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Bachelor Thesis in Marketing

EFO225

Marketing of Nicotine Replacement Therapy Products in a Deregulated Swedish Pharmacy Market

Group 2094

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Abstract

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Title: Marketing of Nicotine Replacement Therapy Products in a Deregulated Swedish Pharmacy Market.

Advisor: Carl G. Thunman

Purpose: The thesis will provide a description of the previous Swedish NRT marketing mix, a description of the present plans of Swedish NRT marketers for the marketing mix of their products, and the present marketing mix of the previously deregulated pharmacy markets in Finland and Norway. The purpose is to develop conclusions on how marketers of NRT products could change their marketing mix in response to the deregulation of the Swedish pharmacy market.

Method: This thesis relies on a descriptive method. Interviews are used as the source of primary data. This is because some of the information sought after is not readily available and cannot be found through secondary data.

Conclusions: Markets are mature only in the minds of the actors on the market. Due to the deregulation the market seems to be a window of opportunity for any innovative, aggressive marketing entrepreneur who wants to radically change his or her position in the market.

Recommendations: NRT marketers could attempt to design a new, more aggressive strategy and work with the remaining Ps to unhinge what seems to be regarded a mature market.
NRT marketers should work more actively to create an effective market feedback loop.
NRT marketers should consider using the Internet to sell their products to consumers, thus opening a new channel.
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Västerås, Sweden
24 February, 2009

Shant Tozlikian          Erik Falk
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<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>®</td>
<td>Trademark (Registered)</td>
</tr>
<tr>
<td>4p’s</td>
<td>Product, Price, Place and Promotion</td>
</tr>
<tr>
<td>AB</td>
<td>Aktiebolag (Joint-stock Company, Corporation)</td>
</tr>
<tr>
<td>AS</td>
<td>Aksjeselskap (Joint-stock Company, Corporation)</td>
</tr>
<tr>
<td>BMW</td>
<td>Bayerische Motoren Werke AG</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>Fi</td>
<td>Finland</td>
</tr>
<tr>
<td>GSK</td>
<td>GlaxoSmithKlein</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>MPA</td>
<td>Medical Products Agency</td>
</tr>
<tr>
<td>No</td>
<td>Norway</td>
</tr>
<tr>
<td>NRT</td>
<td>Nicotine Replacement Therapy</td>
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<tr>
<td>OTC</td>
<td>Over The Counter</td>
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<tr>
<td>OY</td>
<td>Osakeyhtiö (Joint-stock Company, Corporation)</td>
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<tr>
<td>SB</td>
<td>Sweden Before</td>
</tr>
<tr>
<td>SP</td>
<td>Sweden Planned</td>
</tr>
<tr>
<td>™</td>
<td>Trademark (Not yet Registered)</td>
</tr>
<tr>
<td>VP</td>
<td>Vice President</td>
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1 INTRODUCTION

When a market goes through a major reform, such as the Swedish NRT market in 2008, changes in marketing strategies will take place. This thesis will describe and discuss the changes needed to be made in order to adapt to the new market environment.

Marketing of Nicotine Replacement Therapy (NRT) products within the Swedish market has been limited for many years due to the fact that the only place these products can be sold is by a single pharmacy company; the government owned and controlled Apoteket AB (Apoteket AB, 2006).

NRT products are merchandise that can be used to help smoking cessation by providing the nicotine without the harm of the smoke. It is used by smokers in their struggle to quit smoking. It does not stop the addiction to nicotine, but helps the user get over the damage smoke can cause a person.

Most European countries as well as many other developed countries have deregulated the monopolistic status of their nationally held pharmacies many years ago. The opening of those markets has led to additional pharmacies, creating a more competitive market for the pharmaceutical producers. This is in contrast to what a monopolistic pharmacy market has to offer, which has been the case in Sweden to this day with the nationally owned pharmacy (Regeringskansliet, 2008).

Only recently, a law was passed concerning NRT products allowing them to be sold by other retailers rather than just at Apoteket AB (Socialdepartementet, 2007). The deregulation of the Swedish pharmacy market is a new phenomenon that is in the process of taking place. Especially for the NRT products, this change has come sooner than most of the non prescription medications. This will impose new marketing challenges for the NRT marketers (Regeringskansliet, 2008).

The four companies that will be facing this challenge are; GlaxoSmithKline (GSK) Consumer Healthcare AB, McNeil Sweden AB, Niconovum AB and Novartis Sverige AB. These are the companies that currently exist as the major NRT marketers in Sweden.

This study will be based on the theory of marketing mix by Philip Kotler¹. The theory consists of four different aspects of marketing a product (Product, Price, Place, and Promotion) will be adapted for NRT products.

The marketing mix of NRT products in Sweden will change due to the deregulation of the pharmacy market. The change occurs because of the new opportunities given to NRT marketers to reach a wider audience while operating in a more competitive environment. Therefore, this thesis will aim to provide NRT marketers in Sweden with a few recommendations to uphold the changes needed to be made in the marketing mix of their products and adapt accordingly.

These recommendations will be based on information collected through interviews with the main actors in the marketing of NRT products in Sweden as well as comparative studies from Finland and Norway. Interviews with NRT marketers in these respective countries will also be conducted because their countries have already undergone the same process of deregulation of their national held pharmacies in previous years. Conclusions will be drawn and recommendations developed on how NRT marketers could change their marketing mix in response to the deregulation of the Swedish pharmacy market.

¹ Dr. Philip Kotler is the S.C. Johnson & Son Distinguished Professor of International Marketing at the Northwestern University Kellogg Graduate School of Management in Chicago. He is hailed by Management Centre Europe as “the world’s foremost expert on the strategic practice of marketing.” (Kotler Marketing Group, Inc., Copyright © 2001-2008)
This thesis can be used by NRT marketers in Sweden to understand what changes occur in the marketing mix of NRT products after the deregulation process of a pharmacy market. It can help the Swedish NRT marketers in restructuring their own marketing mix through lessons learned from examples in Finland and Norway.

1.1 PURPOSE

The thesis will provide a description of the previous Swedish NRT marketing mix, a description of the present plans of Swedish NRT marketers for the marketing mix of their products, and the present marketing mix of the previously deregulated pharmacy markets in Finland and Norway. The purpose is to develop conclusions on how marketers of NRT products could change their marketing mix in response to the deregulation of the Swedish pharmacy market.

1.2 STRUCTURE OF THESIS

<table>
<thead>
<tr>
<th>Theory</th>
<th>Empirical Data</th>
<th>Analysis</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Mix</td>
<td>Sweden Before</td>
<td>Finland</td>
<td>Norway</td>
</tr>
<tr>
<td>Place</td>
<td>A1</td>
<td>B1</td>
<td>C1</td>
</tr>
<tr>
<td>Product</td>
<td>A2</td>
<td>B2</td>
<td>C2</td>
</tr>
<tr>
<td>Promotion</td>
<td>A3</td>
<td>B3</td>
<td>C3</td>
</tr>
<tr>
<td>Price</td>
<td>A4</td>
<td>B4</td>
<td>C4</td>
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<tr>
<td>Method &amp; criticism</td>
<td>Method of data collection &amp; criticism</td>
<td>Method of data collection &amp; criticism</td>
<td>Method of data collection &amp; criticism</td>
</tr>
</tbody>
</table>

Table 1 Structure of Thesis

This matrix (Table 1) will be used as a map throughout the entire thesis. All major sections are included and their relationships are described.

1.2.1 TERMINOLOGY OF MATRIX

Marketing Mix in the matrix are the 4 P’s (Product, Price, Place and Promotion)

Empirical Data includes the following subtitles;

Sweden Before refers to the data collection of the Marketing Mix of NRT products prior to the deregulation of the Swedish pharmacy monopoly (March 1, 2008).

Finland refers to the data collection of the present Marketing Mix for NRT products in Finland.

Norway refers to the data collection of the present Marketing Mix for NRT products in Norway.

Sweden Planned refers to the data collection of the planned Marketing Mix for NRT products in Sweden.
**Method and Criticism** at the bottom row of the entire matrix means there will be a debate in each section of why the theory or the method of data collected was used and how the comparison, findings and recommendations were made in this thesis and the advantages and disadvantages it provided.

**A1-D4** refers to the individual boxes within the matrix that will contain the set of information (primary and secondary data) gathered on two categories, the heading of the column and heading of the row. E.g. A1 = (Data collected on) Sweden Before + Product, and so on for the rest of the boxes in the matrix in this section.

**E1-E4** refers to the analysis and comparison of the data collected in A1 – D4. E.g. E1= information collected in A1+B1+C1+D1 and to be continued as such for the rest of the comparison section.

**F1-F4** refers to the findings from the comparison section E1-E4.

**G1-G4** refers to the recommendation made based on the findings from F1-F4.

### 1.2.2 THE EXPLANATION OF THE MODEL

**Research Methodology** (Chapter 3) – This chapter is illustrated in the matrix by the Method & Criticism line.

**NRT Marketing Model** (Chapter 4) – This chapter is illustrated in the matrix by the Marketing Mix (Product, Price, Place and Promotion). This chapter will also include the secondary and primary information found under Empirical data.

**Empirical Data** – Throughout the thesis, the information gathered as Empirical Data for all the sections with the subheadings mentioned above will be used to provide the data in chapter four.

**Analysis** (Chapter 5) – This chapter is illustrated by the Analysis section where the data collected and compared in chapter four is analyzed.

**Conclusion** (Chapter 6) – This chapter is illustrated in the matrix by the conclusion section with the subheading findings. Here conclusions from chapter 5 will be summarized.

**Recommendations** (Chapter 7) – The last section of the matrix represents the recommendations for the NRT marketing mix used in Sweden.
1.2 DISPOSITION

This thesis consists of nine chapters whose contents will be introduced briefly in order to convey the general structure of the study.

Chapter 1: This chapter presents an introduction to the topic and the purpose of the thesis.

Chapter 2: This is the chapter on the background of the Swedish NRT market which explains what NRT is and what is meant by the deregulation of the Swedish pharmacy market. The laws and regulations are explained in this chapter and the major players in NRT marketing are identified along with the NRT marketers in other countries of interest in this thesis.

Chapter 3: This Research Methodology chapter explains the methods used in conducting the research, what type of data will be collected and how. This chapter also explains how the interviews will take place and provides a guide on the interview questions and what methods will be used to analyse all the information collected.

Chapter 4: This is the NRT Marketing Model chapter where the theoretical background is provided. The Marketing mix theory is used in this chapter and explained in accordance to NRT products in Sweden. All the data gathered from the interviews and the rest of the research material are described and compared according to the marketing mix of NRT.

Chapter 5: This chapter will analyse all the data gathered from the interviews and the rest of the research material according to the marketing mix of NRT.

Chapter 6: This chapter will include a conclusion from all the research material gathered that was analysed in chapter five.

Chapter 7: Recommendations will be given in this chapter to Swedish NRT marketers of what more could be done in order to adapt their marketing mix to the new deregulated market.

References: Sources will be listed in this chapter.

Appendix: This chapter includes the interview guide along with the full transcripts of the interviews as well as the summaries of each interview.
2 BACKGROUND OF SWEDISH NRT MARKET

2.1 NICOTINE REPLACEMENT THERAPY

Nicotine Replacement Therapy (NRT) is the treatment of nicotine addiction through a pharmaceutical engineered substitute which allows for the discontinued usage of harmful tobacco products. NRT provides a chance to eliminate the habit of smoking but keeping the addiction to nicotine intact. This way the cravings for nicotine through tobacco is controlled and satisfied. Gradually the amount of nicotine intake can be reduced through a step by step program thus finally eliminating the nicotine addiction. (Stoppler, 2007). NRT is a treatment that has been proven to be an effective solution for addicted tobacco users to quit smoking, almost doubling the long term success rates. (Silagy, Lancaster, Stead, Mant, & Fowler, 2007)

NRT treatment comes in a variation of strengths and forms, such forms are the; transdermal systems or patches, nicotine polacrilex resin or gum, nicotine lozenges, nicotine inhalers and other NRT such as tablets. (Stoppler, 2007). NRT products are sold in Sweden only to people at the age of eighteen and above (Socialdepartementet, 2007).

2.2 APOTEKET AB

The Swedish pharmacy monopoly, known as Apoteket AB, was created in 1971. Prior to Apoteket AB, Swedish pharmacies were driven privately in various regions where a pharmacist would receive a pharmacy privilege from the government; however prices were still centrally regulated. The main advantage of Apoteket AB is the distribution, localization and systems synchronized with healthcare systems and needs. In 1975 the self-service system was introduced, allowing customers to browse by themselves through the goods. Apoteket AB develops and allocates several systems in close collaboration with the Swedish healthcare, giving them an important role to enlighten the public. In the past decade Apoteket AB started to receive attention from the EU regarding the pharmacy monopoly not being in compliance with the EU directives. (Apoteket AB, 2006)

New systems are also enabled through the development of IT, causing the ordering and selling systems to become much more effective. Paradoxically it is partly these IT systems that become yet another strong argument for a smooth changeover to a deregulated Swedish pharmacy market. (Apoteket AB, 2006)

2.3 CHANGE & POLITICS

To purchase any sort of medicine in Sweden, prescription or non prescription drugs, people had to go to the same government regulated and controlled pharmacy, Apoteket AB, which has stores that can be found throughout Sweden. Until the recent proposals and changes in law, Apoteket AB was run solely by the government. Due to outside factors, such as the monopoly not being compatible with EU principles of free competition and open market (SVT, 2005), and domestic politics after the centre-right parties coalition’s victory in the elections of September 2006, the need for deregulating the Swedish Over The Counter (OTC) pharmacy monopoly was realized and put in progress (Euromonitor International 2008, 2007).

OTC drugs are products that are sold without prescription at Apoteket AB in Sweden. Due to the recent changes in the Swedish OTC pharmacy monopoly, OTC will also mean the non prescription medications sold in any other store. NRT products are included in this category.
The strong arguments for changing the Swedish pharmacy monopoly were that it would lead to more pharmacies, longer opening hours, shorter queues and better service for the customers, according to Swedish Pharmacists’ Association Chairwoman Cecilia Bernsten. (‘End pharmaceutical monopoly’, 2008)

On January 8th, 2008 after an extensive inquiry, a final report was presented. It contained proposals that would enable actors other than Apoteket AB to retail both prescription and non-prescription medicinal products. Among other suggestions, the inquiry also presented proposals that would allow for the sale of a limited range of non-prescription medicinal products at locations other than pharmacies. (Regeringskansliet, 2008)

As of March 1st, 2008, a range of medicinal products are sold at locations other than pharmacies. Based on a report, Regeringens proposition 007/08:17; Nikotinläkemedel i handeln, NRT have been allowed to be sold in all stores around Sweden.

As of today NRT products have been introduced into a significant number of stores (about 3,000). This however, is only the start and large quantities of retailers are in the starting stages to introduce NRT into their product range. (Halleröd, 2008)

2.3.1 THE CHANGE OF THE NRT SITUATION

The situation of NRT drugs has significantly changed over the past 20 years. When introduced, NRT was considered a pure prescription drug. The classification of the drug changed as regulations became more relaxed until today’s situation when the consumer can gain access to the drug by simply retrieving it from the shelf of any store. (McNeil Sweden AB, 2008)

2.4 AN ILLUSTRATION OF THE CHANGING NRT MARKET

Figure 1 An Illustration of the Change in the Swedish NRT Market

- **NRT Products:** The top box represents the NRT products that are sold in the Swedish NRT market.

- **“Deregulation of Pharmacy Monopoly” arrow:** illustrates the change from the *Old NRT market* towards the *New NRT market.*
• **Old NRT Marketing mix**: the marketing mix used by NRT marketers on their products before the deregulation of the pharmacy market and directed towards the *Old NRT market* illustrated by the **Arrow between those two boxes**.

