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INTERNATIONALIZATION AND NEW MARKET ENTRY

Case: Market research on opportunities to start OLVI's export to Sweden

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<p>Abstract</p> <p>This thesis will introduce the internationalization process, and place an extra importance on expanding the business activity to new markets and conducting market researches as well as on familiarizing the export process as a market entry model. The executive organization of the thesis is Olvi plc, a Finnish brewery and soft drink company, which is considering starting the export process of beers, ciders and long drinks to the Swedish markets. The purpose of this thesis is to conduct a market research of the Swedish alcohol markets for Olvi. The aim of the research is to introduce the Swedish alcohol markets and Systembolaget, the government-owned alcohol retail monopoly in Sweden, as a sales channel.</p> <p>The research method is qualitative, and the research is mainly conducted as a desk research. As secondary information sources are used electronic sources concerning the Swedish markets in addition to books related to international business. As primary sources, to back up secondary data, are used communications through electronic mail with the representatives of organizations such as Systembolaget, Skatteverket and Svensk Handel in addition to the executive organization Olvi plc.</p> <p>The executive organization, Olvi plc, started its internationalization process in 1996 by acquiring a subsidiary in Estonia. Today the company has altogether three subsidiaries in the Baltic States and one in Belarus. The company has the right resources to expand its international business activity further as it has experience of foreign markets, skilled personnel and successful operations. The company has already started an examination process of export possibilities including also Sweden.</p> <p>The Swedish markets have potential for the company. The location of the markets is ideal. The Swedish legislation and regulations concerning the sale and import of alcohol are unproblematic. The Swedish culture is quite similar compared to the Finnish one, and consumer preferences do not differ largely. Beers and ciders represent potential product groups but long drinks would require some consumer researches and testing in Sweden. Systembolaget would be a suitable sales channel for Olvi's products as the sales of alcohol containing over 3.5 volume percent have to go through Systembolaget. To sum it up, the intention to expand to Sweden is prospective.</p>		
<p>Keywords</p> <p>Olvi, internationalization, export, market research, import, Sweden, Systembolaget</p>		
<p>Note</p>		

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1 INTRODUCTION

Internationalization is expanding operations into foreign markets. Usually internationalization starts by export process as it requires less resources than many other forms. Before entering a new market, accomplishing a market research is essential. The market research gives valuable information of the new target market and with the help of substantial market research many risks and problems can be avoided.

The thesis' executive organization Olvi plc is a brewing company producing alcoholic products in addition to soft drinks, waters and energy drinks. The company started its internationalization process already in the 90's by acquiring subsidiaries in the Baltic States. Today the company has four subsidiaries, and it is now ready and willing to expand its operation area by exporting to new markets. The company is considering, among other markets, to enter the Swedish alcohol markets.

Swedish markets are new to Olvi, and the aim of this thesis is to provide a market research on Swedish alcohol markets. The thesis will focus on the possible export process of beers, ciders and long drinks. As market research can be extensive, the thesis will limit its focus area on the size of the markets and producers in the markets, the total consumption and sales, the pricing system and taxes, the deposit system, labeling and packaging regulations as well as regulations concerning importers. The thesis will concentrate on the alcohol sales through Swedish Systembolaget, government owned alcohol monopoly, and its mode of operation, strategy and suppliers will be introduced among other matters.

The theory part of the thesis concentrates on the internationalization process. The focus is placed on the concept expanding markets and conducting market researches. In addition, the focus is on export as a market entry model. Export forms will be introduced in more details to better understand the entry model Olvi is considering to use to enter the Swedish markets.

The research aims at providing a market research that would help Olvi in its internationalization process and in the new export process to Sweden. Hopefully the thesis will introduce helpful information concerning the Swedish alcohol markets, and sales through Systembolaget.

1.1 Olvi plc

The company was founded in 1878 in Iisalmi, Eastern Finland. The founders of Olvi were William Gideon Åberg with her wife Onni, whose motive was to banish alcoholism. The company wanted to offer milder alcoholic drinks compared to spirits. At that time there operated 78 breweries in Finland. The company sold beer first time in 1880, and by the success of milder drinks it later expanded its product groups to home brewed beer, mead and soft drinks. In 1925 Kajaanin Kalja plc was established. In 1932 the name of Kajaanin Kalja was changed to Oluttehdas Oiva plc. Later in 1938 both the Oluttehdas Oiva and the Oluttehdas in Iisalmi joined together into Oiva. In 1952 the company's name was changed into Olvi plc, which it is also nowadays called.

The Olvi A share was enlisted in OMX Nordic Stock Helsinki- Company's OTC-list in 1987 and on the main list in 1998.

In 1996 Olvi started its internationalization process, and acquired a subsidiary in Estonia. Nowadays the company has altogether four subsidiaries; AS A. Le Coq in Estonia, A/S Cesu Alus in Latvia and AB Ragutis in Lithuania both acquired in 1999 and OAO Lidskoe Pivo in Belarusian acquired in 2008.

In 2002 Olvi became the only brewing company in Finnish ownership with nationwide operations in Finland. The company started to uphold the fact of being wholly in Finnish ownership as a competitive advantage. Slowly the company strengthened its good market position in Finland and in the Baltic States. During the first decade of the 21st century the company brought to the markets new products such as gold and cranberry long drinks. (Olvi 2010b)

Nowadays Olvi plc is a successful brewery manufacturing beers, ciders, long drinks, soft drinks, wellbeing drinks, mineral waters and energy drinks. The company's main brands in Finland are OLVI and Sandels beers, FIZZ ciders, OLVI Kevyt Olo mineral waters and TEHO energy drinks. (Olvi 2009) The brewery, soft drink plant and the headquarters of the company are still located in Iisalmi. In Finland Olvi has also an office in Helsinki. (Olvi 2010a)

The mission of Olvi is to be positively Finnish company bringing positive experiences to its consumers by offering drinking pleasures. One of Olvi's values is to be a Finnish company that provides expertise to Finnish consumers. The consumers are important for the company. The needs of consumers are the foundation of the company's existence, and those needs Olvi strives to satisfy. Another Olvi's value is the positivity, which describes the company's way of working and replying to challenges. As well, for Olvi it is important to be successful, profitable and productive. The company strives to gain profit and to save the environment. In addition, Olvi respects its partners, and wishes to produce added value to its business partners. (Olvi 2010c)

The company has maintained a good position and successful sales. Olvi plc's sales volume in 2008 was 340.9 million litres. During the year 2008 the Group's turnover was 222.1 million Euros and the operating profit was 17.5 million Euros. In Finland Olvi's market share in beers, ciders and long drinks was 20% and in mineral waters 19.7%. In Estonia AS A. Le Coq's market share in beers was 40% and in ciders and long drinks 55%. In Latvia A/S Cesu Alus held 27% market share in beer sales and 40% in cider and long drink sales. In Lithuania beers' market share was 10% and ciders' 35%. (Olvi 2008, 2-5)

During the year 2009 Olvi plc continued doing a good result. According to Olvi's CEO, Lasse Aho, the company's profitability improved significantly in Finland, the subsidiaries in the Baltic States maintained previous year's results and the newest Belarusian subsidiary's business activity started better than expected. During January-September the Group's sales volume raised by 23.8% to 191.6 million litres. The operating profit raised by 48.7% to 24.5 million Euros. (Roth 2009)

1.2 Research process

The aim of this report is to create a useful market research report for the executive organization Olvi plc. The company requested for information concerning Swedish alcohol markets and on opportunities to start exporting Olvi's products (beers, ciders and long drinks) to Sweden. Olvi's representative Marjatta Rissanen (2009) explained what type of information the company would be interested in. As the market research could be extensive wide, the thesis content had to be limited. It was agreed that the thesis would concentrate on sales through Swedish Systembolaget. To be able to sell drinks containing over 3.5 volume percentages of alcohol in Sweden, the sales have to go through Systembolaget. According to Rissanen, Olvi's sales through Systembolaget would be profitable and sales through retail chains would not be beneficial as the products would require amendments. Thus, the market research will focus on finding information concerning sales through Systembolaget. The aim is to find suitable data mainly of overall Swedish alcohol markets, Systembolaget, competing situation, pricing system, deposit system, labeling and packaging, taxes and overall regulations. (Rissanen 2009)

The research questions of the thesis are related to Swedish alcohol markets, Systembolaget and Olvi's international operations. The research objective is to find answers to the following questions; what kind of are Swedish alcohol markets, how Systembolaget operates and could Olvi's products succeed in Sweden. As mentioned before, the aim is to provide market research on opportunities to start exporting Olvi's products, in this case beers, ciders and long drinks, to Sweden.

The frame of reference of this thesis is built on the internationalization process of companies, and a focus is placed on entering new markets and export as a market entry model. Thus, the theory part aims at providing beneficial information concerning internationalization process, new market entry and market research process. In addition, the executive organization and case company Olvi will be introduced and the internationalization process of the company will be explained in more details.

Conducting a market research is highly important when a company decides to enter new markets. Companies need to be prepared for new market entries and a well con-

ducted market research is a beginning for a successful entry. (Czinkota, Moffett & Ronkainen 1996, 367)

The research conducted in this thesis is qualitative. The market research process is mainly conducted as a desk research. This means that secondary, already existing, data is used as an advantage by gathering and analyzing reliable information, and then transforming it as own data.

In desk research suitable references could be company's internal sources such as bookkeeping, statistics and reports, and external sources such as professional magazines, handbooks, statistics and other researches. In desk researches, especially concerning export markets, useful information would be target country's economy, political situation, culture and geographical factors as well as market conditions such as consumption, demand and competition. (Suvanto & Vahvaselkä 1993, 98-99) In this thesis' market research process as secondary data sources are mainly used electronic sources in addition to few articles. Reliable secondary data was gathered from internet pages of several organizations and companies such as Olvi, Swedish tax agency, Systembolaget, trade organizations and brewery associations. In addition, the theory gathering process is conducted mainly by studying books, and then transforming the information gathered into suitable form to suite the purposes of the thesis.

