печатать у себя на заводе, и соответственно мы пользуемся услугами печатных домов в Санкт-Петербурге. Мы сотрудничали с такими типографиями как АМС-Мед, Great Print House, Polyprint Printing House, Пронто-Принт. Мы доверяем этим типографиям, так как они проявили себя очень положительно и ответственно подходят к работе.

APPENDIX 4(2) Interview with Farmproject Company in Russian

5. Какие особенные требования вы предъявляете к качеству бумаги, используемой для печати инструкций для вашей продукции? (плотность, толщина, химический состав)

Мы предпочитаем печатать наши инструкции на тонкой бумаге, плотностью около 40 г/м². Печать медицинских инструкций конечно же делается по ГОСТу, с соблюдением всех правил. В типографиях как раз работают специалисты, которые знают как правильно печатать медицинские инструкции.

6. Согласились бы вы сотрудничать с иностранной типографией?

Не думаю. Сотрудники нашей компании обсуждали такой вопрос, но мы все пришли к выводу что нет смысла сотрудничать с иностранной типографией, когда точно такие же типографии находятся в Санкт-Петербурге. Это экономия и времени, и средств. Поэтому мы предпочитаем сотрудничать с нашими отечественными типографиями.

APPENDIX 5(1) Interview with ProntoPrint in Russian

1. Какую продукцию выпускает ваша компания?

ПронтоПринт производит широкий спектр продукции. Мы специализируемся на выпуски почти всей печатной продукции, именно поэтому наши услуги всегда востребованы на рынке Санкт-Петербурга. Мы производим рекламную продукцию, например листовки, приглашения, карточки и многое другое. Также мы печатаем буклеты, брошюры, журналы, визитки, календари, блокноты, книги, инструкции, конверты и многое другое. Мы также ответственные за пост-обработку нашей продукции.

2. Что отличает вас от других печатных домов Санкт-Петербурга?

Печатных домов в Санкт-Петербурге больше 1000, конечно же мы должны как-то отличаться от своих конкурентов. Во-первых, мы относимся к нашим клиентам как к людям, ценим общение, приезжаем на встречи и также обсуждаем условия. Мы обсуждаем детали в дружелюбной обстановке и поэтому наши клиенты остаются довольны. Также, мы быстро и эффективно обрабатываем заказы, мы ценим время наших клиентов и делаем все максимально быстро и эффективно. В третьих, у нас гибкая ценовая политика, конечно же у нас есть прайс листы, но в большинстве случаев с нами можно договориться и уложиться в бюджет который нужен для наших клиентов. Также мы предоставляем доставку по Санкт-Петербургу для наших клиентов.

3. Кто обычно обращается в вашу компанию?

Хотя мы на рынке всего 8 лет, мы основали фирму в 2009, у нас уже есть своя клиентская база. Мы печатаем, например, медицинские инструкции для фармацевтической компании Фармпроект, также мы сотрудничаем с другими медицинскими предприятиями, такие как Биокад, Фармсинтез и другие. Помимо фармацевтических предприятий, мы также работает с отдельными клиентами, с бизнесами, с крупными компаниями Санкт-Петербурга и другими.

4. Какое оборудование вы используете для печати?

APPENDIX 5(2) Interview with ProntoPrint in Russian

Для печати нашей продукции у нас стоят печатные станки и принтеры. Мы пользуемся Xerox C75 (цветной), который обеспечивает точную цветопередачу и очень высокое качество отпечатка. Также у нас есть Xerox DC6060, тоже цветной, помогает нам с печатью длинных тиражей. Xerox 545 монохромный это наша правая рука в печатных процессах. Также у нас есть Ideal 7228, это бумагорезательная машина с шириной реза 720мм. И последняя машина которой мы пользуемся это ручной станок для шелкографии.

5. На какой бумаге у вас идет производство продукции?

Бумагу для печати нашей продукции мы заказываем на целлюлозно-бумажном заводе. В зависимости от типа продукции, либо книга либо брошюра, мы используем бумагу разной плотности. Плотность у нас варьируется от 40-200 гр/м².

APPENDIX 6(1) Interview with Verteks Company in English

1. What types of products and forms of medicine are produced by your company?

Our company is engaged in the production of medicine in the form of tablets, ampoules, sprays, solutions. Another direction of our company activities is the production of cosmetic products. Our company also exports products to different cities in Russia, both medical and cosmetic products are exported to the pharmacies and hospitals.

2. Do you produce unique products that have no analogues?

Together with commonly used medicine products, in our assortment we have some unique products, which have no analogues in other organizations.

3. Are all your products provided with a separate paper instruction?

Not all, we equip with a separate instruction only the medication, which has to be packaged. Tablets produced on blisters are issued without instructions and the instruction is issued for a batch of goods, and not individual. In addition, cosmetic products are not equipped with separate instructions. Some of our products have instructions directly on the package.