• **New NRT Marketing mix**: the marketing mix that NRT marketers have to adapt to their products after the deregulation of the pharmacy market and then direct it towards the *New NRT market* illustrated by the **Arrow between those two boxes**.

• **“Change in Marketing Mix” arrow**: this arrow shows that there are changes taking place within the marketing mix of NRT products and that is due to the deregulation of the pharmacy market. This thesis will be describing these changes based on Interviews and secondary data collected.

### 2.5 Deregulation of the Swedish Pharmacy Market

The deregulated Swedish pharmacy market refers to a previous unfair market held by one player who controlled the entire market, but has recently been broken up by government legislations. The introduction of new competition into the market was one of the main concerns in deregulating the monopoly. The company that held the monopoly usually still has the upper hand in such a market as the case with Apoteket AB.

Based on the definition of a legal-monopoly, a company has total control of a market (Business Dictionary, 2008). There are four major NRT companies in Sweden that deliver their products to Apoteket AB, the monopoly holder, who in their turn re-sell the products to the final consumers.

The NRT companies adapt their marketing mix towards the consumers as well as Apoteket AB; this includes all the exposure consumers receive about the products.

Today, the situation is in the early stages of the deregulation of the NRT market. Apoteket AB has the upper hand among the retailers; Apoteket AB is after all the only retailer with the experience and extensive knowledge on how to retail NRT products. For NRT producers to disregard Apoteket AB could result in losses in sales.

Based upon the definition of a free market, a seller can act without interference (Business Dictionary, 2008). Retailers will be introduced into the NRT market, buying and re-selling the products. The new retailers will increase the competition towards Apoteket AB in selling NRT products. This situation will appear after the NRT market has been deregulated for some time thus showing fair competition between retailers.
2.6 **GOVERNMENT REGULATIONS ON SMOKERS**

The government has introduced strict regulations on smokers and environments where they are not allowed to smoke. These areas include:

1) Premises for child-care, schools or other areas intended for children such as school courts and equivalent outdoor areas
2) Premises intended for health and medical-care
3) Premises shared by people in residences such as hallways, staircases etc
4) In public transportation and premises intended for use in regard to transportation;
5) Restaurants and other service industry premises
6) Other premises where a general or public arrangement is taking place; as well as other premises where the general public may have access. (Socialdepartementet, 1993)

These rules impose possible areas where NRT products have a distinct advantage over tobacco usage and the people suffering from a nicotine addiction must find alternative sources to their cigarette cravings.

A description of the places where there are strict regulations on smoking explains the opportunity that NRT marketers have when marketing their products in these areas. Smokers realize at moments like these when they are in those areas, that addiction is a problem and that a substitute for cigarettes might be needed.

2.7 **NRT MARKETERS IN SWEDEN**

The Swedish NRT market today has a total of four major NRT producers. The deregulation of the Swedish NRT market will have an impact on the marketing mix of all four of these companies, and they are as follows;

2.7.1 **GLAXOSMITHKLINE CONSUMER HEALTHCARE AB**

The name of the NRT product is called NiQuitin™. The product range, all covered under the same name NiQuitin™, includes the; gum, patches and tablets (GlaxoSmithKline Consumer Healthcare AB, 2008).

2.7.2 **MCNEIL SWEDEN AB**

The name of the NRT product is Nicorette® and is the second largest NRT brand sold in Sweden. The product range, all covered under the same name Nicorette®, includes the; gum, patch, inhaler, microtab and nasal spray (McNeil Sweden AB, 2008).

2.7.3 **NICONOVUM AB**

The name of the NRT product is Zonnic®. The product range, all covered under the same name Zonnic®, includes the; gum and mouth spray (Niconovum AB, 2008). (Apoteket AB, 2007)
2.7.4 Novartis Sverige AB

The name of the NRT product is Nicotinell and is the leading NRT brand sold in Sweden in 2007 (Apoteket AB, 2007). The product range, all covered under the same name Nicotinell, includes the; gum, patches and tablets (Novartis Sverige AB, 2008).

2.8 Other NRT Markets

The current deregulation of the Swedish OTC pharmacy monopoly put in progress has already taken place in many other countries. Significantly interesting for the outcome of the new Swedish NRT market is that this process has been carried out in Sweden’s Nordic neighbours Finland and Norway.

In this study the results of the deregulation of the Finnish and the Norwegian pharmacy market is described and what affect this had on their respective NRT marketing mix. “Increased competition in the pharmacy market may lead to better opening hours, more outpatient OTC pharmacies, lower prices and better service. The experience of countries that have made changes to their legislation in this area is positive. In Norway the number of pharmacies has increased by 30 per cent since the deregulation of its pharmacy market. Since the deregulation in Denmark, non-prescription pharmaceuticals have fallen in price by 5 to 10 per cent” (Regeringskansliet, 2008). In Finland, the prices have dropped up to 20 per cent (Aalto-Setälä & Antti Alaranta, 2008).

Since the deregulation of the pharmacy market has been carried out in Finland and Norway, the thesis makes use of this situation and studies those deregulations. Through the studies, the thesis will have the ability to provide NRT marketers with sound NRT marketing strategies through the acquisition of more knowledge and useful information.

2.8.1 Smokers in Sweden, Finland and Norway

The potential market for NRT is represented by the number of smokers in Sweden, Finland and Norway. Of course not every smoker is willing to quit, and all who quit do not necessarily have to use NRT products. However, all smokers are to be defined as a potential market since NRT products are intended towards all smokers. These figures are of interest as a comparison between the different markets and will provide a basic understanding on the size of each market. This section provides an overview of the potential NRT market in the three mentioned countries and demonstrates the importance of NRT since it could affect many people who suffer from an addiction.

<table>
<thead>
<tr>
<th>Country</th>
<th>Daily Smoker</th>
<th>Occasional Smoker</th>
<th>Non Smokers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>17.5%*</td>
<td>10.4%*</td>
<td>72.0%*</td>
</tr>
<tr>
<td>Finland</td>
<td>18.1%*</td>
<td>4.5%*</td>
<td>77.4%*</td>
</tr>
<tr>
<td>Norway</td>
<td>27.8%*</td>
<td>10.4%*</td>
<td>61.8%*</td>
</tr>
</tbody>
</table>

Table 2 Percentage of Smokers in Sweden, Finland and Norway

*Numbers are a percentage of total population.

(Eurostat, 2008)

Table 2 clearly illustrates that the percentage of smokers in Sweden and Finland are less compared to Norway. However this does not mean that there are more smokers in Norway in total as shown in Table 3.
Using the percentage of smokers and comparing it to the populations of Sweden, Finland and Norway, the total number of smokers is the most in Sweden followed by Norway and the least in Finland. Therefore the potential market for NRT producers in successive order is Sweden, Norway and Finland. However, the Scandinavian market in general is quite small compared to the rest of Europe and other parts of the world.

In Sweden the profile of a typical smoker is that of an individual who usually has a lower socioeconomic status. The lower socioeconomic part of the population has a 40% larger share of smokers compared to people in a higher socioeconomic situation. It is also more common among women to be smoking; this difference in smoking habits is especially strong among the younger part of the population. Based on this information the stereotypical smoker is a low income young female (Hansson & Hallqvist, 2005).
3 RESEARCH METHODOLOGY

3.1 RESEARCH APPROACH

The thesis relies on a descriptive method which serves the purpose of the thesis by describing the old Swedish NRT marketing mix, present marketing mix of Finnish and Norwegian NRT marketers and the present plans of the Swedish NRT marketers in the marketing mix of their products.

The data collected in order to form an analysis is based on two types; primary and secondary data. First, a collection and analysis of academic literature from the fields of NRT Marketing mix and deregulated Swedish pharmacy market was made to present an overview about the subjects, understand their relationship with each other and their relationship towards a change in the NRT Marketing mix. This information collected is in the form of secondary data.

Interviews were held as the main research method and were used as the source of primary data. The interviews were conducted with employees from marketing departments of companies who market NRT products.

Through interviews, the past and current situation of the marketing mix of NRT products are identified in Sweden as well as the present marketing mix of the two neighbouring countries. The primary information is compared with documents found through research on the changes in marketing mix that occurred in Finland and Norway, in order to draw recommendations for NRT marketers in Sweden. The methodology of gathering both primary and secondary data to fulfill the research purpose is discussed below.

3.2 METHOD FOR DATA COLLECTION AND INTERPRETATION

<table>
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<tr>
<th>Marketing Mix</th>
<th>Theory</th>
<th>Place</th>
<th>Product</th>
<th>Promotion</th>
<th>Price</th>
<th>Method &amp; criticism</th>
<th>Empirical Data</th>
<th>Comparison</th>
<th>Conclusion</th>
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<tr>
<td>Sweden Before</td>
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<td>A2</td>
<td>A3</td>
<td>A4</td>
<td>Method of data collection &amp; criticism</td>
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<td>Sweden Planned</td>
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<td>Method of data collection &amp; criticism</td>
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</table>

Table 4 Method for Data Collection and Interpretation

This matrix shown in Table 9 is used as a map to describe the method of data collection and the reason this method is preferred in the thesis. Each P in the Marketing Mix (Product, Price, Place and Promotion) is described separately on how the data collection was carried out and why this method is considered to be suitable. The reason for the matrix is to simply present how the data under each category will be collected and for what reason. The detailed comparison of the four different P’s of the Marketing Mix in the four different NRT market situations is carried out in the “Analysis” chapter (Chapter 5).
3.2.1 PRIMARY DATA

The thesis relies on interviews as the source of primary data. This is because some of the information sought after is not readily available and cannot be found through secondary data. Some of this information is not widely accessible because they might be confidential. The marketing mix of NRT products could also be constantly changing so in order to get the most accurate information, asking the experts who work in this field was considered to be the best method.

The thesis uses a semi-structured interview carrying both a mix of unstructured and pre-coded interview types. The interviewee is free to answer the prepared questions and to provide any further related information. This type of interview does not restrict the respondents in their answers and they can answer the questions in the way that the interviewees think is logical and sensible (Fisher, 2007).

Two different sets of interviews were held. The first set was held with NRT marketers in Sweden concerning the old and present marketing mix of their products and the effects of the market deregulation on the future plans and changes to the marketing mix.

The second set of interviews were held with NRT marketers in Finland and Norway in order to find out what is the current marketing mix of their products since their countries have already gone through the deregulation of the pharmacy market.

Both these sets of interviews were essential, and have provided missing information from secondary data, and were used in the analysis.

3.2.2 SECONDARY DATA

Databases for academic literature, such as Google scholar and others via Malardalen University such as ELIN@Mälardalen, ABI/Inform, Ebrary, Emerald, and JSTOR were searched with combinations of key words to find relevant and trustworthy literature for the theoretical part of this study. Academic articles and text books in the English language as well as in Swedish were considered for the literature review to obtain a broader range of information especially since the topic is related to the marketing mix of NRT in Sweden.

The key words in question were: NRT, marketing mix, Apoteket AB, deregulation of monopoly, NRT products, and NRT marketers. After applying all useful combinations to the databases, prospective literature was collected and analyzed towards its usefulness. The databases were also searched to collect literature relating to the various countries and the marketing mix of NRT products in them and their relationship to NRT marketing mix in Sweden. Different combinations of key words were used, which include: NRT marketing mix, NRT in Finland/ Norway, deregulation of pharmacy markets and Swedish pharmacy market.

Two studies that were found through the databases and are extensively used in this thesis are “Effect of deregulation on the prices of nicotine replacement therapy products in Finland” and “Nya villkor för apotek och läkemedelsförsäljning”.

The first study describes the change in prices before and after the deregulation of the pharmacy market in Finland. The study was done by Mr. Ville Aalto-Setälä, an employee of the National Consumer Research Centre in Helsinki, Finland and Mr. Antti Alaranta who works in the Faculty of Pharmacy at the University of Helsinki, in Finland. This study was considered to be essential because prices are a very sensitive area to be discussed and primary information was difficult to collect through the interviews. The interviewees thought prices were to be kept as company secrets since they are used as strategies to compete in the market. This study provides a good insight on how the retail prices of NRT products in Finland were affected after the deregulation of the pharmacy market. The study is used as a comparison to
the Swedish NRT market after the deregulation. Similarities have appeared although each country has its own individual identity in retail pricing systems depending on the business structure of that country. The study was considered to be a trustworthy source since the two authors have enough credential background to write a reliable paper.

As for the second study “Nya villkor för apotek och läkemedelsförsäljning”, it provides a good overview of the differences and similarities between the Swedish, Finnish and Norwegian pharmacy markets. This study was required in order to understand if it is possible to compare the three markets. If the three markets were not similar at all, then the thesis could not have been written based on the comparison of the three markets. Therefore the study was essential to point out that the three pharmacy markets are similar in many ways. The author of the study is Mr. Anders Anell Associate Professor of Business Administration at Lund University and CEO of the Swedish Institute for Health Economics in Lund. Mr. Anell, as a source is again considered reliable because of his credential background.

Observations made in the local Apoteket AB stores in Västerås and Uppsala as well as supermarkets such as Ica, Coop and Shell gas stations were used as secondary data to support the information provided by the interviewees. The following stores were used; ICA MAXI Uppsala (Stenhagen) - Coop Forum Uppsala (Boländerna) - Apoteket Uppsala (Boländerna) - Shell Uppsala (Vaxsala) - Apoteket Västerås (Central).

These observations were needed to obtain the current retail prices of the NRT products in those stores. Stores in Uppsala were used since it is considered one of the larger cities in Sweden. Although it is not the largest retail market in Sweden, the retail prices found in Uppsala were considered to be sufficient in order to show the changes in retail pricing of NRT products.

After collecting the literature, the data was analyzed with the purpose of achieving the following; To define the current marketing mix of NRT products in Sweden. Utilizing this definition, a comparison is made with the marketing mix of NRT products in Finland and Norway which have undergone a deregulation of their pharmacy. Through this comparison, recommendations are made for Swedish NRT marketers on changes that they might need to consider in their marketing mix to be able to adapt to the new deregulated pharmacy market.

3.2.3 STRUCTURE OF DATA COLLECTION

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<th>Theory</th>
<th>Empirical Data</th>
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<tr>
<td>Marketing Mix</td>
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<tr>
<td>Product</td>
<td>A1</td>
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Table 5 Method for the Collection of Product related data

A1 SWEDEN BEFORE, PRODUCT

How: Secondary data from sources such as company websites was used to find product variety, different features of the products, and other qualities such as strength and packaging. Interviews were conducted to find more information concerning those areas.

Why: The reason the secondary information was sought and then supported by additional information found through the interviews is to get a good overview of the NRT
products prior to the deregulation. It is also because the secondary information found was not sufficient and needed additional information from company representatives on how the products were marketed.

**B1 FINLAND, PRODUCT**

How: Secondary data from sources such as company websites was used in order to find the product variety, different features of the products, and other qualities such as strength and packaging of products that are sold in Finland. Interviews were used to find more information concerning the same field.

Why: The reason the secondary information was sought and then supported by additional information found in Finland through interviews was to get a good overview of the NRT products. It was also because the secondary information found was not sufficient and needed additional support from company representatives on information about the products.

**C1 NORWAY, PRODUCT**

How: Secondary data from sources such as company websites was used in order to find the product variety, different features of the products, and other qualities such as strength and packaging of products that are sold in Norway. Interviews were used to find more information concerning the same field.

Why: The reason the secondary information was sought and then supported by additional information found in Norway through interviews was to get a good overview of the NRT products. It was also because the secondary information found was not sufficient and needed additional information on the products from company representatives.