To deepen the information gathered from secondary sources, some questioning is used. It is beneficial to use primary data to fill in information gathered from secondary sources and to backup secondary research (Czinkota, Moffett & Ronkainen 1996, 380). In this case, communication between representatives of few organizations is conducted through electronic mail. Swedish Tax Agency (Skatteverket), Systembolaget, Svensk Handel, Finnish Swedish Chamber of Commerce, Tullverket (Customs) and Sveriges Bryggerier (Sweden's brewers) are contacted to get backup information for the data gathered from secondary sources. Representatives from the mentioned organizations provided written answers, pdf- documents and links to internet pages, or suggested contacting other sources for providing answers to requested questions. In addition, to deepen the information concerning the case company Olvi, as primary source was used communication with Marjatta Rissanen, Olvi's customer service and administration manager. She gave valuable information especially concerning the company's internationalization process.

2 INTERNATIONALIZATION

Internationalization is the process of entering foreign markets, and expanding international business activity. International business is considered as transactions across national borders in order to satisfy the needs of individuals and organizations. The transactions refer to international trade in form of exporting and importing as well as through foreign direct investments. (Rugman & Hodgetts 2003, 4, 40)

2.1 Motivation to internationalize

The decision to go international is a strategic choice. Internationalization is considered as a natural extension to company's growth process. There exist several motivations for companies to go international. Usually when extension in domestic markets is not possible or extension possibilities in foreign markets are greater, next step is to enter international markets. (Suvanto & Vahvaselkä 1993, 39)

As internationalization pressure factors can be considered location, small size, openness and maturity of domestic markets as well as demand factors, competitors' internationalization and possibility to avoid bureaucracy and restrictions. Factors that can draw a company to foreign markets are high demand in target markets, possibility to strengthen a market position, possibility to growth, size of target markets, international connections, finance and aid possibilities as well as aim to improve the image. (Karhu 2001, 18)

2.1.1 Olvi's internationalization

Olvi plc started its internationalization process in 1996. The internationalization got boost from the company's good financial situation and steady domestic markets. At that time the sales in the domestic markets did not increase as before. Olvi's first international markets were in the Baltic States. At that time the Baltic was the choice, because the Baltic market's economic situation was good and steady especially compared, for example, to Russia. In addition, the legislation of the Baltic's was studied and did not include surprises. As well the culture and the people pulled Olvi to Baltic;

foreign manufacturers were appreciated there, people wanted to learn Western life-style, people had high work moral and were open-minded. (Tikkanen 2000)

2.2 Market entry models

When entering new markets, the operational model should be carefully chosen. It is a question of how the products should be brought to consumers. The decision has to be based on a company's strategy, and must have been accurately deliberated. The entry model has to be chosen on the basis of a company's resources and possibilities to invest. (Kukkola & Pirnes 2002, 77)

Export is producing goods and services in one country by a company, which then sends them into another country. On the contrary, import is in one country producing goods and services, which are then brought in by another country. Information concerning export and import is important for few reasons. First of all, the impact of international business on world economies can be better understood with the help of the import and export information. Always when worldwide exports and imports are declining, most certainly the world's economies are facing a slump. Secondly, import and export are the two most important drivers of international business. Export and import are often the starters of international business for companies. These entry models require less resources and investments compared to most other entry models. (Rugman & Hodgetts 2003, 5, 7)

Foreign direct investments refer to equity funds that are invested in other nations. The entry model in question is establishing business operations in foreign markets or acquiring businesses overseas. This form of international business usually requires resources and great investments. As an example, acquiring subsidiaries and forming joint ventures are considered as foreign direct investments. (Rugman & Hodgetts 2003, 8) Joint venture is a company formed and managed together with a foreign local partner. Subsidiary is a company locating in a foreign market and controlled by a parent company, which usually locates in a home country. (Kukkola & Pirnes 2002, 78)

Contract manufacturing and subcontracting refer to buying manufacturing capacity from a foreign local producer, who then manufactures the products according to an agreement. Contract manufacturing gives the most of the power to the new producer,

and often causes quality problems. Subcontracting is more collaborating with the new producer, and usually this form creates better results and higher quality. (Kukkola & Pirnes 2002, 78)

Licensing and franchising are models of international business in which the patent or business idea is handed to a foreign local entrepreneur for a payment called royalty. In licensing it is a case of industrially manufactured goods such as drinks, and in franchising it is a case of services. (Kukkola & Pirnes 2002, 78)

2.2.1 Export

Export is one of the most common entry models when entering foreign markets. Especially when starting internationalization process, export is many times an ideal operational model as it requires less resources and still guarantees control. Export refers to manufacturing products in a company's home country and then transporting them into foreign markets. Export can get three forms; indirect, direct or own (see figure 1). (Suvanto & Vahvaselkä 1993)

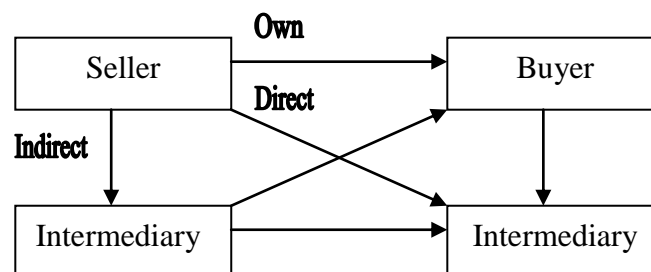


Figure 1. *Export forms* (Karhu 2001, 80).

Indirect export refers to delivering products through a domestic intermediary. The intermediary can be an agent, commission merchant, export firm or association, joint export organization or another industrial company. The intermediary takes care of all the matters concerning exporting out of country and importing into another one. The intermediary can deliver the products through a foreign intermediary or straight to final consumer. Indirect export is for the producer much similar compared to domestic sales as the company does not really get connected with the actual export process. This form of export is the most suitable when exporting to geographically distant

markets, or when exporting standard- or bulk products. In addition, if demand in foreign markets is low or competition is tough, indirect export would be an ideal form. (Karhu 2001, 79–80, 84)

In direct export the manufacturer sells products through a foreign intermediary. The intermediary can be a retailer or representative. The retailer would buy the products from the manufacturer, and then sell them forward with own terms. The representative, on the other hand, would work for the manufacturer. Between the manufacturer and the final consumer, there can be other intermediaries as well. The foreign importer could sell the products forward to foreign wholesalers or agents, who then sell the products to the final consumer. Usually many intermediaries are used when the target markets are wide, and the aim is to reach many consumer groups. In addition, direct import is often used when it is a case of exporting consumer goods, and the aim is to reach wide clientele. As well if the target market's competition is tough, it is better to leave marketing for foreign intermediaries and direct export will be an ideal form. Direct export is suitable for companies with reasonable functional and financial resources. This form of export requires skilled and professional personnel and productive resources. (Karhu 2001, 88–89)

Own export refers to manufacturing products in a home country and then delivering the products directly to foreign final consumer. This form of export is gone through without intermediaries, and the producer can sell the products directly from the home country or through a sales or representative office located in the target markets. In own export the actual export and selling work is taken care by the company's own personnel. Selling directly to final consumer is suitable when continuous attendance is not needed in the target market. On the other hand, selling through the sales or representative office is suitable when there is a need to take care consumer relations on the spot. Own export is suitable export form when there exist few consumers, but deliveries are large on quantity or expensive on worth. Own export is often used when it is a case of high technology products. Sometimes companies, as well, use own export when they are starting internationalization or export process. This form of export enables gathering information of target markets and target consumers. However, own export requires from the company considerable resources and skilled personnel, and is therefore suitable only for few exporters. (Karhu 2001, 110–111)

After the internationalization decision has been made and the chosen operational model is considered to be export, it is time to estimate whether the company fills all the export preconditions. The preconditions can be divided into two parts; preconditions concerning the company and preconditions concerning the product.

First of all, the company needs to have an operational business idea. The business idea needs to enable business activity in international markets. In addition, export process requires analysis and evaluation concerning company's special skills, and what the international consumers can be offered. All in all, the export process requires financial and mental resources. However, the investments in export do not have to be as extensive as for example in foreign direct investments.

Concerning the product, the target market's actual market situation needs to be studied. For example if a domestic product sells well in the Finnish markets, it may not be as interesting in the foreign target markets. Often products heading to foreign markets require amendments on the basis of consumer needs and preferences as well as cultural factors and regulations. Sometimes only packaging and labeling amendments are required, and sometimes the actual product needs to be changed. (Kukkola & Pirnes 2002, 92-93)

2.2.2 Olvi's subsidiaries and export process

Olvi decided to use foreign direct investments as its internationalization entry model. The company started its internationalization process by acquiring 15 % holding of an Estonian brewery and soft drink plant AS A. Le Coq Tartu Õlletehas. The next year Olvi increased the ownership, and the company became a fully owned subsidiary of Olvi plc. Nowadays the subsidiary is called AS A. Le Coq, and it is 100% in Olvi's ownership. In 1999 Olvi increased its business activity in the Baltic States as it acquired a minority holding of the Latvian company A/S Cesu Alus. In addition, later that year the company acquired a minority holding of the Lithuanian company AB Ragutis. Today Olvi plc owns 98.2% of A/S Cesu Alus' shares and 99.57% of AB Ragutis' shares. In 2008 Olvi further expanded its operations by acquiring 51% of the Belarusian Lidskoe Pivo brewery's shares. At the moment Olvi owns 87.84% of the Lidskoe Pivo's shares. (Olvi 2010a)

In summer 2008 Olvi started an examination process of export possibilities. Target countries included in the process are Russia, Germany, Poland, United Kingdom, Denmark and Sweden. The process has included consumer researches with ciders and long drinks in Germany. At the moment Olvi collaborates with Finpro in finding possible importer partners from Germany and Poland. In addition, during 2009 Olvi has exported its products to Russia to be sold in few retail chains. At the moment Sandels Premium and Sandels Tumma are the products sold in Russia, and further retail chain discussions are in progress. As well, the exportation to Denmark has started in 2009. The products sold in Denmark are Olvi Export, Sandels Premium and Sandels Tumma. Further contracting discussions concerning the Danish markets are taking place, and the discussion concerns the Swedish markets also. In addition to Olvi plc export processes, AS A. Le Coq exports ciders to Denmark and AB Ragutis exports ciders to United Kingdom. (Rissanen 2009)

2.3 Phases of internationalization

Company's internationalization can be divided into four stages. As the first stage can be considered the situation the company slowly begins its internationalization process. Often great sales in domestic markets lead to internationalize, and usually the process starts by exporting products. At this stage the effort and resources used on the internationalization process are minor.