4. Do you print the medical instructions inside your company or you use the services of a third-party organization?

We have a fairly large enterprise and we can afford to have our own typography, which prints most of the products such as instructions and packaging. In addition, our printing house can place orders from our partners for printing similar products.

5. What particular requirements do you have for the quality of the paper used in instructions printing? (Density, thickness, chemical composition)

APPENDIX 6(2) Interview with Verteks Company in English

Paper for printing instructions we order at the pulp and paper mill, the density of paper should be 35-60 g/m². The issue of instruction printing and the rest of the medical documentation is regulated by GOST No. 52550-2006.

6. Are there any specific standards for producing the instructions?

The production of the medical instruction in our company is regulated by the following normative document - the requirements for the instruction for the medical use of medicinal products. Of course, there are standards for the production of medical instructions. Based on the document, the following aspects should be included in the instruction:

- ✓ Name / name of the medicinal product
- ✓ Dosage form indicating the quantitative content or activity of active ingredients and a list of excipients.
- ✓ Description of the appearance.
- ✓ Pharmacotherapeutic group of medicinal product (ATC);
- ✓ Pharmacological properties (pharmacodynamics, pharmacokinetics) or
- ✓ Indications for medical use.
- ✓ Dosing regimen, mode of administration, if necessary, the time of taking the drug, the duration of treatment
- ✓ Possible adverse reactions during medical use of the drug.
- ✓ Contraindications for medical use.
- ✓ Precautions for medical use.
- ✓ Symptoms of overdose,
- ✓ Shelf life / shelf life and indication of the prohibition of the use of a medicinal product after the expiry date.
- ✓ Storage conditions

APPENDIX 7(1) Interview with Pharmaceutical Factory of Saint-Petersburg in English

1. What types of products and forms of medicine are produced by your company?

Nowadays, our company produces medicines for therapy. Since the history of our company is quite long, we never stop and constantly develop ourselves. In addition to medicine, we also began to produce cosmetic products, which can be found in the country's pharmacies. The production process meets international and national standards in the field of pharmaceutical production.

2. Do you produce unique products that have no analogues?

Our factory was the first one to start the production of the drug, which is Beclospir, a domestic metered aerosol inhaler with the active substance beclomethasone dipropionate. Our products also have no analogues and are exported to different cities of our country. Our factory produces medicinal and cosmetic products in large quantities, because it has a very high demand. However, compared to previous years, the demand for our products has reduced, due to the crisis that is now in the country. The purchasing power of customers has dropped significantly. Based on the statistics, our production volumes decreased by 4.2%, but the purchase of our medical and cosmetic products in pharmacies increased by 9.8%.

3. Are all your products provided with a separate paper instruction?

Only a part of our products are not equipped with a separate paper instruction. About 35% of products are produced without instructions, and this is mainly cosmetic products. The remaining medications that are available in separate packages have instructions.

4. Do you print the medical instructions inside your company or you use the services of a third-party organization?

We print medical instructions at our factory, since we possess space to have our own typography. We also produce packaging for our products; we print various medicinal documents in our typography. Throughout all the time we are in the market, we have never addressed a third-party organization for printing purposes.

APPENDIX 7(2) Interview with Pharmaceutical Factory of St Petersburg in English

5. What particular requirements do you have for the quality of the paper used in instructions printing? (Density, thickness, chemical composition)

We pay much of the attention to the quality of our paper, it should be exceptional. Density is usually 35-60 g/m², it is thin, but at the same time very durable. Such paper can withstand many folds without losing the quality of the text on it.

6. Are there any specific standards for producing the instructions?

The printing of medical instructions is governed by GOST and specialists in our printing house make an effort to ensure that everything is perfect and that the instruction was printed according to the law. Also, in other separate documents it is prescribed what exactly should be included in the instructions and how everything should be formalized.

APPENDIX 8(1) Interview with Medpolimer Company in English

1. What types of products and forms of medicine are produced by your company?

Our company is the leader in the production of infusion solutions in the northwestern district. In addition, we produce laboratory plastic dishes/glassware and medical products, such as catheters and other medical instruments. Also, we produce medical packaging for our medication.

2. Who are your clients in Saint-Petersburg?

We deliver our products mainly to medical institutions in St. Petersburg, as well as to schools and hospitals. Our products are greatly demanded both in hospitals and in universities. We also supply products to some pharmacies not only in Saint-Petersburg, but across the country.

3. Do you produce unique products that have no analogues?

We are leaders in our field and our products are verified in order to satisfy our customers. In Saint-Petersburg, there are several organizations that are working in the same field, however, customer preference is given to us.

4. Are all your products provided with a separate paper instruction?

Most of our products do not need a separate printed instruction, since, agree with me, the glassware do not need to be instructed how to use it. Some equipment is provided with instructions, but since we deliver products to medical institutions, they already know how to use everything.