**D1 SWEDEN PLANNED, PRODUCT**

How: Interviews were used to learn the plans of NRT marketers in terms of finding the new product variety, different features of the products, and other qualities such as strength and packaging. The adaptation to the deregulated market and how this affects the products were focused on in the interviews.

Why: Since the information sought after were the plans of NRT marketers, the best way to acquire this data was through interviews with company representatives. An interview with one marketing expert in a company was considered the best option and most reliable source. It is more convenient and time saving to talk to a single company representative with the knowledge and expertise rather than getting the information from many different sources from different departments within the company.

**Method for the Collection of Price Related Data**

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<th>Theory</th>
<th>Emperical Data</th>
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<td>Marketing Mix</td>
<td>Sweden Before</td>
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<td>Price</td>
<td>A2</td>
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<tr>
<td>Method &amp; criticism</td>
<td>Method of data collection &amp; criticism</td>
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Table 6 Method for the Collection of Price related data
**A2 Sweden Before, Price**

How: Secondary data from sources such as newspapers, websites and articles was used in order to find out the old pricing schemes in Sweden. Interviews were used to find out more accurately how much of a fluctuation in percentage has occurred in the prices of the NRT products since the deregulation of the pharmacy market. This information was not found from secondary data since the deregulation has taken place only recently and not many studies have been done on this topic yet.

Why: To find out the current prices of the NRT products sold at the Apoteket AB was straight forward. NRT products were only sold at the Apoteket AB before the deregulation since it was a monopoly.

To find additional information, interviews were conducted and considered to be the most reliable source since the information sought after was a company strategy and best explained by the company representatives.

**B2 Finland, Price**

How: Secondary data from sources such as websites, research studies and articles were used in order to find out the price changes of NRT products that are sold in Finland after the deregulation. Interviews were used to find out what the current prices are in Finland and on what basis they are set for different locations throughout the country.

Why: To find out the price changes of NRT products that are sold in Finland after the deregulation is information that is available in a few studies done previously and using secondary data in this way is cheap and quick. To find additional information, interviews were conducted and considered to be the most reliable source since the information sought after is a company strategy and best explained by the company representatives.

**C2 Norway, Price**

How: Secondary data from sources such as websites, research studies and articles were used in order to find out the price changes of NRT products that are sold in Norway after the deregulation. Interviews were used to find out what the current prices are in Norway and on what basis are they set for different locations throughout the country.

Why: To find out the price changes of NRT products that are sold in Norway after the deregulation is information that is available in a few studies done previously and using secondary data in this way is cheap and quick. To find additional information, interviews were conducted and considered to be the most reliable source since the information sought after is a company strategy and best explained by the company representatives.

**D2 Sweden Planned, Price**

How: Interviews were used to learn the plans of the NRT marketers in terms of setting new pricing schemes after the deregulation of the pharmacy market for all the various new retailers that will enter the market scene.

Why: Since the information sought after are the plans of NRT marketers, the best way to acquire this data were through interviews with company representatives. Interviews with one marketing expert in a company are considered the best option and the most reliable source. It is more convenient and time saving to talk to a single company representative with the knowledge and expertise rather than communicating with different departments within the company which might lead to misunderstandings and decreasing the value of the information.
METHOD FOR THE COLLECTION OF PLACE RELATED DATA

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<th>Theory Marketing Mix</th>
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<td>Sweden Before</td>
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<td>Place</td>
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**Method & criticism**

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**Table 7 Method for the Collection of Place related data**

**A3 SWEDEN BEFORE, PLACE**

How: Secondary data from sources such as newspapers, websites and articles such as from Swedish law was used in order to find out the distribution channels where the products were possibly sold in Sweden. Interviews were used to find out how the coverage of NRT products in Sweden was managed and what assortments of products were chosen for different locations throughout Sweden.

Why: To find out the distribution channel where NRT products were sold in Sweden was straight forward through secondary data because of the nature of the pharmacy market in Sweden, which was a government owned monopoly. To find additional information, interviews were conducted and considered to be the most reliable sources since the information sought after is a company strategy and best explained by company representatives.

**B3 FINLAND, PLACE**

How: Secondary data from sources such as websites, research studies and articles were used in order to find out the distribution channels of where the products are sold in Finland. Interviews were used to find out how the coverage of NRT products in Finland is managed and what assortments of products are chosen for different locations throughout the country.

Why: To find out the distribution channels where NRT products are sold in Finland is widely available and using secondary data to collect this information was cheap and quick. To find additional information, interviews were conducted and considered to be the most reliable sources since the information sought after is a company strategy and best explained by company representatives.

**C3 NORWAY, PLACE**

How: Secondary data from sources such as websites, research studies and articles were used in order to find out the distribution channels of where the products are sold in Norway. Interviews were used to find out how the coverage of NRT products in Norway is managed and what assortments of products are chosen for different locations throughout the country.

Why: To find out the distribution channels where NRT products are sold in Norway is widely available and using secondary data to collect this information was cheap and quick. To find additional information, interviews were conducted and considered to be the most reliable sources since the information sought after is a company strategy and best explained by company representatives.
D3 Sweden Planned, Place

How: Interviews were used to learn the plans of the NRT marketers in terms of finding new distribution channels, coverage of areas and assortments of products for different locations.

Why: Since the information sought after are the plans of NRT marketers, interviews with company representatives were considered to be the best option and most reliable source to acquire data needed. It is more convenient and time saving to talk to a single company representative with the knowledge and expertise, rather than speaking with different departments within the company, which might lead to misunderstandings and decreasing the value of the information.

Method for the Collection of Promotion Related Data

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<th>Theory Marketing Mix</th>
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<td>Sweden Before</td>
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<td>Sweden Planned</td>
<td>Method of data collection &amp; criticism</td>
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<td>Norway</td>
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<td>Method of data collection &amp; criticism</td>
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Table 8 Method for the Collection of Promotion related data

A4 Sweden Before, Promotion

How: Secondary data from sources such as newspapers, websites and articles was used in order to find old advertising methods as well as public relations used by Swedish NRT marketers. Secondary data was also used to find if marketers applied methods of direct marketing to reach their customers. Interviews were used to find more accurately what other advertising methods were utilized that could not be found as secondary data. Information about the public relations of the company and how they differentiated themselves was sought as well as the direct marketing methods of the company.

Why: To find the entire promotional campaigns of NRT marketers in Sweden is very hard to acquire since they are constantly changing. Secondary data found general information to provide an idea on promotional campaigns held by NRT marketers in advertising, direct marketing and public relations. The interviews were used to find more accurate information from the marketers on old campaigns their companies held and how they differentiated themselves before from their competitors. This information was considered to be the most reliable through experts in this field because the promotional campaigns were held by their companies therefore the information could be easily accessed.

B4 Finland, Promotion

How: Secondary data from sources such as newspapers, websites and articles was used to find the present advertising methods as well as the public relations used by Finnish NRT marketers. Data was also used to find if marketers apply methods of direct marketing to reach their customers such as toll free numbers, emails, etc. Interviews were used to find more accurate information on advertising methods. Information about the public relations of the company and how they differentiate themselves from their competitors was sought as well as the direct marketing methods of the company that were not available through secondary data.

Why: To find the entire promotional campaigns of the NRT marketers in Finland is very hard to acquire since they are constantly changing. Secondary data found general information to provide an idea on promotional campaigns held by NRT marketers in
advertising, direct marketing and public relations. The interviews were used to find more accurate results from marketers on the campaigns their companies are currently running and how they differentiate themselves from their competitors. This information was considered to be the most reliable through experts in this field because the promotional campaigns were held by their companies therefore the information could be easily accessed.

**C4 Norway, Promotion**

**HOW:** Secondary data from sources such as newspapers, websites and articles was used in order to find the present advertising methods as well as public relations exercised by Norwegian NRT marketers. Data was also used to find if marketers apply methods of direct marketing such as toll free numbers, emails, etc. Interviews were used to find more accurate information on advertising methods. Information about the public relations of the company and how they differentiate themselves from their competitors was sought as well as the direct marketing methods of the company that were not available through secondary data.

**WHY:** To find the entire promotional campaigns of the NRT marketers in Norway is very hard to acquire since they are constantly changing and Secondary data found general information to provide an idea on promotional campaigns held by NRT marketers in advertising, direct marketing and public relations. The interviews were used to find more accurate results from marketers on the campaigns their companies are currently running and how they differentiate themselves from their competitors. This information was considered to be the most reliable through experts in this field because the promotional campaigns were held by their companies therefore the information could be easily accessed.

**D4 Sweden Planned, Promotion**

**HOW:** Interviews were used to find the plans of the NRT marketers in terms of holding new promotional campaigns through advertisements, direct marketing and public relations.

**WHY:** Since the information sought after are the plans of NRT marketers, interviews with company representatives were considered to be the best option and most reliable source to acquire data needed. It is more convenient and time saving to talk to a single company representative with the knowledge and expertise, rather than speaking with different departments within the company, which might lead to misunderstandings and decreasing the value of the information.

### 3.3 Method of Interview

Through telephone, information was acquired from the employees of the companies on the most suitable person to be contacted for this interview. After finding out the right person, first contact made with the interviewees was through telephone and/or email depending on their schedule and availability in the office.

If the interviewee was in the office, a telephone conversation was held on describing the theme of the thesis and what the interview would be about and why it was required for the thesis. If the interviewee accepted to be interviewed, they were sent an email including information on the research topic as well as the interview questions and asked to reply to the email with a suitable date and time for them to be interviewed. Some interviewees decided that they did not have enough time to hold telephone interviews therefore were asked to answer the questions via email. The others who set a time for a telephone interview were contacted on that date and time and a telephone interview was held.

Initially all interviews were to be held either on the telephone or through internet programs such as Skype that enable long distance calling cheaper and make it more
convenient to have a longer conversation with the interviewees depending on their time
schedule and willingness.

Telephone interview was preferred over conducting it face to face because it is the
most convenient way to get in contact with the interviewees and not to disturb them and keep
them away from their already busy schedules. This gives the interviewee more options to
conduct the interview at the time most convenient for them.

Due to the very busy schedule of some of the people interviewed, some interviews
were replied to via email. This was not the initial format of the interviews, but due to the time
limitations of the interviewees, this was the most convenient way to get their answers.
Although answers were received much faster than conducting it through a telephone
interview, this method has some disadvantages since no extra clarification or resulting
questions from the answers could be added while interviewing on a telephone. Regardless, all
the answers received from the interviewees through email were beneficial and provided with
enough information to be used in the analysis.

The interviewees were also kind enough to state that if additional information was
needed later on in case some answers were not clear enough or insufficient, they could be
contacted and were willing to help as much as they could.

The process of planning the interview was held in the following stages (Fisher, 2007,
p. 167):

1. Roughly sorting and listing the area of questions.
2. Editing and prioritizing questions.
3. Considering the methods that will be used to analyze the questions.
4. Deciding on which questions are going to be opened and closed.
5. Putting questions into sequence.
6. Checking the questions that are relevant to the research topic.

The interviewees received the questions for the interview through email before the actual
interview took place in order to give them time to prepare some thoughts and answers. This
saved more time for the interviewee and also provided more accurate answers for the
interviewers since the interviewees had more time to think about the answers and maybe have
gone through some old documents to make sure they would give up to date answers.

A recorder was present during the interviews to tape all the answers provided by the
interviewees. Notes were also taken about the critical points that emerged. To receive
additional information about the firms and their marketing mix, frequent e-mail and telephone
contact with several employees from the offices of the companies was maintained. The
interviews were conducted in the English language, but the frequent contact with the
companies before and after the interviews were held both in the English and Swedish
language.

3.3.1 Place of Conducting Interviews

The interviews were conducted at the convenience of the interviewee. Since the
interviews were held by telephone and Skype, the interviewees did not have to be at their
workplace. They could have stayed at home or wherever they felt comfortable to answer
the questions. Fisher suggests that the interview place is of significant importance since a
comfortable surrounding can motivate an interviewee to loosen up and challenge his/her own
assumptions (Fisher, 2007).
3.3.2 DURATION OF INTERVIEWS

The interviews were conducted from December, 2008 to January, 2009. They were conducted at the hours most convenient to the interviewees. This was very important since it allowed the interviewees to be more relaxed and have enough time for the interview questions without having to worry about a tight schedule ahead at work.

3.3.3 THE INTERVIEWEES

The people who were contacted through an interview were according to their job title, mainly targeting the marketing representative of their company’s NRT brand. One candidate was picked from each competing company in the Swedish NRT market, meaning there were four candidates from the companies. This method of choosing the right people for the interview is called purposeful sampling according to Fisher (2007, p. 168).

The reason four representatives in Sweden were contacted is because these are the four major companies at the time being who are involved in the Swedish NRT market. Each representative is specialized in the marketing department of their respective company and was able to provide sufficient information useful for this thesis.

Two marketing representatives of the biggest NRT products sellers from Finland and Norway were also contacted. They were interviewed in order to understand how NRT products are marketed in their respective countries since the pharmacy market has already been deregulated there.

Not all interview targets were reached. Initially eight people were to be interviewed as explained above, but due to time limitations in the interviewees’ schedules, five of them were willing to be interviewed. Out of the five, only two were able to spare some time to conduct a telephone interview. The other three were equally kind, but could not provide a telephone interview, therefore replied to the interview questions via email.

The companies and representatives who were contacted are:
The type of interview held with each interviewee is also pointed out.

Representatives from Sweden:

McNeil Sweden AB (Email Interview)
Ms. Carien Slootweg, Nordic Brand Manager, NICORETTE®
In order to find out about the Marketing mix of their product Nicorette® and their preparations in changing their marketing mix after the deregulation of the Swedish pharmacy market.

Niconovum AB (Telephone Interview)
Mr. Mats Håkansson, VP Marketing, ZONNIC®
In order to find out about the Marketing mix of their product Zonnic® and their preparations in changing their marketing mix after the deregulation of the Swedish pharmacy market.

GlaxoSmithKline Consumer Healthcare A/S (Could not interview)
Mr. Johan Gustavsson, Brand Manager Scandinavia, NIQUITIN™
In order to find out about the Marketing mix of their product Niquitin™ and their preparations in changing their marketing mix after the deregulation of the Swedish pharmacy market.
Novartis Sverige AB  (Email Interview)
Ms. Veronica Alvero, Marketing Director, NICOTINELL
In order to find out about the Marketing mix of their product Nicotinell, and their preparations in changing their marketing mix after the deregulation of the Swedish pharmacy market.

Representatives from Norway;
Novartis Norge AS:  (Email Interview)
Mr. Cristiano Aubert, Country Brand Manager, NICOTINELL
They will be interviewed to find out what the current marketing mix of their product Nicotinell is in order to compare it with the Swedish companies marketing mix.

McNeil a Division of Janssen-Cilag A/S Norge
Mr. Tron Gunvarsson, NICORETTE®  (Could not Interview)
They will be interviewed to find out what the current marketing mix of their product Nicorette® is in order to compare it with the Swedish companies marketing mix.

Representatives from Finland;
Novartis Finland Oy / Consumer Health  (Could not Interview)
Mr. Joah Rovainen, Product Manager, NICOTINELL
They will be interviewed to find out what the current marketing mix of their product Nicotinell is in order to compare it with the Swedish companies marketing mix.

McNeil a Division of Janssen-Cilag Oy  (Telephone Interview)
Mr. Elias Ahola, Local Brand and ISE manager, NICORETTE®
They will be interviewed to find out what the current marketing mix of their product Nicorette® is in order to compare it with the Swedish companies marketing mix.

3.4 GUIDES TO INTERVIEW QUESTIONS

The questions asked in the interviews are found in the appendix section of this thesis. The first question was to find out the credentials of the interviewee to establish that he/she has enough experience and knowledge to answer the following questions.