Second stage refers to developmental phase. In this stage the internationalization process has already started, and the company has succeeded in the exporting process. At this point, intellectual resources are critical and large investments are needed. Business activity at this stage is usually unprofitable.

Third stage is the growth phase. The company can make profit, but the cash flow is often negative. Usually at this stage the company has experiences on subsidiaries, and has manufacturing units abroad. The company has experienced growth, which can have possibly led to management problems.

The fourth stage refers to highly internationalized companies. This stage refers to maturity and stabilization. At this phase the company has established manufacturing units

and business activity in many countries, and manages the new markets. The business activity is usually profitable. The company is competitive and can defend its position. After the fourth stage, the company becomes multicultural and -national. At that point companies usually have manufacturing units and business activity at least in six countries. (Suvanto & Vahvaselkä 1993, 46)

2.4 New market entry

When entering new markets, there are several factors to be taken into consideration. It is needed and essential to gather information, and perform analysis and evaluations. The target market related matters should be studied and estimated. The level of researches depends on the commitment in the internationalization process, the depth of the process and the company's objectives. The commitment reflects to the chosen entry model; export requires least knowledge and foreign direct investments demand excessive information. (Karhu 2001, 12-13)

2.4.1 Internal and external analysis

Before starting internationalization process it should be carefully analyzed if the company has all the right conditions to be successful in international business. The new market entry decision should be based on substantial information gathering and analysis. The information concerning company's internal situation and resources, product requirements as well as target market related external environment have to be carefully researched. Thus, the resources need to be weighted and target market related issues examined. Internationalization always contains risks which, though, can be anticipated and controlled by well made analysis and researches. (Karhu 2001, 19)

Company's internal conditions include financial and functional resources. The financial resources refer to company's profitability, financial soundness and liquidity. New market entry always requires financial inputs and investments, and usually the first years of internationalization the operations are not profitable. Investments have to be made, for example, on personnel, premises, machines and foreign plants. If the financial resources are minor, the company can still consider focusing on export or manufacturing contracts as those requires less investments compared to foreign direct investments.

Functional resources refer to company's manufacturing, marketing and administrative capacity as well as personnel's skills as mental resources. The company doing international business needs to have considerable functional resources in order to manage bigger orders than expected. The international environment requires more inputs from marketing department and overall personnel as people need to travel more, accomplish market researches, and be able to communicate the marketing information. The company's management has to be prepared for the new situation and manage the international financial processes. All in all, the personnel is facing new circumstances which requires knowhow in different departments and especially language skills, cultural knowledge and adaptation to the new situation. If the functional resources are minimal, the company should consider entry models which require least commitment as licensing or export through intermediaries. (Karhu 2001, 20-23, 25)

The internationalization requires right conditions from the products to be sold in the new markets. Products, which are successful in the domestic markets, may require amendments when entering new markets according to target country regulations and consumer preferences. (Kukkola & Pirnes 2002, 92-93) The product as a term comprises all the levels of a product; the core product, the built bonuses as well as the image built around the product (Karhu 2001, 26). For example, if a product has good image in the domestic markets, it does not necessarily transmit to the foreign markets but it needs to be built again.

The external environment refers to the market settings, and to analyze it, information has to be gathered and evaluated. To understand the markets, the aim is to find information concerning the situation in external environment and the effects it has on the company. Competitive intelligence is one way to find information concerning competitive situation and the competitors in the markets. (Rugman & Hodgetts 2003, 219)

It is essential to study the competitive situation in the target markets, and find out if the company has a competitive advantage or all in all enough competitiveness to succeed in the target markets. Competitiveness refers to success and superiority over competitors. Competitive advantage refers to superiority that the target consumers respect and with which the company gains its commercial success. Competitive advantage can, for example, be uniqueness of a product, superiority in marketing or product's low price. (Suvanto & Vahvaselkä 1993, 48-49)

The demand in the target market is also an essential factor. The size of the markets and the amount of potential consumers forms the base for the possible demand. The level of demand has its effects on the choice of the operational model. If the demand in the target market is low, the best entry model is export. However, it is possible that foreign direct investment increases demand in target markets. Foreign direct investment could also guarantee efficient information gathering and attendance in the foreign markets. (Karhu 2001, 27-28)

The target market related factors can be studied and analyzed in form of a market research, which is a wide research concerning the target market factors and external settings.

2.4.1 Market research

To be able to succeed in foreign markets, it is essential to be prepared for the market entry. Many businesses fail in international business because before entering foreign markets, comprehensive market researches have not been carried out. Market research is collecting, analyzing and reporting information concerning target markets and target consumers. Substantial and well prepared researches provide useful information concerning target market's country related issues and market related opportunities and concerns. It is important to remember that cultures, consumers and buying behaviors differ from country to country. (Czinkota, Moffett & Ronkainen 1996, 367, 369)

Market research process can be divided into several steps. First step is to define and specify the research problems. Next step is for the company to decide whether to conduct the research or direct it to an external researcher. After the researcher has been chosen, the planning process can start. Thus, it is time to design the research and among other matters to define the problems, objectives and target groups as well as to choose the research methods and suitable timetable. Next step is to conduct the research and collect the data. After the information has been gathered it is time to process and analyze the data. The next step is to report the findings and research conclusions, and present the report. After the research and its results are presented, the report and findings can be utilized. (Suvanto & Vahvaselkä 1993, 100)

Nowadays, market researches can be quite simple to conduct. Before conducting a research, the objectives must be clear. The aims of the research can vary by the views of managers, the mission of the company, company's internationalization level and competitive situation. Often the researches aim at providing valuable information concerning new market entry, and starting the export process. Usually these types of researches include country analysis including for example information concerning the culture, economy and population. (Czinkota, Moffett & Ronkainen 1996, 371) It is also useful to study foreign trade statistics, and especially trade between the home country and the target country. These statistics show import and export information which gives comparatively good picture of the situation in both countries. (Kukkola & Pirnes 2002, 152) After suitable market research has been conducted, international market entry is possible and often the method to start international business is by exporting and using international intermediaries. (Czinkota, Moffett & Ronkainen 1996, 367)

Market research can be conducted by using two types of data; secondary or primary data. The used research methods need to fill the purposes of the study and especially suit the research's time (pace) and economic (use) requirement as well as reliability and validity. (Suvanto & Vahvaselkä 1993, 99)

Secondary data can be very useful, and it is easiest to gather. It refers to information that already exists and possibly has been collected by another researcher for other purposes. (Czinkota, Moffett & Ronkainen 1996, 373) Studies using secondary data are also referred as desk researches (Suvanto & Vahvaselkä 1993, 98). The secondary sources of data can be governments, international institutions, service organizations, trade organizations, directories and other companies. Often electronic sources can provide vital and useful sources of secondary data, and the information can be gathered quite simply and rapidly. However, it is essential to choose the right data to be used. Attention has to be paid on the reliability and truthfulness of the sources and the information has to be critically evaluated. The researcher needs to select relevant data and transform it to suite the research's objectives and purposes. (Czinkota, Moffett & Ronkainen 1996, 373, 378)

Primary research, also considered as field research, refers to researcher's self obtained information (Suvanto & Vahvaselkä 1993, 99). Primary research requires more effort, but the data provided is more reliable and relevant. Often secondary data is not sufficient and primary data is required to make the research more reliable. This type of data is obtained for special purposes. Primary researches serve the needs of, for example, customer behaviour and purchase habit study. The information gathering technique has to be decided by the researcher, and methods such as interviews, focus groups, observations, surveys and experimentations can be used. In primary researches the researcher produces the data which is created just for the purposes of the research and has not been used before. (Czinkota, Moffett & Ronkainen 1996, 380-385)

2.4.2 Olvi's new market Sweden

Olvi has already some international experience. It has successful subsidiaries in the Baltic markets. At the moment the company is considering to enter several new markets by exporting.

The Swedish markets are potential for Olvi as Sweden is Finland's neighbouring country, and both cultures and regulations are comparable. The Swedish drinking culture is quite similar compared to Finnish one, and Olvi's success is possible in Sweden. The company has the required resources and it has already been successful in its domestic markets and in its Baltic markets. Thus, the company has the right conditions to enter new markets and is ready for it.

At this point it is essential to study the target markets, and to conduct a market research on the Swedish alcohol markets. The market research helps the company to understand the market factors, to see the potential of the markets and to design the possible operations there.

3 SWEDISH MARKET RESEARCH

Sweden is Finland's neighbouring country. Sweden's surface area is around 450 000 km², and there lives around 9 million people. Biggest cities in Sweden are the capital Stockholm in addition to Gothenburg, Malmo and Uppsala.