5. Do you print the medical instructions inside your company or you use the services of a third-party organization?

The production volume of our company is not as large as that of Bayer, and unfortunately the size of the company does not allow us to print at the company. That is why we use the services of printing houses in Saint-Petersburg. We cooperate only with trustworthy print

APPENDIX 8(2) Interview with Medpolimer Company in English

ing houses, as we value our reputation. We worked with the ProUpack printing house, which produces packaging and medical instructions.

6. What particular requirements do you have for the quality of the paper used in instructions printing? (Density, thickness, chemical composition)

The density of our paper should be 45-80 g/m². We give all our instruction to accredited specialists in the printing house and they do the work. Everything is regulated by ISO standards.

7. Would you agree to collaborate with a foreign printing house?

I think no. Certainly, we would pick a domestic printing house to cooperate with rather than a foreign one. This is much more problematic and also includes additional costs. We know that Russia is in difficult economic situation right now, therefore we would prefer to choose the printing house from Saint-Petersburg.

APPENDIX 9(1) Interview with Farmproject Company in English

1. What types of products and forms of medicine are produced by your company?

We are constantly developing and our products are developing together with us. We are on the market since 2001 and during this time, our range has increased significantly. Currently, we have more than 20 units of medical production. We produce only pills for professional medical purposes. There are no other products in our company.

2. Do you produce unique products that have no analogues?

In our assortment, there are some unique medical products, which have no analogues. Our pills are in high demand among our customers, so our production volumes are relatively large and we deliver the production to pharmacies and hospitals.

3. Are all your products provided with a separate paper instruction?

100% of our products are provided with a separate medical instruction, so our entire range consists of pills, and not the usual ones, which helps with headache, stomachache or others. Our pills need to be instructed how to use them, therefore the instruction is required in every package.

4. Do you print the medical instructions inside your company or you use the services of a third-party organization?

Since our company is private and the area of the plant is not that big, about 4500 m², that is why we cannot afford to print at our factory, and therefore we use the services of printing houses in St. Petersburg. We cooperated with such printing houses as AMS-Med, Great Print House and Polyprint Printing House. We trust these printing houses, as they have shown themselves very positively and take the given work with full responsibility.

5. What particular requirements do you have for the quality of the paper used in instructions printing? (Density, thickness, chemical composition)

APPENDIX 9(2) Interview with Farmproject Company in English

We prefer to print our instructions on thin paper, with a density of about 40 g/m². The printing of medical instructions is, undoubtedly, done in accordance with GOST standards, in compliance with all the rules.

6. Would you agree to collaborate with a foreign printing house?

I do not think so. Employees of our company discussed this issue before, but we all came to the conclusion that there is no sense in cooperating with a foreign printing house, when exactly the same printing houses are present in Saint-Petersburg. It saves both time and money. Therefore, we prefer to cooperate with our domestic printing houses.

APPENDIX 10(1) Interview with ProntoPrint in English

1. What type of products are you printing in your printing house?

ProntoPrint produces a wide range of products. We specialize in the production of almost all printed products, that is why our services are always in demand on the market of Saint-Petersburg. We produce promotional items, such as leaflets, invitations, cards and much more. In addition, we print booklets, brochures, magazines, business cards, calendars, notebooks, books, instructions, envelopes and much more. We are also responsible for the post-production of our products.

2. What makes you stand out among other printing houses in Saint-Petersburg?

There are more than 1000 printing houses in Saint-Petersburg, of course, we must somehow differ from our competitors. Firstly, we treat our clients as people, we value communication, we come to meetings and also discuss conditions. We discuss the details in a friendly atmosphere and therefore our customers are satisfied. In addition, we quickly and efficiently process orders, we value the time of our customers and do everything as quickly and efficiently as possible. Thirdly, we have a flexible pricing policy, of course, we have price lists, but in most cases, we can negotiate the prices and meet the budget that is needed for our customers. We also provide delivery to Saint-Petersburg for our customers.

3. Who usually address printing services of your company?

Although we are on the market for only 8 years, we were founded in 2009, we already have our own customer base. We print, for example, medical instructions for pharmaceutical company Farmproject, we also cooperate with other medical enterprises, such as Biocad, Farm-sintez and others. In addition to pharmaceutical companies, we also work with individual clients, with businesses, with large companies in Saint-Petersburg and others.

4. What equipment is used for printing in your company?

To print our products we have printing machines and printers. We use *Xerox C75 (colored)*, which provides accurate color reproduction and very high quality prints. In addition, we have

APPENDIX 10(2) Interview with ProntoPrint in English

the *Xerox DC6060*, also a colored one, which helps us with long printing. *Xerox545* monochrome is our right hand in the printing processes. In addition, we have the *Ideal7228*, this is a paper cutter with a cutting width of 720mm. Lastly, we use is a hand-held machine for screen printing.

5. What paper do you use for printing processes?

Paper for printing our products is ordered at the pulp and paper mill. Depending on the type of product, either a book or a brochure, the density of paper varies. The density varies from 40-200 g / m².