The questions were divided generally into four sections. The sections were sorted according to Kotler’s 4P’s of marketing. Each P had a section and a few questions asked related to that certain P.

Under the product section, questions related to the products were asked in order to be able to answer the main purpose of the thesis. Under the price section, questions related to the price were asked in order to be able to answer the main purpose of the thesis. Under the place section, questions related to the place were asked in order to be able to answer the main purpose of the thesis. Under the promotion section, questions related to the promotion were asked in order to be able to answer the main purpose of the thesis.

The goal of these questions was to reach some of the objectives of the purpose and they are, to provide a description of the previous Swedish NRT marketing mix, the present plans of Swedish NRT marketers for the marketing mix of their products, and the present marketing mix of the previously deregulated pharmacy markets in Finland and Norway. The finalizing questions were asked in order to find out if there was any additional information that the interviewee thought to be important and useful for the thesis.
3.5 METHOD OF ANALYZING DATA

The secondary data, which comprises of information regarding the current Swedish NRT marketing mix as well as the NRT marketing mix in Finland and Norway, were analyzed using the coding technique. This means that only the usable material were drawn out of all the collected data and then identified by the theme of the information and then divided up into units, etc to be used according to its need in the thesis. The same technique was also used in analysing the primary data which was collected through the interviews. (Fisher, 2007, p. 181).

All the information collected from the interviews was listened to and reviewed several times. Information that was relevant for the thesis and could have been useful for the analysis was noted down and set aside to be used later.

There are four sections in which the relevant information was added and they are Sweden Before (SB), Finland (Fi), Norway (No) and Sweden Planned (SP). Any information that emerged within these four categories was noted down under that specific section.

The information sought after was in the theme of the 4 P’s of the marketing mix. When interviewees gave out information related to that theme, they were noted down depending on under which “P” it was stated. For example when an interviewee mentioned prices of NRT products in Sweden before the deregulation of the pharmacy market, those prices were recorded under the P of Price for Sweden Before. This process took place while listening to all the interviews several times.

After finishing with collecting all relevant information from the interviews, all the relevant secondary data collected before was added onto the information at hand. This presented a clear picture of all the 4P’s of the marketing mix in each market situation. So at the end of this process, the 4P’s of all the four categories of SB, Fi, No and SP were identified.

The Norwegian and Finnish Marketing Mix were taken as the guideline of what the Swedish NRT marketing mix should look like. This reasoning is because Finland and Norway are close neighbours to Sweden with similar culture and markets and they have already gone through the process of deregulation. Therefore, the assumption is that the Swedish NRT market might end up in the same way. This thesis points out some of the changes Swedish NRT marketers need to make and adapt their marketing mix in order to make the transition to the new deregulated market easier.

Each P was taken separately starting with Product and going on, from Sweden Before and then compared one at a time to Finland, Norway and finally to Sweden Planned. Those sections are identified in the matrix by E1, E2, E3 and E4. After this comparison, a clearer picture was formed of what might be missing in the Swedish plans for the new marketing mix. This was all carried out in the Analysis chapter. All the useful information that emerged out of the analysis section was discussed in the Conclusion chapter of the thesis identified by sections F1, F2, F3 and F4 in the matrix.

The conclusion is a brief summary of all the findings in the analysis which contains the most essential information gathered throughout the thesis.

Recommendations were reached in the chapter that follows conclusions. In this chapter, suggestions were provided on what could be done in the future to the marketing mix of NRT products by Swedish marketers. This was based upon findings in the analysis on strategies that the NRT marketers in Sweden do not seem to be following currently. Recommendations for future research are also provided.
4 NRT MARKETING MODEL

4.1 MARKETING

“Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders” (American Marketing Association, 2007).

The context in which the thesis uses the term marketing is in the perspective of the NRT marketers and how they act to communicate and penetrate the market. The situation has changed from a government owned monopolistic pharmacy towards selling NRT products in a competitive retail market caused by the deregulation. A change of the magnitude such as the change from a regulated to a deregulated market is described as a strategic change and imposes major impact on how a strategy is created (Kotler & Lane, 2006).

The marketing tool used in the thesis to describe the change and actions to be taken is by using Philip Kotler's 4p's theory (Product, Price, Place and Promotion). This tool is adapted to meet the required needs for describing NRT marketing. The marketing of NRT products is described by each of the P’s within the marketing mix and how marketers use these tools to communicate a message adapted for the deregulated market.

4.2 MARKETING MIX OF NRT

The Marketing Mix is the set of marketing tools the firm uses to pursue its marketing objectives in the target market. These tools are usually classified into four broad groups called Product, Price, Place and Promotion. These tools are also referred to as the 4 P’s of marketing and are used in order to differentiate a product and make it unique, all through intended actions. (Kotler, 2003, pp. 15,16)

When looking closer at the four different parts of the Marketing Mix, some changes in the current marketing mix of NRT products might need to be altered to better suit the new deregulated market. These changes are determined and described throughout the thesis.

Below is an explanation of how each “P” is adapted to fit the marketing mix of NRT products. These are the tools on how to influence the trade channels as well as the final consumers.

4.2.1 PRODUCT

Product Variety is a tool for marketers to promote products to reach the market in many forms. A NRT product comes in many different varieties, gum, spray, patch, tablets and inhalers.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Gum</th>
<th>Patch</th>
<th>Tablet</th>
<th>Mouth Spray</th>
<th>Inhaler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicorette®</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Nicotinell</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NiQuitin™</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zonic®</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Table 9 NRT Products available in Sweden
Both Nicorette® and Nicotinell in Finland and Norway have the same products as in Sweden, but Niquitin™ and Zonnic® have not entered these two markets.

Packages come in different sizes to better suit diverse needs depending on store space, customer wants in terms of products per package etc. The two companies that have entered into Sweden, Finland and Norway have all the various forms of packaging in different shapes and sizes to suit the needs of their customers.

There are some changes between the product packaging when comparing Sweden to Finland and Norway. For Nicorette®, the products are all the same, but the packaging of all the products is different in Sweden, Finland and Norway. There are some minor color changes and some more obvious changes in the positions of the writings and design. The changes are clear in the gum, patches, microtab as well as the inhaler. The same difference in packaging is also clear when comparing Nicorette® products in Sweden and Norway. The Finnish and Norwegian products are similar to one another but have a number of changes in the packaging from the Swedish products (McNeil Sweden AB, 2008), (McNeil a Division of Janssen-Cilag A/S Norge, 2008), (McNeil a Division of Janssen-Cilag Oy, 2008).

The other brand (Nicotinell) that can be found in all three countries, Sweden, Finland and Norway, is Nicotinell. The product itself is the same in all three countries as well as the packaging except for very minor changes in the writing of some information on the boxes. It can be considered as the exact same because those changes are not really a change in marketing strategy (Novartis Sverige AB, 2008), (Novartis Norge AS, 2009), (Novartis Finland Oy, 2009).

**Features and Quality** are very important aspects used within NRT. A key feature is the gradual reduction of the nicotine content within each NRT product to manage a reduction of the nicotine intake thus creating a milder addiction. The nicotine content of the NRT products vary from 1 to 24 mg nicotine per product, also an adaptation depending on customer needs (Pharmacy of Addenbrooke’s Hospital, 2007).

In all three countries of interest in this thesis, the features of the products are similar and easily accessible in the respective countries. The difference is where these products can be found and in what strength. These questions fall under the Place category of the Marketing Mix and will be discussed more below.

A Finnish study (Aalto-Setälä & Antti Alaranta, 2008) has found that since the deregulation of the pharmacy market, the number of packages sold has increased more than the trend in previous years. This indicates that a deregulation of NRT products stimulates an increase in the sale of the number of packages. While these figures seem positive, they can be criticized since an increase in sales might still have occurred without any relation to the deregulation. Another possible flaw in the interpretation of this data is that retailers other than pharmacies had started to sell NRT products. If these retailers solely focused on selling smaller packages, this would result in an increase in the number of sales of packages but not necessarily an increase in sales in the total number of NRT products itself. Hypothetical example; Packs of a hundred gums sold are divided into smaller packs of twenty. This would result in an increase in sales of packages when a customer who usually buys a pack of hundred purchases five packages instead.

### Table 10 NRT Products available in Norway and Finland

<table>
<thead>
<tr>
<th>Brand</th>
<th>Gum</th>
<th>Patch</th>
<th>Tablet</th>
<th>Mouth Spray</th>
<th>Inhaler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicorette®</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Nicotinell</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

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Erik Falk  
Shant Tozlikian
Table 11 Number of Packages sold in Finland between 2002 and 2006.

Table 6 shows that retailers other than pharmacies stand for most of the increase in packages sold since the deregulation. Profitability for pharmacies of NRT products because of the deregulation could therefore be argued only as marginal. (Aalto-Setälä & Antti Alaranta, 2008)

The transition from a pharmacy to a normal retailer for NRT products also means that there will be other factors that can influence the consumer. When in an environment where the consumers are not solely focused on buying pharmaceuticals but on a vast variety of products, the time spent upon deciding for each product is limited. A study made on consumer decision making for a common repeat purchase product found that when considering similar products of different brands consumers engage in very little pre-purchase deliberation. It was further stated that “consumers took an average of 13 seconds from the time they entered the aisle to complete their in-store decision” (Hoyer, 1984). These findings strengthen the importance of packaging and brand recognition as influences for deciding upon a product.

**PRIMARY DATA ON PRODUCT**

Secondary data gathered in the thesis could not suggest if new products were launched in direct effect of the deregulation or at least modified. Through the interviews, there was conclusive evidence that none of the producers of NRT products had developed or modified their products because of the deregulation. Although only three producers in Sweden and one in each of Finland and Norway were interviewed, their answers provided a general knowledge on the development of NRT products. Through their answers, an assumption was made that none of the producers had been affected under the product section of the marketing mix as a direct effect of the deregulation. The basis of this assumption is supported by; “The new market situation has not been the primary cause of new product entries, even though a new product was launched at this time” (Slootweg, 2009). According to Mr. Ahola of Nicorette, Finland, their products come out to the markets globally, nothing specific is created neither for Finland nor for the other Nordic markets because the size of the markets is too small compared to the rest of the world. Therefore the deregulation that took place in 2006 in Finland has not really affected them on a company level in terms of new products. It was also stated that, development of a new medical product takes a minimum of five years.

Mr. Håkansson of Niconovum points out that there will be more Zonnic® products coming out but this is not due to the deregulation, it would have happened no matter what. He also mentions that product features have not been directly affected by the deregulation. Changes in terms of packaging and choice of design is based on consumer and retailer demand. The same conclusion was made by Mr. Aubert of Novartis, Norway on the launch of new products, features and packaging. Ms. Alvero of Novartis, Sweden says that their product design is done globally; therefore no change in packaging would be done specifically for the Swedish market.
4.2.2 PRICING

**Price** is a variable tool that can change significantly when adapting to a new deregulated market situation. This is a strong tool which can indicate what position a certain product has in comparison to other competitive products. In particular it is very important to find an optimal pricing strategy for the new retailers, to create incentives for them to promote and expose the products. This is therefore a central question, whether it is competition alone that drives down the prices or if the NRT producers contribute by giving better opportunities for the retailers to lower the prices. Economies of scale is another attribute that might play a part in the pricing of products.

Today final consumer prices are displayed in Table 7. These are fixed prices and the same throughout all Apoteket AB stores in Sweden. The same criterion is applied for Ica and Coop supermarkets. After the deregulation the retail prices are likely change due to competition. By observing in-store prices the following prices were found in selected stores;

<table>
<thead>
<tr>
<th>NRT Brand</th>
<th>Product 1</th>
<th>Product 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicotinell</td>
<td>(Nicotinell Fruit medicinskt tuggummi 2 mg 24 pieces) Ica 64,00 Sek Coop 60,50 Sek Apoteket 64,00 Sek</td>
<td>(Nicotinell depotplåster 21 mg/24 timmar 7 patches, stage 1) Ica 169,00 Sek Coop 160,00 Sek Apoteket 169,00 Sek</td>
</tr>
<tr>
<td>Nicorette®</td>
<td>(Nicorette® Microtab resoriblett, sublingual 2 mg 90 pieces) Ica 199,00 Sek Coop 192,00 Sek Apoteket 199,00 Sek</td>
<td>(Nicorette® FruktMint medicinskt tuggummi 4 mg 105 pieces) Ica 254,00 Sek Coop 245,00 Sek Apoteket 257,00 Sek</td>
</tr>
<tr>
<td>Niquitin™</td>
<td>(Mint 4mg tuggummi 24pieces) Apoteket 87,00 Sek</td>
<td>(Clear depotplåster 21 mg/24 timmar 7 patches) Apoteket 165,00 Sek</td>
</tr>
<tr>
<td>Zonnic®</td>
<td>(Zonnic® Mint medicinskt tuggummi 1,5 mg 2x10 pieces) Apoteket 56,00 Sek</td>
<td>(Zonnic® Mint medicinskt tuggummi 3 mg 20x10 pieces) Apoteket 419,00 Sek</td>
</tr>
</tbody>
</table>

Table 12 Prices of NRT in Selected Stores

Niquitin™ and Zonnic® prices are not recorded for Ica and Coop in the table because these two products could not be found in those stores in Uppsala where the observation was made.

Through observation it was also found that pricing of NRT products (especially gums) are just above the prices of what a cigarette package costs, the price difference is around 20 percent more than that of a cigarette. This seems to be an intentional pricing strategy as it offers a direct comparison with the obvious competitive product.

A major difference between Sweden compared to Finland and Norway is that in Sweden there is an outspoken policy to create a strong price competition at Apoteket AB among the pharmaceutical companies; this means that in the case of similar products, such as NRT, the cheapest one will be recommended to customers. This is a situation that could
change in Sweden when other new distributors are allowed to sell NRT products, making it
easier to position the products in other ways rather than mostly only pricing. (Anell, 2004).

The study; Nya villkor för apotek och läkemedelsförsäljning described earlier in
chapter three, will be used as a quality study which gives a good overview of differences and
similarities between the Swedish, Finnish and Norwegian pharmacy markets. The study will
be used as a secondary source of information for the sections price and place.

In Finland a thorough study on the effects on NRT prices after the deregulation was
carried out, giving clear data on what has occurred to NRT pricing in different areas and
marketplaces. Price is very difficult to find since they usually are kept as company secrets,
therefore this Finnish study will be used. This study provides trustworthy information about
pricing of NRT products in Finland, and is used as a comparison with the Swedish NRT
market. The source of this study is very reliable since one of the authors, Mr. Ville Aalto-
Setälä, is an employee of the National Consumer Research Centre in Helsinki, Finland and
the other, Mr. Antti Alaranta works in the Faculty of Pharmacy at the University of Helsinki,
in Finland.

The first set of data presented shows what has happened to pricing in two main regions
of Finland, one which represents a densely populated area (South Finland) and the other being
a sparsely populated area (Oulu region).

| NRT Pricing after Deregulation in Finland (1,000 being the scale at the point in time when the regulation was dropped) |
|--------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| South Finland | Whole data | Pharmacies | Supermarkets | Hypermarkets | Kiosks and petrol stations |
| Average price | 0.849 | 0.877 | 0.836 | 0.783 | 0.916 |
| Oulu region | Average price | 0.845 | 0.862 | 0.806 | 0.782 | 0.935 |

Table 13 NRT Pricing after Deregulation in Finland

Table 8 shows that, generally prices in Finland have dropped by about 15 percent
since the deregulation. The price change in general is larger in sparsely populated areas
despite this not being true in all marketplaces. Findings show that “Kiosks and Petrol stations”
hold the highest prices of 0.91–0.94 from the original price, while “Hypermarkets” have the
lowest prices with a price of 0.77–0.79. It is also of interest to notice the price in Pharmacies
which used to be the only place the drugs were sold is between 0.86–0.88. (Aalto-Setälä &
Antti Alaranta, 2008)

On another note, generally throughout the pharmaceutical industry gross margin lies
somewhere between 70-85 percent (Trombetta, 2005). Due to lack of information specifically
about NRT gross margin, an assumption is made that the gross margin is similar to that of the
general industry.