Sweden is a Kingdom, and today Kung Carl XVI Gustaf governs the country. The country is a hereditary, constitutional monarchy and has a parliament system. In the parliament (Riksdagen) there are 349 spokesmen, who are chosen by national referendum every fourth year. At the moment the prime minister of Sweden is Fredrik Reinfeldt. (Finpro 2009, 5)

Sweden's economy is quite solid, and the country has gained considerable capital over a long term. The nation's distribution and transport infrastructure are in a fine condition. There are significantly many multicultural companies in Sweden, and foreign trade is important for the country. Private consumption has been increasing, but at the moment the recession has its effects. Private persons' income tax is substantially high, at highest being 60%. Company tax has been since the beginning of 2009 26.3%. (Finpro 2009, 6-7)

Sweden does not belong to the monetary association EMU and the crowns are used. Overall gross domestic product in 2008 was around 479 million US dollars, and gross domestic product per person was around 52 000 US dollars. Inflation was on average 3.5% in 2008. (Finpro 2009, 6)

Most important trade partners for Sweden were Denmark, Finland, Germany, Great Britain, Norway and USA in 2008. Total Swedish export increased by 5% and import by 6% from the previous year. Sweden's most important export products were machines and devices with 47.3 %, chemical industry's products with 11.6%, mineral products with 11.3% and forest products with 10.8% of the total export. Most important import products were machines and devices with 41.7% of total import, energy

products with 14.5%, and chemicals with 12.5%. Groceries equalled 8 percent of the import. (Finpro 2009, 13-15)

Swedes expect Finns to speak Swedish, which in business would also give Finns an advantage compared to other nationalities. Swedes are really organized and business meetings are planned well beforehand. Leadership is democratic and decentralized. There exists high equality. In business, Swedes strive for consensus, and processes can take time as the matters need to be considered from every point of view. Price is not the most important for the Swedes as they rather prefer high quality. In business it is not common to show emotions, and everyone try to act politely. In business life Swedes dress conservatively, and do not expect expensive gifts on meetings. Meetings can be organized at home or restaurants. Usually alcohol is not served during meetings but if it is, toasting is usual. (Finpro 2009, 26)

3.1 Trade between Finland and Sweden

The trade between Finland and Sweden is highly important for both partners (see figure 2). In 2007 Finland was second most important export partner and third most important import partner for Sweden. (Finpro 2009, 15)

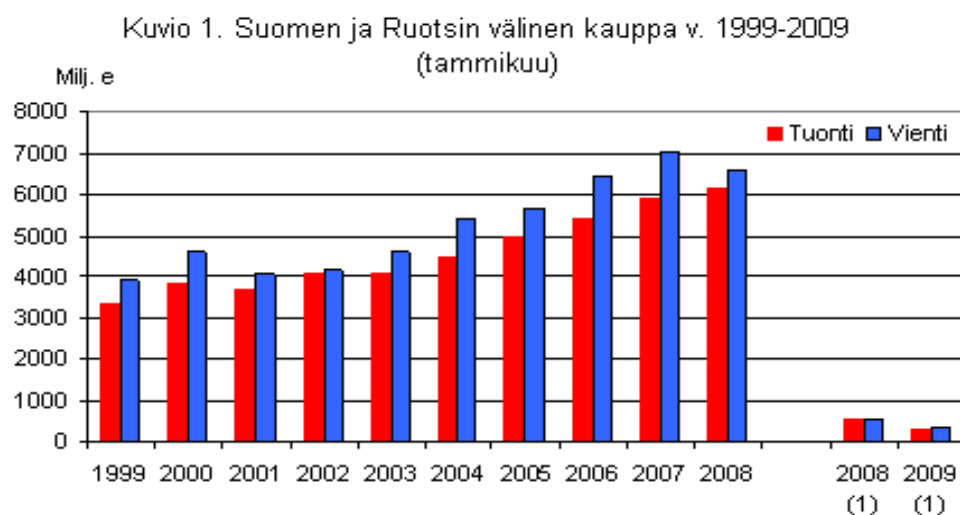


Figure 2. *Trade between Finland and Sweden (Tulli 2009).*

The table shows the figures of trade from 1999 to 2008 in addition to January 2009 figures. The first pillar represents import to Finland and the second export to Sweden. (Tulli 2009)

In 2008 Finnish export to Sweden equalled 6.6 milliard Euros, and decreased by 6 percent from the previous year. Import from Sweden decreased by the end of the year, but because of the whole year's high import percentages, the total import increased by 5 percent from the year 2007. The import equalled 6.2 milliard Euros. (Tulli 2009, 1)

Year 2008 Sweden was Finland's third most important trade partner. 10 percent of Finland's total trade directed to Sweden. On import Sweden's share was 9.9 percent. Most important export products were metal and metal products with 24% of the total export and equalled 1579 million Euros, oil and oil products with 17.7% and 1166 million Euros, machines, devices and engines with 11.1% and 729 million Euros. Groceries equalled 2.8% of the total export with 183 million Euros. Most important import products were metals and metal products with 14.1%, machines, devices and engines with 13.8% and chemical products with 11.3% of the total import. (Tulli 2009, 3, 5)

3.2 Swedish alcohol markets

The beginning of the 20th century was great time for Swedish breweries and alcohol markets. In 1905 the total number of breweries was 240. Every town and even small village had an own brewery. At that time the taxes directed to alcohol producers were imposed on the brewing business. Little by little the taxes started to increase and that together with strict sales restrictions made it harder for the breweries to operate. The trend was also towards nationalization of the industry and increased state control. These impacts made the brewing industry to transform from small-scale into large-scale industry with few big producers. (Krönleins 2009a) The trend of mergers and buyouts culminated in the turn of the decade 1970-1980. It led to the creation of three largest breweries, Falcon, Pripps and Spendrups, and the amount of smaller breweries decreased significantly. The turn of the decade 1980-1990 started to bring the smaller breweries back through consumer awareness. The new small breweries offered consumers more choices and international quality. Today, there exist some successful small breweries in Sweden. The Swedish alcohol policy and alcohol monopoly of Systembolaget enables the possible success of smaller producers. (Economic expert 2009)

Nowadays in Sweden there are around 50 breweries of which 12 belong to Sveriges Bryggerier (Sweden's Brewers). Sveriges Bryggerier is an organisation for Swedish beer brewers, as well as for cider-, soft drink- and water producers. Internationally it co-operates with EU countries' brewery organizations and Brewers of Europe. Sveriges Bryggerier co-operates also with the Finnish Panimoliitto. Those 12 breweries belonging to the organization produce around 90 percent of the total volume in Sweden. Members of the organization are for example Carlsberg Sverige AB, Kopparbergs Bryggeri AB, Krönleins Bryggeri AB and Spendrups Bryggeri AB, which nowadays are considered to belong to Sweden's biggest breweries producing beer and cider. (Sveriges Bryggerier 2009a)

Swedish alcohol policy aims at reducing harms caused by the use of alcohol. The overall objective is by promoting public health to decrease the medical and social harms the alcohol causes. The policy promotes alcohol free childhood, tries to postpone the age of first alcohol experiences, provides more alcohol free environments, tries to prevent driving under the influence of alcohol as well as drinking in work life and during pregnancy, and combats illegal trading of alcohol. Especially in the past few years municipalities and county councils have been taking more action in realizing the alcohol policy program. The primary responsibility on putting the program into action lies with the existing organization structure and the activity on national level will be implemented by a special governmental body. The program is a structure for the Swedish alcohol policy which rests on three pillars; developing international cooperation by strengthening the measures, at national level coordinating initiatives, and at municipal level encouraging the improvement of preventive measures. (Regeringskansliet 2009b)

In 2009 during Sweden's EU presidency period, Sweden actively worked for preventing the harm of alcohol in the whole EU. The main effort has been placed on reducing the impact of alcohol marketing and advertising on young people, the impact of pricing policies on alcohol-related harm and the consequences of harmful consumption of alcohol on healthy and dignified ageing. During the Swedish presidency period among other activities Expert Conference on Alcohol was arranged in September 2009. (Regeringskansliet 2009a)

3.2.1 Consumption and sales

Sveriges Bryggerier provides statistics concerning alcohol sales and consumption. In 2008 a Swede drank 31.9 litres of strong beer, 16.4 litres of regular beer and 4 litres of small beer. It has been also calculated that Swedes prefer to buy drinks in cans. (Sveriges Bryggerier 2009c)

The alcohol consumption has increased around 30% in the past decades in Sweden. However, the last few years the trend has been towards decreased consumption. (Regeringskansliet 2009b)

In Sweden beers are divided into three groups on the basis of how much alcohol they contain. Beer containing maximum 2.25 volume percent of alcohol belongs to Class I and is called "Lättöl" (=small/light beer). To Class II belongs beer containing 2.25-3.5 volume percent of alcohol, which is called "Öl/Folköl" (=people's beer). The Class III beer, "Starköl" (=strong beer), contains over 3.5 volume percent of alcohol and can be sold only in Systembolaget stores. (World Lingo 2009)

The following tables (1-3) show consumption and sales of beer and cider in Sweden in 2008 (in million litres). The tables below include two more beer groups in addition to usual grouping; beer containing over 5.6 volume percent of alcohol, "Starkt starköl" (=strong strong beer), and beer with alcohol volume percent of 3.5-4.5, "Mellanöl" (=medium strength beer).

Table 1. *Total registered consumption of beer (Sveriges Bryggerier 2009c).*

	Starkt starköl	Starköl	Mellanöl	Öl	Lättöl	Total
	5.6->	4.5-5.6	3.5-4.5	2.25-3.5	->2.25	
2008	47.8	247.7		152.0	35.1	482.7

Table 2. Total beer sales among Sveriges Bryggerier member companies (Sveriges Bryggerier 2009c).

	Starkt starköl	Starköl	Mellanöl	Öl	Öl	Öl	Lättöl	Totalt öl
	5.6->	4.5-5.6	3.5-4.5	2.9- 3.5	2.25- 3.5	2.26- 2.8	->2.25	
2008	30.8	187.8	15.5	80.1		27.9	32.9	374.9

Ciders can be divided into two groups; "Stark cider" (=strong cider) containing over 2.25 volume percent of alcohol, and "Blanddryck" (=blended drink) containing under 2.25 volume percent of alcohol. (Sveriges Bryggerier 2009c)

Table 3. Total cider sales among Sveriges Bryggerier member companies (Sveriges Bryggerier 2009c).

