

Foreign Pharmaceutical Business in Latvia between the World Wars in Global Economic and Political Context

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Introduction. This research discusses how the Swiss pharmaceutical company F. Hoffmann-La Roche performed regarding development, sales and marketing in the Baltic States between 1920 and 1940. Initially founded in Switzerland in 1896, the company could establish its branches in the following years also at an international level. One of its target markets with great importance turned out to be Russia with a successful office in St. Petersburg. Unfortunately, because of the Russian revolution in 1917, Roche was forced out of the country and could not continue its auspicious business on site. In 1920, the company started up in Riga, Latvia, where a positive balance could be recorded until its nationalization in 1940 by foreign military services.

Aim, Materials and Methods. The aim of this research is to create a holistic and objective picture pointing out how and in what extend the company was successful considering economic, political, historical and marketing factors. There is archived data existing providing information about the company; internal correspondence giving already evidence about the success of Hoffmann-La Roche in the examined time period. Nevertheless, an objective evaluation of the company's achievement is not guaranteed by these papers as some important matters are left unclear.

The research is based on a historically descriptive and statistical evaluation. Its sources are mainly obtained from data stored in the State Historical Latvian Archive and Roche Historical Collection and Archive in Basel.

Results. During the research, several potentially influencing factors of the Roche business were analyzed including internal and external aspects of the company. Especially the global economic situation, local politics and company expansion as well as marketing strategies and product launching were of great interest as these components were building a complex framework around the company business.

During the performed analysis, it appeared that Roche could record a promising thrive in business in the 1920s with a strong tendency to grow. Nevertheless, a great drop in turnover becomes apparent in the beginning of the 1930s. This can be explained by the economic situation Latvia was facing at these times as the country was hit by the global depression in 1931.

Being a foreign company in the Baltic Region, Roche was exposed to new challenges. Because of the crisis the politics started to concentrate on national business constituting a big disadvantage for foreign entities. Despite this, after the shock of the great crisis Roche's business kept stable with a tendency to grow again, which can be mainly explained by two factors. First, Latvia was not as severely hit by the global depression as other countries and, secondly, the company launched cleverly new products in the beginning of the 1930s which kept the sales numbers high and partly compensated for the losses during the crisis. In this concern, also the marketing aspect needs to be pointed out as it was costumer faced and, therefore, polarizing sending new impulses to the market.

Conclusions. Measured on the circumstances at that time, Roche could record a successful development in Riga between 1920 and 1940. Despite the negative impact of the global economic crisis 1931-1933 and the following challenging new legislations, the company could keep its business stable with a long-term tendency to grow. This can be mainly owed to the clever product launching and accompanying moderate conditions during the global depression in Latvia compared to other European countries.

Project: History of Roche in East Europe.