**Primary Data on Price**

Secondary data presented in the thesis has suggested that retail prices in Finland had
been dropped by around 20 percent.

Through interviews it became apparent that information about the producers’ price
was classified and pricing schemes were company secrets. However, Mr. Ahola pointed out
that the 20 percent drop was a local Finnish retail phenomenon. “We have the same pricing
level basically prior to and after the deregulation but the retailers had to cut down their
margins because there was some new competition coming” he said. The retailers selected the
new products into their own pricing systems and the pharmacies had to compete with them,
which caused them to lower their own pricing schemes therefore leading to the total drop of around 20 percent in the Finnish retail pharmacy market.

In Sweden, a total drop in the price in the retail mass market of 5 to 10 percent took place according to Ms. Slootweg of Nicorette in Sweden. A difference in opinion occurred with Niconovum Vice President who suggested that there has not been a price change in the products for the final consumer due to the deregulation.

There was also a difference in information collected through interviews when it came to manufacturing prices. Nicorette have stated that they did not change their selling prices to retailers before or after the deregulation. However, Mr. Håkansson has suggested that some producers have had to lower their profit margins to meet retailer demands. “The negative impact is when you move from a monopoly to an oligopoly is that you will have two or three actors in the market which will suppress your profit margins and pocket them their selves” (Håkansson, 2009).

4.2.3 PLACE

**Distribution Channels** are the core of the deregulated NRT market since this is what will change from only one towards many retailers. A study of what channels are chosen by the NRT marketers will give a good idea of what the future of the NRT market will look like. After the deregulation, Apoteket AB will still be the major channel for NRT products to reach the final customer. Later on, other retailers will start to overtake some sections of the market.

According to the Medical Products Agency (MPA) “Läkemedelsverket”, any retailing company is allowed to sell NRT products as long as they follow the rules set by the government. Supervision of the NRT market is carried out by the MPA. There is no specific license needed to sell NRT products in Sweden, however retailers are obligated on a quarterly basis to report to the local municipalities that NRT products are sold in their stores. The local municipalities then have the role of practicing control over stores in order to guarantee that laws and regulations are adhered to. (Läkemedelsverket, 2008).

Retailers already selling NRT products are supermarkets and grocery stores such as: Ica, Coop and AxFood (Willy’s and Hemköp) as well as a few other retailers along with some kiosks and petrol stations such as Shell.

The number of actors on the pharmacy market has somewhat increased horizontally (meaning more pharmacies in the market) and in Norway also vertically (meaning existing pharmacies integrating with retailers). The latest reports have shown an increase in the number of pharmacies in Norway by as much as 60 percent (Adjö, apoteksmonopol, 2008). However, the number of actors is still only just a handful; each one having a large market share making the market behave more like an oligopoly rather than that of a free market. This is not a major concern as long as entry barriers into the market are not very high and good competition can still take place.

A negative consequence of the deregulation according to some studies is that the quality of the pharmaceutical expertise has been reduced and the workload increased for pharmacists. This is due to the contradictory demands of commercialism and professionalism. Despite of this, there are no implications of increase in the number of faulty drug sales since the deregulation (Anell, 2004).

**Coverage** is a new opportunity that appears in the newly deregulated NRT market. The ability to appear in areas where it previously was not possible to provide products will create more sales opportunities. Since any retailer can obtain the right to sell NRT products, this is a great opportunity for NRT marketers to expand into areas that previously were not covered because of the location of the Apoteket AB monopoly. Of special interest would be to
expose the products in areas where regulations prohibit smokers from satisfying their addiction to nicotine by smoking.

Locations where NRT producers decide on distributing their products can be chosen to gain strong positions in areas where profitability is believed to be higher. A general strategy for covering a large area without any specific location in mind is a good tactic to get full market coverage.

Furthermore, it was observed that placement of NRT products in new retailer stores was consistently next to other tobacco products such as cigarettes and snuff. NRT products could only be purchased at a special OTC section in stores or through the automated system used for purchase of similar products using a plastic card paid for at the salescounter.

Assortments can vary in regard to “wants” in different locations. Differences in assortment in for example airports, superstores and petrol stations can generate increase in sales. Assortments for NRT products are attributes such as large or small packages.

Deregulation in Norway has resulted in much better accessibility of pharmacies, especially in densely populated areas, resulting in cheaper drugs due to intensified price competition.

PRIMARY DATA ON PLACE

Secondary information has pointed out that Apoteket AB was the only retailer of NRT products before the deregulation. This was of course obvious since the pharmacy market was controlled by a government monopoly.

After the deregulation, all the companies interviewed have stated that they will still be selling their products through Apoteket AB, but also anyone else who gets a point of sales license (the regular license required to sell merchandise in Sweden) can buy their products and re-sell them in the retail market.

Coverage was increased according to both Nicorette representatives from Sweden and Finland because there are wider distribution channels meaning more places to buy the products. Their objective is to place NRT products such that they are to be found everywhere that cigarettes are sold.

According to Mr. Aubert, Novartis have not increased their coverage since the deregulation, but did start to sell their products through various retailers. He further explained that “we now have more costs related to in store material in mass market, like shelves and other exposure solutions”. They have an order of importance for retailers in the form of pharmacy being the most important and continuing with mass market (supermarkets, discount stores, etc), and finally kiosks/petrol stations. Ms. Alvero of Novartis, Sweden has said that Nicotinell has expanded to various retailers as well as convenience stores such as Pressbyrån and 7-eleven along with a number of petrol stations.

4.2.4 PROMOTION

Advertising is frequently used to promote a product and takes many forms. In what form and of what magnitude advertising is used to promote NRT products previously and after the deregulation and what effectiveness it has should be closely studied. All NRT companies frequently use TV-commercials as a mean to promote their products. These commercials usually have a theme regarding how difficult it is to stop an addiction when the cravings kick in. The commercials are also in many cases provocative in order to catch the viewer's attention; often it involves a person who could be trapped in an irritating or aggravating situation where the urge for a cigarette is apparent.(McNeil Sweden AB, 2008) (Blomstrand & Jones, 2005). These commercials are often proven to be very successful as...
found by Novartis in a study carried out after a NRT campaign in January to March 2008, where sales overall increased by 14 percent. (Information Resources Inc., 2008)

GlaxoSmithKline (GSK) decided in 2003 to sponsor BMW Williams Formula One team with its brand NiQuitin™ CQ. This deal finally gave the pharmaceutical industry an opportunity to realize that they can promote their smoking-cessation brands as tobacco’s influence on the sport began to deteriorate. This was a hard blow on the tobacco industry’s commercial channels and strengthened the message that NRT is trying to deliver. (Kleinman, 2003)

Previous successful sponsorship campaigns include the Nicorette® sponsorship of the sailing boat by the name of “Nicorette” in the Sydney to Hobart Race2. The boat won the competition in year 2000 as well as in 2004 and was the subject of much exposure for the NRT product. (Strategic Resources International, 2008). In 2005, Nicorette® decided to enter into a new promotional campaign in Nascar3 by sponsoring a car in a sport which was dominated by the tobacco industry. (Horovitz, 2005). It has been three years since Nicorette® first got into this sponsorship and the campaign is still going strong. Through these methods, Nicorette® has tried to show the general public in an indirect way that they are here to replace tobacco not only in Nascar, but actually in the smokers everyday lives (Swan, 2008). Some of the campaigns mentioned are not directly held in Sweden, but since they have been a worldwide campaign with a big impact, they have had an effect on the Swedish promotional campaigns as well.

The Public Relations of the company that produces the NRT products could affect the final opinion of the brand and therefore have an indirect effect on the sales figures. Due to the problems caused by Chantix, a smoking cessation pill created by Pfizer, in regards to its side effects. GSK took advantage of the situation that had been created and boosted its Nicorette® advertising by airing more commercials for its nicotine products. (Silverman, 2008).4 Again this particular example is not from Sweden, however similar methods are being used in Swedish NRT marketing campaigns. Zonnic® has clearly been trying to differentiate and separate itself from the rest of the competitors by marketing itself as the company that is the real experts in the field of NRT. They have reinforced that image with the release of innovative and faster effecting OTC products to meet the smokers need. They have used this to show people that they are truly the ones who have the expertise in producing more viable products over their competitors (Niconovum AB, 2008).

As for Nicorette®, the Norwegian website offers a taste guarantee option saying that a person can have up to 10 tablets before they can return the product if not satisfied. This option is not available in Sweden or Finland. This is also considered a promotional method that falls under the public relations category because the company shows that they care for their customers even if they are not satisfied with their products.

Direct Marketing towards consumers will be critical to build the brand names whose strength will ultimately determine the profitability of the NRT products for each company. The market deregulation will most likely fundamentally change the consumer’s perception of the products. It is very different to pick up a NRT product in a supermarket or gas station than to have to go to a pharmacy to buy it. This opens up the opportunity for marketers to use well timed promotion to improve the brand position. There are currently some campaigns in Sweden regarding this type of promotion. From time to time Apoteket AB will give out free

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2 The Sydney to Hobart race is a Yacht Race that has taken place in Australia annually for the past 65 years. It is the third largest yacht race after the Americas Cup and the Volvo Ocean Race (Colfelt, 2008)

3 NASCAR is the No. 1 spectator sport -- holding 17 of the top 20 highest-attended sporting events in the U.S., and is the No. 2-rated regular season sport on television. NASCAR races are broadcast in more than 150 countries and in more than 30 languages (Nascar.com, 2009)

4 GlaxoSmithKline markets Nicorette® in the United States of America.
samples of NRT products to customers. Apoteket AB offers, along with free samples, brochures, fliers, etc, provided with the different NRT marketers direct telephone support to help people quit smoking.

These coaches might be employed by Apoteket AB or other healthcare programs. They are not employed by the NRT producers because these companies do not have direct programs set towards customers to help quit smoking. The companies support and market their products towards the coaches in order for them to recommend the products to the consumers. So the producers have direct marketing towards the coaches and in a way an indirect, but personal marketing towards the consumers who approach the coaches to seek help in quitting smoking.

**PRIMARY DATA ON PROMOTION**

In secondary information, no proof was found that there was any exclusion of certain methods of advertising. All methods seemed to be applicable for use to promote NRT products.

This information was further strengthened through all the interviews stating that all methods of marketing could be used (TV, outdoor, print and internet). There is constant planning to find new ways to advertise and deregulation has opened up new opportunities for in store marketing activities like e.g. shopping trolley. This idea was suggested by Ms. Alvero although Novartis in Sweden have not yet changed any of their current promotional campaigns due to the deregulation.

However there are certain regulations on the content of the advertisements that might be used, essentially all channels are approved. Regarding direct marketing, secondary information suggested that there was no strong campaign directed straight towards the consumers on a personal level. However Apoteket AB had issued free samples in its stores along with brochures of phone number of “smoke quitting help lines” as well as NRT producers’ phone numbers. It was furthermore strengthened by Mr. Aubert who indicated that there is no direct marketing except to health care programs. All other interviewees have stated that they do not use direct marketing methods although Mr. Håkansson said that this could potentially be the case in the future although there are no immediate plans on doing so.
5 ANALYSIS

In this section a discussion will be based on all the information gathered in the thesis from primary and secondary data.

PRODUCT

It is astonishing that the companies have not changed their packaging more in response to the deregulation, which is the product property that possibly could be changed to fit local needs. Packaging is a key element of the product when sold through a supermarket shelf, which is quite a different exposure situation, compared to the usually limited Apoteket AB stores. The reason could be that the Swedish market is too small for the global NRT companies to justify a change in packaging or it might just be that the companies have not yet developed their new packages and must, for competitive reasons, keep it a secret.

PRICE

Pricing strategy is a powerful tool that NRT marketers do not seem to use in great extent. The gross margin of producing a NRT product is high and an aggressive pricing strategy could be used. The current NRT pricing seems to be focused towards cigarettes and a pricing strategy that fits into that arena. Current NRT products (gum) costs about 20 percent more than corresponding cigarette packages. The challenge for NRT marketers would be to look at pricing of products from another perspective in order to drive market share. If a NRT product would cost less than the average cigarette package, a different dynamics could emerge, since many smokers today represent a price sensitive, low income consumer segment.

The reason for lack of aggressive pricing might also mean that the NRT marketers have concluded that there are other factors than prices which are more important in the consumers’ decision to buy NRT products.

The deregulation of the NRT market creates another challenge for NRT marketers. The deregulation does not mean that the market moves from a monopoly to a free market. The main change seems to be rather from a monopoly, (where the government controlled Apoteket AB monopoly does not seem to have used its power to maximize margins), to an oligopoly with very few and strong players, such as ICA, Coop and Pressbyrån, which strive to maximize margins. Although there are other players such as small, privately owned kiosks, these retailers are small enough not to cause a major impact on the competition in the market, thus allowing the market to be considered an oligopoly. The retailers are aware of the unique and strong position they have and NRT marketers now face a situation where they must negotiate with actors who know their strong position and who demand greater profit margins from a market where the goods gross margin is great.

PLACE

Nicorette and Nicotinell have been more successful in distributing their NRT products into other retailers, especially to the major retailers Ica and Coop where the other two brands still do not get any exposure. It is probably safe to assume that all NRT brands would like to get full exposure in as many stores as possible. But fair competition should encourage full exposure of all brands. However this is far from certain, since major retailers, in order to maximize profit per shelf space often limit the number of products to the market leaders. Since the new market situation has not yet matured it is still too early to tell what the end result may be.

NRT products are placed in stores next to other nicotine products such as cigarettes and other tobacco as the obvious competitive positioning. Due to the age limit of 18 years and
other regulatory factors, this is a natural placement. What NRT products miss out on this way is to tackle exposure of products in other scenarios, such as next to other chewing gums or through separate in-store display stalls, which could generate new sales opportunities.

**Promotion**

It is surprising that in a situation where the market is drastically changing there is no apparent increase in promotional campaigns to strengthen a brand's hold on the market. A new actor has entered the market (Zonnic®), however this was not due to the deregulation and the promotional actions taken by that company were executed regardless of a deregulation.

**General Views**

In general, the deregulation has been regarded to have a good impact on the producers since the market has expanded and there is more exposure to the market, which has increased the companies’ coverage. This has led to increased sales of products for some producers. From the consumer point of view, the deregulation has increased the number of point of sales therefore the consumers can gain access to the products more easily.

Another view is that producers and final consumers stand to lose from the deregulation. It has been suggested that retailer prices have remained the same and producer selling prices have been lowered. This means that the only winners of the deregulation are the new retailers. Furthermore, in Norway for some companies, the deregulation has led to extra costs due to the need to provide more in store material such as shelves and all other props.

The true effects of deregulation have yet to be observed since it is still very early in the progress and it is not possible to predict what might occur since every market has its own structure and Sweden is no exception. However, the similarity between the early experiences in Sweden and Finland are striking and judged from the Finnish experience it will take quite some time before the full effect of deregulation can be assessed.