	Stark cider	Blanddryck
	->2.25	->2.25
2008	12.0	8.1

Most of the alcohol sales go through retail stores and Systembolaget. The restaurant sales equal minor percentage of the total beer and cider sales. The table below (4) shows the sales of beer and cider separated by volume percent through different sales channels during the years 2006-2008 in percentages. (Sveriges Bryggerier 2009c)

Table 4. Beer and cider sales through separate channels (Sveriges Bryggerier 2009c).

	Retail stores & Systembolaget			Restaurants		
	2006	2007	2008	2006	2007	2008
Starkt starköl (5.6 -> vol %)	98.0	98.0	98.1	2.0	2.0	1.9
Starköl (4.5 – 5.6 vol %)	67.3	68.9	70.2	32.7	31.1	29.8
Mellanöl (3.5 – 4.5 vol %)	43.0	49.0	58.0	57.0	51.0	42.0
Folköl (2.8 – 3.5 vol %)	99.2	99.2	98.8	0.8	0.8	1.2
Lättöl och svagdricka	63.3	63.1	63.6	36.7	36.9	36.4
Totalt öl	79.3	79.5	79.8	20.7	20.5	20.2
Stark cider (>2.25 vol %)	75.5	72.6	72.7	24.3	27.4	27.3
Blanddrycker (>2.25 vol %)	67.5	81.3	81.1	32.5	18.7	18.9

Systembolaget is an important sales channel for alcohol producers, especially for producers of strong beer and cider. Swedish National Institute of public health is responsible of promoting health, and the control of alcohol use belongs to its activities. Thus, the institute provides statistics, among others, to show Systembolaget's sales.

Swedish National Institute of public health is an organization working under the Ministry of Health and Social Affairs. The main activity of the institute is to promote health and prevent diseases and injuries. In addition, one of its main tasks is to control the use and consequences of alcoholic products as well as tobacco and drugs. (Swedish National Institute of Public Health 2009)

The institute provides statistics, among others, concerning alcohol development. Statistics concern alcohol's availability and consumption in addition to statistics related to alcohol caused diseases, death, crime and accidents.

Statistics concerning Systembolaget's alcohol sales can be found among the institute's statistics. The table below (5) shows the consumption of alcohol, strong beer and cider in litres per person (+15 years) in the whole country during years 2000-2008. The table is formed on the basis of Systembolaget's sales. (Statens folkhälsoinstitut 2009)

Table 5. *Consumption of 100% alcohol, strong beer and cider (Statens folkhälsoinstitut 2009).*

Year	100% alcohol	Strong beer	Cider & blended drinks
2008	5.38	27.47	2.39
2007	5.30	27.09	2.37
2006	5.08	25.86	2.41
2005	4.87	23.91	2.28
2004	4.79	23.28	2.26
2003	5.06	24.26	2.53
2002	4.96	23.24	2.33
2001	4.55	21.27	1.86
2000	4.29	19.44	1.80

3.3 Systembolaget

Systembolaget is Sweden's state-owned chain of liquor stores. It possesses alcohol retail monopoly, and it is the only chain in Sweden that can sell alcohol containing over 3.5 volume percentages of alcohol. Systembolaget sells alcohol to people aged 20 years and above. At the moment there are around 420 Systembolaget stores throughout Sweden, with a total product range of around 3000 items. In addition, in the smaller municipalities there are altogether around 520 intermediaries which forward Systembolaget's products. On average, Systembolaget serves around 1.7 million consumers in a week. Annual beer sales are around 179 million litres, wine sales 143 litres and spirit sales 18.8 million litres. Systembolaget yearly introduces around 900 new products, and eliminates yearly thousands of products after blind tasting. (Kuutanan 2006)

Systembolaget's strategy is to encourage healthy drinking and to provide consumers a wide product range as well as excellent knowledge and services, and to maintain its responsibilities. Systembolaget helps in creating healthy drinking culture in Sweden. Systembolaget's goal is to reduce the medical and social harm caused by alcohol, and to improve public health. It concentrates on passing information concerning alcohol and its consumption, and creating knowledge among Swedes.

The means by which Systembolaget aims at creating healthy drinking culture are; restricting the amount of stores, retail rules and opening hours, not trying to create profit but being financial efficient, not allowing promoting sales, not favouring any brand and providing high quality service. (Systembolaget 2008, 9)

3.3.1 History

The first "Systembolaget" store was established in 1850 by mine owners in Falun. People wanted to get rid off the problem of constant drinking and other harms caused by it. At that time the profit was directed to public causes. The company gained exclusive rights to establish stores for the sale and selling alcohol drinks. This was first alcohol monopoly in the world, and the system worked so well that it was spread all

over the nation. Next local retail stores were established to Gothenburg, Hudiksvall, Stockholm and Lund and by 1955 all the local monopolies merged into one nationwide Systembolaget. (Systembolaget 2010b)

The following years have been important in Systembolaget's history as well as in the overall Swedish alcohol market's history:

In 1850 the first "Systembolaget" store was established.

In 1860 home-distilling became illegal.

In 1905 the Swedish Parliament decided that all the vodka sales should be handled through special companies.

In 1914 with the establishment of AB Stockholmssystemet came in obligatory ration books and personal rationing.

In 1917 AB Vin and Spiritcentralen was founded, and it took over all the wholesaling activity.

In 1919 the whole Sweden became aware of obligatory rationing, and the local Systembolaget stores gained monopoly in wine sales.

In 1922 there was a national referendum on total alcohol prohibition. The votes against the prohibition won by 925 000 compared to 889 000 for votes.

In 1955 the ration book was abolished, and the same year 41 local Systembolaget companies merged into one nationwide company.

In 1957 the Swedish Parliament voted for introduction of blacklist as well as compulsory identification presentation.

In 1969 the buying age limit at Systembolaget was changed from 21 to 20 years.

In 1977 the blacklists were abolished.

In 1991 Filipstad opened the first self-service Systembolaget store.

In 1994 European Commission permitted Systembolaget's alcohol monopoly. Joining the EU in 1995 changed the Swedish alcohol policy and regulations in many ways. However, Systembolaget was permitted to be the only retail monopoly in alcohol sector. In 1997 the European court stated its verdict that the monopoly can be maintained and that it is correspondent to the EU law. Alcohol producing, importing, exporting and wholesaling monopolises were though freed from the state owned V&S Group to be able to save the alcohol retail monopoly. As the monopoly of Vin and Spirit AB

was dismantled, Systembolaget acquired 159 suppliers. In 1996 the number of suppliers increased to over 200, and the overall product amount to over 4500.

In 1999 Systembolaget launched the competition of the store of the year. The personnel of the winning store was rewarded, and the idea was to draw attention to a well-run store as an example for other stores.

In 2000 the discussion on Saturday opening started and it was trialled in six counties. In 2001 all the Systembolaget stores were allowed to be open on Saturdays also. At the same year also the basic product range was introduced which ensured that all the Systembolaget stores would store specific 400 products always.

At the moment, Swedes have a strong public opinion for the alcohol retail monopoly. In 2006 49 percent were in favour of Systembolaget and the support rose to 61 percent in the 2007. (Systembolaget 2009a, 3, 5)

3.3.2 Buy-in strategy

One of Systembolaget's activities is being in constant connection with its suppliers with the aim to increase commitment and responsibility. This strategy is based on a general code of conduct with the concern on how the company and its supplier should act in business life with regard to labour conditions, human rights, environment and corruption.

Systembolaget's purchasing system enables the amount of suppliers in the markets to be great. The markets are also open to smaller suppliers and drink producers. This is possible because of Systembolaget's buy-in process as when choosing the products into Systembolaget's collection the most important factor is the quality. In 2008 1828 new products were launched in Systembolaget, and the company had 363 active suppliers.

Yearly the new buy-in starts by comprehensive analysis of market trends in Sweden and internationally as well as analysis of developments internationally. Frequent customer surveys are also part of Systembolaget's strategy. The information gained by the analysis is summarized in the annual product range strategy. (Systembolaget 2008, 42-44)

Systembolaget's category strategies are created on the basis of the general framework. The strategies form the base for the twice a year issued launch plan which informs suppliers of the orientation of future requests for tender. A request for tender indicates information such as the product type, country of origin, pricing band and taste profile. (Systembolaget 2008, 42) An example of a request for tender; Dry wine in a bottle, Price: 100-130 Crowns, from California, Chardonnay, French fruit, preferably certain type of barrel but not predominant. All the companies registered as alcohol manufacturers or wholesalers in the Tax Agency can read the requests for tender published every month. (Systembolaget 2010a) In 2008 Systembolaget had 688 registered suppliers, which all received last year's requests for tender, and were invited to submit their tenders. Supplier, who has an equivalent and suitable product, can send an offer. Suitable products are selected from the submitted tenders and requested samples. In 2008, 16472 tenders and 10642 samples were received. In addition, for the exclusive product range 6388 tenders were received, and 1938 were bought in.

After the suitable products are chosen, the next step is for the tasting panel to taste the product samples received with tenders. The process is realised by blind tasting. Thus, the panel is not aware of the product brand, supplier or producer. The panel is aware of the products country of origin, price band and taste description provided by the producer and on that basis the panel evaluates the taste and the quality of the product. The product that gets the highest scores will be bought in. The products bought in are also tasted by a complementary characteristic tasting group, which writes the descriptions for the products. The taste descriptions and ratings found on the shelf labels and websites are based on the panel's opinion.

In addition to request for tenders there are two other ways to get the products into a Systembolaget's assortment. By a decision of an independent panel of consumers products can be bought in. 20 percent of the planned launches in the fixed product range are bought in through consumer panel decisions. In addition, when a product has achieved certain sales volume in "available for order" range, products can be taken into a fixed range.

Systembolaget realises constantly quality controls and ensures that products arriving the stores are the same ones part of the tasting process. This is ensured by quality control realized by the consumers who compare the sample of the product arrived into the

store and the product part in the tasting process. In addition, it is checked that the product corresponds the requested quality and style by conducting quality controls three and six months after the product is launched, and then continuing the quality control annually. In addition, the quality of the launched products is tested in Systembolaget's laboratory. All the new products are analysed, and products in fixed range are tested once a year. The laboratory also takes care of the complaints related to products made by the consumers. The laboratory analyses around 3000 samples yearly. The laboratory takes as well care that the products fulfil the related legislation and that the content of the drinks corresponds to the labelled information.

There are around 540 popular products, which are always stocked in every Systembolaget store including new launches and products chosen locally. Otherwise, the product range of each store is determined centrally. The product range is determined on a brand-neutral basis, and primarily on the basis of sales of the store placing an importance also on stores' customer structure, amount of stores in the town, and town's location and size. Every Systembolaget store daily receives an order proposal, which is based on the sale statistics, sales trend forecasts, current stock situation and distribution timetable. In addition, if wanted product is not stored in a Systembolaget store, Systembolaget's customers can order a product from another Systembolaget store if it is not stored in the store the customer visits. The customer can order a beverage from the whole Systembolaget's product range, and from any individual store. (Systembolaget 2008, 42-44)

3.3.3 Assortment

Systembolaget's drink assortment is built on the basis of consumers demand, environmental changes and good quality. The assortment is broad and wide-ranging and includes a fixed and a temporary range. The fixed range includes reliable products, which have been popular among consumers in a long term. Every year the new fixed range is launched in April and October, and yearly around 200 products are added into the fixed range. Many new products are launched through consumer panel. The added products will be in the fixed range first a 12-month period, and after that all the products are evaluated twice a year on the basis of demand and quality. (Systembolaget 2010c) The producer receives information at least 10 weeks before if its products will be removed from the fixed range (Systembolaget 2010a).

The temporary range offers the consumers newsworthy and depth. The temporary range is launched five times a year. The range includes new products which are sold under a limited period or a limited amount. Many products in the temporary range are a certain season's products.

In addition to fixed and temporary range, Systembolaget has also an order assortment. All the registered importers and producers can place their products in the order assortment if the products fulfil all the related laws and regulations. These products are not evaluated by the Systembolaget's tasting panel. Consumers can order these products from Systembolaget, and the producer will then deliver on the products.

Consumers can also make private import requests on products that are not included in any of the Systembolaget's assortment. The requests will be submitted in Systembolaget store, and the consumer needs to provide information concerning the product, its producer and possible Swedish supplier. Next Systembolaget sends an offer request to the supplier or directly to the producer. When Systembolaget receives the offer it will pass it on to the consumer who then decides on the possible order. (Systembolaget 2010c)

Systembolaget's fixed range includes around 2000 products. The biggest Systembolaget stores store around 1500 of the fixed range's products. The amount of the products stored is decided by the management of each store individually. (Systembolaget 2010¹) Altogether Systembolaget has around 3000 products in its fixed and temporary range including products from around 40 different countries. In addition, the order assortment includes around 3000 more products. (Systembolaget 2009d)

3.4 Competition

Carlsberg Sweden is the biggest beer manufacturer in the Swedish markets. The company was founded in 2001, and it belongs to the international Carlsberg Brewers Group. To Carlsberg Sweden's ownership belong also the Swedish Pripps and Falcon breweries. (Carlsberg Sverige 2009) The company has its headquarters in Stockholm, and the brewery producing beer in Falkenberg. In Sweden Carlsberg employs around 1200 people. The market position of Carlsberg Sweden is number one, and the total

market share is 28%. Market share in beer sales is 38%. To Carlsberg's products belong international and Swedish trademarks such as Carlsberg, Falcon and Pripps Blå. (Carlsberg Group 2009) In Sweden Carlsberg's sales were 415 million litres in 2008. During the year 2008, Carlsberg beer sales through Systembolaget equalled 31.1% of Systembolaget's total beer sales with a 0.9 percentage points increase from the previous year. The increased sales are largely explained by the popularity of trademarks Pripps and Falcon. Sales of Falcon beer through Systembolaget increased 10% during the year 2008. (Cision Wire 2009)

Second biggest brewing Group in Sweden is a family company Spendrups. It was founded in 1987. The company employs around 1300 people, and has yearly total sales of around 2700 million crowns. (Spendrups 2009a) Spendrups' most popular beer trademarks are Spendrups, Norrlands Guld, Mariestads and Heineken. Altogether the company has around 50 different beer types in its selection. In addition, Spendrups produces ciders. Spendrups has in its selection Astrakan, Briska and Gravendal ciders. (Spendrups 2009²)

Kopparbergs is the third biggest brewing Group in the Swedish markets. The company also owns the Banco, Zeunerts and Sofiero breweries also. Kopparbergs ciders are the company's biggest product group, but the company also offers beer brands such as Sofiero, Zeunerts and Fagerhult. For Kopparbergs sales through Systembolaget is an important channel for the company. Kopparbergs strong ciders and beers have a leading position in Systembolaget sales. Kopparbergs offer biggest strong cider assortment, and most sold strong beer Sofiero original. The company's turnover in 2008 was around 981.1 million crowns. The Kopparbergs parent company employs on average 170 people and the whole Group altogether around 250 people. (Kopparbergs 2008, 4-5, 7, 16)

An independent brewery, Åbro Bryggeri, belongs nowadays to Sweden's biggest producers. Åbro is a family company, and was founded in 1856. The company employs 175 people, and has a turnover of around 550 million crowns. (Åbro 2009a) To Åbro's products belong beers such as Åbro Original, Småland, Singha and Foster's as well as ciders Rekorderlig and Strongbow. Especially the cider Rekorderlig has established a strong market position in the Swedish markets. (Åbro 2009b)

In addition, there exist many smaller independent breweries in Sweden. One of them is nowadays a family company Krönleins Bryggeri, which was established in 1836. The company employs round 120 people and has a turnover of 300 million crowns. (Krönleins 2009b) To Krönleins products belong among others own beers Three Hearts, Crocodile, Kaltenberg and Skåne Guld, imported beers Corona, San Miguel and Holba premium, and own ciders Cid and Halmstad. (Krönleins 2009c)

3.4.1 Systembolaget's suppliers

Characteristic for international alcohol markets are mergers and takeovers. Large manufacturers mainly dominate the markets which are becoming more concentrated. The Swedish markets follow the same trend, even though the effects are not as big on market shares. Systembolaget's buy in strategy enables that also smaller suppliers can send offers. In 2008 the amount of small suppliers in the Systembolaget's fixed range was greater than the year before. Altogether in Sweden there are around 680 companies with manufacturing and import licences, and 363 of them offered products to Systembolaget in 2008. The ten largest beer suppliers had a market share by volume of 97.6 percent. As follows (see tables 6 and 7), the ten biggest drink suppliers of Systembolaget in 2008 by volume in litres and by value are listed. (Systembolaget 2009c, 9)

Table 6. *Systembolaget's suppliers by volume* (Systembolaget 2009c, 9).

Supplier	Volume
1. Carlsberg Sverige AB	71 481 553
2. Spendrups Bryggeri AB	47 911 098
3. V&S Group	41 355 598
4. Åbro Bryggeri	35 993 060
5. Kopparbergs-Sofiero Bryggeri	30 943 681
6. Galatea Spirits AB	19 500 249
7. Fondberg	13 549 949
8. Bibendum	12 271 261
9. Oenoforos AB	9 764 004
10. Krönleins	9 071 538

Table 7. *Systembolaget's suppliers by value (Systembolaget 2009c, 9).*

Supplier	Value
1. V&S Group	4 890 827
2. Carlsberg Sverige AB	2 159 617
3. Spendrups Bryggeri AB	1 559 663
4. Bibendum	1 071 416
5. Fondberg	1 039 631
6. Åbro Bryggeri	887 214
7. Pernod Ricard Sweden AB	821 539
8. KopparbergsSofiero Bryggeri	763 044
9. Galatea Spirits AB	712 430
10. Bacardi AB	693 636

3.5 Pricing

In Sweden the price of alcohol is high because of high alcohol taxes. This also serves Systembolaget's aims to reduce harms and overall consumption of alcohol. Since 1st of January tax on beer has been 1.66 crowns for every percentage points by volume of alcohol (see 4.6 Taxes).

The price of alcohol has been decreasing in Sweden. Since 1995 the prices have decreased in relation to increasing disposable income. Thus, alcohol has become cheaper for consumers, and it has of course increased the consumption of alcohol. The price of strong beer in the past decade has decreased by 30 percent, and the disposable income has at the same time risen by 30 percent. In 2006, the price of alcohol in Sweden was the seventh highest in Europe. Higher prices had for example Norway, Finland and Great Britain. (Systembolaget 2008, 2, 6-7)

The table 8 shows an example of how cider's and beer's prices can be formed, and how much separate parts count. The table is an example from January 2009 from Systembolaget.

Table 8. *Cider, extra strong and strong beer's pricing (Systembolaget 2008, 7).*

	Cider 50cl 4.5%	Extra strong beer 33cl 7.2%	Strong beer 33cl 5.2%
Final price	15.00	10.00	10.00
Alcohol Tax	3.79 (25.35%)	3.94 (39.4%)	2.85 (28.5%)
Supplier's Price	3.96 (63.9%)	2.19 (26.4%)	3.11 (21.9%)
Systembolaget's Trading Margin	3.45 (23%)	1.27 (12.7%)	1.44 (14.4%)
VAT	3.00 (20%)	2.00 (20%)	2.00 (20%)

(The prices are calculated with a VAT rate of 20%. The actual VAT rate of alcoholic beverages in Sweden is 25% (see 4.6 Taxes))

When suppliers make offers to Systembolaget, the selling prices need to be informed with alcohol tax and pant but without value added tax.

Since the beginning of August 2006, the prices in Systembolaget have been calculated with a certain formula (see table 9). When counting the prices, four steps are gone through. First step is to start by counting suppliers selling price without alcohol tax and pant. Next step is to count the percentage raise from the amount counted in the first step, and add the fixed raise and the correction factors. Step three consists of adding the alcohol taxes and pant. Step four is counting the missing value added tax, and finally the consumer price is rounded off.