It is remarkable that no company seems to take advantage of the opportunity to grasp market share as a result of the deregulation. Consumer markets are often stable and it is often very expensive to increase market share in a stable market. The opportunities to shift market share opens up when there is a change in market conditions. Although not fully explicit about it, it seems that Niconovum might have an opportunity to use the change, when they, as a smaller player can more quickly adapt their marketing mix to the new situation. Larger companies, with operations in many countries with a clear worldwide policy will in most cases have problems to adapt quickly to a fast changing local market.
6 CONCLUSIONS

In general, Swedish NRT marketers have not made any major changes as a result of the deregulation of the Swedish NRT market. Concerning marketing by using the four P’s some action has been taken within the Place section. McNeil AB and Novartis AB have so far managed to place their products with the main retailers in Sweden. Regarding the other three P’s there is not much that has been done that differs from the strategy used prior to the deregulation, except the new entry of Zonic® by Niconovum that could introduce their products directly into the new market environment. This lack of adapting to the new market situation is surprising and indicates that NRT marketers regard themselves as acting within a mature market. However there might already be confidential plans in motion, which has not yet surfaced.

Markets are mature only in the minds of the actors on the market. Due to the deregulation the market seems to be a window of opportunity for any innovative, aggressive marketing entrepreneur who wants to radically change his or her position in the market.
7 RECOMMENDATIONS

1. NRT marketers could attempt to design a new, more aggressive strategy and work with the remaining Ps to unhinge what seems to be regarded a mature market. This could be done by using a more aggressive pricing strategy, adapting packaging to better suit the Swedish retailing market and more extensively promote the products using in-store campaigns.

2. NRT marketers should work more actively to create an effective market feedback loop. This could be done by negotiating with retailers to gain rapid access to buyer behaviour in response to various marketing efforts. Major retailers have access to vast consumer behaviour information from their customer membership cards.

3. Since gaining direct access to the end consumers is a key to successfully drive market share, NRT marketers should consider using the Internet to sell their products to consumers, thus opening a new channel. Internet sales would change the dynamics on the market and give the marketers a new tool in direct consumer information to optimize their marketing.

Further research could be held regarding the change of the Retail NRT market in Sweden after the deregulation of the pharmacy market. This thesis has reached to a conclusion that prices for example, have not changed much in regards to the producers following the deregulation. But there is a big chance for prices to change within the retail market concerning NRT products. This occurred in Finland as well as in Norway and through the thesis, it was established that prices had also changed in Sweden. Further changes in price might also occur since the deregulation is a new phenomenon, therefore research within this field could be very useful to find out why and to what extent these changes occur. Furthermore, it would also be interesting to study on price elasticity in this NRT market.
REFERENCES


APPENDIX

I INTERVIEW QUESTIONS

Questions for NRT Marketers in Sweden

Introductory Questions

1. Could you please describe your job title and explain the responsibilities it includes as well as your experience in the field of marketing of NRT?

Questions related to the NRT Product

2. What was the range of products your company sold before the deregulation of the Swedish pharmacy market and what features did they have?
3. Are there new products coming out to the market because of the new deregulated market?
4. Will there be products with new features introduced to the market? E.g. because a competitor has a product with different features, contents of the product, etc.
5. Are there going to be any changes in the design of the packaging for your products since they will be sold in many retailers rather than just at Apoteket AB?
6. Will you aim to sell different products with any special features for different types of stores? E.g. Hypermarkets with bigger packages, kiosks with smaller packages with specific features.

Questions related to the Price of NRT

7. Were the prices higher, the same, or lower prior to the deregulation compared to today?
8. Are you adapting prices to better suit the new deregulated market situation? If yes, where? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations.
9. Do you give incentives to retailers for buying your products? E.g. Large quantities, expensive products, promotional campaigns etc. If yes, can you give an example of these incentives?
10. Due to the expansion of the market will your company be producing more products and therefore change the pricing scheme? (Economies of scale)
11. Do you think there will be different pricing strategies for different locations? E.g. densely populated areas vs. sparsely populated areas. What are they going to be?

Questions related to the distribution channels

12. Since Apoteket AB will no longer be the only retailer allowed to sell your products, are you going to sell your products through new retailers?
13. If yes to 13, what types of retailers are you interested in? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations, airports and train stations etc. Any one type of retailer more important than the other? (Ranking)
14. Did you have your products sold in every Apoteket AB store throughout Sweden prior to the deregulation? If yes, do you think coverage was sufficient? If no, what areas did you focus the coverage on?

15. Are you planning on covering more areas due to the deregulation of the NRT market? E.g. densely populated areas vs. sparsely populated areas.

Questions related to marketing of NRT

16. What methods of advertising were used before the deregulation of the pharmacy market?

17. Do you have new plans on advertising since the deregulation? What are they?

18. Did your company use any methods of direct marketing (getting in direct contact with potential customers) before the deregulation?

19. Is your company planning to try different methods of direct marketing?

20. Are you going to promote your products in places where laws and regulations make it harder for smokers to enjoy a cigarette? E.g., airports, train stations, workplaces etc.

Finalizing questions (looking back at the previous answered questions)

21. Generally, how did your company differentiate itself from competitors before the deregulation?

22. How is your company planning on differentiating itself from all its competitors, keeping in mind that there might be new competitors entering the market because of the deregulation?

23. Finally, what are your general thoughts about the deregulation of the pharmacy market?
Questions for NRT Marketers in Finland and Norway

Introductory Questions

1. Could you please describe your job title and explain the responsibilities it includes as well as your experience in the field of marketing of NRT?

Questions related to the NRT Product

2. What is the range of products that your company is selling?
3. Are there new products coming out to the market in the near future?
4. Was your company forced by new competition to come up with new innovative products after the deregulation of your pharmacy market?
5. Since the deregulation of your pharmacy market, have new features been introduced in your products? E.g. because a competitor has a product with different features, contents of the product, etc.
6. Since the deregulation were there any changes in the design of the packaging for your products?
7. Do you sell different products with any special features to different types of stores? E.g. Hypermarkets with bigger packages, kiosks with smaller packages with specific features.

Questions related to the Price of NRT

8. What has happened to the prices of your products since the deregulation?
9. Do you adapt prices to better suit different retailers in the market? If yes, where? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations.
10. Do you give incentives to retailers for buying your products? E.g. Large quantities, expensive products, promotional campaigns etc. If yes, can you give an example of these incentives?
11. Has your company benefited due to the expansion of the market after the deregulation by producing more products and therefore changed the pricing scheme? (Economies of scale)
12. Do you have different pricing strategies for different locations? E.g. densely populated areas vs. sparsely populated areas. What are they?

Questions related to the distribution channels

13. Do you sell your products through various retailers?
14. If yes to 13, what types of retailers are you selling through? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations, airports and train stations etc. Any one type of retailer more important than the other? (Ranking)
15. Since the deregulation has your company been able to cover more areas throughout the country? E.g. densely populated areas vs. sparsely populated areas.

Questions related to marketing of NRT

16. What methods of advertising are used by your company?
17. Does your company use any methods of direct marketing (getting in direct contact with potential customers)?

18. Since the deregulation has your company promoted its products in places where laws and regulations make it harder for smokers to enjoy a cigarette? E.g. airports, train stations, workplaces etc.

Final question

19. How does your company differentiate itself from competitors?

20. Finally, what was the main impact on the marketing of your product due to the deregulation of the pharmacy?
II SUMMARY OF INTERVIEWS

SUMMARY OF INTERVIEW WITH MATS HÅKANSSON,
Vice President of Niconovum, Sweden

Niconovum differentiate themselves from competitors in everything from design, positioning and new product formats. According to Mr. Mats Håkansson he does not think that the deregulation of the pharmacy market will be good for either the consumer or for the manufacturer who supplies the brands, all sides stands to lose. The negative impact is when you move from a monopoly to an oligopoly is that you will have two or three actors in the market which will suppress your profit margins and pocket them their selves. It is not going to be a gain for the consumer; it will only be a gain for the new retailers. And this is what we have seen in countries for instance in Norway. The prices are higher than ever so nobody has really won; the retailers get the lowest profit margins in Europe as well so everyone stands to lose from it.

Product
Zonnic was introduced to the market after the deregulation had taken place. There will be more products coming out but this is not due to the deregulation, it would have happened no matter what. Zonnic is always looking to position themselves as innovative and the company launching fast acting products to satisfy consumer needs. In terms of packaging and choice of design is based on consumer demand. The size of packages could vary in the future since there are certain retailers who do not want high value items. Niconovum has two products in the market at the moment.

Price
The only thing that has changed as a result of the deregulation is the manufacturing selling prices which has been lowered. The deregulation cannot guarantee volumes and therefore the prices will not be changed due to the deregulation. What Niconovum does in markets other than Sweden and what could become relevant is to reach a marketing agreement that if Zonnic can get featured somewhere, Niconovum is prepared to pay part of the promotional campaigns. As a new instituted brand, Niconovum do not control the prices of the market, and are therefore bound to follow any price changes. There are no differences in pricing strategy for different locations.

Distribution channels
In Apoteket AB Zonnic has full distribution.

Marketing
Niconovum is using all kinds of advertising, anything from online marketing to TV and print as well as outdoors. New Years is one of the peak seasons and there is much advertising during this time. No direct marketing is currently used by Niconovum. This could potentially be the case in the future, but there are no immediate plans to do that. Zonnic is being promoted in places where laws and regulations make it harder to smoke a cigarette, since this is a place where you can get the smokers to reflect upon that there are alternatives to smoking in those situations.
SUMMARY OF INTERVIEW WITH ELIAS AHOLA,
Local Brand and ISE manager for Nicorette, Finland

Nicorette is a bit different from their competitors in terms of products like micro tabs compared to Nicotinell’s lozenges. They also have the inhaler and different tasting gums from their competition in the NRT market.

The main impact of the deregulation of the Finnish pharmacy market in 2006 on Nicorette in Finland, according to Mr. Elias, is that now there is a wider distribution so they have to put more focus on the presence on the point of sales. So there are different channels and they are trying to be out there as much as they can so that people will find the products wherever they go.

**Product**
Nicorette Finland sells the gums, the microtabs, patch and inhaler. They do not sell the nasal spray that the Swedish market is selling.

The whole range on the gums and such that Sweden is selling is also available in Finland. They have even launched a spice mint flavor last year, which has just recently launched in Sweden.

Their products come out to the markets globally, so nothing specific is created for Finland as well as the Nordic market because the size of the market is too small compared to the rest of the world. Therefore the deregulation that took place in 2006 hasn’t really affected them on a company level in terms of new products. And also to develop new products with medicines it takes a minimum of 5 years.

Anyone can buy their products. All the options are available for any channel to acquire the products to sell them if they want to.

**Price**
Prices dropped in Finland after the deregulation up to 20 percent from what it was before. This was a local Finnish case. The retailers just picked the new products into their own pricing systems but the pharmacies had to compete with that one so they had to lower their margins.

There is a strict legislation on how to sell these products. They are regulated on the basis that they have to be treated as medicine so it’s hard to give that many price incentives or other sorts of bonuses because it’s a delicate category.

The expansion of the market after the deregulation was beneficial for Nicorette because there were more channels and people were buying more products

**Distribution channels**
Everyone that acquires a sales license for the specific point of sales can become a distributor.

The bigger the player or the more they sell, the more important business partner they become, but that’s only natural. Coverage of areas throughout the country was increased because there are wider distribution channels meaning more places to buy the products from.

**Marketing**
No limit to the methods of advertising. TV, radio, print, outdoor, internet, etc, but No direct marketing methods are used.

The legislation has to be followed which doesn’t restrain the method of advertising, but the contents of the advertising. The advertising is available everywhere as well as in places where the law makes it hard to smoke but it’s a general advertising. No specific message can be transferred to people due to the legislation.
SUMMARY OF INTERVIEW WITH VERONICA ALVERO,
Country Brand Manager of Nicotinell, Sweden

Ms. Veronica Alvero is responsible mainly for marketing, media, competitor analysis, budgeting and follow up. Her general thoughts about the deregulation of the pharmacy market are that they have to adopt the framework that the politicians create. There are no OTC specific guidelines produced yet. But in a deregulated market is it important to create a framework where all channels have the opportunity to compete under same conditions.

**Product**
So far there has been no change to the product range since the deregulation. There have been several new launches in the category since the de-regulation (Zonic gum/spray, Niquitin mint gums and Nicorette Spicemint). The only product that was approved long before it was launched was Niquitin gums. New features might be available in the products later on but since the products are pharmaceuticals, the process to develop and register new products is very long. The design of the packaging is done globally. The natural thing is for convenience stores to have smaller packs, while hypermarkets have larger packs. It depends on customer demands.

**Price**
Prices are not set towards consumers by Nicotinell. Apoteket AB sets the prices for the pharmacies and the retailers also decide their own pricing. The prices at Apoteket AB are generally the same as before the deregulation, however in mass market slightly lower. Nicotinell does not use any price incentives and the deregulation has not created any economies of scale since the production of Nicotinell is global. Different pricing strategies for different locations depend on the retailers and store concepts price strategies. For the time being Apoteket AB has to have the same prices in all their stores.

**Distribution channels**
Today Nicotinell is available for all channels outside pharmacies. Currently they have distribution in all major retailers, and most of them have both “närbutiker”, supermarkets and hypermarkets. They also have some distribution in convenience stores (Pressbyrán, 7-eleven) and petrol stations. Prior to the deregulation, Nicotinell products were sold in all Apoteket AB stores throughout Sweden and coverage was sufficient, but the advantage of the deregulated NRT market is the greater availability of the products for the end consumers. They are covering the major stores in Sweden, thus covering more areas than before when they had only Apoteket AB.

**Marketing**
Advertising used by Nicotinell is TV, Outdoor, print and internet. They are constantly evaluating their media mix. Deregulation has opened up new opportunities for in store marketing activities like ex. shopping trolley. Nicotinell does not use any direct marketing and does not plan on doing it. For areas where smoking is restricted they are always evaluating different ways to advertise their products.
SUMMARY OF INTERVIEW WITH CRISTIANO AUBERT, Country Brand Manager of Nicotinell, Norway

Nicotinell try to differentiate themselves from their competitors by trying to have the best sales representatives in the market. The main impact of the deregulation of the Norwegian pharmacy market in 2001 on Nicotinell was that now they have more costs related to in store material in mass market, like shelves and other “exposure solutions”.

To sum up each section;

Product
Nicotinell Norway sells four flavors of chewing gums, Lozenge with mint flavor of two strengths and Patch with three strengths. The deregulation that took place in 2001 hasn’t really affected them on a company level in terms of new products and features. Some changes in the packaging were made after the deregulation but it wasn’t a direct cause of it. Anyone can buy their products. All the options are available for any channel to acquire the products to sell them if they want to, but usually but mass markets only sell gum, and 80 percent of all 24 pack sales go through kiosks.

Price
The expansion of the market after the deregulation has caused Nicotinell to sell more products, but the costs stayed basically the same, since the physical product is the same across all countries, it is just the language on the packaging that are different across borders. They don’t have different pricing strategies for different locations.

Distribution channels
Products are sold through various retailers in this order of importance. Pharmacy, mass market (supermarkets, discount stores etc.), kiosks/petrol stations. Since the deregulation no new areas were covered throughout the country.

Marketing
No limit to the methods of advertising. TV, radio, print, outdoor, internet, etc, as well as public relations. No direct marketing methods are used except to health care programs. Nicotinell has not promoted its products in places where laws and regulations make it harder for smokers to enjoy a cigarette after the deregulation.
SUMMARY OF INTERVIEW WITH CARIEN SLOOTWEG,
Nordic Brand Manager of Nicorette, Sweden

Nicorette is different from their competitors in terms of products where they offer five formats compared to only two or three from competitors. They are the first NRT product on the market with the longest expertise within smoking cessation.

The main impact of the deregulation of the Swedish pharmacy market on Nicorette in Sweden according to Carien, is that now there is a positive development for the consumers to be able to buy Nicorette products in more selling points than just Apoteket. Wherever cigarettes are being sold, Nicorette should be sold as well.