Table 9. *Pricing formula (Systembolaget 2006).*

Systembolaget's inner price
- Alcohol tax and pant
+ Variable raise of 19 % (for all product groups and packaging)
+ Basic fixed raise *
+/- Packaging related correction factors **
+ Alcohol tax and pant
+ Value added tax
+/- Rounding off ***
= Consumer price

* Basic fixed raise per unit: ciders and blended drinks 2.70 crowns, beers 0.85 crowns and alcohol free products 0.00 crowns.

** Packaging related correction factors per unit: Small bottles -1.75 crowns

*** Rounding off regulations: alcohol free products to closest crown, and beer, cider and blended drinks to next 10 ores. (Systembolaget 2006)

3.6 Taxes

In Sweden beer taxes are high and essential part of the Swedish alcohol policy. When Sweden joined the EU, the only country where the taxes were higher was Finland. At that time beer taxation was divided into two parts in Sweden; taxation for beer containing less than 3.5 volume percentages of alcohol and taxation for strong beer, thus containing over 3.5 volume percentages of alcohol. However, joining the EU changed the taxation system and the taxes eventually decreased. The Swedish government tried to stop private importation of beer from Denmark and other neighbouring countries by decreasing the strong beer taxes by almost 40 percent. In addition, taxes for medium strong beer decreased as well. Beer consisting less than 2.8 volume percent of alcohol has been tax-free.

Since the beginning of 2008 taxes for beer including more than 2.8 volume percent alcohol has been 1.66 crowns per volume percent and litre (see table 10). Beer consisting less than 2.8 volume percent of alcohol is still tax-free. (Sveriges Bryggerier 2009b)

Table 10. *Beer excise duty (Sveriges Bryggerier 2009b).*

1 January 1998	1,47 / volume % for beer over 2,8 volume percent
1 January 2008	1.66 / volume % for beer over 2,8 volume percent

For example taxes for Olvi III (4.5%) and Olvi Export (5.2%)

$$1.66 \times 4.5 = 7.47$$

$$1.66 \times 5.2 = 8.623$$

Thus, Olvi III includes taxes of 7.5 crowns per litre and Olvi Export includes 8.6 crowns per litre.

For ciders and long drinks the taxes are calculated differently (Table 9). Wine's, cider's and other blended drink's taxes are calculated by litres with corresponding volume percent rate.

Table 11. *Cider excise duty (Skatteverket 2009).*

Volume percent	Tax rate/Litre
1.2–2.25	0 crowns
2.25–4.5	7.58 crowns
4.5–7.0	11.20 crowns
7–8.5.0	15.41 crowns
8.5–15.0	21.58 crowns

Thus, the taxes will be calculated by the tax rate multiplied by the total litres. As an example can be taken Olvi's Fizz Perry-cider containing 4.7 volume percents of alcohol in a bottle of 0.33 litres. Taxes will be calculated by: $11.20 \times 0.33 = 3.696$. Thus, the alcohol tax for the Fizz Perry-cider would be 3.7 crowns.

Value added tax needs to be taken into consideration in addition to excise duties. In Sweden there are three levels of value added tax; 6, 12 and 25 percent. Alcoholic products belong to the highest value added tax level, thus the value added tax in Sweden for alcoholic beverages is 25%. (European Commission 2009, 3, 17)

3.7 Labelling and packaging

In Sweden labelling requirements must meet the EU standards. The EU standards require the following information in the labels; the name under which the commodity is sold (possibly in addition with a trademark or a brand), net quantity, alcohol volume percentage, date of minimum durability, special conditions for keeping or use, business name and address of the manufacturer, place of origin, instructions of use and lot

marking on pre-packaged beverages. In Sweden extra importance has to be placed on the marking of the alcohol strength; the exact volume percent has to be marked, the minimum fluid content has to be stated in millilitres, and the alcohol strength must be stated by the weight as well as in Roman numerals. In addition, it has to be shown in the label if the product contains antioxidants, dye stuffs, preservatives or sorbitol. (ICAP 2009)

When designing the packaging, the EU standards have to be taken into consideration. All the EU countries have to have a return system that enables the recycling and possible re-use of packaging. EU's goal is to ensure that at least 60 percent of the total weight of packaging waste will be recycled or burned by the plant, and that 55-80 percent of total packaging waste material can be re-used. This applies to all the packaging, and refers to all the materials used to hold, protect, handle, carry and present products, starting from raw materials to final product reaching the final consumer.

There are certain regulations the packaging has to fill; packaging size and weight has to be as small as possible, the packaging has to be formed, manufactured and sold in a way that it can be recycled or re-used as environmentally friendly as possible. (EU-Upplysningen 2009)

3.8 Deposit system

Deposit system in Sweden got its start already in 1884. At that time glass bottles had an official pant system, and have been recyclable since then. The use of aluminium cans started in 1955, and cans were accepted for pant return in 1984. At that time 63% of all cans were returned. The first plastic bottle introduced was refillable, and returning gave a pant of 4 crowns. In 1994 re-used bottles and PET bottles were launched with a pant of 1 and 2 crowns. At that time 51% of the bottles were returned. Nowadays, 85 % of all used cans and bottles are returned. (Returback 2009b)

Today the AB Svenska Returpack takes care of the deposit of aluminium cans and PET bottles, and even other forms of containers (Returback 2009a). Returpack is owned by Sveriges Bryggerier (50 %), Svensk Dagligvaruhandel (25 %) and Livsmedelshandlareförbundet SSLF (25 %) (Returback 2009b). On the other hand, the deposit of glass bottles is nowadays taken care by Svensk GlasÅtervinning AB. The company was founded in 1986, and since then the recycling of glass bottles has been

increasing. The goal is to keep the recycling percent over 70. Today the goal has been reached and over 90% of used glass bottles are returned. (Svensk Glasåtervinning 2009a)

There exists legislation concerning deposit system in Sweden. It states that producers manufacturing alcoholic drinks in bottles or cans have to take care that the containers are accepted for deposit. The producer has to register to be able to get the containers into a deposit system. It has to be stated in the label of the container to which return system it belongs, and how it can be recycled. (Svensk författningsamling 2005, 1-2)

The aluminium cans were introduced in 1955 in Sweden. The most common cans are of 33cl, but also cans of 50cl are common. Every year around 1 milliard aluminium cans are sold, and almost 91% of the cans are returned. Returning of a can is worth of 50 ores. The stores pay the pant to consumers, but they get it back from Returpack. The returned aluminium cans are re-used. First the returned cans are transported to the plant in Norrköping, where the cans are sorted, pressed, baled and eventually melted and moulded into aluminium plates. The plates are further transported to can manufacturers who prepare new cans of them. (Returback 2009a)

Every year around 600 million PET bottles are sold, and 85% of the bottles are returned. The bottle sizes differ from 0.25 to 3 litres. From the smaller bottles (≤ 1 litres) the returner gets back 1 crown and 2 crowns from the bigger bottles (> 1 litres). The pant is paid by the store where the bottle is returned, but the store gets the sum back from Returpack. The returned PET bottles are re-used. When the bottles are returned, the machine packs them into a sack or cardboard. The bottles are then transported to Norrköping, where they are sorted by colour, counted, pressed, baled and then transported to the recycling plant Cleanaway. There the plastic is cleaned and minced into small flakes. From the flakes preforms will be manufactured, which are further transported to breweries where the ready new bottles are prepared. (Returpack 2009a)

The deposit system for glass bottles is already over 100 years old invention. The pant for small 0.33 litres bottles is 60 ores and 0.5 litres bottles 90 ores. The deposit system today covers recycling of around 94% of all used glass bottles. All that recycled glass

will be controlled, sorted and transported to Hammar for refinement. The glass gone through refinement will be used for other products. (Svensk Glasåtervinning 2009b)

3.8.1 Importers and producers

To join Returback's deposit system, an importer or a brewery needs to sign a contract with Returback. The contract includes a payment of 10000 crowns per calendar year, which will be invoiced when the contract is signed by both partners. The payment will be passed on to Jordbruksverket (Agriculture plant) which is responsible of supervision of this type of activity.

After the registration, the next is to register EAN-codes with Returpack. This is done by filling forms, which have to be sent to Returback with an empty container. The bottle or can needs to be similar compared to the one sold in stores. If the container later goes through changing of form or etiquette design, it has to be accepted by Returback also. Deposit automats are updated once a week in Sweden, when new codes are also recorded. Deadline for registration is every Friday by lunchtime. The bottles and cans have to be registered for pant before they arrive to the stores to be accepted for pant. It is a task of the registered company to pay the pant to Returpack for every product. The pants the importers or breweries pay for the Returpack will be returned when the products are sold further to stores or restaurants, which receive the pant from sold products. The importers and breweries are also responsible of the collection of returned bottles and cans from the stores to be transported to Norrköping. The empty bottles and cans are collected when the new products are delivered. Returpack will be responsible for the processing costs caused by the delivery. (Returpack 2009c)

According to Svensk Glasåtervinning, all the producers who manufacture, import or sell products in a glass bottles, are responsible of collection and recycling of the glass material. However, there exist material companies that can by payment take care of the collecting and recycling responsibility of importers and breweries. Svensk Glasåtervinning can help companies with the recycling process. The company is partly financed by payments they get from importers and breweries. Rest of the financing the company gets from selling glass material.

By registration with Svensk Glasåtervinning AB an importer or brewery shows the consumers and authorities that it takes care of its responsibilities concerning recycling and re-using of material. (Svensk Glasåtervinning 2009b)

3.9 Regulations concerning importers

Companies starting the import to Sweden should carefully study what is required of foreign traders. Traders can start their import after needed documents have been filled, information provided and required registrations have been accomplished. In addition, the trader should carefully choose the right entry model to enter the foreign market as different entry models require different investments and resources.