**Product**
Nicorette has 5 formats; Gum, Patch, Microtab, Inhalator and Nasal spray (prescription). Within Gum Nicorette offers 5 different flavors (Classic, Mint, Fruitmint, Pepparmint, Spicemint) and 2 strengths (2mg and 4 mg). The patch has 5mg, 10mg and 15mg). Microtab has only 1mg tablets. Inhalator and Nasal spray are 10mg. The new market situation has not been the primary cause of new product entries, even though a new product was launched at this time. Nicorette try to optimize the assortment to the different types of stores.

**Price**
Prices towards consumers haven’t really changed. However, prices in the Mass market (ICA, Coop etc) are about 5-10 percent lower than at Apoteket. Nicolette does not use any incentives. The market has expanded due to deregulation, but also there’s been a shift from Pharmacy sales towards Mass sales. No price changes within regions are expected.

**Distribution channels**
Apart from Apoteket, Nicorette is selling since March 1st 2008 at ICA, COOP, Axfood, Bergendahls, Life, Shell, Preem and Kiosks. Nicorette should be as available as possible to the consumers. Everywhere where cigarettes are being sold, NRT should be sold as well. Nicorette is therefore interested in all point of purchases. Due to volumes available to sell, the Hypermarkets are most interesting, but width of distribution is as important. Nicorette is sold in every Apoteket AB and even by Apoteket Ombud.

**Marketing**
Advertizing used by Nicorette is TV, Outdoor, print and internet. There have not been any major changes due to the deregulation. Nicorette does not use any direct marketing and does not plan on doing it. There is no active promotion in areas where smoking is restricted; there is only the regular advertizing.
Hello Mr. Håkansson, this is Erik Falk
Hi

I am the Student from Malardalens University who was going to call you today for the interview.
Ok, I am ready for your interview questions now so go ahead.

I will start right away then,
Could you please describe your job title and explain the responsibilities it includes as well as your experience in the field of marketing of NRT?
Sure, my name is Mats Håkansson and I am the Vice President of Niconovum. My responsibilities are within the marketing and sales of our products under the brand name Zonnic. I have previously been the global branding director for Nicorette for 4 years and in between I have had some other jobs so in total I probably have somewhere around 7-8 years of experience from the NRT field.

Ok, so moving on towards questions related to the NRT Product. What was the range of products your company sold before the deregulation of the Swedish pharmacy market and what features did they have?
Well if we look at Zonnic we launched after the deregulation.

Ok, then I have to adapt a few of the questions here. Are any there new products coming out to the market because of the new deregulated market? And in your case that would mean any more products from what you already have?
There will be more markets but not because of the deregulation. The products that we have will be launched no matter what and will be launched outside of Sweden as well.

Will there be products with new features introduced to the market?
I think the answer to that question is. Of course there will always be new products and new features and our positioning is to be innovative and the company launching fast acting products to satisfy consumer needs. But this has nothing to with regulation it has to do with consumer demand. Zonnic is the fastest acting product over the counter on the market.

Are there going to be any changes in the design of the packaging for your products since they will be sold in many retailers rather than just at Apoteket AB?
The whole foundation of the design is off course consumer demand and it is not how the retailers look at it. However, in terms of packaging sizes for the future and other markets there could be different sizes because certain retailers do not want such high value items. We have thought about this even before we launched but we were more focused on the consumer demand.
Ok then, we can now move on towards questions related to the Price of NRT. Were the prices higher, the same, or lower prior to the deregulation compared to today?
The question is relevant and this is for your own piece of work. This is that the only thing that has changed is that the manufacturing selling prices, the price that we get paid, has been lowered due to the deregulation. Otherwise they would have continued to work with their own formula which was where the Apoteket had lower profit margins. So that’s the only difference.

Are you adapting prices to better suit the new deregulated market situation? If yes, where? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations.
I don’t think it is necessarily relevant in this case because none of this change can guarantee volumes and then there is nothing that we can negotiate.

So there are no such incentives or anything for retailers, or any sort of campaigns? I think that what we can do and what we do in other markets outside Sweden is that we negotiate a marketing agreement that if you can get featured in this and this you are prepared to pay part of the promotional campaigns.

Due to the expansion of the market will your company be producing more products and therefore change the pricing scheme?
We will as a new instituted brand, we do not control the prices of the market. If the market leaders lower the prices we would have to follow, we do not see the need for lowering the price because it would only lower our own profit margins and we see no gain in that.

Do you think there will be different pricing strategies for different locations? E.g. densely populated areas vs. sparsely populated areas.
No, not at all. We will offer our products at the same price to all our customers.

Now we move on towards questions related to the distribution channels. Since Apoteket AB will no longer be the only retailer allowed to sell your products, are you going to sell your products through new retailers?
Well, this is a question for confidentiality reasons I cannot reply to.

Do you have your products sold in every Apoteket AB store throughout Sweden, are you trying to cover demand throughout the whole of Sweden?
We were blessed to get full distribution from day one.

Now then questions related to marketing of NRT. What methods of advertising were used before the deregulation of the pharmacy market?
We are using all kinds of advertizing. All tools, anything form online marketing to TV and print outdoor.

I have noticed that there have been many NRT commercials now after New Year’s Eve, is that a spoke out policy?
It is one of the most intense times of the year with all the New Year’s resolutions. We would always market heavily during this part of the season; it is one of the peak seasons.
Do you use any methods of direct marketing?
It depends on what you mean with direct marketing, in terms of marketing direct to the consumer yes, but if you refer to sending out mailings to the consumer the answer is no. **But there are no certain employees that are hired and for example stand in front of the stores and recommend the products?**
No

Is your company planning to try different methods of direct marketing?
We could potentially do that as we move forward in our campaigns but there are no immediate plans to do that.

Are you going to promote your products in places where laws and regulations make it harder for smokers to enjoy a cigarette? E.g., airports, train stations
Yes.

How do you really do that, the reason I am asking this is that in Finland there was an issue with this sort of marketing due to law.
Of course it is a sensitive point to communicate to the consumers, you have to be really careful to not pissing them off. But still it is a moment in time where you can actually make them reflect upon that there are alternatives to smoking in those situations.

Generally, how does your company differentiate itself from competitors?
I think that in general how we differentiate ourselves from our competitors is everything from design, from positioning and new product formats.

How many products do you have on the market right now?
Two

Finally, what are your general thoughts about the new deregulation pharmacy market situation here in Sweden?
I think that one has to look at it from many different angles; I think my experience… my personal experience and from what I have seen from other small countries I don’t think that the deregulation of the pharmacy market will be good for either the consumer or for the manufacturer who supplies the brands, both sides stands to lose. The negative impact is when you move from a monopoly to an oligopoly is that you will have two or three actors in the market which will suppress your profit margins and pocket them their selves. It is not going to be a gain for the consumer; it will only be a gain for the new retailers. And this is what we have seen in countries for instance in Norway. The prices are higher than ever so nobody has really won; the retailers get the lowest profit margins in Europe as well so everyone stands to lose from it.

All right, thank you very much. We are now finished with the interview.
TELEPHONE INTERVIEW WITH ELIAS AHOLA,
Local Brand and ISE manager for Nicorette, Finland

McNeil, Elias.
Hello is this Mr. Elias?
Yes

Hello Sir, this is Shant Tozlikian
Hi

I am the Student from Malardalens University who was going to call you today for the interview.
Ok, I have time for the interview now so let’s just go through the questions.

Ok, I’ll start right away then, first question is;
Could you please describe your job title and explain the responsibilities it includes as well as your experience in the field of marketing Nicotine Replacement Therapy (NRT) products?
Ok, so I am the local brand and in store excellence manager for Nicorette in Finland. My job responsibilities basically are, I try to manage the marketing side of business and I take care of the brand as such. So I am more or less responsible for the brand in Finland. Concerning the marketing responsibilities, we have a divided responsibility structure so that the above the line marketing is more or less handled in the Nordics so the media decisions and above the line marketing like T.V ads, prints and such come from Sweden or from London but Sweden is responsible for both but I’m managing the local execution of marketing more or less so I do all the point of sales material and try to create the campaigns for the sales reps and so on. And my experience in the field of marketing, I’ve been working for the last four years, I’ve been in McNeil for a bit less than one and a half years and prior to that I’ve been working for L’Oreal for almost three years and before that my education is I have a master of science in economics and my masters subject was marketing as well. That’s my experience in a nutshell.

Ok, the next group of questions will be related to the NRT product itself
So the first question is;
What is the range of products that your company is selling?
In Finland we are selling the gums the microtabs, patch and inhaler or inhalator. We are not selling the nasal spray that the Swedish market is selling. We did have that a few years back but we haven’t been selling that for a couple of years now.

And you have them in all the different strengths?
Yes, 2 and 4 mg strengths. Basically we have the whole range on the gums and such that Sweden is selling. We have all the same products. Actually I think Sweden hasn’t even launched the new gum flavor yet as I understood. We have launched the spice mint flavor already last year. So we have the 2 and 4 mg and all of the pack sizes more or less.
Ok, are there new products coming out to the market in the near future?
Well this is a sort of let’s say discreet subject. We are always bringing new products in the markets globally but I can’t really comment on the new products that we have on the pipeline yet because we can’t really discuss them before we have a sales license given to them but when we get the sales licenses from our local authorities, we are launching them when we have the chance.

Ok that’s understandable. Our main subject is about the deregulated market in Sweden. As you know it just got deregulated. So we are going to ask you a few questions related back to Finland when it got deregulated, so next question is;
Was your company forced by new competition to come up with new innovative products after the deregulation of your pharmacy market?
Well as you probably know, Johnson and Johnson that I am working for are is a global company and basically they are creating new products all the time, but the size of the market in Finland is quite small compared to the other big markets so they don’t create anything specifically for us or for the Nordic markets so this local deregulation that happened in 2006 hasn’t really affected on a company level, so I have to say No on that one.

So I guess for the next question the question is if new features have been introduced to the market after the deregulation, that would be a NO as well?
Yea, and basically just to give you some background on the new product pipeline, when you start to develop new products with medicines it takes minimum like 5 years so the deregulation was in 2006 so it wouldn’t have affected it anyway by now. So it’s a long process, it takes plenty of different studies to get a new product format into the markets.

So it’s still early in that stage then
Yea

So that goes the same for the packaging as well I guess which will be the next question. Since the deregulation, were there any changes in the design of the packaging for your products?
Since the deregulation, well no, I couldn’t say that they specifically developed anything for Finland either but of course they are, once the deregulation in the global level has become more and more and been deregulated all over the world, they have focused more on the product design than when it was only an OTC medicine. So it’s an ongoing activity all around but it’s nothing that could be said that it’s a local issue or depends on what we do here, you understand?

Yes I do. Our last question related to this group of questions is; Do you sell different products with any special features to different types of stores? E.g. Hypermarkets with bigger packages, kiosks with smaller packages with specific features.
No, we basically we have all the options available for any channel to acquire if they want to but it’s basically that the channels themselves make the decision what products they want to sell and we just offer them whatever they want. Let’s say that the pharmacies tend to have all the different flavors and strengths but if we go to smaller kiosks or smaller stores, they usually focus on the smaller pack sizes of gum.
Depends on their purchasing power I guess?
Well not the purchasing power, but how much space they have for this category available. As you can understand in a petrol station they don’t have that much space to put all the variants there, so they choose the ones that are the biggest sellers.

Ok, the next group of questions is going to be related on the Price of NRT products. The first one is;
What has happened to the prices of your products since the deregulation?
Well the initial affect was that the prices dropped. It depends on different formats and on different sizes of the packs but it had an effect on the NRT products as such that let’s say up to 20 percent cheaper now than they were at the period before they were deregulated.

Do you think the same might happen in Sweden?
Well Sweden has a bit different structure because they have the Apoteket monopoly at the moment even though it’s being broken down. I don’t know what the business model there is and how they set up their pricing. Let’s say in Finland the price was that the sellers had to cut down their margins so the pharmacies couldn’t ask for the same price when the mass players came into the game so to speak so that we didn’t cut our prices to these pharmacies or to the new players. We have the same pricing level basically prior to that and after that but they had to cut down their margins because there was some new competition coming.

So it was the retailer pricing system that changed?
Yes that’s it. The retailers just picked the new products into their own pricing systems but the pharmacies had to compete with that one so they had to lower their margins. That’s basically what happened. And in Sweden I don’t know what the structure is over there so I can’t comment on it.

So this was a local Finnish case.
Yes, as much as I can tell

Do you adapt prices to better suit different retailers in the market?
This would be one of the things I can’t really comment on. It’s sort of a discreet topic so I have to leave that one out.

Do you give incentives to retailers for buying your products?
This being medicine, we have quite a strict legislation on how we can sell these products. They are regulated on the basis that we have to treat them as medicine. There are some liberties because these are in the mass general as well. We have some volume based discounts but these aren’t really a category where you tend to give that much incentives or other sort of bonuses because it’s a delicate category because it’s the only medicinal product that is available elsewhere than only pharmacies, so it’s regulated.

Has your company benefited due to the expansion of the market after the deregulation by producing more products and therefore changed the pricing scheme? (Economies of scale)
Well our company has benefited in terms of that we have more channels and the sales have grown. The pricing scheme for us hasn’t really changed that much. So basically we have benefited because there are more channels and people are buying more products.
Do you have different pricing strategies for different locations? E.g. densely populated areas vs. sparsely populated areas. What are they?
This is another question I can’t comment on since it’s a pricing strategy issue.

Ok, the next group of questions will be related to the distribution channels;
Do you sell your products through various retailers?
Yes

What types of retailers are you selling through?
All the biggest retailer players in Finland have these in selection and all the pharmacies as well. So it’s basically, everyone that acquires a sales license for the specific point of sales, we sell to them if they want these products. I think we have about 800 licenses for pharmacies and 4500 sales licenses for NRT products in the retail sector. Most of the retail players in Finland sell these products both ours and our competitors.

And do you prefer one type of retailer more than the other? Is there a ranking system?
Of course the bigger the player, the more they sell, the more important business partner they are to us, but that’s only natural. Then there is of course with some players, there is more liberty to negotiate and some who follow into their own pattern and are more different. We have more important business partners that we use more time to support and there are some that we use less time. It’s like any other normal business.

Since the deregulation has your company been able to cover more areas throughout the country? E.g. densely populated areas vs. sparsely populated areas.
Yes, because of course there are wider distribution channels, more places to buy the products from so it’s natural to have a better availability.

Was that favorable for your company?
Yes, I can say it was good.

Ok, so next section is related to marketing of the NRT products and the first question is;
What methods of advertising are used by your company?
More or less the same that you would have with normal products. We don’t have to limit our methods of advertising. We only have to follow the legislation on what comes in the content of the advertising but we use the normal channels TV, radio, print, outdoor, whatever and the internet we also got something going on.

So there is no limit on what method you use, just depends on the legislation.
Yes, they don’t really limit the usage of different channels in the legislation, but the contents of the advertising. That’s the one we have to be more careful with.

Ok, and does your company use any methods of direct marketing (getting in direct contact with potential customers)? For example direct mail, e-mail, telemarketing, etc.
No, nothing direct. Mostly mass marketing because 20 percent of the population of Finland are smokers so it’s quite beneficial to just focus the marketing effort on the mass media so to speak. We haven’t really used direct marketing to our customers but maybe to some key players in the channels for them to know what is available for their selection but to consumers, I would have to answer No.
Since the deregulation, has your company promoted its products in places where laws and regulations make it harder for smokers to enjoy a cigarette? E.g. airports, train stations, workplaces etc.

We have an indication of what we can say in marketing, in the advertising message. We have to always talk about that these products are for you to help the cravings when you’re quitting smoking. So we are basically using the overall message but we can’t advertise these for example to say, now that you’re in an airport and you’re going on a flight, take these because you can’t smoke cigarettes in the airplane. So of course our advertising is available in those places as well but it’s a general advertising, it’s the same thing that’s happening everywhere else. To sum it up, we advertise in those places where the laws and regulations make it harder, but we don’t advertise any specific message in those places. Like let’s say we have magazines in the airport it might have a Nicorette ad in the paper but the ad doesn’t have a message that says that well now you can’t smoke cigarettes so choose these instead.

Ok so now we’re at our final two questions;

**How does your company differentiate itself from competitors?**

Well basically the differentiation is a bit tough to say in a few words. Of course we have a selection that is a bit different from our competitors. Products like micro tabs compared to Nicotinell’s lozenges. We have the inhaler and we have different tasting gums. But if we say as Nicorette, well, just leave that open at the moment. It’s a bit hard because the advertising message as such has to be similar for us and our competitor. So let’s say the image differentiation is a bit hard, but we are a bit more premium priced as well. Message-wise, that’s a tough question at the moment. Maybe this would be best asked from the Nordic brand manager in Sweden because they basically make the above the line decisions on how we differentiate compared to our competitors and they make the same decisions on Finland, Sweden, Denmark and Norway and that’s not really up to us on the local level to try to make the decisions on that.

**So they decide and you have to follow the same message.**

Yes, basically it’s that. They make the strategy and we follow it as best as we can locally.

**Our last question is;**

**Finally, what was the main impact on the marketing of your product due to the deregulation of the pharmacy?**

I would say the main impact is that we have a wider distribution so we have to put more focus on the presence on the point of sales. So there are different channels and we are trying to be out there as much as we can so that people will find the products wherever they go.
Email Interview with Veronica Alvero, Country Brand Manager of Nicotinell, Sweden

Introductory Questions
1. Could you please describe your job title and explain the responsibilities it includes as well as your experience in the field of marketing of NRT?
I am the Country Brand Manager for Nicotinell in Sweden, responsible mainly for marketing, media, competitor analysis, budgeting and follow up.

Questions related to the NRT Product
2. What was the range of products your company sold before the deregulation of the Swedish pharmacy market and what features did they have?
So far there has been no change to the product range

3. Are there new products coming out to the market because of the new deregulated market?
There has been several new launches in the category since the de-regulation (Zonnic gum/spray, Niquitin mint gums and Nicorette Spicemint). The only product that was approved long before it was launched was Niquitin gums.

4. Will there be products with new features introduced to the market? E.g. because a competitor has a product with different features, contents of the product, etc.
Possibly, but since NRT products are pharmaceuticals the process to develop and register new products is very long.

5. Are there going to be any changes in the design of the packaging for your products since they will be sold in many retailers rather than just at Apoteket AB?
No, we don’t have local product design; the design for Nicotinell is global

6. Will you aim to sell different products with any special features for different types of stores? E.g. Hypermarkets with bigger packages, kiosks with smaller packages with specific features.
As you write in your question, yes the natural thing is for convenience stores to have smaller packs, while hypermarkets have larger packs. It depends on customer demands.

Questions related to the Price of NRT
7. Were the prices higher, the same, or lower prior to the deregulation compared to today?
The prices at Apoteket AB are generally the same as before the deregulation, in mass market slightly lower

8. Are you adapting prices to better suit the new deregulated market situation? If yes, where? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations.
We don’t set the prices to the consumers, Apoteket AB sets the prices for the pharmacies and the retailers also decides their own pricing.

9. Do you give incentives to retailers for buying your products? E.g. Large quantities, expensive products, promotional campaigns etc. If yes, can you give an example of these incentives?
No, we don’t give incentives
10. Due to the expansion of the market will your company be producing more products and therefore change the pricing scheme? (Economies of scale) The deregulation in Sweden has not created any economies of scale for the global production of Nicotinell

11. Do you think there will be different pricing strategies for different locations? E.g. densely populated areas vs. sparsely populated areas. What are they going to be? It depends on the retailers and store concepts price strategies. For the time being Apoteket AB has to have the same prices in all their stores.

Questions related to the distribution channels
12. Since Apoteket AB will no longer be the only retailer allowed to sell your products, are you going to sell your products through new retailers? Nicotinell is today available for channels outside pharmacies.

13. If yes to 13, what types of retailers are you interested in? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations, airports and train stations etc. Any one type of retailer more important than the other? (Ranking) Currently we have distribution in all major retailer, and most of them have both “närbutiker”, supermarkets and hypermarkets. We have some distribution in convenience stores (Pressbyrån, 7-eleven) and petrol stations.

14. Did you have your products sold in every Apoteket AB store throughout Sweden prior to the deregulation? If yes, do you think coverage was sufficient? If no, what areas did you focus the coverage on? Yes, our products were available in all Apoteket stores. Yes, coverage was sufficient

15 Are you planning on covering more areas due to the deregulation of the NRT market? E.g. densely populated areas vs. sparsely populated areas. The advantage of the deregulated NRT market is the greater availability of the products for the end consumers. We are covering the major stores in Sweden, thus we are covering more areas then before when we only had Apoteket AB.

Questions related to marketing of NRT
16 What methods of advertising were used before the deregulation of the pharmacy market? Mainly TV, print, out-door, Internet.

17 Do you have new plans on advertising since the deregulation? What are they? We are constantly evaluating our media mix. Deregulation has opened up new opportunities for in store marketing activities like ex. shopping trolley.

18 Did your company use any methods of direct marketing (getting in direct contact with potential customers) before the deregulation? No

19 Is your company planning to try different methods of direct marketing? No

20 Are you going to promote your products in places where laws and regulations make it harder for smokers to enjoy a cigarette? E.g., airports, train stations, workplaces etc. We are always evaluating different ways to advertise our products. This is one opportunity that has been discussed.
Finalizing questions (looking back at the previous answered questions)

21 Generally, how did your brand differentiate itself from competitors before the deregulation?
No answer

22 How is your brand planning on differentiating itself from all its competitors, keeping in mind that there might be new competitors entering the market because of the deregulation?
No answer

23 Finally, what are your general thoughts about the deregulation of the pharmacy market?
We have to adopt to the Framework that the politicians create. There are no OTC specific guidelines produced yet. But in a deregulated market is it important to create a framework where all channels have the opportunity to compete under same conditions.
EMAIL INTERVIEW WITH CRISTIANO AUBERT,
Country Brand Manager of Nicotinell, Norway

1. Could you please state your job title and explain the responsibilities it includes as well as your experience in the field of marketing Nicotine Replacement Therapy (NRT) products?

Questions related to the NRT Product

2. What is the range of products that your company is selling?
   - Four flavors of chewing gum (fruit, mint, liquorice and neutral), two strengths (2 & 4 mg), in 24, 96 & 204 packs.
   - Lozenge w/mint flavor, two strengths (1 & 2 mg), in 36, 96 & 204 packs.
   - Patch, three strengths (7, 14 & 21 mg), in 7 and 21 packs.

3. Are there new products coming out to the market in the near future?
   - Classified.

4. Was your company forced by new competition to come up with new innovative products after the deregulation of your pharmacy market?
   - No.

5. Since the deregulation of your pharmacy market, have new features been introduced in your products? E.g. because a competitor has a product with different features, contents of the product, etc.
   - No.

6. Since the deregulation, were there any changes in the design of the packaging for your products?
   - Yes, but not as a result of the deregulation.

7. Do you sell different products with any special features to different types of stores? E.g. Hypermarkets with bigger packages, kiosks with smaller packages with specific features.
   - Not really, but mass market only sell gum, and 80% of all 24 pack sales go through kiosks.

Questions related to the Price of NRT

8. What has happened to the prices of your products since the deregulation?
   - Classified.

9. Do you adapt prices to better suit different retailers in the market? If yes, where? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations.
   - Classified.

10. Do you give incentives to retailers for buying your products? E.g. Large quantities, expensive products, promotional campaigns etc. If yes, can you give an example of these incentives?
    - Classified.
11. Has your company benefited due to the expansion of the market after the deregulation by producing more products and therefore changed the pricing scheme? (Economies of scale)
   - We sell more products, but the costs are basically the same, since the physical product is the same across all countries – it is just the language on the packaging that is different across borders.

12. Do you have different pricing strategies for different locations? E.g. densely populated areas vs. sparsely populated areas. What are they?
   - No.

Questions related to the distribution channels

13. Do you sell your products through various retailers?
   - Yes.

14. If yes to 13, what types of retailers are you selling through? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations, airports and train stations etc. Any one type of retailer more important than the other? (Ranking)
   - Pharmacy, mass market (supermarkets, discount stores etc.), kiosks/petrol stations, in that order.

15. Since the deregulation has your company been able to cover more areas throughout the country? E.g. densely populated areas vs. sparsely populated areas.
   - No.

Questions related to marketing of NRT

16. What methods of advertising are used by your company?
   - Advertising on TV, in magazines etc. + PR.

17. Does your company use any methods of direct marketing (getting in direct contact with potential customers)?
   - No, just to HCP

18. Since the deregulation, has your company promoted its products in places where laws and regulations make it harder for smokers to enjoy a cigarette? E.g. airports, train stations, workplaces etc.
   - No.

Final questions

19. How does your company differentiate itself from competitors?
   - Having the best sales reps in the market.

20. Finally, what was the main impact on the marketing of your product due to the deregulation of the pharmacy?
   - No big issues related to advertising in itself, but we now have more costs related to in store material in mass market, like shelves and other “exposure solutions”. In store advertising (with posters etc.) in mass market is prohibited in Norway.
**EMAIL INTERVIEW WITH CARIEN SLOOTWEG,**
Nordic Brand Manager of Nicorette, Sweden

**Introductory Questions**

1. Could you please describe your job title and explain the responsibilities it includes as well as your experience in the field of marketing of NRT?

   Nordic Brand Manager Nicorette, responsible for sales of Nicorette in the Nordic region: Sweden, Denmark, Finland and Norway. This involves everything from rolling-out of new product introductions and claims to mediaplanning for the 4 countries.

   I’ve been working with Nicorette the past 1,5 years and have then also been responsible for the roll out and adaptation of our European commercials (from UK).

**Questions related to the NRT Product**

2. What was the range of products your company sold before the deregulation of the Swedish pharmacy market and what features did they have?

   The swedish pharmacy is not exactly deregulated yet with Apoteket still having monopoly on the pharmacy market, but I assume that you mean the possibility of selling NRT products in Mass market (ICA; COOP etc)

   Nicorette has 5 formats; Gum, Patch, Microtab, Inhalator and Nasal spray (prescription). Within Gum we have 5 different flavours (Classic, Mint, Fruitmint, Pepparmint, Spicemint) and 2 strengths (2mg and 4 mg). Patch has 5mg, 10mg and 15mg). Microtab has only 1mg tablets. Inhalator and Nasal spray are 10mg.

3. Are there new products coming out to the market because of the new deregulated market?

   Hard to say. I don’t think there are new products because of the new market situation. The launch we just did, new Spicemint gum we would have launch in a Pharmacy only market as well.

4. Will there be products with new features introduced to the market? E.g. because a competitor has a product with different features, contents of the product, etc.??

5. Are there going to be any changes in the design of the packaging for your products since they will be sold in many retailers rather than just at Apoteket AB?

   Unfortunately I cannot say anything about this due to the competitive environment.

6. Will you aim to sell different products with any special features for different types of stores? E.g. Hypermarkets with bigger packages, kiosks with smaller packages with specific features.

   I am not sure what you mean with ‘different features’. However, we do try to optimize our assortment to the different types of stores. For instance bigger packs in hypermarkets where people tend to do their weekly grocery shopping. And smaller packages in smaller stores to meet the impulse shoppers.
Questions related to the Price of NRT

7. Were the prices higher, the same, or lower prior to the deregulation compared to today?
   Prices towards consumers haven’t really changed. However, prices in Mass market (ICA, Coop etc) are about 5-10% lower than at Apoteket.

8. Are you adapting prices to better suit the new deregulated market situation? If yes, where? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations.
   We are not adapting the prices. NRT started to be sold with 5-10% lower prices than at Apoteket.

9. Do you give incentives to retailers for buying your products? E.g. Large quantities, expensive products, promotional campaigns etc. If yes, can you give an example of these incentives?
   No, no incentives are being used.

10. Due to the expansion of the market will your company be producing more products and therefore change the pricing scheme? (Economies of scale)
    No comments on this. The market has however expanded due to de regulation, but also there’s been a shift from Pharmacy sales towards Mass sales.

11. Do you think there will be different pricing strategies for different locations? E.g. densely populated areas vs. sparsely populated areas. What are they going to be?
    No, no changes within regions expected.

Questions related to the distribution channels

12. Since Apoteket AB will no longer be the only retailer allowed to sell your products, are you going to sell your products through new retailers?
    Yes, we are already selling since 1 March 08 Nicorette at ICA, COOP, Axfod, Bergendahls, Life, Shell, Preem, Kiosks.

13. If yes to 13, what types of retailers are you interested in? E.g. Hypermarkets, supermarkets, pharmacies, kiosks and petrol stations, airports and train stations etc. Any one type of retailer more important than the other? (Ranking)
    We’d like to make Nicorette as available as possible to our consumers, so they can get a hold of our products whenever they need it. Everywhere where cigarettes are being sold, NRT should be sold as well. We’re therefore interested in all point of purchases. Due to volumes available to sell, the Hypermarkets, I.e. bigger stores are most interesting for us, but width of distribution is as important.

14. Did you have your products sold in every Apoteket AB store throughout Sweden prior to the deregulation? If yes, do you think coverage was sufficient? If no, what areas did you focus the coverage on?
    Yes, every Apoteket and even Apoteket Ombud. Coverage was good.

15. Are you planning on covering more areas due to the deregulation of the NRT market? E.g. densely populated areas vs. sparsely populated areas.
    No difference from before de regulation.
Questions related to marketing of NRT

16. What methods of advertising were used before the deregulation of the pharmacy market?
   TV, Outdoor, print, internet

17. Do you have new plans on advertising since the deregulation? What are they?
   Since the deregulation we’ve also mainly used TV, Outdoor, Print and internet. No big differences expect for some in store TV.

18. Did your company use any methods of direct marketing (getting in direct contact with potential customers) before the deregulation?
   No, not directly.

19. Is your company planning to try different methods of direct marketing?
   No, not planned.

20. Are you going to promote your products in places where laws and regulations make it harder for smokers to enjoy a cigarette? E.g., airports, train stations, workplaces etc.
   No, not actively.

Finalizing questions (looking back at the previous answered questions)

21. Generally, how did your company differentiate itself from competitors before the deregulation?
   Nicorette has 5 formats compared to competition that only has 2 or 3. Nicorette has been the first NRT product on the market with the longest expertise within smoking cessation. Nicorette understand that every smoker is different and that our consumers have different needs and difficulties when quitting smoking. That’s why we offer the widest range.

22. How is your company planning on differentiating itself from all its competitors, keeping in mind that there might be new competitors entering the market because of the deregulation?
   Sorry, cannot comment on the future strategy of Nicorette.

23. Finally, what are your general thoughts about the deregulation of the pharmacy market?
   I think it’s a positive development for our consumers to be able to buy our products in more selling points than just Apoteket. Whereever cigarettes are being sold, Nicorette should be sold as well to help the smoker with the cravings and offer an alternative to the tobacco products. Also the more broad opening times of Mass stores will help consumers in their quit smoking attempts. Getting rid of smoking is a tough process and smokers are being reminded of cigarettes basically everywhere since you can buy cigarettes in every little kiosk. Nicorette wants to be there for those who need it and offer an alternative to the cigarette.