Svensk handel is responsible of import to Sweden. It provides companies information concerning Swedish markets and import related matters such as Swedish commercial policy, importing licenses and customs regulations. To Svensk handel group belong over 14 000 importers, wholesalers, distributors and agents among others. Most important distribution centres are located in Stockholm, Gothenburg and Malmo. (Finpro 2009, 7)

In Sweden a foreign exporter can establish a subsidiary, or either sell directly or through an agent to importers or wholesalers. At the moment around 66% of import is sold through wholesalers or importers. To a consumer good exporter in many cases it would be cheaper to sell directly to department stores, chain stores or other retail stores. (Finpro 2009, 7)

To be able to import alcohol to Sweden for commercial use, the importer has to have an authorization from the Swedish Tax Agency (Skatteverket). The importer also has to pay Swedish alcohol tax. (Tullverket 2009)

To have a license to sell and buy alcohol in Sweden, one has to be a warehouse keeper or a registered trader. This enables selling to Systembolaget and to restaurants which have a license to sell alcohol as well as selling to other warehouse keepers and registered traders. In addition, a registered trader or warehouse keeper will be able to buy and sell alcohol from and to traders inside European Community as well as outside the Community. Applying for the registrations is free, and the forms can be obtained from

the Swedish Tax Agency, and the approval comes from the Agency in Ludvika. (Hellstrand 2009) Swedish Tax Agency takes care, among others, of alcohol tax, and after receiving applications from importers it does trade and performance tests to be able to verify suitable candidates. Those who pass the test are registered in the Tax Agency. (Systembolaget 2009b)

When a company has been successfully registered as a trader, it can basically immediately start its business. If the company chooses to sell its drinks through Systembolaget, the next step after registration would be faxing the approval of the Tax Agency together with patent- and registration agency's registration affirmation to Systembolaget's administration unit. After receiving the fax, Systembolaget will send the company a form to fill. When the form has been successfully filled and answer received from Systembolaget, the company receives a folder with information concerning selling through Systembolaget in addition to latest launching plan and request for tenders. When Systembolaget has received all the necessary information concerning the registered company, and approved its application, the company will be able to sell drinks through Systembolaget. (Spirit och Vinleverantörsföreningen 2010)

3.10 Advertising

In Sweden advertising plays a major role in marketing. All possible advertising channels are used from TV-advertising to hot-air balloon advertising. However, the most used advertising channels are newspapers and other printed ads. Over 50% of marketing expenses are used in printed advertising. Swedish people are rated in fourth place of most newspaper reading per person. Biggest local newspapers (Stockholm, Gothenburg, Malmo) have nationwide readers. Second most popular marketing type is direct marketing, in which around 30% of marketing expenses are used. Third most popular form of marketing is television and radio advertising. In Sweden advertising is regulated by Marknadsföringslagen, which is a law preventing misleading and unethical advertising. (Finpro 2009, 7-8)

Of course marketing of alcoholic products is specially bounded by a Swedish marketing law. The law is common and applies to all marketing in Sweden. Alcoholic products can be advertised only by the point of sale, in trade journals and foreign international magazines. However, there exists an uncertainty of what is allowed, concerning

advertising alcohol, due to discussions in Swedish court whether the alcohol law meets the European commission treaty

Light beer and cider (containing under 2.25 alcohol volume percentages) is not considered as alcohol, thus its marketing is not bounded by the law of marketing alcoholic products. However, marketing of light alcohol can not be combined with marketing of stronger alcohol. (Alcohol and Advertising 2008, 11)

4 DISCUSSION

Results

Swedish alcohol markets are potential for Olvi. The markets locate near, and the transportation costs would not be excessive. The Swedish culture is quite similar compared to Finnish one, and both have quite positive attitude towards alcohol. Based on my experience, both Finnish and Swedish people have quite similar drinking habits. Thus, consumption of beer and cider is comparable, however, the long drink sales should be considered carefully as the drink is not as known and popular in Sweden.

The Swedish regulations and legislation concerning alcohol importing can be studied and followed. The registration for alcohol importing in Sweden seems unproblematic. The alcohol taxes in addition to value added tax can be simply calculated. Of course market entry process would take some time, and include bureaucracy but the process does not seem too complicated for a Finnish producer.

Especially concerning the sales of long drinks, some sort of consumer researches could be accomplished. The product is quite new to Swedes, thus before starting the export process of long drinks it could be beneficial to test and analyse if the product would have potential consumers. On the other hand, ciders are familiar and popular among Swedes. Kopparbergs and Rekorderlig ciders have the biggest market share in that sector, and both Åbro and Kopparbergs breweries have established good market position. Thus, it could be hard to compete against strong Swedish brands. Still some level of Olvi's sales could be accomplished. To sum it up, I think that beer sales would be most potential for Olvi. There are many beer brands in the markets, which can also encourage to trial new products. There are already other Finnish origin brands in the markets such as Lapin Kulta.

For Olvi it could be beneficial that in Sweden there lives a minority population of Finnish people. The amount of Finns in Sweden is quite considerable, and could be Olvi's advantage. Finns often favour domestic products, and especially many Finns living abroad appreciate familiar brands. This could partially boost the sales of Olvi's products. In addition, many Finnish products are sold in Sweden. Thus, Finnish products and brands are familiar to Swedes, which could also increase the possibility to trial new Finnish products.

Systembolaget as a sales channel is suitable for Olvi. The sales of drinks containing over 3.5 volume percent of alcohol have to go through Systembolaget. The sales channel suits for Olvi's products as most of the drinks contain over 3.5 volume percent of alcohol. As Marjatta Rissanen also indicated, the sales through retail chains would require modifications from the products, and would not be profitable.

In my opinion, Olvi's benefits are the products, resources and skills. Olvi's advantage is the quality of the products which have already succeeded in the domestic markets as well as in the Baltic States. The company has already internationalised, and has skilled personnel to manage the internationalization. The company is also profitable, and has the right resources to manage the new markets. In addition, the company has quite good image, especially in Finland, that could be possibly transmitted to the foreign markets also. At this point, in my opinion, it is good strategy for the company to start expanding more and entering new markets.

Olvi has already started contract discussions concerning the Swedish markets. The entry model is considered to be exporting. In my opinion, the export process could go through an intermediary as own export would require extensive market knowledge and attendance. The sales through Finnish intermediary would leave Olvi mostly out of the export process, and foreign intermediary would require more effort from Olvi. Thus, depending on the level of preparedness and willingness to participate on the export process, the right form of export can be chosen.

Conclusion

Internationalization is expanding the business activity into foreign markets. New market entry requires information gathering and analysis concerning the target markets in a form of market research. The market entry model export often starts the internationalization as it requires least investments.

As mentioned, internationalization process usually starts with first exporting products, and later expanding operations and possibly acquiring subsidiaries. Olvi did not start its internationalization process in the same pattern, but as well took it carefully in the beginning by acquiring a small share holding of a foreign company. However, when the internationalization had started, Olvi moved on with a faster pace by acquiring more subsidiaries in other Baltic States in the following years. The company concentrated many years on the Finnish and Baltic markets as it took almost ten years for the company to expand its operations to Belarusian. In addition, year 2008 was a start to wide export possibilities examination process. The company has been successful in the domestic markets as well as in the Baltic markets and that it possibly the reason why it feels to be ready to expand more. The company has already passed the starting stages of internationalization and moved forward to the developed phases, where the company has managed well the new markets and can defend its market position.

The Swedish alcohol policy aims at reducing the harm caused by alcohol and promoting healthy drinking culture. The policy is supported by Systembolaget's mode of operation. The company does not attempt to increase profit, but promoting healthy drinking culture by restricting sales.

New alcohol importers have to register in the tax agency in order to be able to sell drinks in the Swedish markets. The importers need to pay the Swedish alcohol tax, which also has to be taken into consideration in the pricing process.

The competition in the markets is quite tough, and Olvi would have to be ready to compete. Carlsberg is a big producer of beers in the markets and holds the number one position. In cider sales Kopparbergs and Åbro are big producers.

Sweden as a country and culture is quite similar compared to Finland. The consumption habits and drinking culture are comparable. In addition, many regulations and systems are comparable to Finnish ones. For example, the deposit system in both countries is quite similar. Also both countries need to follow the EU regulations, which are shown especially in the packaging and labelling system. Concerning the packaging, the aim is to be environmentally friendly and decrease the amount of waste.

The potential of Olvi entering the Swedish markets can be seen. Sweden and Finland are quite similar in many terms, which is a big advantage. The markets are not unknown and do not include surprises but are quite easy to analyse and interpret. The market entry to Sweden would be prospective.

Process evaluation

This thesis got its start during my basic internship in Olvi. Together with Olvi's representative, Marjatta Rissanen, the topic and the content of the thesis was designed. I find international business interesting, and as Olvi was considering to expand its operations, we found a topic that served the needs of both of us.

The chosen frame of reference, in my opinion, suited the purposes of the thesis and the market research process. The frame of reference provided a suitable introduction to the market research conducted in the thesis, Swedish market research. In addition, the frame of reference reflected to Olvi's situation; its internationalization and entering new markets.

I found the actual market research process challenging. It took time to collect the needed information, and later to choose the right and suitable information for the thesis. Thus, the information gathering process was the hardest and most time taking part of the thesis. Gathering the theory information I found quite simple as most of the information was already familiar to me, and I knew what I wanted to include in that part.

The chosen research method, qualitative desk research, suited the purposes of the research. Some questioning through electronic mail was also used. However, some in-

terviewing could have been used instead of electronic mail contacts. Interviews could have given better results, and more primary information.

The main objective of the thesis was to provide a market research of Swedish alcohol markets for Olvi. The main purpose of the theory was to introduce the actual market research process in addition to describing internationalization process and entering new markets in reflection to Olvi's situation. In my opinion, I achieved the objectives set quite well. The market research includes the information the executive organization requested, and trustworthy sources were used. Thus, the information is usable and reliable.

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